



New Valuation Service Provides Major Boost to IP Exploitation

Inngot, the UK's first showcase for innovative businesses and their intellectual property (IP), has launched an indicative valuation model to help businesses across the UK exploit their intellectual assets.

The new online tool, known as Sollomon, has been developed with specialist input from leading business advisers Grant Thornton UK LLP. It has been created to help businesses derive an impartial value indication for their IP and other intellectual assets, should they wish to sell them, license them or use them to raise funding.

When the Gowers Review of Intellectual Property was published in 2006, it observed that as much as 80 per cent of quoted companies' value lay in their intangible assets. According to Inngot's Chief Executive, Martin Brassell, the UK knowledge economy will struggle to fulfil its potential unless new ways can be found to leverage the value locked up in innovative companies' IP.

“All banks and finance providers need security for their lending, especially during this period of economic uncertainty. If businesses are to get the growth funding they need, new ways have to be found to unlock the security value in the IP that underpins their products and services. By defining intellectual assets, providing a consistent starting point for valuation and establishing a marketplace, we believe we've made IP-based lending significantly easier to achieve.”

The Sollomon IP value indicator works in tandem with Inngot's registration system for intellectual assets, launched in 2009. Brassell explains the importance of the two elements: “Until you record your ownership of an intellectual asset it can be argued that it doesn't exist – and you certainly can't

leverage any external value unless and until it is properly described. We think companies should be out there on the front foot utilising every asset they have, rather than leaving their knowledge and capabilities undiscovered, under-utilised and unvalued.”

The Sollomon service has been launched at £195 +VAT. Like most other valuation methods, it starts from the past, current and projected cashflows associated with a business’s products and services. It builds on the well-established “relief from royalty” method with a number of important added features to improve accuracy, including the use of “scorecards” for a company’s IP and for its markets, both of which are driven directly from the Inngot registration process.

The value indication is incorporated into a Sollomon certificate which shows all the relevant data used to calculate it, together with the royalty and discount rates used. Every certificate also comes with a code, which the business can share with any prospective investor/funder and authorise them to take a look at the value indication on the Inngot database.

Partner for valuations at Grant Thornton UK LLP, Mike Thornton, comments: “We were interested in working with Inngot because we know that many businesses are considering ways to derive greater financial benefit from their intangible assets. While a value indication of this nature cannot replicate individual expert analysis, it represents a significant advance on other online methods available. At the very least, it provides a consistent starting point for discussions.”

Businesses are already benefiting from the Sollomon system. Lynette Swift, owner of Swift Connect, found the process of great benefit when raising funding recently to further develop and market her unified communications technology, called Conexall. She said: “The valuation from Sollomon allowed us

to build up a better picture of the value we had built up in the business. It helped raise the amount of money we were seeking, and were offered, from £200k to between £400k to £500k.”

Users have also found the system surprisingly quick and easy to use. Craig Story, Manager Director of Kodit Database Ltd used Sollomon to gain additional information on the IP relating to his company’s innovative software systems, which support a growing number of medical, marine and asset management applications. He said: “I was advised that businesses like ours need to find ways to articulate the value that lies in our copyright, which we license to other organisations. I found Sollomon very straightforward to use and was pleased with the outputs – we are confident that they will strengthen our negotiating position.”

The Sollomon service has been built and tested at Inngot’s offices at Technium Digital in Swansea, South Wales, part of the Welsh Assembly Government’s network of innovaton centres. Inngot has received assistance in its development from a Single Investment Fund grant and commercial investment from Finance Wales plc.

ENDS

Notes to editor

Inngot (www.inngot.com) is a new online marketplace that enables companies to showcase their intellectual property (IP) in a secure environment and use it to find customers, partners and funding.

How It Works:

The Inngot website is easy to navigate and use and companies can have their IP registered and working for them using three simple steps:

1. A company registers its business with Inngot and its details are verified using Companies House data.
2. It then describes and classifies its IP. This process focuses on the features and benefits of the IP, not on how these are generated, and serves three key

purposes:

- i) it enhances copyright protection by creating a publicly accessible record of the IP, notifying others of the originator's rights;
- ii) it explains the differentiators by categorising the IP assets to make them easy to understand;
- iii) it defines the IP as a distinct bundle of assets within the originator's business – an essential step on the road to licensing, or using IP as security for fundraising.

3. Lastly, Inngot advertises the IP in a shop window so that prospective customers and partners can find out a company's capabilities, using flexible search criteria.

Sollomon is an indicative value methodology only, based on limited information, and may not reflect the value achieved in an actual transaction.

"Inngot" and "Sollomon" are registered trade marks of Inngot Limited.

About Technium

Since it was founded in 2001, Technium has seen the development of 12 specialist innovation centres across Wales to support high technology, creative and knowledge-based businesses, mostly focusing on the country's high-growth sectors such as Performance Engineering, Sustainable Technologies and ICT. It is operated as a partnership between the Welsh Assembly Government, European Union, higher and further education institutions and the private sector in Wales.

For further details on the eligibility criteria process to apply for an office space, please visit www.technium.co.uk.