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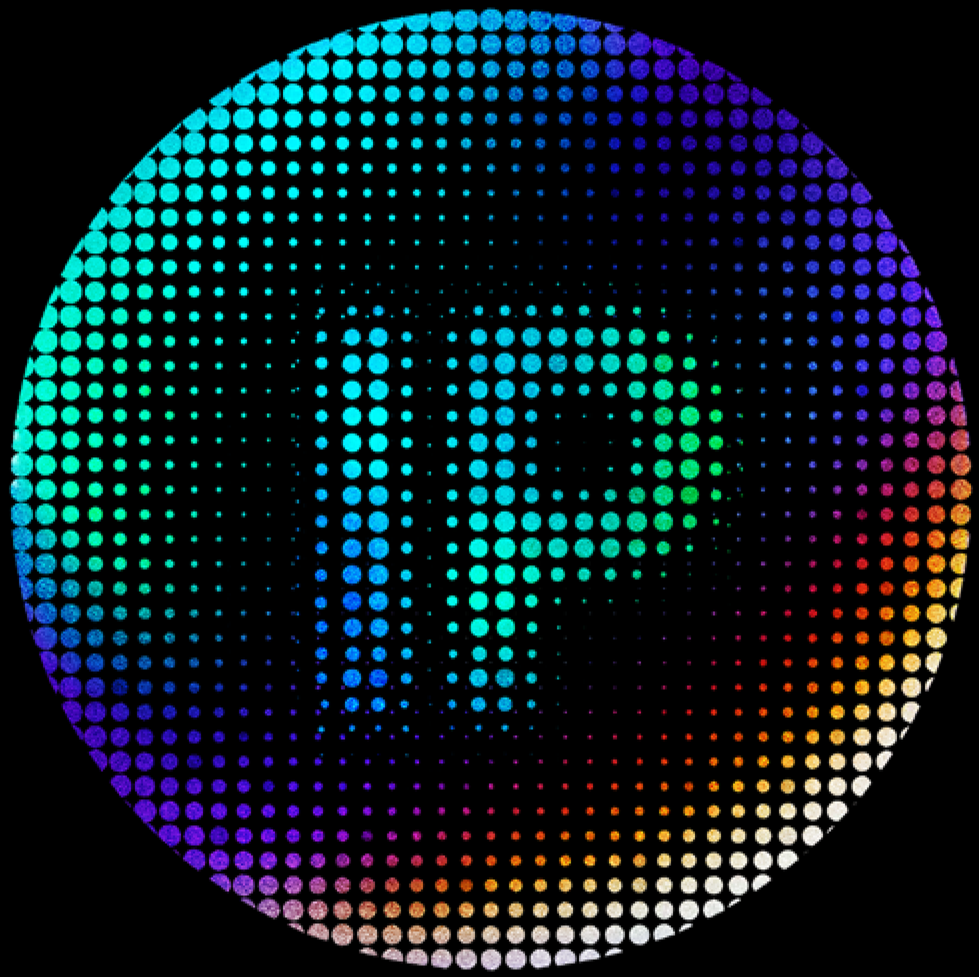

Deloitte IP 360 Survey 2023

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Understanding where Intellectual Property (IP) and Intangibles drive value across the business for multiple stakeholders.

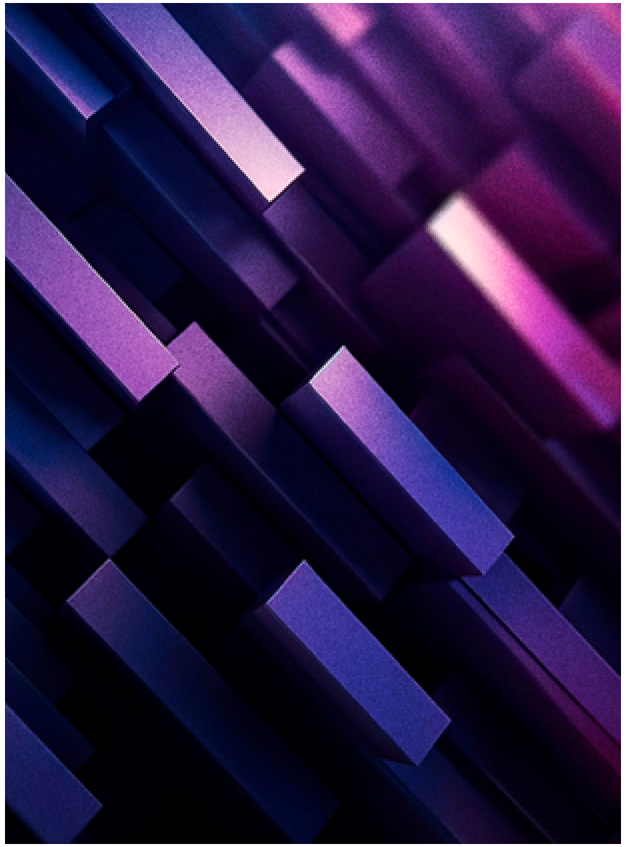
At Deloitte we are fortunate to work with clients across all industry sectors and engage with a wide range of stakeholders within clients' businesses of all sizes in the public and private sector across the globe.

In the finance community whether it be valuing a company, carrying out Mergers and Acquisitions (M&A) or structuring a company cognizant of transfer pricing arrangements and tax implications, there is often a discussion around the value of Intangibles or Intangible Assets with Chief Financial Officers (CFOs), Head of Tax and so on. In the legal community the narrative is around IP rights including patents, trademarks, designs, copyrights, and trade secrets.

Over the years we have seen an increasing interest in the professionalization of IP Management and a recognition that IP rights can drive competitive advantage, increase corporate and shareholder value, and enhance profitability through licensing, price performance and benefitting from IP-related government incentives.

Intangibles, including IP such as patents, copyrights, data and trade secrets, continue to have a significant impact on business value and as portfolios grow and scale, their relevance across the business increases. Multiple business functions have a vested interest in the creation, maintenance, protection, utilization, and reporting of intangible assets.

To understand how companies are currently managing and leveraging their IP, Deloitte has created its first-ever IP 360 Survey. In collaboration with commercial IP Advisory, IP Legal, Tax (including Transfer Pricing) and business strategy experts from across Deloitte, we curated an extensive questionnaire and interviewed a wide range of IP practitioners to capture current trends within IP departments. The results of this survey illustrate how IP and the wider range of intangibles are managed, valued, and communicated across the business.



Introduction from Jon Calvert

Dear Reader,

IP continues to play an important role, as every industry evolves and moves towards greater digitization and deployment of technology. However, harnessing the value of IP goes beyond the management of your portfolio of registered rights. Alongside creation, capture and protection of inventions and brands, there are a plethora of other IP and intangible assets that are seen as important and there are also tax, legal, commercial, government incentives, risk and compliance aspects to consider if we are to fully maximize the impact of IP ownership. Communication across various IP stakeholders within the business is crucial for full value realization.

At Deloitte, we have a multidisciplinary approach to intangible assets, called IP 360, that bring together commercial, tax and legal experts to provide our clients with a robust set of services to maximize the value their IP can bring them.

This survey was curated and designed with the input and perspective of these various teams to discover how IP leaders across multiple industries are treating and managing their intangible assets.

What we see is that IP professionals are very proactive and comprehensive in managing their patents and trademarks – which shows great maturity specifically around well-developed IP strategies. There seems to be less consistency and awareness on the broader potential of unregistered intangible assets like data, know-how and trade secrets.

This is Deloitte's first-ever IP 360 survey. This report is based on the responses of 57 IP leaders who kindly gave us their trust and participated in the 100+ question survey. The survey areas were designed to gauge the current state of IP maturity and we thank our respondents for their willingness to share their information with us. We found the results to be very insightful and meaningful and hope the observations will help other IP leaders identify opportunities for growth in how they manage their intangible assets. We also know that there are aspects we may not have covered that will be interesting to readers of this, and future versions of the survey. Please do reach out to share your views, we'd be delighted to engage with you in a subject that is close to our hearts and coming closer and closer to all our bottom lines.

All the best,

Jon Calvert
Partner
Global Lead
Deloitte IP Advisory

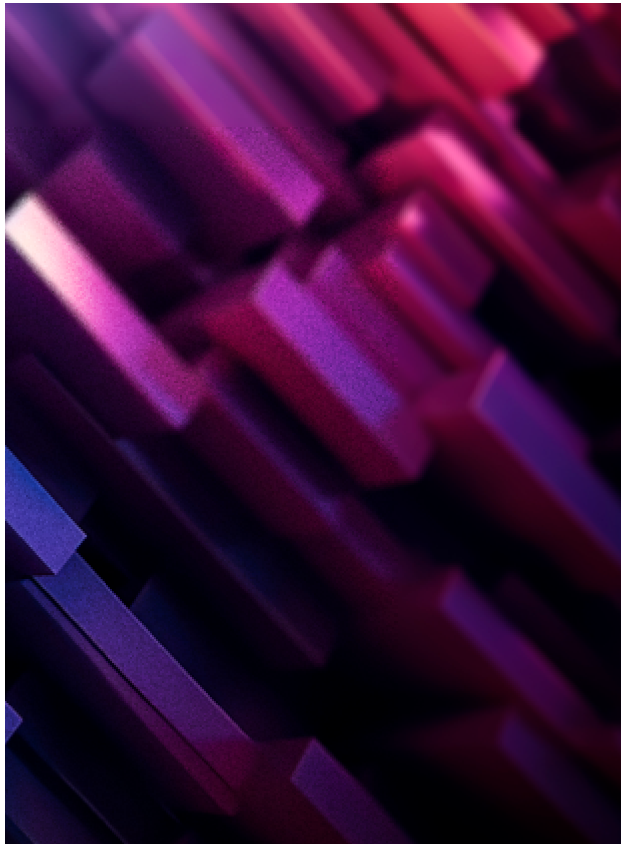
Methodology

This survey was conducted online and many of the participants were interviewed in the process to capture their feedback and commentary.

Overall, 57 IP leaders from 15 different countries participated in the survey. There was a wide variety of the types and size of companies participating, as well as breadth in the size of patent portfolios being managed.

To join our panel of respondents for next year, or for more information, please contact Natalia Muska at nataliamuska@deloitte.co.uk

Natalia Muska
Assistant Director
IP Advisory, UK



IP value identification and value opportunities.

IP value identification and value opportunities.

IP 360 Survey 2023.

Executive Summary.
Top insights:
Emerging themes from Deloitte's 2023 IP 360 research.

The IP departments at many companies are proving to be highly diligent and adept at the strategic capture and management of registered IP assets and are mindful of the strategic impact of non-registered intangible assets. Linking value to intangibles to meet the needs of internal stakeholders appears to be an area for potential improvement.

These are some of the key themes that emerged from Deloitte's 2023 IP 360 survey, which included responses from a global network of 57 senior IP leaders across a wide range of businesses from startups to large multinational companies.

Insight 1 – Across all participating companies we see a mature and comprehensive approach to managing registered IP rights, consistent with all sizes of company and portfolio.

Insight 2 – There is recognition that portfolio composition is changing with data, trade secrets, and know-how having important business value, but there is no consistency or common approach to managing these assets.

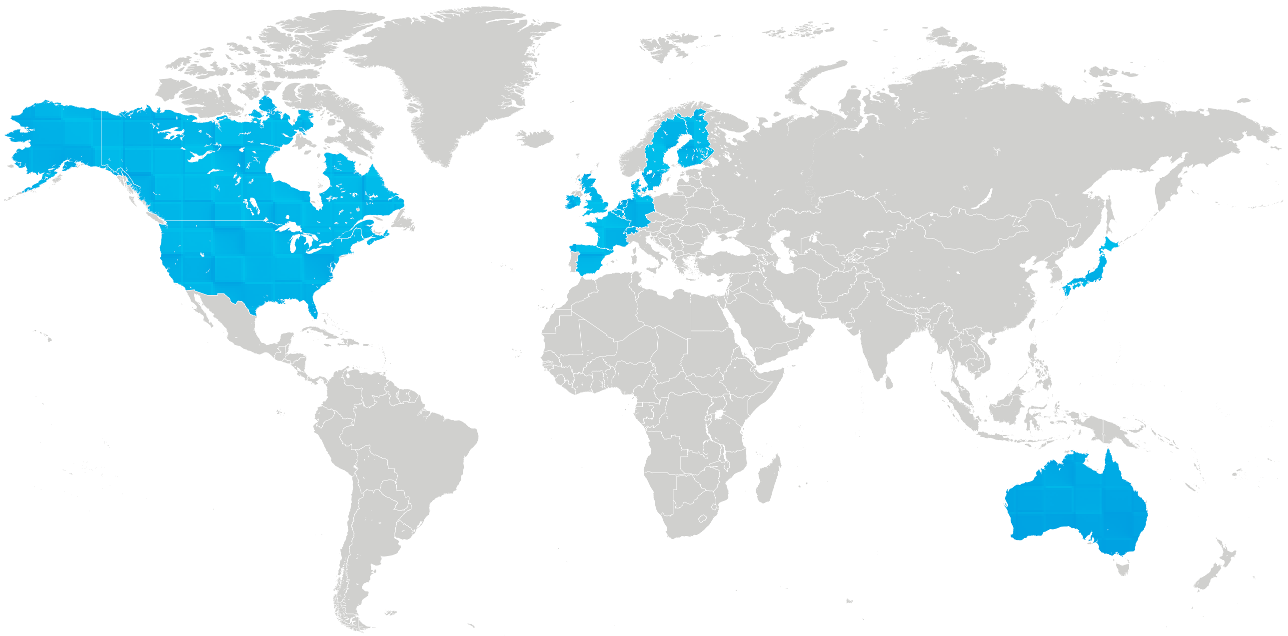
Insight 3 – The IP function is often an island. There is great alignment with reporting to the general counsel, but wider C-suite engagement with strategy leaders, CIO, and Tax are not happening as much. Everyone has an IP strategy, but too often they are kept within the IP department.

Insight 4 – Exploitation of intangible assets is low in terms of commercialization and leveraging incentives and optimizing transfer pricing. There are untapped cash and revenue generating opportunities that can be unlocked if organizational silos can be broken down and the IP-Tax knowledge gap can be bridged.

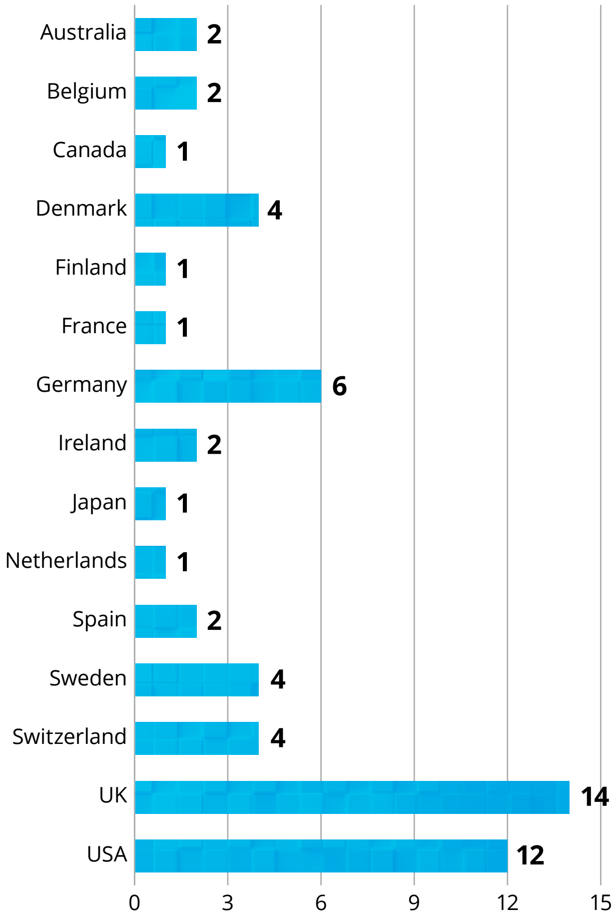
Participant breakdown and demographics.

Allocation of participants.

57 companies of various sizes, from 15 different countries participated, and represent the following five industry areas:



Countries represented:



Industries represented:

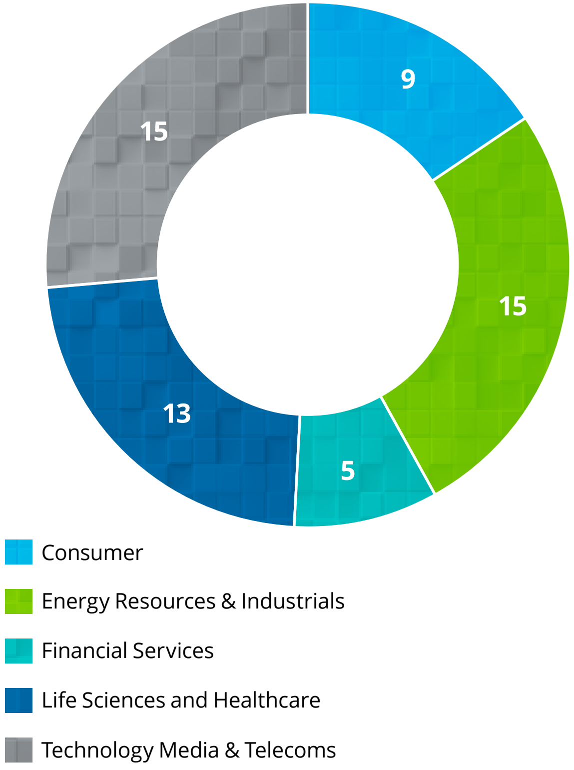
Consumer. Nine companies including: personal and home goods, automotive, appliances, power tools, consumable goods and an automotive OEM.

Energy Resources and Industrials (ER&I). 15 companies including: clean tech, mining, utilities and transportation, pump manufacturing, chemicals, oil and gas, manufacturing, offshore energy production, industrial electrolysis.

Financial Services (FS). Five companies including: banking, credit card companies.

Life Science and Healthcare (LS&HC). 13 companies including: drug manufacturing, eye care products, medical device development, bioscience, pharmaceuticals, food technologies, diagnostics.

Technology Media and Telecoms (TMT). 15 companies including: I.T. provider, automotive software, gaming technology, biometrics, telematics, graphene-based electronic devices, open-source software (OSS), mobility services, digital platform, research, and development facility.



About the IP team.

About the IP team.

To gauge the size and reporting structure of the IP organizations of the participating companies, respondents were asked, on average, how big their IP teams were and who their IP teams reported to?

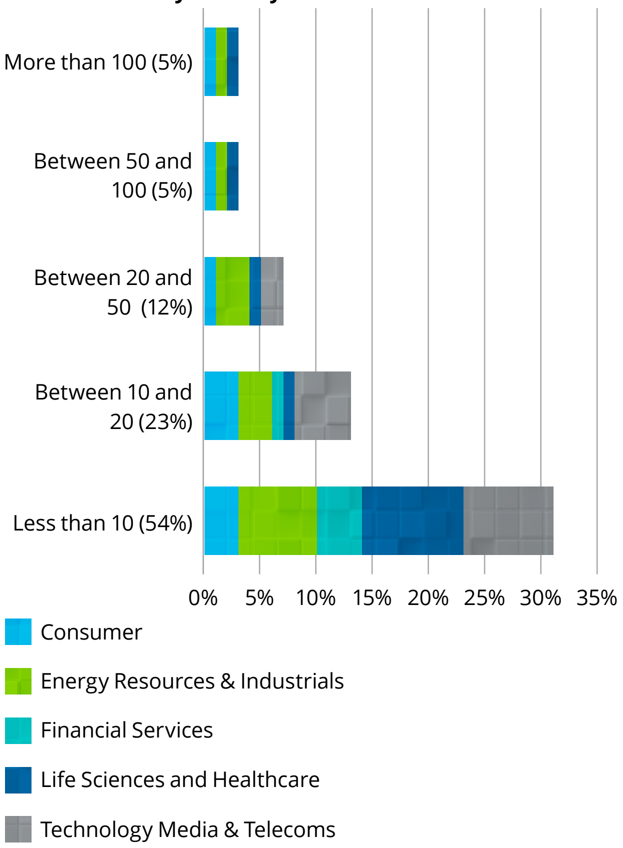
We wanted our survey to capture a snapshot of the size of teams these companies are working with and how they are structured across industries. Our findings showed a mixed landscape.

Size of IP team.

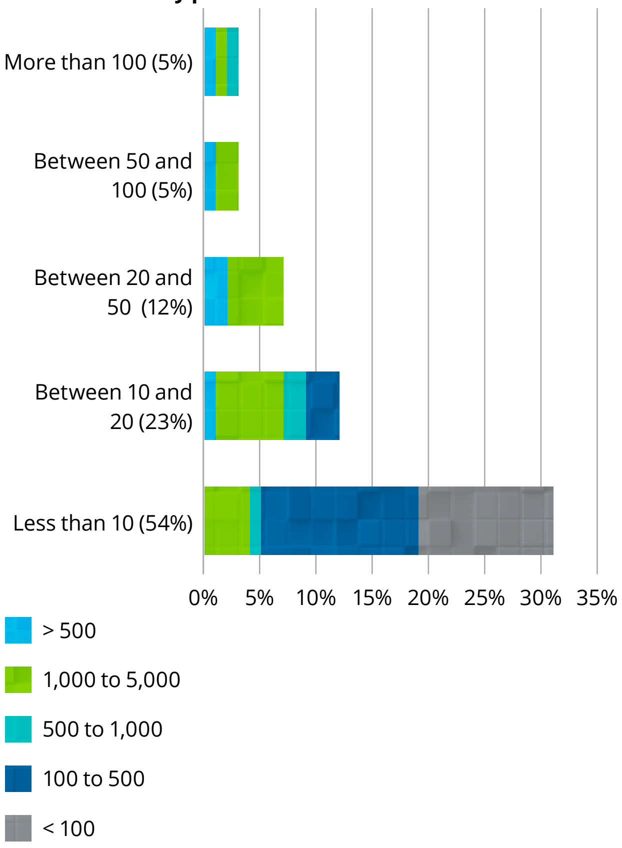
Here we saw that more than half (54%) of the participating companies had IP teams with less than 10 people. We also found that:

- 33% of Consumer and TMT respondents each had teams between 10 – 20 people
- Consumer, Life Sciences and ER&I respondents were the only categories to have teams that ranged in size all the way up to more than 100 and one ER&I participant had an IP team of more than 100 people with a portfolio of between 500 and 1,000 patent families.
- Only 3 of the 57 respondents had teams larger than 100.

Size of IP team by industry



Size of IP team by portfolio size



- When comparing the size of the team to the size of the portfolio, companies with 1,000 to 5,000 patent families had the widest range of team size followed by those with 500 to 1,000.

Who the IP team reports to.

We learned that half of IP teams reported to the General Counsel (GC) in their respective organizations. This was followed by the Chief Technology Officer (CTO) and Research and Development (R&D). When participants selected “other” they listed the Chief IP Officer, Head of IP, or Chief Legal Officer as titles they reported to. There is no standard for how IP teams are structured, yet 49% of participants reporting to the GC indicates IP is largely perceived as a legal function.

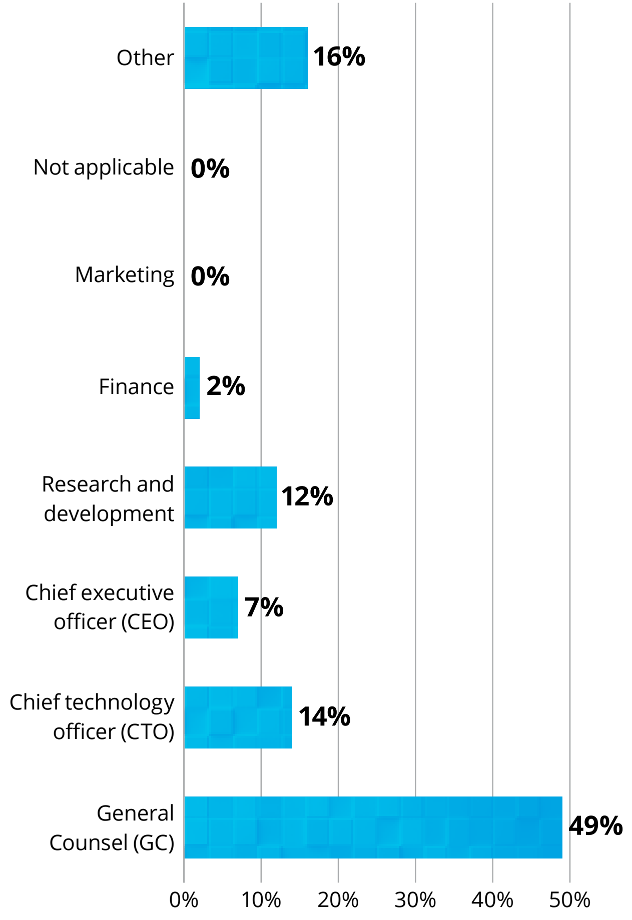
With the increasing rate of innovation having a direct impact on product development, IP teams need to ensure IP is being captured and they need to communicate the commercial value of the IP to various business functions. Overall, IP teams need to interface with multiple stakeholders within the business, such as R&D, Product Management, Business Management, Marketing and Sales, Finance, Tax, and Transfer Pricing, as well as external counsel.

While reporting to the GC does not prevent IP teams from communicating with other parts of the business, this reporting structure could create potential barriers that prevent IP teams from engaging with other internal stakeholders around the value IP generates vs the protection and defensive focus.

Take aways and opportunities about the IP team.

- IP teams in general are relatively small with 54% having less than 10 people which could have an impact on the breadth of IP initiatives they can achieve. Outsourcing projects where there is a clear ROI, like patent box incentives could accelerate the impact of the IP function.

- The majority of participating IP teams report to the GC indicating IP is seen predominantly as a legal function which may be a barrier to other parts of the business engaging with IP and may hamper a business approach to IP to generate revenues.



About the IP portfolio.

About the IP portfolio.

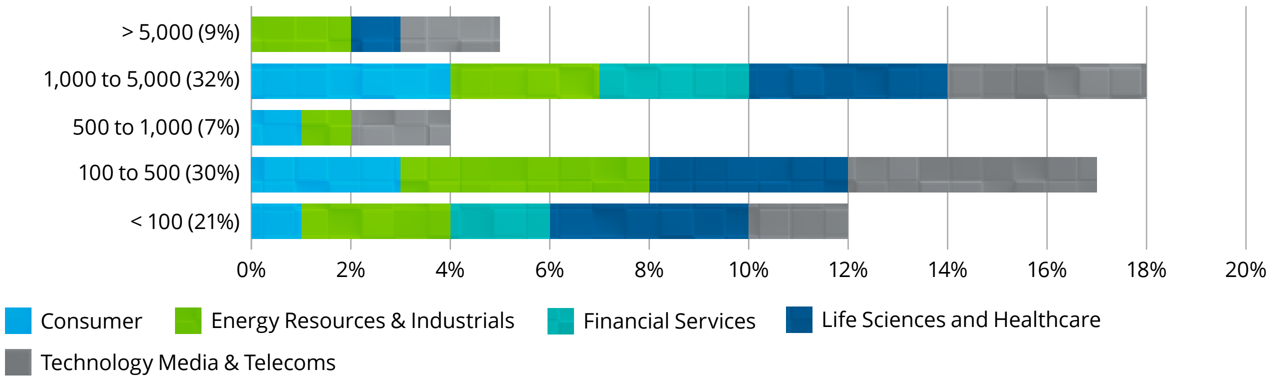
To gain further insights about the IP portfolios participants are managing, we asked a variety of questions around the number of patent families and trademarks participants had, who owned the portfolio, and how often the patent department communicated with other areas of the business.

Patents.

Patent portfolio size?

The size of many respondents' patent portfolios ranged between 100 – 500 or 1,000 – 5,000 patent families. Our findings showed that only four of the 57 companies had patent portfolio families larger than 5,000. Two were from TMT and there was one each from LS&HC and ER&I. Overall we saw that most portfolios were either between 1,000 to 5,000 or 100 to 500.

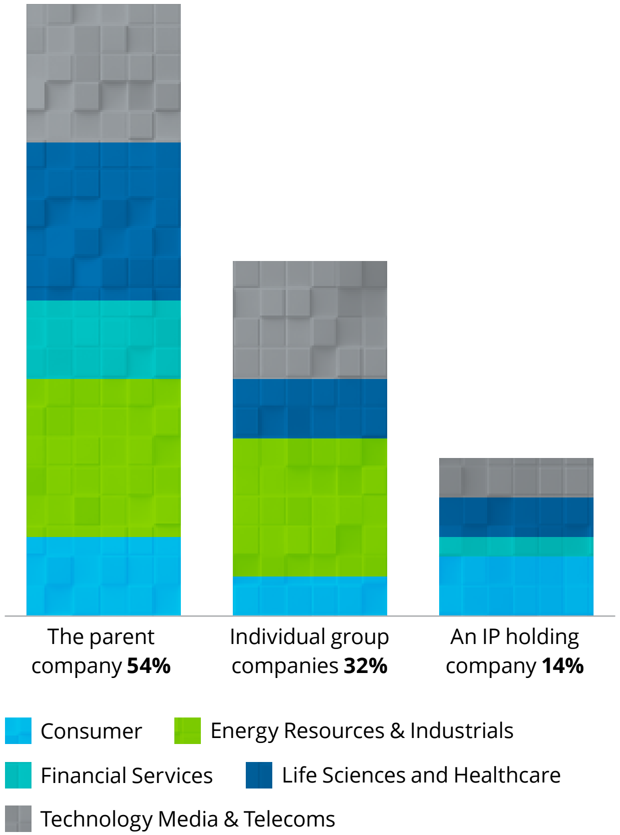
Size of IP Portfolio (Patent Families)



Who owns the patent portfolio?

When we asked who "owned" the patent portfolio, we wanted to understand how the company structured the ownership of the patents – for example, if they were owned by the parent company or in an IP holding company. Overall, 54% of respondents told us that the patent portfolio was owned by the parent company, while 32% said theirs was owned by individual group companies. The use of an IP holding company wasn't as prominent – only 14% reported using them. Participants from the Consumer sector had the highest prevalence for using an IP holding company. When asked the reason, Consumer participants selected tax efficiency and ring fencing of IP for added protection as their two most popular reasons.

The use of IP holding companies may also be driven by a desire for groups to align ownership of intangibles with the entity/entities. In this instance individuals can set the strategic direction with regards to the associated development, enhancement, maintenance, protection, and exploitation activities.



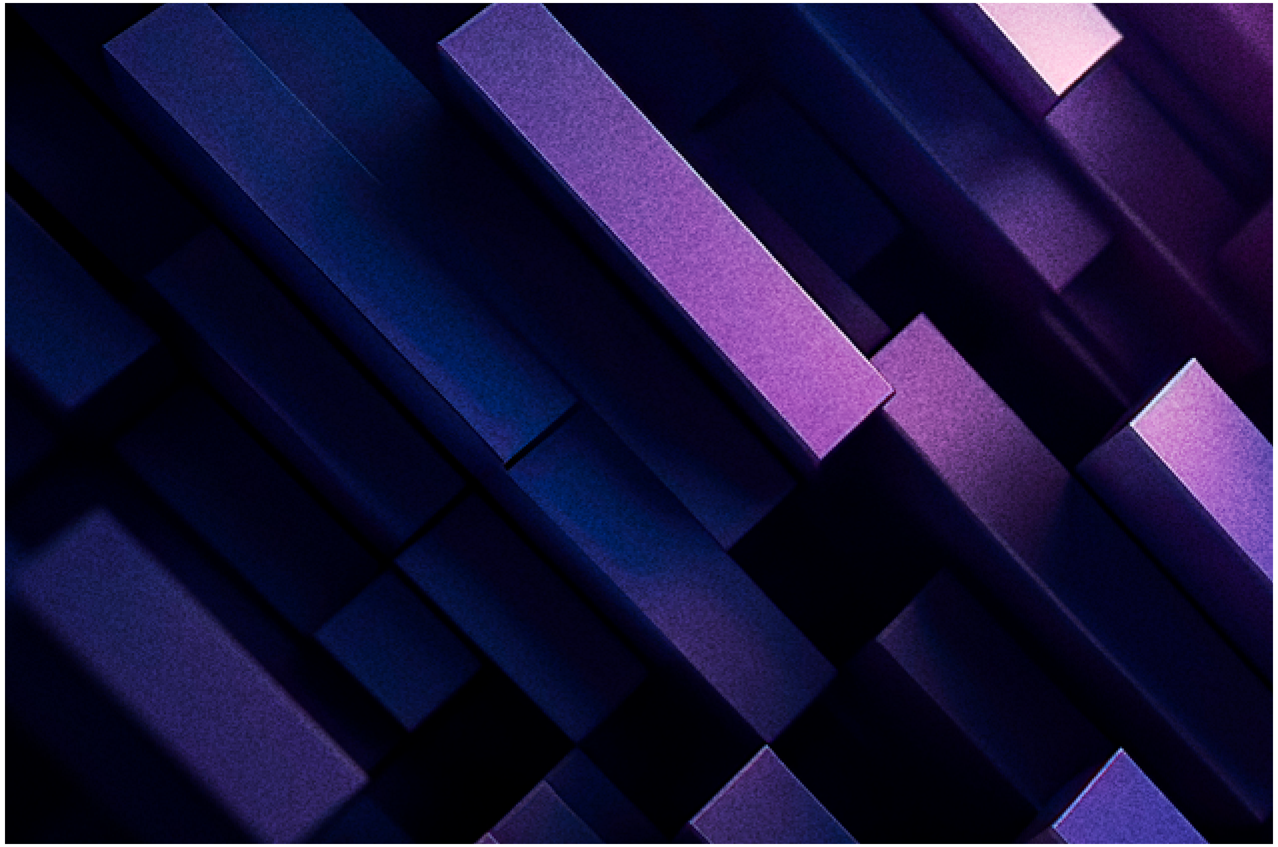
This would facilitate compliance with internationally prescribed Tax Transfer Pricing principles as established by the OECD. There may also be securitization considerations, in addition to other legal, strategic, or commercial or commercial drivers.

Reason for locating IP in an IP holding company:

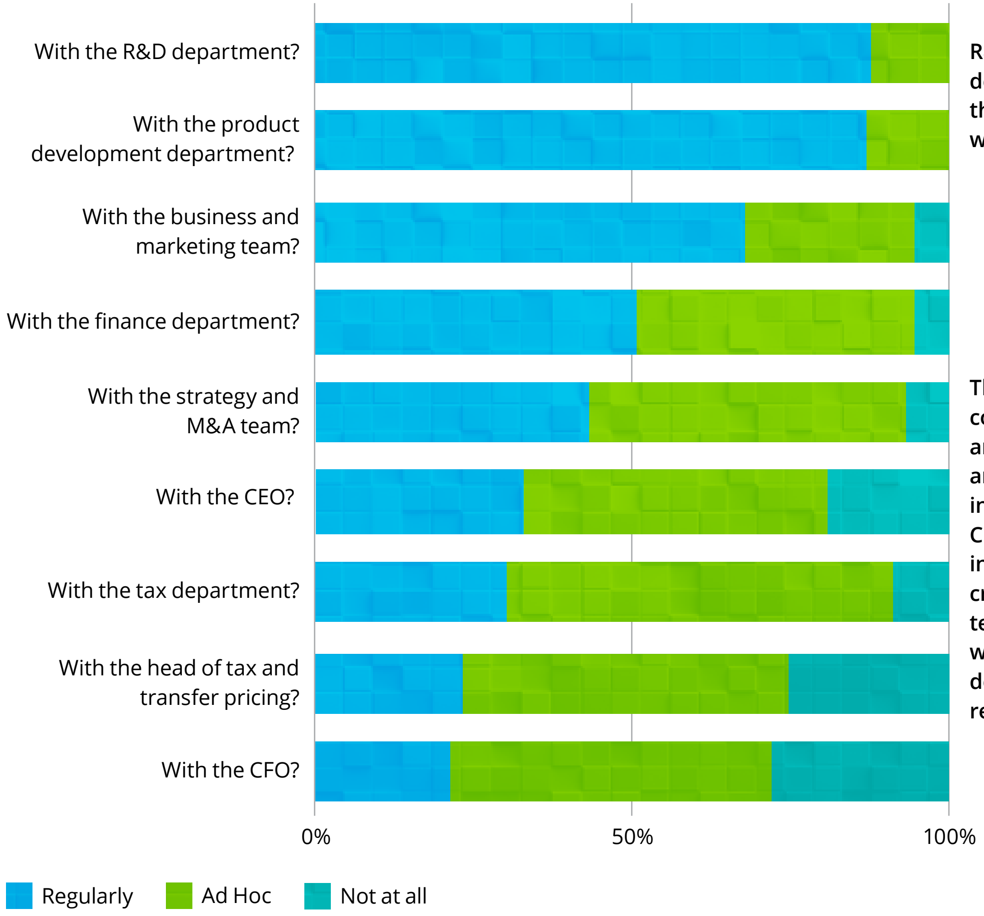
- Central repository for all IP rights 16%
- For tax efficiency across multiple entities and jurisdictions 14%
- Ring fence IP for added protection in event of insolvency, or liability issues 9%
- To enable balance sheet recognition of intangible asset value 7%
- Model is largely licensing based 5%.

How often does the IP department interact with other stakeholders within the business?
The results of this part of our survey showed that IP teams do not have consistent communications opportunities with all key stakeholders.

We found that IP teams tended to communicate the most with R&D and Product Development teams. The mostly ad hoc interaction with M&A tells us that IP is not used systematically as a driver to identify suitable M&A candidates or divestment opportunities. This could be a missed opportunity for value creation and optimizing portfolios post-M&A. This also shows that IP due diligence is not necessarily an established practice when it comes to M&A activities.



Across all industries, there was infrequent communication with the CFO, and the Tax and Transfer Pricing functions. While this is not entirely unexpected, these teams represent important stakeholders for an organization's intangible asset portfolio. Many jurisdictions offer tax incentives for income derived from the exploitation of intangibles, and/or costs associated with their development. Ensuring that the Tax department is actively involved in decision-making relating to intangibles can help ensure that the availability of these incentives is optimized and not inadvertently overlooked. In turn, this can increase ROI. Incentives aside, the Tax function (specifically the Transfer Pricing team) will often have to satisfy documentation requirements – which include a description/inventory of a group's intangible assets. Ensuring appropriate internal communication lines exist can assist with tax compliance and help reduce organizational tax risk.



R&D and product development teams have the most communication with the IP department.

There is less regularity in communications for Tax and Transfer pricing teams and CFOs which is interesting considering CFOs have a vested interest in value attribution and creation. Transfer pricing teams should be in contact with the patent department to ensure reporting is accurate.

Trademarks.

The size of respondents' trademark portfolios ranged between less than 100 and more than 5,000 trademarks with the majority maintaining less than 100 trademarks.

Not surprisingly across all industries, Consumer participants had the largest number of trademarks while FS had the least. TMT, LS&HC, and ER&I organizations seemed to have small trademark portfolios.

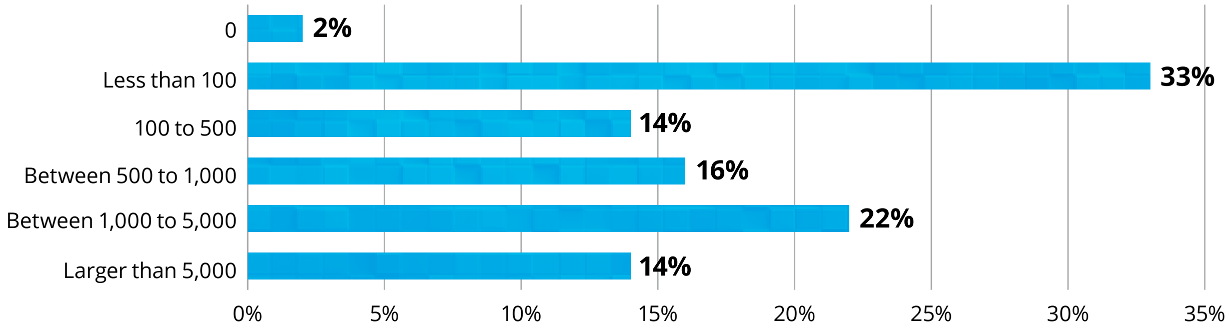
Who owns the trademark portfolio?

Like the ownership structure of the patent portfolios, the majority (63%) of participants report that the trademark portfolio is owned by the parent company. When it came to individual group ownership, ER&I had the highest number of respondents selecting this answer. For IP holding company usage, Consumer participants were again the most likely to use an IP holding company.

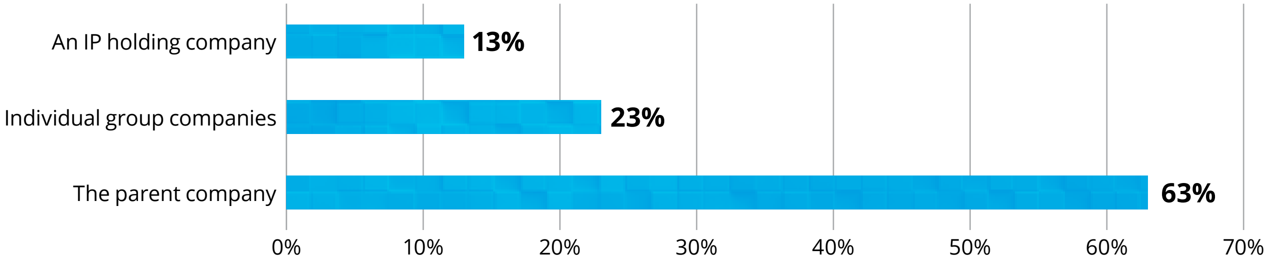
How important is your brand and trademark portfolio to your business?

When asked to rate the relative importance of the company's trademark portfolio to the business, 83% stated that it was either very important or important. 17% felt that trademarks were only

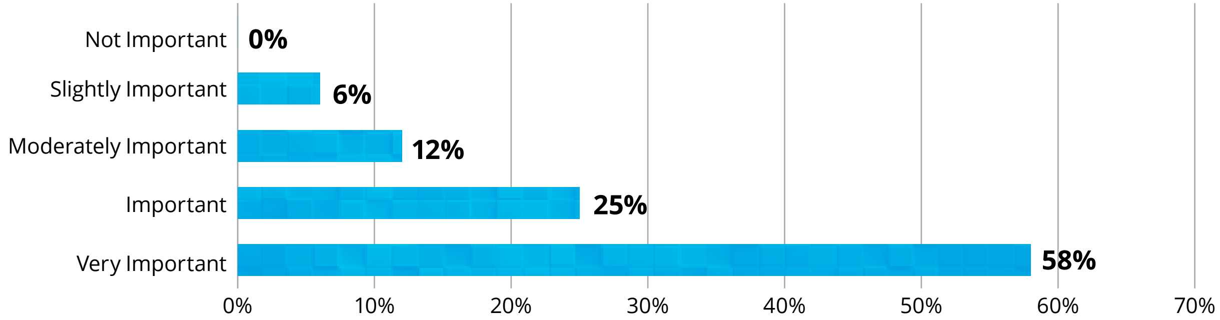
Size of trademark portfolio



Who owns the trademark portfolio?



Importance of brand and trademark portfolio to the business

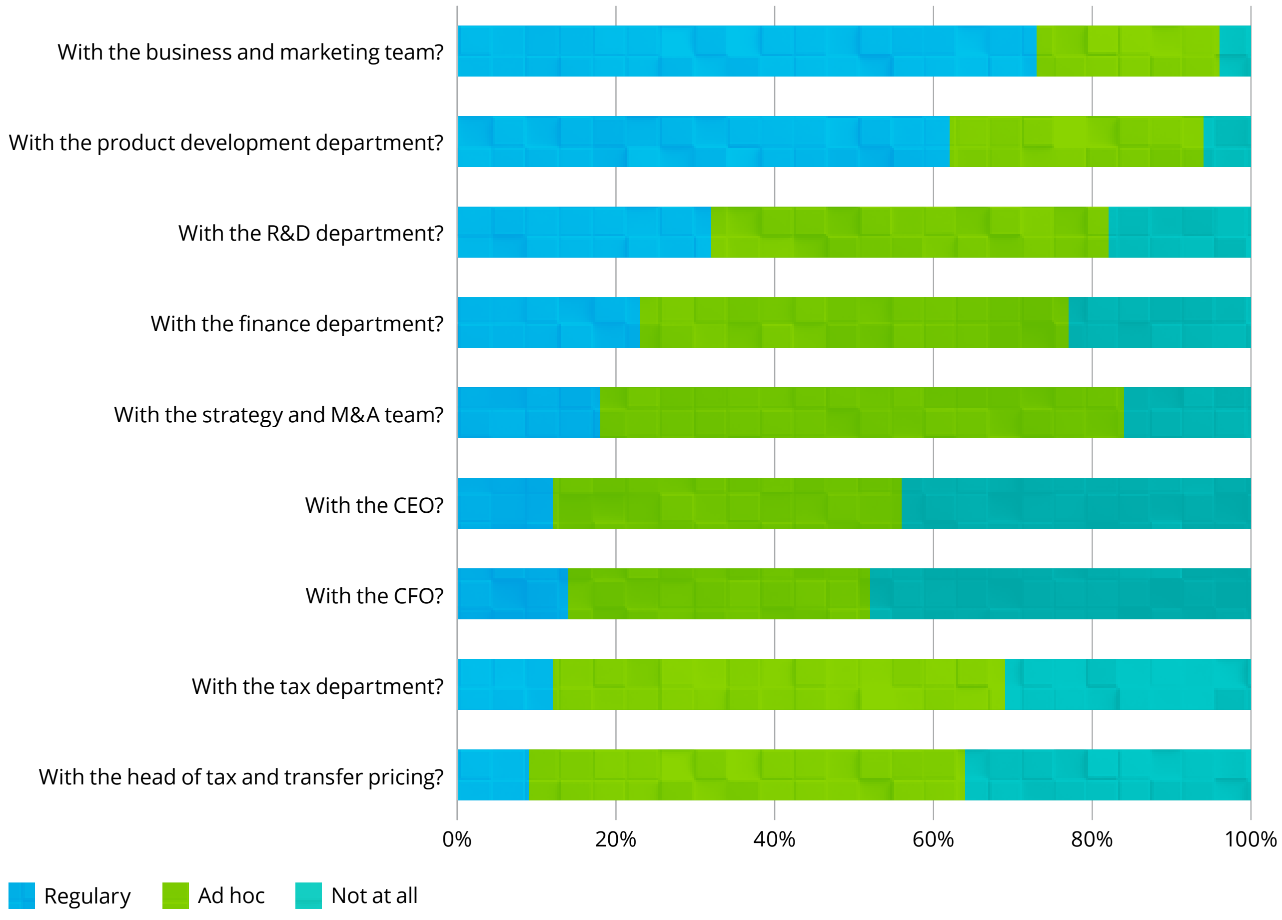


moderately or slightly important to the business. The industries most likely to state that trademarks were only moderately or slightly important were in ER&I or LS&HC, while all FS participants selected very important.

How often does the Trademark department interact with other stakeholders within the business?

Again, we provided participants with a list of titles that would have a vested interest in how trademarks are being managed and reported. The results from this part of our survey showed that Trademark teams were most likely to communicate on a regular basis with the Business and Marketing team and the Product Development department and least likely to communicate with the Head of Tax and Transfer Pricing, the Tax department, and the CEO.

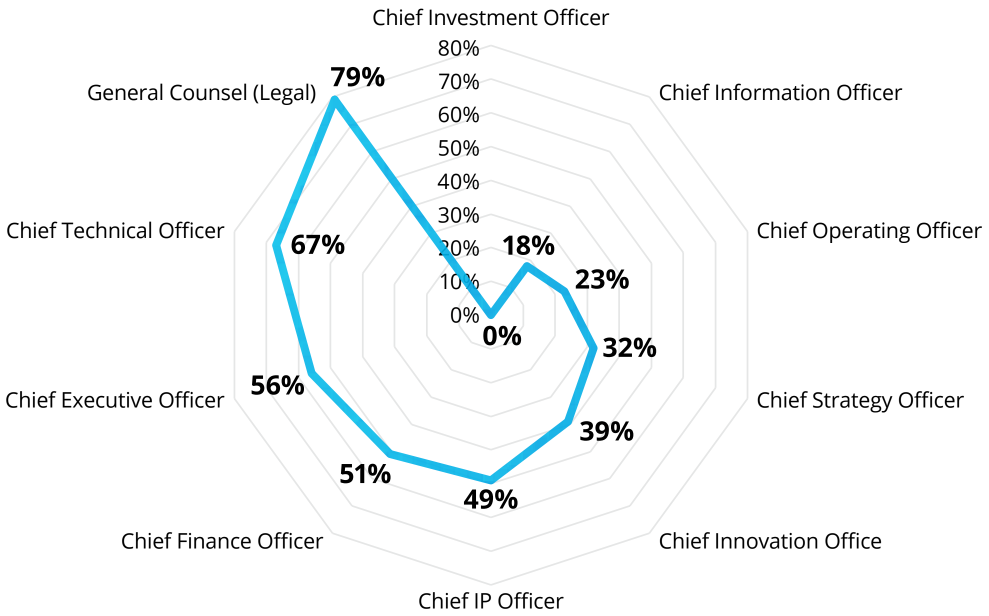
It is interesting to note that some of the respondents have no interaction at all with the Business and Marketing team, the Product Development team, or the R&D department. With brand being an integral part of a company's corporate image, it is surprising to see no communication at all for some survey participants.



Which C-suite stakeholders in your business care about and engage in intangible asset discussions?

To further explore who is considering the impact the intangibles have on the business, we asked which C-suite stakeholders care about and engage in intangible asset discussions. Participants had the opportunity to select more than one option and their answers were:

01. General Counsel (Legal) 79%
02. Chief Technical Officer (CTO) 67%
03. Chief Executive Officer (CEO) 56%
04. Chief Finance Officer (CFO) 51%,
05. Chief IP Officer 49%
06. Chief Innovation Officer 39%,
07. Chief Strategy Officer (CSO) 32%,
08. Chief Operating Officer (COO) 23%,
09. Chief Information Officer 18%
10. Chief Investment Officer 0%.



Overall, there seems to be strong engagement with the General Counsel, CTO, CEO, and CFO. The 49% response rate for the Chief IP Officer could be due to many companies not having one, or perhaps Chief IP Officers within the responding organizations solely focus on registered IP instead of the wider scope of intangibles. If that is the case, there is an opportunity for Chief IP Officers to bring their knowledge of IP to other parts of the business where intangible assets are being created like data, for example. Later in the report, when asked about data, 88% of participants noted that data was a valuable asset of the business, but the IP team is not involved with the management of data assets.

We found it interesting that Chief Innovation Officers, CSOs, COOs, and Chief Information Officers had such little engagement. Chief Innovation Officers are primarily responsible for overseeing the process of innovation and change management within the business.

With the impact of digitization on Chief Innovation Officers, more and more intangibles like processes and procedures and know-how are being generated at a rapid pace. It would benefit the entire business for Chief Innovation Officers to be proactively engaged with the IP department and overall discussions around intangibles and innovation capture to ensure the full scope is being explored. In the next section of the report when specifically looking at the value intangible assets bring to the business, "know-how" and "Invention, Ideas innovation" were considered to drive the most value for the business and create the most competitive advantage. In addition to more advanced IP management tools, rigorously and accurately capturing and reporting on intangibles is very achievable.

For the CSO specifically, aligning IP operations with the overall business strategy creates an opportunity to ensure the IP strategy is being managed to fully support the business strategy. While it is encouraging that 32% of respondents see engagement from the CSO, we wondered why 68% of CSOs were not engaging with intangibles? Especially when intangible assets contribute significantly to overall enterprise value.

CSOs are responsible for short and long-term growth strategies in the business and intangibles are an important part of a company's growth potential.

The COO is responsible for efficiency and cost control. IP teams are often tasked by COOs with reducing budgets or implementing operational changes. This leaves IP teams in the position of having to determine what assets may be less critical to the business. It's important for COOs to fully understand what the IP team does and what purpose the IP portfolio serves for the business when making these requests. While it's positive to see 23% of participants engage with the COO, 77% of participants aren't.

Take aways and opportunities about the portfolio.

Patents:

- 54% of respondents told us that the patent portfolio is owned by the parent company and only 14% reported using an IP holding company. Participants from the Consumer sector had the highest prevalence for using an IP holding company. IP holding companies enable centralization to facilitate compliance with internationally prescribed Tax Transfer Pricing principles as established by the OECD. However, this can also be achieved through transactions other than intragroup transfers of legal ownership and through grants of royalty free licenses or cost sharing arrangements.

- IP teams tend to communicate the most with R&D and Product Development teams and not very much with Tax, Transfer Pricing and CFO roles. This ad hoc approach to communications with the Tax and Finance function could expose companies to compliance risks, as well as missed revenue opportunities through tax incentives.

- There is mostly ad hoc communication with Strategy and M&A teams. This is a missed opportunity, as utilizing patent data can be a valuable and strategic way to approach corporate acquisitions and divestments. A more thorough approach to IP diligence can also ensure post-deal freedom to operate and ensuring synergies and value expectations are achieved.

Trademarks:

- 83% of participants say their brand is important or very important. This is across all sectors, with TMT being directly alongside Consumer as a brand-prioritizing industry.

- It seems that Legal Brand teams remain to be a little disconnected from the rest of the business – with many respondents saying that their Brand/Trademark (TM) team only interacts on an ad hoc (as opposed to regular) basis with their R&D teams, Strategy/M&A teams, Finance, and Tax. For some clients, it's even rare for the Trademark team to interact with the Business and Marketing team – although for most clients and respondents this is a more regular interaction.

C-suite stakeholders:

- Chief Innovation Officers, CSOs, COOs and Chief Information Officers have little engagement with intangible asset discussions. All four of these roles could help increase the value impact of the businesses' intangibles by being more closely aligned to what is within their IP portfolios and the wider scope of intangibles owned by the business.

- To maximize the impact IP and intangibles bring to the business, more C-suite professionals need to be aware of what their company owns, what they are creating, where it's being created, and why.

- There is a huge opportunity for IP teams to build communications channels and look for ways to align existing tools with wider organizational tools. More robust engagement would create opportunities for the overall business.

- For stakeholders with engagement below 50%, there's a range of ways for them to become more involved. For example, the CIO should care how data is managed and how trade secret policy is implemented to keep those assets safe.

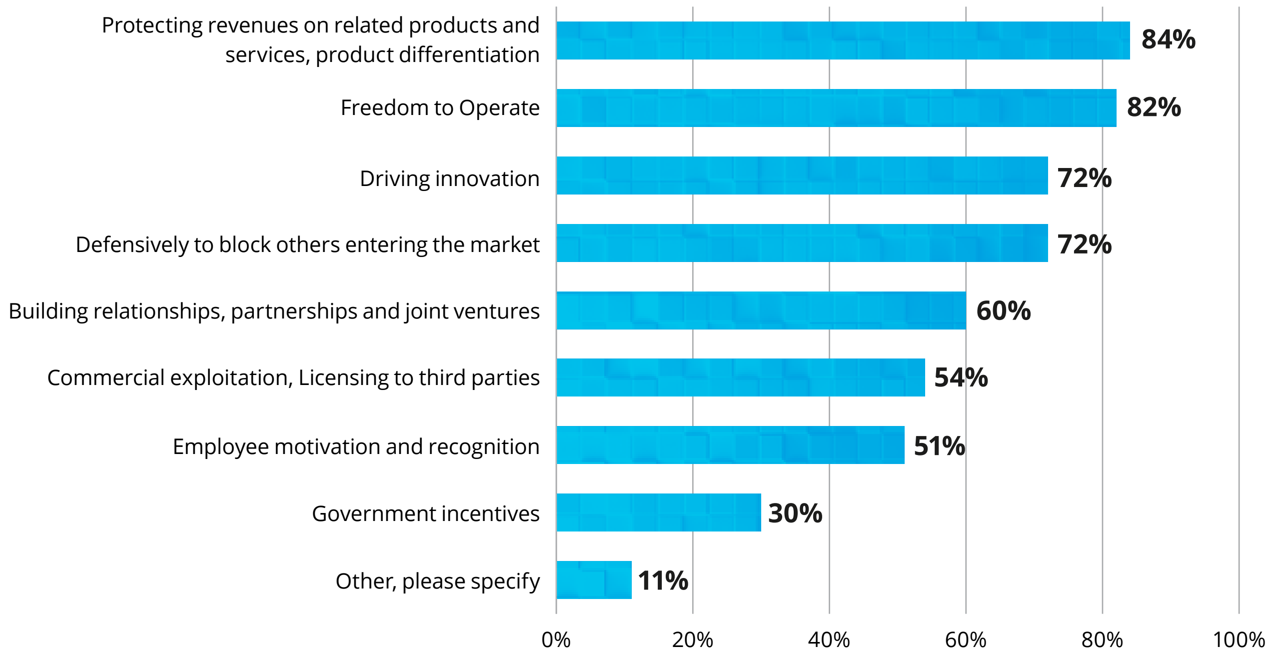
IP value drivers.

IP value drivers.

We wanted to understand what purpose the patent portfolio serves, and which intangibles are considered to bring the most value. Value can be perceived in multiple ways from the protection it provides, competitive positioning, tax and government incentives or licensing revenue, for example.

What is the purpose of your patent portfolio?
Most participants told us that the purpose of their patent portfolio was to protect revenues on related products and services, product differentiation (84%), and freedom to operate (82%). This was followed by driving innovation and defensively blocking others from entering the market (both at 72%). 60% selected building relationships and joint ventures. Commercial exploitation was relatively low at 54%. Later in the survey participants were asked about IP monetization and only three stated they had a formalized monetization process. Just 51% selected employee motivation and recognition.

Besides "Other", the least chosen purpose was government incentives at 30%. While this statistic was unsurprising, we believe it signals a missed opportunity for businesses to investigate whether a claim could be made or if a reorganization would help them make better use of such a system.



For those that selected "other" their responses included: Attract and secure investors, "Stock patents" to secure R&D 0perational space (both from the LS&HC sector), as a defensive deterrent, and counter assertion (TMT).

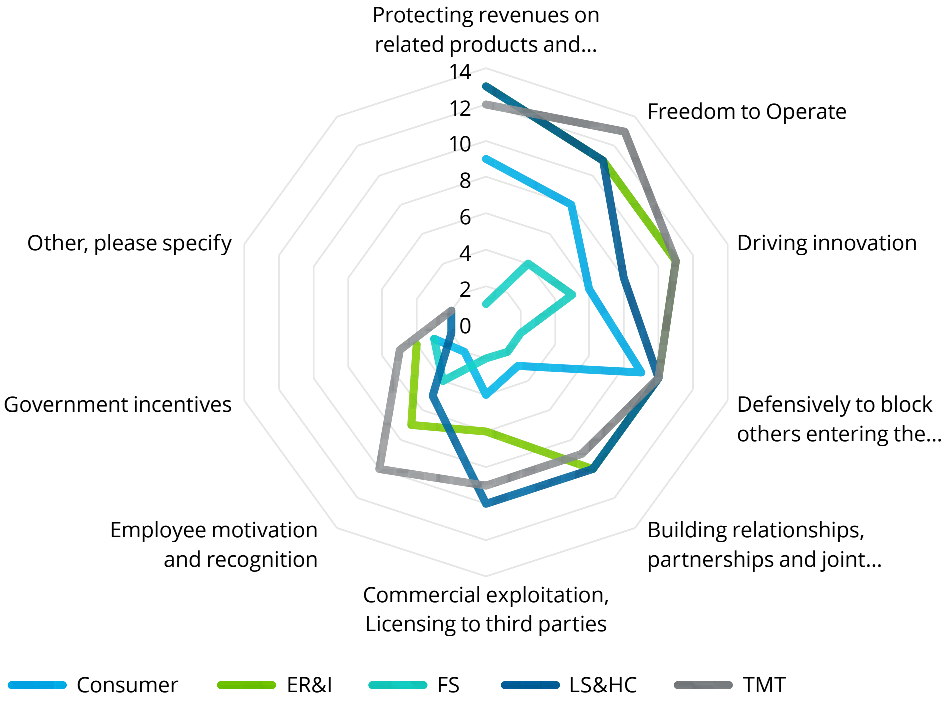
Purpose by industry

Across all the other industries, protecting revenues on related products and services, product differentiation was either the first or second choice. We note that FS businesses have a lot less patents and are more driven by brand. We are now seeing this sector become more accustomed to developing and using patentable technology, while exercising caution about freedom to operate in the face of different types of competition.

When cross-referencing the purpose of the patent portfolio and the average size, we see participants with the largest portfolios (1,000 – 5,000 patent families) choose freedom to operate as their leading purpose. While it's nearly impossible to ensure there is zero potential for third-party infringement, maintaining a large and varied portfolio is a strategic way to do so.

When looking at the size of the IP teams, companies with teams of either less than 10 people, or between 10 and 20, had the widest variety of answers. They were also most likely to select driving innovation and building relationships partnerships and joint ventures.

Purpose by industry



Only 33% of Consumer companies said that they would consider collaborative partnership potential in the use of IP. This may suggest that they are less interested in collaboration. We often see that if a company wants to collaborate, they tend to seek complete control of the IP.

For ER&I it is interesting to see that building relationships scored higher than commercial exploitation. For example, does this mean they could be using their IP to interest parties and engage with them, but not following through to a license? Or are they implementing royalty-free cross-licenses? We believe this probably makes them appear to be an even more collaborative group, because they are partnering and focusing on the outcome or service delivery, but not trying to extract a revenue stream.

When looking at answers by specific industries, the FS sector stood out. The top four answers for FS were:

- Driving innovation **(100%)**
- Employee motivation and recognition **(80%)**
- Freedom to operate **(80%)**
- Government incentives **(60%).**

How do you view the value of the assets?

First, we asked participants to identify which category of assets drove the most value for their business. Then they were asked to rank each asset based on how valuable they were between very valuable, moderately valuable, not valuable, or not sure. The third value indicator question was around competitive advantage.

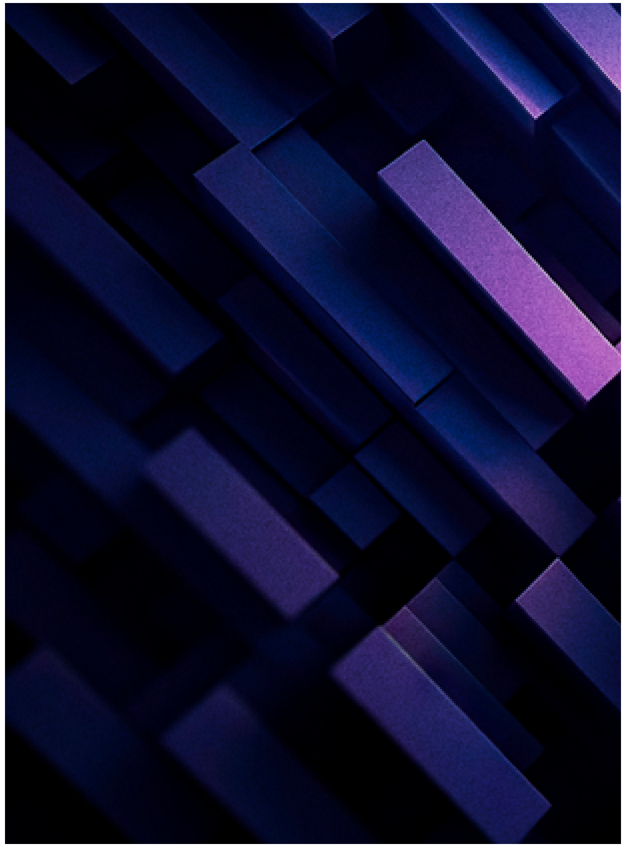
Which category of intangible assets do you believe drives most value for your business? *(Ranked highest to lowest)*	How would you rank each category of intangible assets based on the value they drive for your business? *(Ranked in order of value)*	Which categories of intangible assets give you a competitive advantage? *(Ranked in order of value)*
1. Patents **(39%)**	1. Know-how **(83%)**	1. Know-how **(85%)**
2. Trademarks Brands **(28%)**	2. Invention, ideas innovation **(71%)**	2. Invention, ideas innovation **(67%)**
3. Invention, ideas innovation **(14%)**	3. Patents **(68%)**	3. Patents **(62%)**
4. Know-how **(9%)**	4. Trademarks/Brand(s) **(62%)**	4. Trademarks/Brand(s) **(58%)**
5. Internal developed software **(5%)**	5. Trade secrets **(60%)**	5. Trade secrets **(58%)**
6. Data/Database rights/ Database copyright **(2%)**	6. Product design/ configuration **(49%)**	6. Exclusive customer/ Supplier contracts **(49%)**
7. Trade secrets **(2%)**	7. Exclusive customer/ Supplier contracts **(47%)**	7 Internal developed software **(41%)**
	8. Internal developed software **(44%)**	8. Product design/configuration **(39%)**
	9. Data/Database rights/ Database copyright **(38%)**	9. Data/Database rights/ Database copyright **(38%)**

When considering which assets drive the most value for the business, patents and trademarks were ranked the highest. However, when we looked at the value of each asset individually, "know-how", and "invention, ideas innovation" ranked above patents in their value to the business. From a competitive advantage perspective, know-how and invention, ideas innovation outranked patents and trademarks. It was also interesting to see how a relatively high percentage of participants see exclusive customer and supplier contracts as creating value and a competitive edge.

From an industry perspective, FS was the only industry to choose data/database rights/database copyright as a category of intangibles that drives the most value. TMT was the only sector to select trade secrets.

Take aways and opportunities IP value drivers.

- Across all industries except for FS, "protecting revenues on related products and services, product differentiation" was either the first or second choice when selecting the purpose of the patent portfolio followed closely by freedom to operate.
- Having a large patent portfolio is a strategic way to mitigate IP risk effectively.
- Patents and trademarks rank highly in their perceived value to the business but are considered less valuable than know-how and Inventions and innovations when looking at competitive advantage.
- All survey participants showed a great deal of maturity in managing registered rights (patents, trademarks) and the tool chains, processes and skills are well-developed. Given these rights cost money to obtain and are expensive to maintain, there is a good degree of scrutiny on the costs. By contrast, the other "hard-to-find" intangibles such as know-how, trade secrets, data etc. are identified as driving a lot of value, but there is no established skillset or methodology for identifying, codifying, managing, protecting, and leveraging these assets. This shift in portfolio composition drives a need for more stakeholders to engage with these assets and work together with an asset-centric approach to ensure value can be realized in the medium-term and not squandered away.



IP strategy.

IP strategy.

Arguably an IP strategy should be an indispensable part of a clear innovation strategy and a strong corporate strategy. It usually includes elements of IP creation and protection, IP risk assessment, and means for leveraging IP. When done effectively, an IP strategy is part of a broader corporate blueprint that ensures the IP portfolio is aligned with long-term business objectives – as mentioned in the About the portfolio section looking at communications with key stakeholders at the C-suite level.

With an IP strategy, companies are better able to plot risks and benefits against costs and position themselves within their markets, against competitors and ensure they maintain control on the assets or technologies that differentiate them and allow them to succeed in the market.

We wanted to explore how many participants had an IP strategy, who is involved with the creation and execution of the strategy, as well as other processes and procedures they are utilizing to execute the IP strategy.

IP strategy and policies.

Overall, having a well-documented IP strategy is seen as best practice – as reported by 84% of companies (57 global enterprises) surveyed by Deloitte Global IP Advisory. 77% of participants also have project-specific IP strategies. When asked with what frequency the IP strategy is reviewed or updated, 43% stated annually and 49% said as needed. Overall, across all industries this shows a strong consensus for the need for an IP strategy that is reviewed regularly to maintain alignment with the strategy of the business.

For the most part, our findings revealed that IP strategies are not generally prepared for the C-suite. In fact, only 40% of respondents said that their respective companies' C-suite were the receipt of IP strategies, and C-suite involvement varied by industry. We saw higher levels of representation in TMT and Consumer, and less in ER&I and FS. It was interesting to see that the Board wasn't mentioned as a recipient of the IP strategy – given that it is argued that 60-95% of corporate value is in off-balance sheet intangibles. We believe this could create a potential governance gap that should be addressed.

Which roles provide input into a project IP strategy?

- IP manager **67%**
- Chief IP Officer **54%**
- Chief Technology officer **49%**
- Other **53%.**

Innovation capture and portfolio reviews.

Ensuring that innovations are well-documented and captured is an integral part of an IP strategy deployment. When looking at how often organizations hold innovation capture exercises and idea reviews between inventors and the IP department to ensure potential IP is protected, most respondents reported doing so on an as-needed basis or monthly.

We believe this indicates that organizations are generally structured but flexible enough to ensure that innovation could be captured as and when it needed to be. ER&I was the only industry with a response stating innovation capture exercises never happen.

In addition to capturing and adding assets to the IP portfolio, it's imperative to ensure the portfolio is fit for purpose. The majority of the respondents told us that they review their portfolios on an annual basis. TMT was the most likely to review their IP portfolio on a quarterly basis.

Due to the ever-increasing rate of innovation, we believe that more regular reviews will help companies keep their IP strategies up-to-date and their portfolios aligned with business objectives. We also believe that there's scope to reference quarterly or annual reviews of IP portfolios as best practice. This will ensure alignment and proper use of funds as strategies, competitive environment, and the landscape changes – which now happens faster than ever before.

35% of respondents said they didn't have a formalized portfolio review and optimization process that ensured value creation and cost management. Participants from ER&I were most likely to not have a formal review process. It is interesting to note that respondents in this sector reported having portfolios that ranged in size up to 5,000k. While large portfolios support freedom to operate strategies, patents are expensive to maintain.

With such large portfolios, there is an opportunity to review and optimize what's being maintained. Over time, business direction shifts and it's important to ensure that assets within the portfolio are strategic to the business vs being an expensive asset with little or no value to the business. When it came to ensuring optimization processes, we saw LS&HC and TMT sector participants rank highly.

IP and product taxonomy.

57% of participants told us they had a consistent product taxonomy that was consistently used for IP reporting and portfolio alignment. 18% said they didn't, while 21% reported sort of doing this. ER&I participants were most likely to not have a consistent taxonomy. This is significant for internal IP reporting, because a consistent taxonomy enables reliable reporting on patent-to-product alignment – which is crucial for tax reporting and when articulating value to internal stakeholders and board leadership. We believe that not utilizing an astute and consistent taxonomy across the business is not best practice – especially in light of business situations such as mergers and acquisitions. Not having an agreed taxonomy can lead to significant inefficiencies that could cost businesses time and value.

Do you have a product taxonomy that is used consistently for IP reporting and portfolio alignment?

- Yes: **57%**
- No: **18%**
- Sort of: **21%**
- Not sure: **4%.**

External IP service providers?

Here we saw participants actively utilize IP tools and software across the board. Just under 50% said that they used IP analytics companies, with a few using IP valuation experts. ER&I and TMT were the most likely to use Strategy consultants. Only 19% of participants used IP strategy consultants. This could be due to them feeling confident in how they manage everything or a lack of budget for outside consultants.

Respondents seem to use external service providers to support their own work/core operations, i.e., analytics and tools providers inputs into their own processes/workflow. In contrast, they rely far less on external advisors to augment their capabilities and expand what they can achieve as a department.

This may be down to a lack of funding but it also suggests a disconnect with IP being seen as strategic. For other strategic aspects of the business, companies would normally retain valuation experts and strategy consultants. So, why not for IP? The expert witness category will generally be an ad hoc requirement driven by litigation/disputes.

55% of participants reported using patent search tools on a regular basis, while 32% said they relied on external patent analytics providers, and 13% didn't use IP data to inform their IP strategy. When it came to informing their IP strategy, ER&I participants were the least likely to use IP analytics data at all.

Do you use external IP service providers?

- IP analytics companies: **49%**
- Tools/software providers: **89%**
- Strategy consultants: **19%**
- IP Valuation experts: **18%**
- Expert witnesses: **16%.**

Identifying potential licensees for your technology or monitoring adjacent application fields.

80% of participants aren't using patent analytics to identify potential licensees. 58% of participants said they weren't monitoring adjacent application fields where their technology could be applied or using IP data to identify new business opportunities or potential risks. Within FS 80% of participants are not actively monitoring adjacent application fields.

Value creation is an important part of an IP strategy, yet there could be many missed revenue opportunities for most companies. This could include licensing and transferring technology into adjacent industries, or licensing within the same industry in carefully selected scenarios.

The development and execution of these particular business strategies can be time-consuming and costly to initiate. They also require dedicated management, attention, and/or specialized advisors but they can lead to long-term returns over an IP assets' lifespan.

Which of these phrases best describes your business' approach to/view of third-party IP (all examples are in the context of the launch of a new product/brand/solution)?

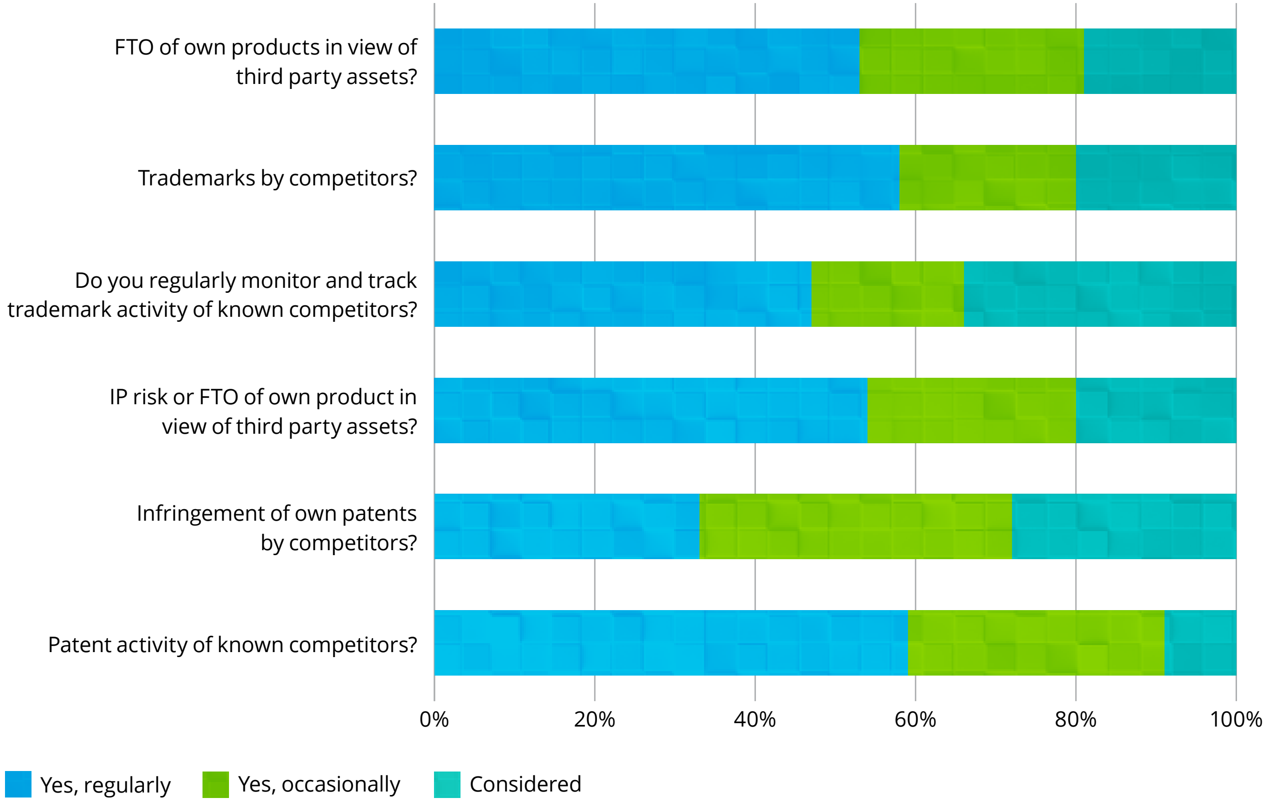
- **52%** – We are risk averse e.g. It is our policy to actively undertake clearance searches and freedom to operate activities before launch of something new, in order to minimize litigation risk associated with our business
- **23%** – We try to minimize risk e.g., we occasionally undertake clearance searches and/or freedom to operate activities before launch of something new, where we think there might be a risk
- **21%** – We accept there is a level of risk e.g., we respect and are mindful of third-party IP rights and do look at the market and/or take advice before launching something new, but do not undertake formal clearance or other searches
- **4%** – Our risk appetite is high because of the nature of our business e.g.; we find the best way to know if there is a problem with something new is by launching it and then seeing what happens.

Overall, participants showed that they have a low-risk appetite and ensure they undertake freedom to operate activities to avoid litigation risks.

What do IP teams regularly monitor and track?

Most participants either regularly or occasionally monitored or tracked patent activity of known competitors. FS participants were the least likely to do this. Keeping track of what competitors are filing is an effective way to assess business direction and trends – not doing this could lead to lead to loss of market share and expose the business to unmanaged IP risks.

When asked about monitoring infringement of one's own patents by competitors, only 33% said they regularly did this. 39% did so occasionally, while 28% didn't. We were intrigued by the number of respondents not actively tracking or monitoring for IP infringement. By not monitoring for infringement, patent owners are unable to enforce the legal monopoly conferred by their patents or to seek licensing income on innovations they developed and brought to market. The reason companies might not be doing this is because they may have limited resources. In the IP value drivers section, only 54% of participants reported using their IP portfolio for commercial exploitation and licensing revenue.



In contrast, participants across every industry – except FS – said that they were more active in ensuring that they weren't infringing third-party IP. This is in keeping with a previous question on the business' approach to third-party IP. Respondents were more likely to track and monitor trademark activity vs patent activity of known competitors. 47% said they regularly tracked TM activity, while participants from ER&I and LS&HC participants were most likely not to monitor this.

Treatment of open-source software (OSS).

Only 44% of participants said that they maintained a register of all OSS libraries and required licenses, while just 32% reported having someone responsible for maintaining OSS responsibilities. OSS dependencies can have a negative impact on valuations – especially during an M&A transaction. We believe it's best practice for IP-savvy companies to address and manage OSS dependencies instead of ignoring them.

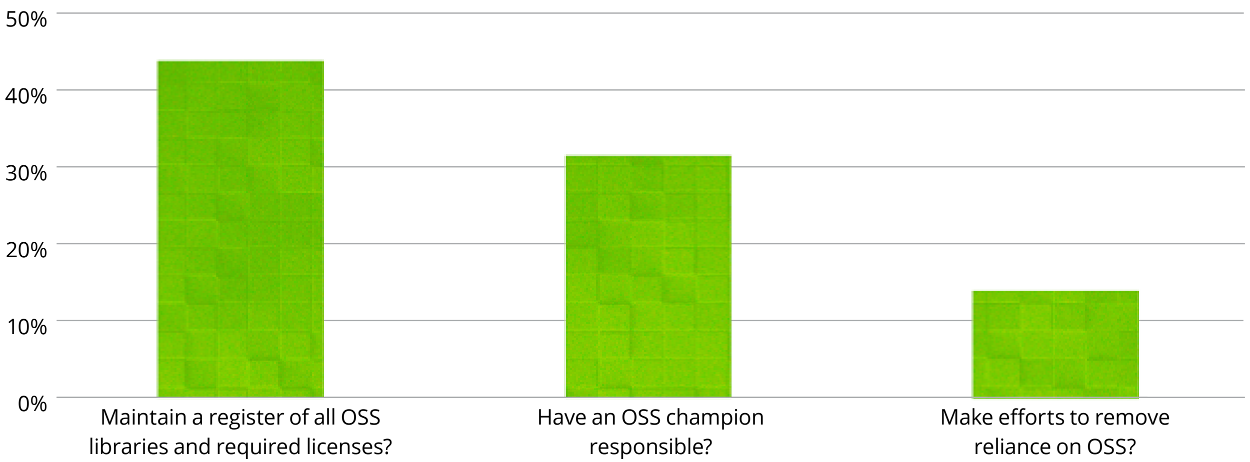
Takeaways and opportunities.

It's positive to see almost everyone has an IP strategy. Looking back at the relatively low level of stakeholder engagement in IP across the wider business, the value of the IP strategy to the business is likely to not be fully understood or "visible" at a C-suite level. There is an opportunity to widen the reach of the IP strategy from the IP department to other parts of the business.

Anecdotally, we've had clients preparing for M&A who have found a lot of their code is riddled with OSS, meaning little or no IP value could be extracted. We've also had clients not comply with OSS license obligations (i.e., not contributing code) and not knowing this. Some now want to put code into the community. If the code is problematic, they run the risk of harming their respective reputations. TMT companies are often native software businesses and seem to be the most savvy and systematic in managing OSS risk.

With digital transformation, AI, Blockchain and the rise of data, many non-TMT businesses are getting heavily into software but are a decade or so behind the TMT sector. There is an opportunity to take the OSS learnings established from TMT to ensure they don't bring or engineer risk into their businesses.

Does your organization track and assess its use of open-source software (OSS)?



Data assets.

Data assets.

Earlier in the report when looking at IP value drivers, 36% of respondents ranked Data/Database rights/Database copyright as highly valuable to the business and as an intangible asset that drives competitive advantage. We wanted to explore how data is viewed and managed by the IP team.

Data is an intangible asset for the business.
Many companies reported owning large numbers of data assets (77%) that were considered to be important to the business. While companies attributed significant value to their data, the IP department had very limited involvement in the management of data across most industries.

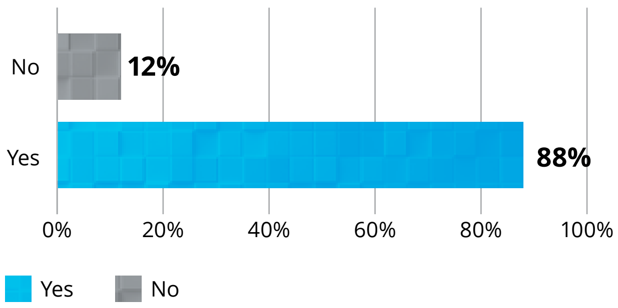
The lack of consolidated systems and policies around data storage and ownership could reduce efficiency across the organization. It also presents an IP leakage risk for the organization.

Our survey also found that 51% of participants were not monetizing their data assets within their own business and 91% of participants weren't currently out-licensing their data for monetization purposes. If IP teams were to become more active in the management and monetization of data rights, they could create significant value for their companies.

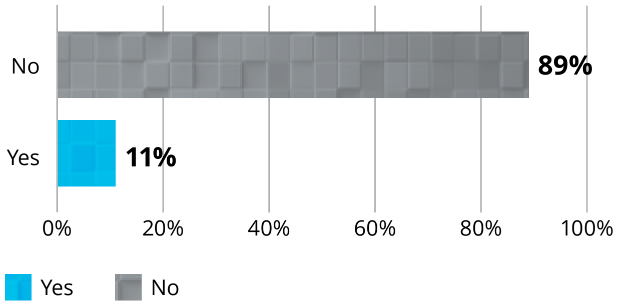
Takeaways and opportunities.

- Data is emerging as an important and valuable intangible asset for businesses. The IP department is not very involved with the identification and management of data assets. This is an area that will continue to impact business value. IP departments should become more involved and integrated with data management.

Does data play an important part in your business?



Is data managed by the IP team?



Commercialization and monetization.

Commercialization and monetization.

Earlier in the report, we mentioned only 54% of participants considered out-licensing as one of the value drivers of their patent portfolio. To gain a deeper understanding of how companies approach commercialization and monetization of IP we asked more specific questions around the business's behaviors and attitude toward licensing, monetization, and joint development.

IP licensing as part of business strategy.

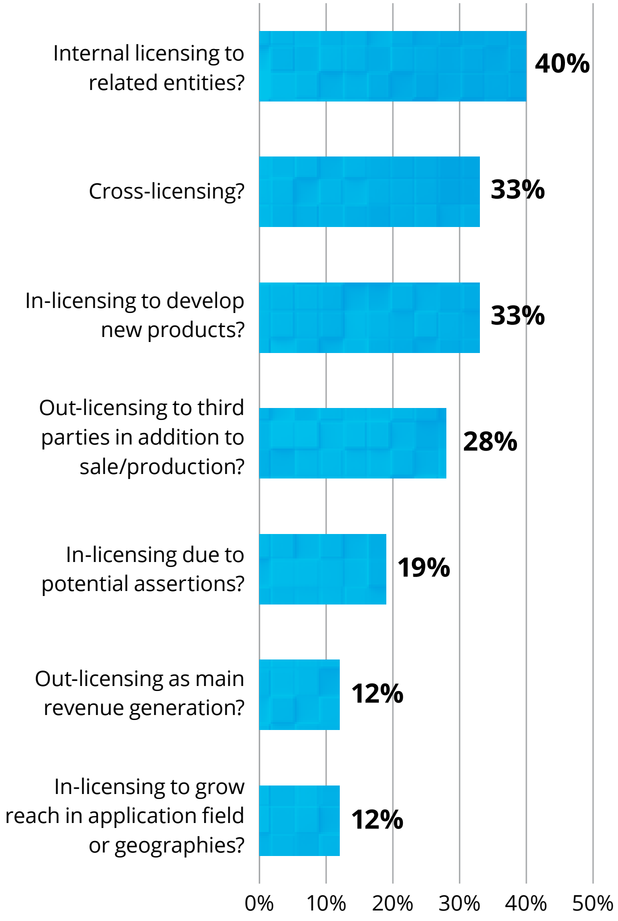
When asked if IP licensing is an active part of the larger overall business plan, internal licensing to related entities received the highest response of 40%. This was followed by cross-licensing and in-licensing to develop new products at 33%.

The strategic reasons to license vary from defensive (cross-licensing: 33%, and in-licensing in response to assertions: 19%), to revenue generation. ER&I and LS&HC were the most active sectors in cross-licensing and for in-licensing to develop new products. These sectors were also very active in joint venture activity.

Monetization opportunities.

When asked "Do you seek out monetization opportunities (across the breadth of IP rights, licensing, selling, commercial contracts)?" 64% of participants said no. This was consistent across all industries.

We observed that the total number of participants engaging in in-licensing for revenue expansion reasons was 52%. This implies that a significant proportion of revenue-generating licensing activity was reactive rather than proactive. This point is reinforced by the fact that 94% of respondents said they didn't have a formal process for IP monetization, but one that was largely ad hoc. Together, these responses indicate that there are likely to be significant IP monetization opportunities that are not being leveraged across all industries.



Despite this, there was significant involvement from the C-suite and senior management (58% and 44% respectively) in decisions related to IP monetization. This shows that decisions regarding IP monetization were seen as highly important matters. These facts in combination would suggest that a lack of C-suite or senior management mandate for IP monetization is a key reason why such opportunities aren't being leveraged to their full potential. We believe there is more IP teams could do to elevate IP monetization as a proactive initiative in discussions with senior management.

Considering the relatively low number of companies with a formalized IP monetization process, it makes sense that 80% would not have a set value threshold for making monetization decisions. Having a clearly defined thresholds and objectives that align with senior leadership goals would lead to a more formalized and proactive IP monetization strategy, which could result in driving considerable value for the business.

Do you seek out monetization opportunities (across the breadth of IP rights, licensing, selling, commercial contracts)?

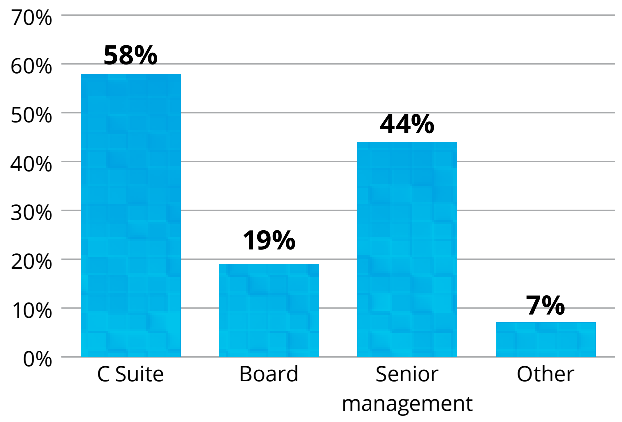
- Yes: **36%**
- No: **64%.**

Do you have a process for monetization opportunities or is it ad hoc?

- Formal process: **6%**
- Ad hoc: **94%.**

Is there a value threshold when making monetization decisions, for example, is there a range you can sell for?

- Yes: **20%**
- No: **80%**.



Background IP in joint ventures.

Earlier in the survey when asked about the purpose of the portfolio, 60% selected building relationships and joint ventures. Participants in ER&I and LS&HC were the most active in utilizing their portfolio for joint venture activity. Here we see that identification and management of background IP are an important part of joint ventures, collaboration, and other activities. Despite documenting background IP being seen as best practice in the context of significant third-party relationships, as suggested by 78% of respondents that actively do this, it was significant to see 22% of participants say no or not sure across all industries. This could lead to potential confusion, disputes and even the loss of ownership or control of strategic IP.

When entering joint ventures, joint development, or collaboration activities, do you have a formalized process in place for identification and recording for all background IP?

- Yes: **78%**
- No: **20%**
- Not sure: **2%.**

IP-backed financing.

When participants were asked if they'd considered using their IP assets in IP-backed financing 18% said yes, while 61% said no and 21% were not sure. As this source of finance becomes more widely available and known, and IP departments become more interconnected with Finance, we believe we may see a shift in how much this figure increases over time.

TMT had the highest response rate for this question. We generally find that start-ups or early-stage high-growth potential businesses are more likely to want to explore this as a financing option, so it makes sense that TMT was heavily represented here.

Have you used or considered using your IP assets in IP backed financing/IP securitization?

- Yes: **18%**
- No: **61%**
- Not sure: **21%.**

Takeaways and opportunities.

- There is opportunity for companies to have more formalized and proactive IP monetization strategies that could drive considerable value for the business.

Trade secrets.

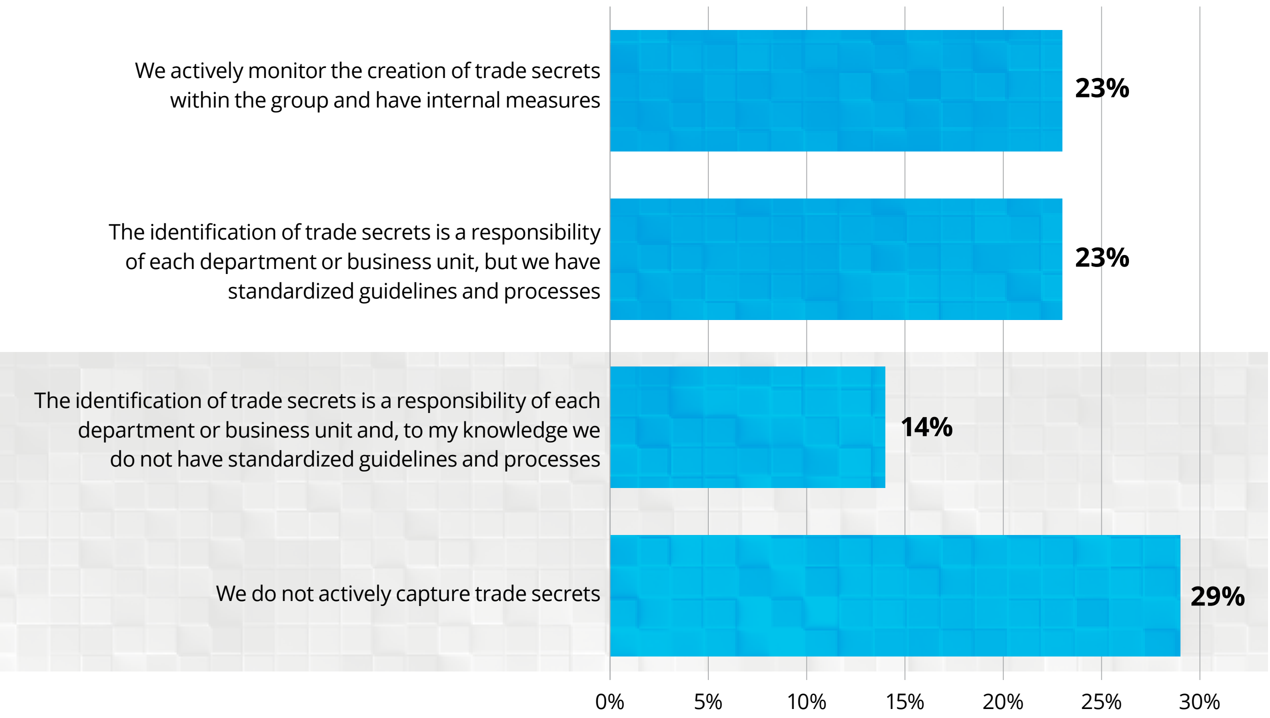
Trade secrets.

Trade secrets are IP rights protecting confidential information proprietary to a business. They require specific controls to ensure they are kept as secrets. Earlier in the report, trade secrets were listed as highly valuable to the business by 60% of the survey participants and 58% felt trade secrets helped create a strong competitive edge. Our findings show that when it comes to trade secrets management, most companies are not doing as much as they could be.

Business approach to trade secrets.

We asked participants to describe their approach to the identification of trade secrets. Only 23% stated they are actively monitoring the creation of trade secrets within the group and having internal measures specifically for that purpose. 23% said the identification of trade secrets is a responsibility of each department or business unit, but there are standardized guidelines and processes. 14% told us that the identification of trade secrets is a responsibility of each department or business unit and is not standardized. Surprisingly, our findings showed that 29% of participants were not actively capturing trade secrets and 42% of participants said that they did not undertake trade secret awareness training.

Which of these phrases best describes your business' approach to the identification of trade secrets?



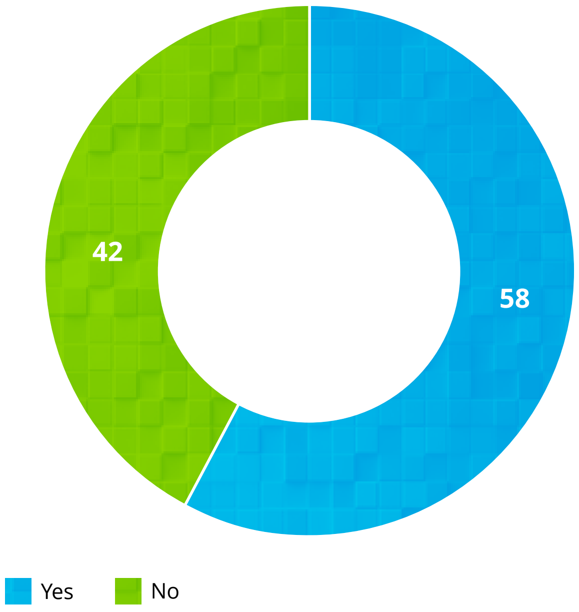
This is very significant because in some, or many, jurisdictions a company may need to show that they took reasonable steps to protect their trade secrets in order to benefit from legal trade secrets protection afforded to them. Those that do not actively capture trade secrets or do not have standardized guidelines in place for trade secrets, risk losing some of the legal protections associated with them. This potentially puts 43% of respondents in this category.

Some of the challenges with trade secrets are due to its fast-moving nature and difficulties of managing it.

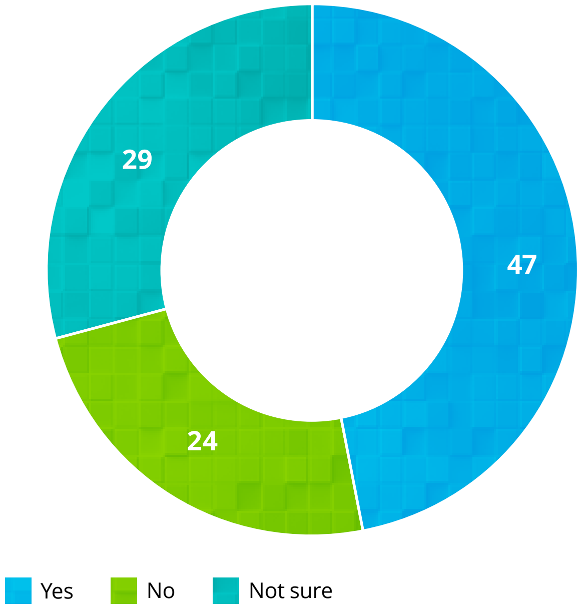
Some companies struggle to protect trade secrets properly due to complexity and scale. Many companies do not have enough people in their IP team or wider management team to advise them in setting it up. Within the FS industry, regulatory requirements are quite strict at monitoring phone calls and electronic communications so they can leverage that for capturing trade secrets. 80% of FS participants also report to be engaging with their cyber security and I.T. teams to monitor and capture trade secrets. However, a company operating in the Energy sector may not be well versed in this. In this industry, only 33% of participants claimed to be engaging with cyber security and I.T.

47% told us that they included trade secret awareness as part of their exit interviews. 24% said they didn't, and 29% weren't sure if they did. We believe this could be a very expensive omission as many employees might not be aware of the extent of IP they aren't allowed to exploit in their next role.

Do you undertake trade secret awareness training?



Is trade secret awareness part of your exit interview process? For example, when people are leaving the business, they are reminded of their responsibilities in keeping trade secrets confidential and not using it in any other context.



Takeaways and opportunities.

- It is very important for organizations to take trade secrets seriously. Our survey results show that many companies have a lot of room to improve.
- Putting the right trade secret strategy in place will enable a company to realize greater value through tax incentives and IP monetization opportunities – such as technology transfer.
- Trade secret management, as part of a larger IP strategy, enables a company to understand the true costs, risks and benefits associated with its trade secrets, as well as its position within the market and in relation to its competitors.

Tax.

Tax.

The Tax department is an important stakeholder of an organization's intangible asset strategy and portfolio. Tax authorities recognize the value of intangible assets in driving business profits and ensuring these profits are appropriately allocated across jurisdictions is an area of international focus. Complying with these rules requires organizations to understand their intangible asset portfolio, legal entities they own and exploit, and which employees are making economically significant contributions to their development, enhancement, maintenance, protection, and exploitation.

In addition, certain jurisdictions provide tax incentives in relation to R&D activities, and/or profits from the exploitation of intangibles. Having tax input into an organization's intangible asset strategy can drive material value. The survey results indicate that while businesses feel they have a good understanding of the ownership and underlying activity relating to intangible assets, it is limited to registered intangible assets with the same not seemingly true of other intangible assets. This is significant because these intangible assets may be the most valuable intangible assets in the future. Ensuring regular dialogue with tax stakeholders should help facilitate optimized and sustainable access to tax incentives, as well as compliance with the group's transfer pricing obligations.

Tax stakeholders have specific responsibilities regarding the reporting of intangible asset ownership, transactions relating to intangibles, as well as being tasked with identifying individuals who contribute towards their development, enhancement, maintenance, protection, and exploitation. Furthermore, various tax incentives exist for income derived from the exploitation of intangibles, and/or costs associated with their development.

Intangible asset identification and reporting. The ability to report a group's arrangements relating to intangible assets, and the associated transactions and activities is contingent on those assets having first been identified with specificity. This is an area of increasing focus from tax authorities, with expectations regarding the level of understanding and supporting documentation increasing.

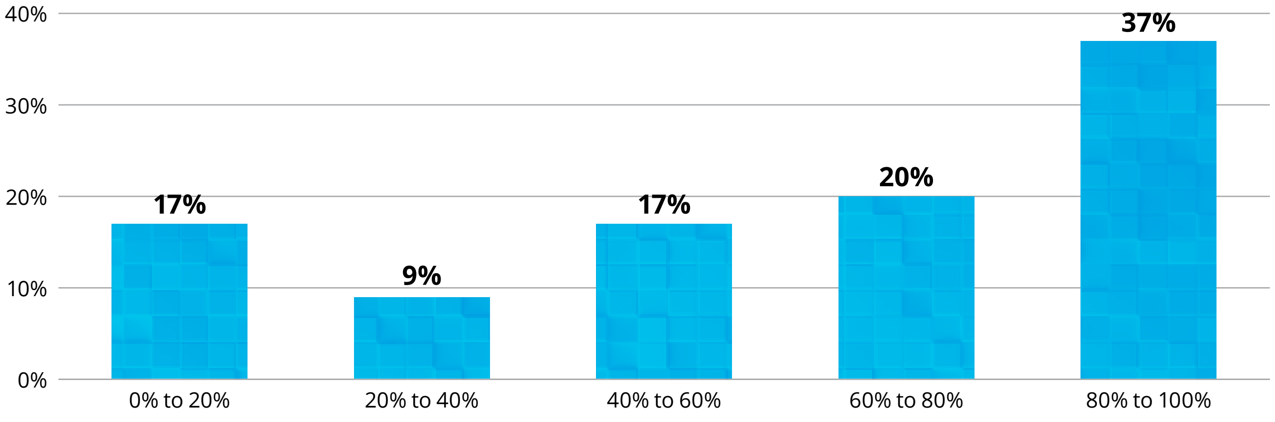
When asked how well they felt their organization identified its intangible assets:

- 57% were between 60 – 100% confident
- 17% were only between 0 – 20% confident.

When looking at the company's most valuable intangible assets, and how well the company felt they identified the group entities that make significant economic contributions to them and are compensated appropriately for their contributions:

- 48% were between 60 – 100% confident
- 16% were between 0 – 20% confident.

How confident are you that your company has identified its (valuable) intangible assets within the global organization?



This might suggest that while organizations consider that they understand and have appropriately priced intragroup transactions relating to the most valuable intangible assets, the position regarding other intangible assets is not understood as well. This is not surprising and might be remedied through more regular and expansive interactions between Tax teams and those charged with managing an organization's intangible assets. This could result in a tax risk, as less valuable intangible assets evolve into more valuable intangible assets. Time invested upfront may help mitigate this risk.

Our findings tell us that TMT were the most confident in understanding their organization's intangible asset portfolio – 33% of respondents stating that they identified their group's most valuable intangible assets with specificity. However, we believe there's room for improvement across all industries.

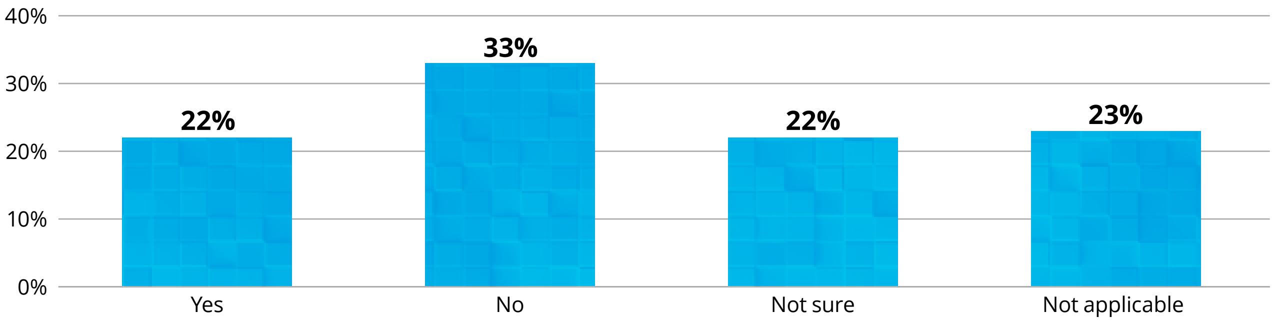
For tax reporting it is integral to clearly define where R&D is happening. For the survey participants, less than 40% have a clear IP policy that includes considerations around tax and transfer pricing. 31% do not and 21% are not sure. This illustrates low comfort levels around the handling on intangibles.

Government incentives and benefits.
When it came to participants taking advantage of government incentives, only 22% said they were confidently maximizing their benefits and 33% felt they were not. Only 50% of participants have maximized their R&D tax credits.

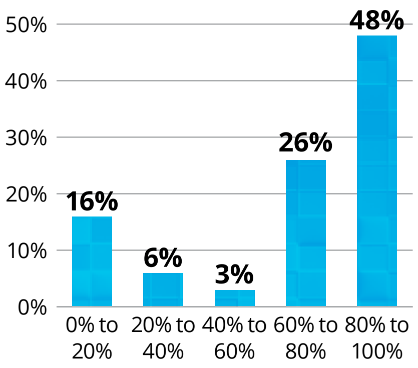
Most participants are not sure if their R&D tax claim submission matches their Patent Box claims and Transfer Pricing arrangements. This is significant because inconsistency drives risk of successful challenge when presenting different arguments for different purposes.

10% of participants don't liaise regularly or on an ad hoc basis, between R&D, IP, and Tax. It is worth noting that only 40% have a policy that includes Tax. This could mean that there may be active communication, but not something that is formalized.

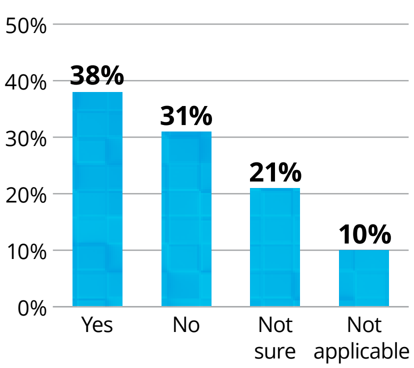
If your company operates in countries that have a Patent Box regime (a patent ownership tax incentive scheme), have you maximized your access to benefits across all products and geographies?



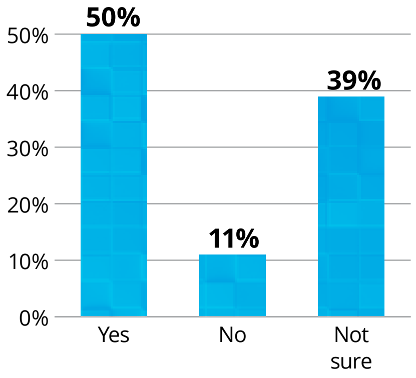
For your most valuable intangible assets, how well has your company identified the group entities that make significant economic contributions?



Does your company have a clear IP policy that includes considerations around tax and transfer pricing?



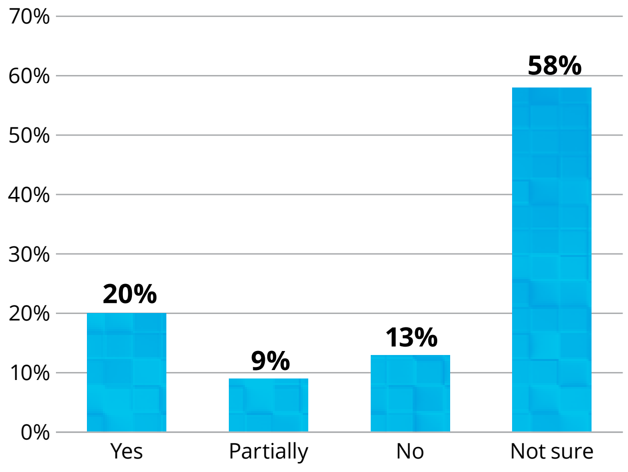
If your country has an R&D tax credit scheme, have you maximized your benefits?



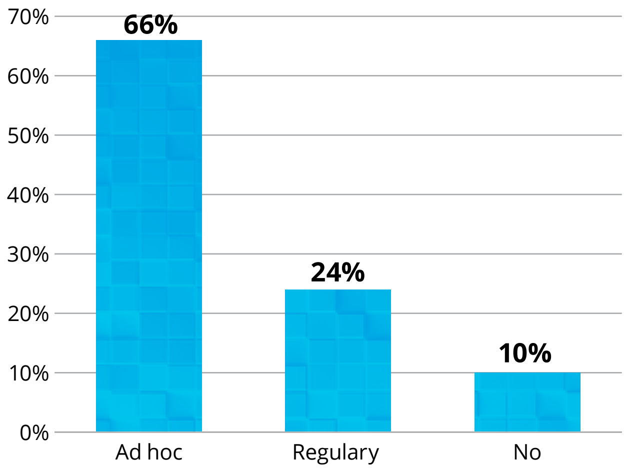
Takeaways and opportunities.

- As noted earlier in the survey, there is limited communication between the IP department and internal Tax teams, which needs to be addressed to avoid risks and maximize incentives.
- While there may be some interaction, not having a formal policy could leave a company open to risks – specifically around identification of intangible assets.
- There is a huge benefit for taking advantage of government incentives and tax benefits. Companies who do not do this are missing out on an opportunity to generate value. Improved reporting and communications between the IP and Tax departments could quickly address this and generate new value streams for the business.

Do your R&D tax claim submissions match your Patent Box claims and Transfer Pricing arrangements?



Do your R&D and IP teams liaise with Tax?

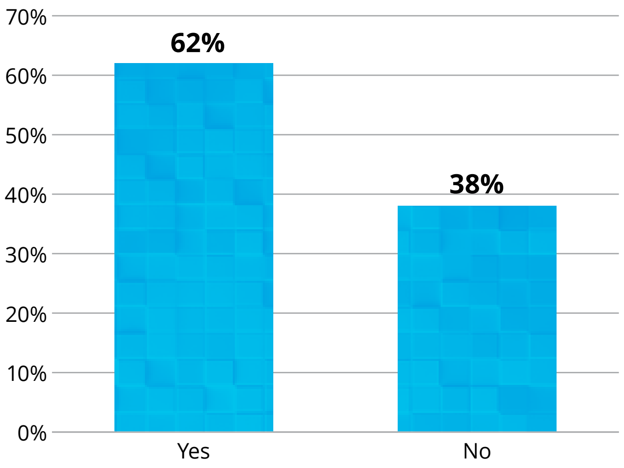


Legal.

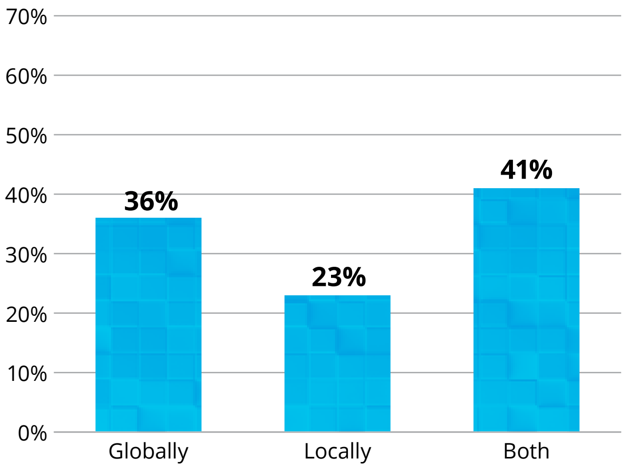
Legal.

In this part of the survey, we explored the role of Legal teams and activities within wider IP strategy and sought to identify whether businesses are consciously planning for litigation as part of that strategy. In the latter regard, we learned that 62% of participants had a corporate litigation strategy in respect of IP matters.

Do you have a corporate litigation strategy in place?

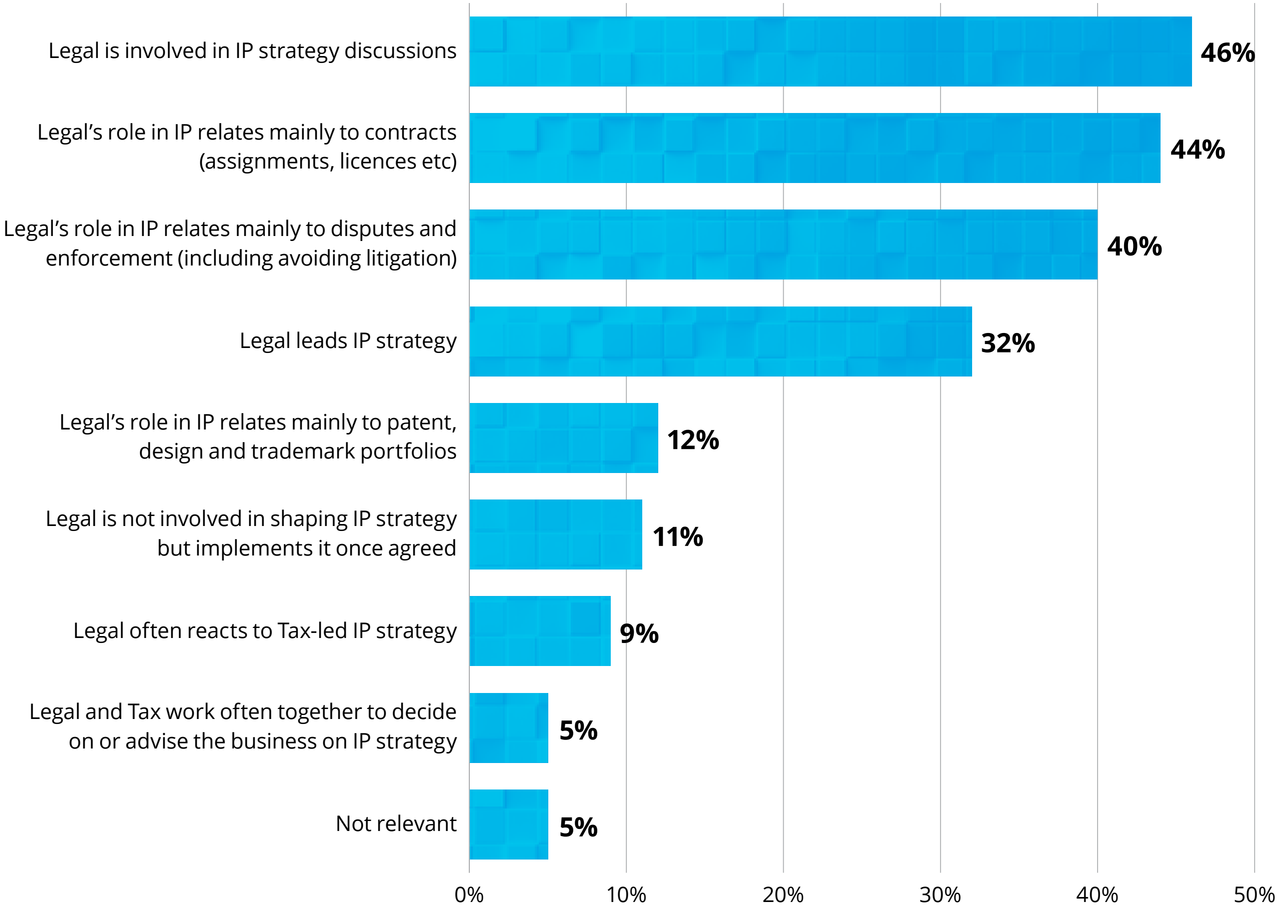


Is the legal counsel appointed globally or locally?



Surprisingly, when asked about the role of Legal within broader IP matters and considerations, we learned that Legal was involved in IP strategy discussions for less than half of the time. Given the importance of legal rights and remedies to the protection and value of IP, we were struck by Legal not being more involved in IP strategy and leading strategic direction. If Legal is only left in an execution role, we can expect to see discrepancies between plans and achievements, with missed opportunities or overlooked risks.

In terms of the role of Legal within the broader IP team in the business, which is true?



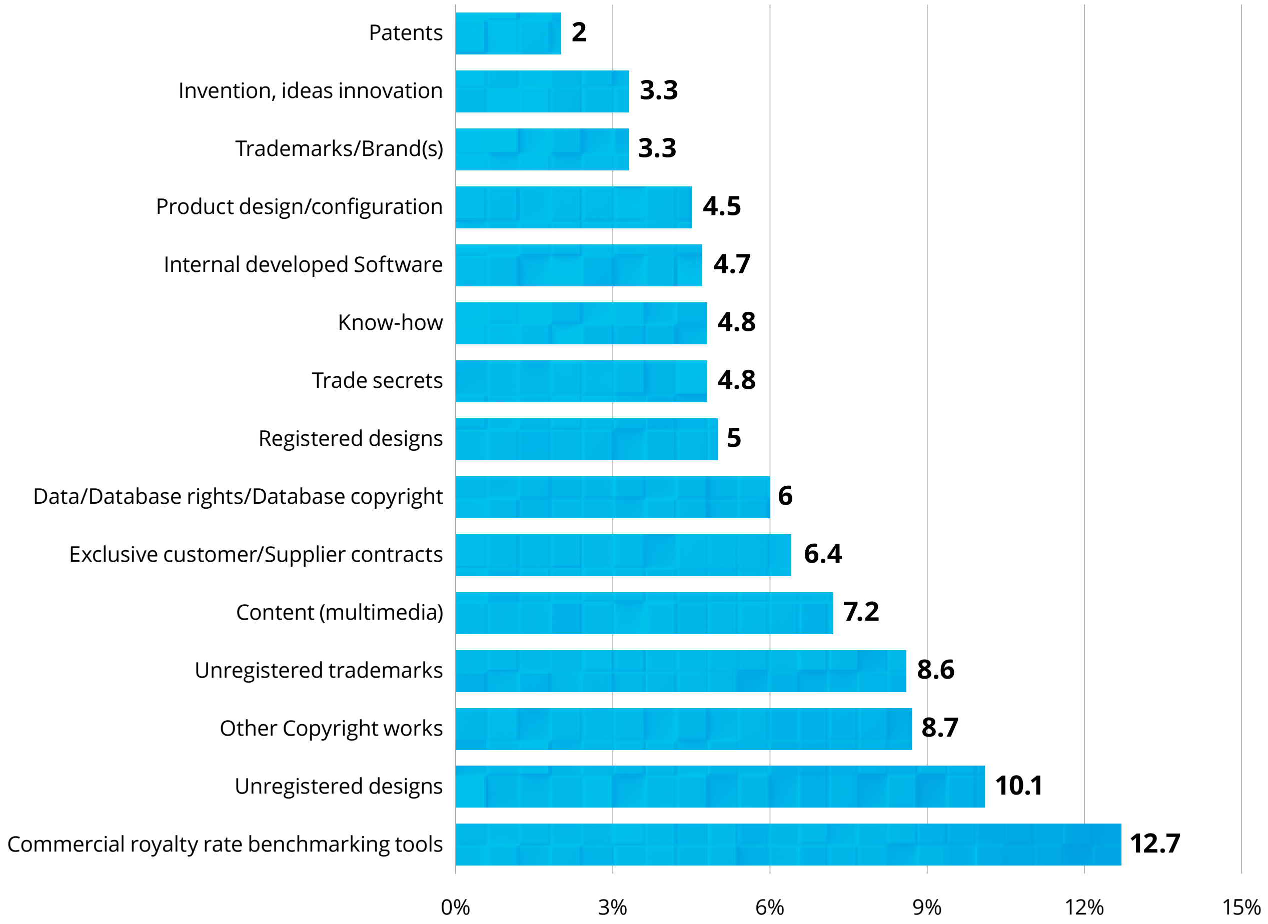
When looking at the most heavily invested assets, from a time and financial perspective, the top five were:

01. Patents
02. Invention and ideas innovation
03. Trademarks/Brands
04. Product design/configuration
05. Internally developed software

It is unsurprising that patenting is still the most expensive IP activity.

However, it's interesting to see that the overall spend/investment on data/database protection and enforcement was significantly lower than other IP assets. We're keen to see if that statistic shifts as the role of data grows ever more important.

In terms of intangible assets, rank the following in terms of focus/expenditure (including registration and maintenance fees)* from highest to lowest spend (1 highest to 17 lowest)

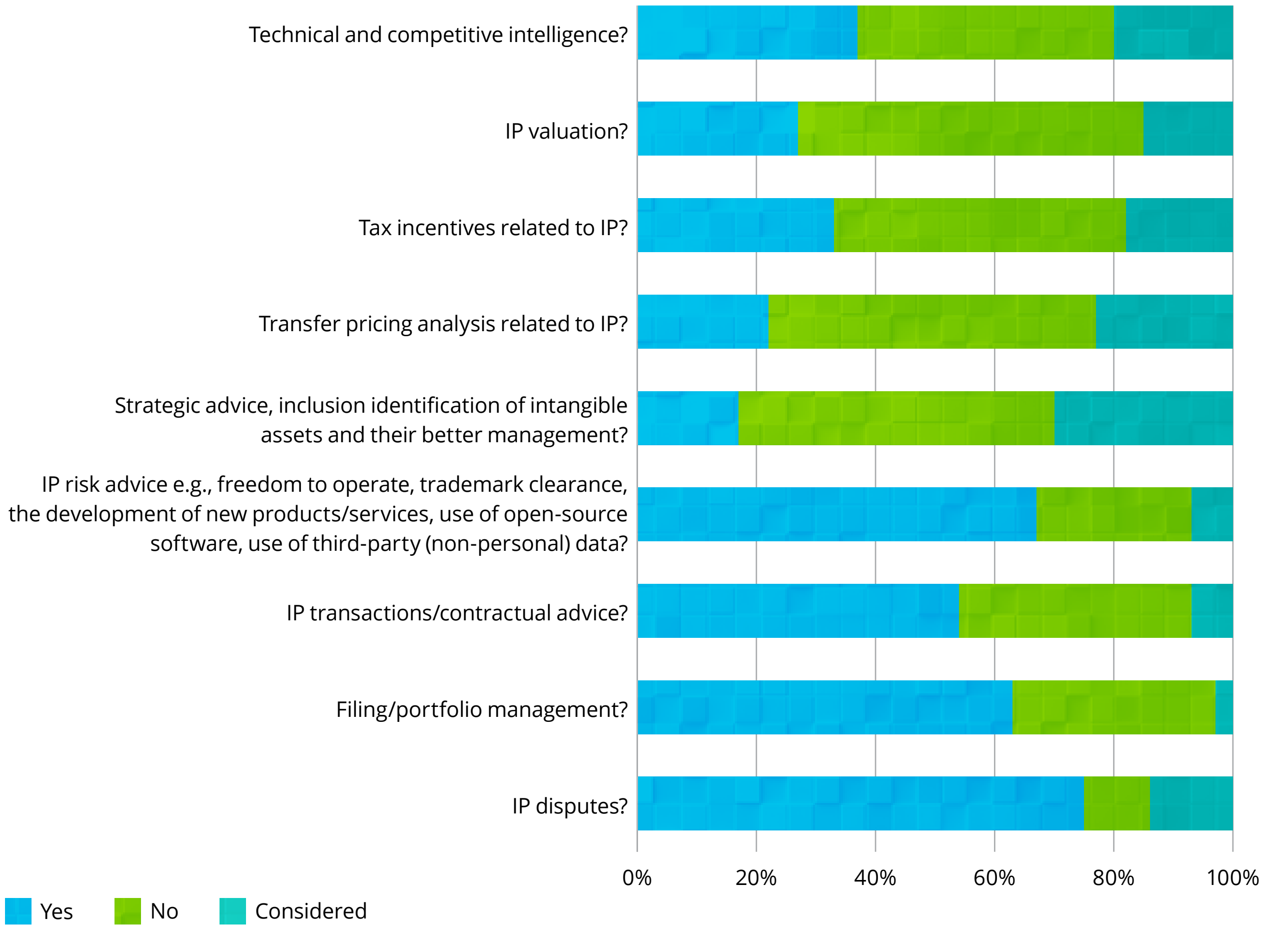


* e.g., internal time invested/number of specialists, budget application)

Which IP related services have you outsourced or considered outsourcing fully or partially and with what frequency?

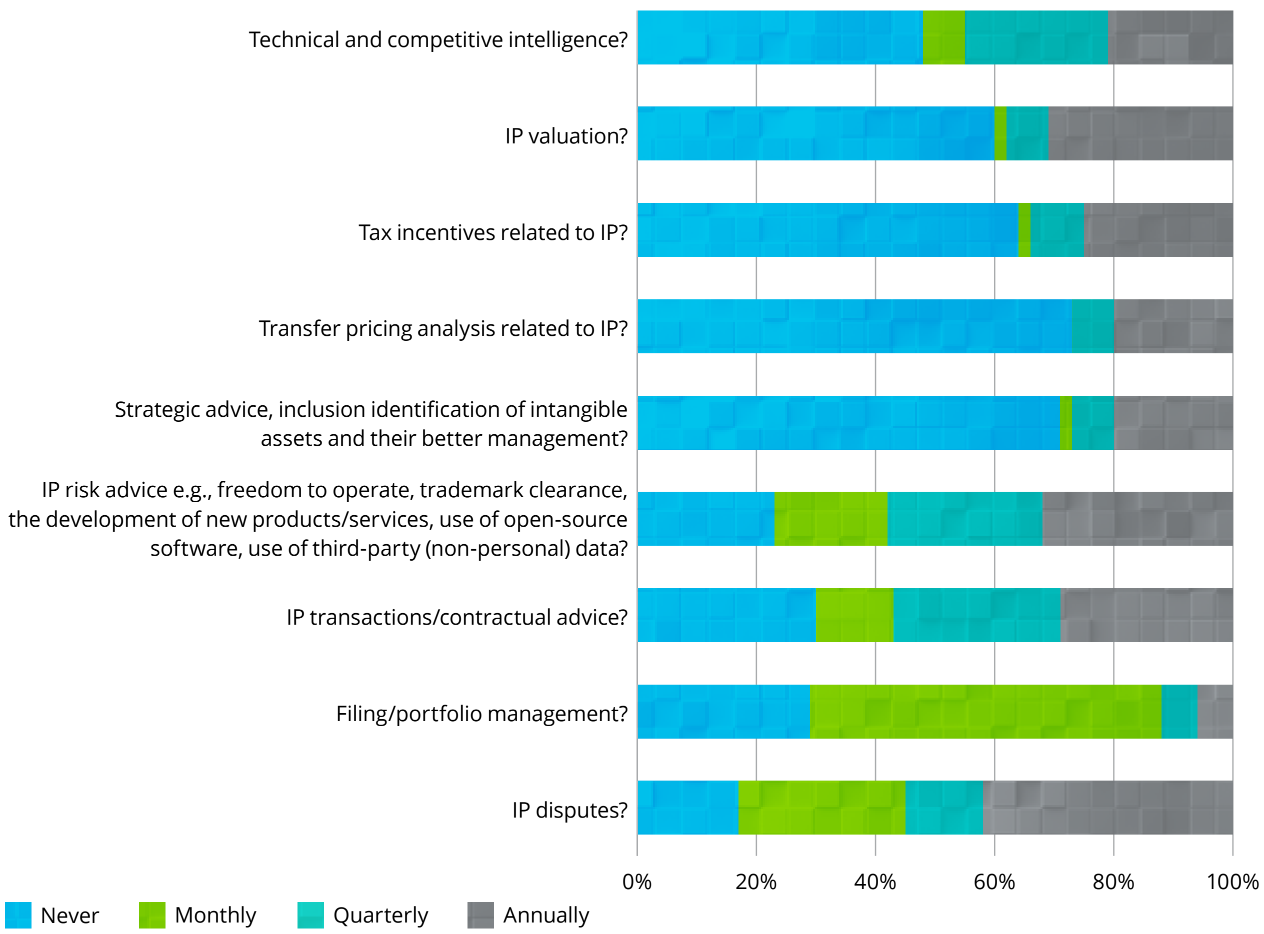
While it remains to be common for businesses to instruct external lawyers to handle IP disputes, it is still less common for those businesses to get help with IP strategy and IP asset identification. This could be due to clients believing they have the relevant skills in-house, but it might also correlate with this activity not being undertaken regularly or at all. It is worth noting that most of the participants' IP teams were relatively small, and outsourcing some strategic services could help accelerate value creation. We believe that understanding and identifying IP assets through an external holistic lens can help to unlock value and articulate IP strength in a new way.

Which IP related services have you outsourced or considered outsourcing fully or partially?



When it comes to external advisors, 36% of respondents used globally appointed legal counsel, 23% used locally appointed legal counsel, and 41% used both. There can be efficiencies in having a single, global firm for IP matters but they will most likely need to lean on local firms for some activities. Having one external IP legal advisor assisting on the project management side of things ensures consistency in the approach and application of IP strategy, with acquired business knowledge that can enrich IP activity in each jurisdiction.

With what frequency have you outsourced or considered outsourcing IP related services?



On the tax side, 55% of participants told us they had not considered outsourcing transfer pricing-related services. 49% of participants reported not outsourcing – or considering outsourcing – their IP tax incentives-related work. Clearly, a number of businesses are still not exploring the tax benefits or structuring approaches applicable or available for IP assets. This correlates with, and makes sense against, the data regarding IP identification. The more sophisticated IP businesses know what IP they own, how to categorize and manage it, then seek and use external tax advice to ensure that beneficial corporate structuring and incentives are implemented.

Takeaways and opportunities.

- 46% of participants said that Legal is only involved in IP strategy discussions. This seems low given the importance of legal activity and analysis in IP matters

- Only 47% of companies have considered utilizing outsourced providers for IP strategy services. It seems many businesses have not realized or harnessed the benefit of an external legal and consulting lens on their IP assets, or linking this to their business' strategic goals

- Respondents either do not see data as part of IP, or do not invest in it as they do with other IP assets.

IP tools.

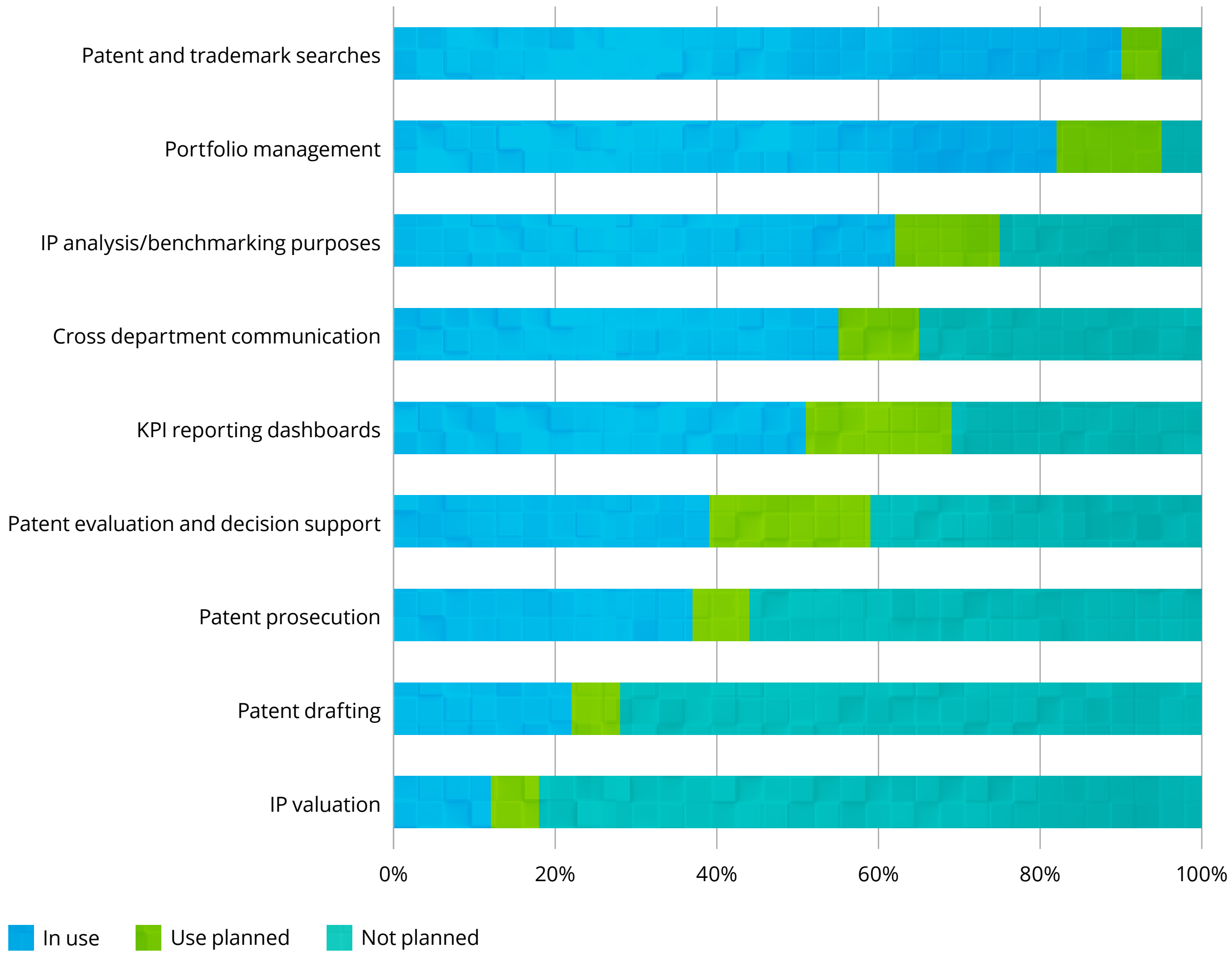
IP tools.

The IP management tools market is growing rapidly with many flexible solutions being made available, that help users customise workflows and – increasingly – use AI. This is due to increased efforts towards optimizing business operations and automation becoming a crucial part of how businesses cope with the rapidly rising numbers of assets that need to be managed. We wanted to understand what tools are currently being used and in what context.

Types of tools and for what purpose.

When asked what types of tools or systems were being used for IP management, patent and trademark searches (89%) and portfolio management tools (82%) were identified as the most popular, while IP valuation tools were used the least (12%).

39% of respondents reported using patent evaluation and decision support tools – with TMT being the most active – while 41% said that they did not plan to use them. 62% of participants utilize IP analysis and benchmarking tools, with TMT being the most active industry. When this data is cross-referenced with information around outsourcing and the frequency of outsourcing, it appears that companies are underutilizing tools and service providers.



51% of participants used KPI tools and 55% of organizations participated in some degree of cross-department communication. We found this statistic to be particularly interesting, as it contrasts with the earlier finding of IP teams not communicating across the wider business.

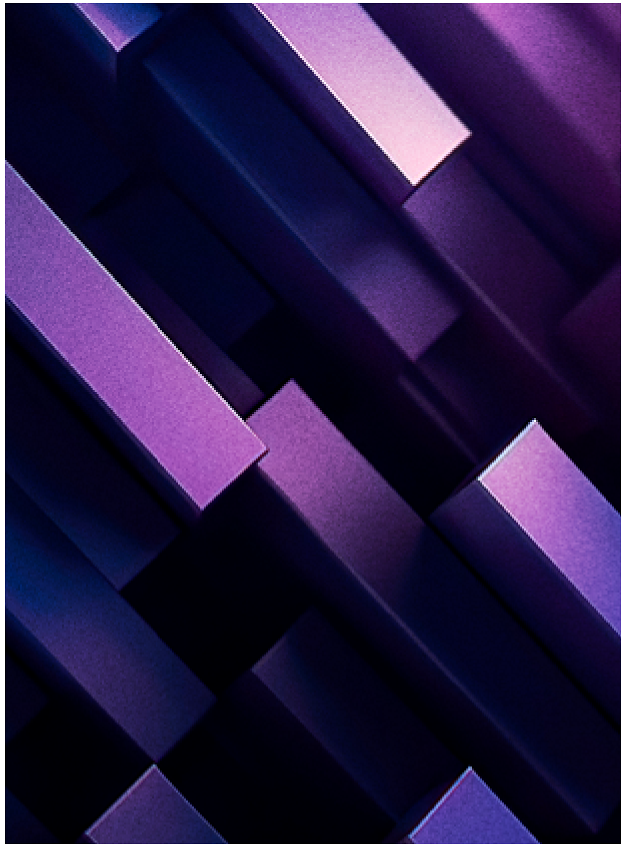
Although patent drafting and patent prosecution tools were not heavily used, our clients show a trend of technology use in Legal departments – specifically in the context of contract drafting and M&A document analysis. We expect this to soon extend into – and influence – the drafting and prosecution domain.

We also saw that just 2% of respondents exclusively use bespoke systems for these purposes, with 66% using commercially available solutions and 32% using a combination. The wide use of commercial tools suggests a growing industry preference for streamlining IP management, with the suggestion from the 32% mixed group that many commercially available tools are still seen as requiring adaptation/customization to match the needs of end-users.

The use of generative AI tools for increasing quality and efficiency in patent and trademark portfolio activities such as search, prosecution and drafting is becoming more popular. With the advancement of this technology there is an opportunity to use AI tools for insight driven decision making to generate value from intangible assets.

Takeaways and opportunities.

- Overall there is good adoption of IP management and IP analysis tools. We may see an uptake in patent drafting tools due to generative AI tools entering the market.
- KPI reporting is in use across half of the participating companies. As noted earlier in the survey, communications across other departments will help raise the value and profile of the IP department and the portfolio, and wider adoption of KPI tools could be a benefit to more businesses.



Final thoughts.

We can see that IP teams are relatively small. The majority of participating IP teams report to the GC. This shows that IP is seen predominantly as a Legal function – which may be a barrier to other parts of the business engaging with IP. IP teams tend to communicate the most with R&D and Product Development teams and not very much with Tax, Transfer Pricing, and CFO roles. This ad hoc approach to communications with the Tax and Finance function could expose companies to compliance risks, as well as missed revenue opportunities through tax incentives.

Internal leadership has the opportunity to be more involved. The Chief Innovation Officers, CSOs, COOs, and Chief Information Officers have little engagement with intangible asset discussions. All four of these roles could help increase the value impact of the businesses' intangibles by being more closely aligned with what is within their IP portfolios and the wider scope of intangibles owned by the business. To maximize the impact IP and intangible assets bring to the business, more C-suite professionals need to be aware of what their company owns, what they are creating, where it's being created, and why.

In addition to the C-suite, the board of directors should have a vested interest in IP. Doing so will help expose risks and open up opportunities for the board to align IP strategy with business strategy.

Trade secret management, as part of a larger IP strategy, helps a company understand the true costs, risks, and benefits associated with its trade secrets, as well as its position within the market and in relation to its competitors. Overall, most organizations from our survey ranked trade secrets as highly valuable to their business, yet many are struggling to identify, capture, and internally educate on the importance of trade secrets. While there are many complexities to the identification and management of trade secrets, there is a huge opportunity to be more proactive.

We also learned that not enough organizations are maximizing their access to government incentives. Companies are missing out on an opportunity to generate value with improved reporting and communications between the IP and Tax departments. This could be quickly addressed and generate new value streams for the business.

Contacts and contributors.

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Jon Calvert
Partner
Global Lead
Deloitte IP Advisory
jdcalvert@deloitte.co.uk

Paul Garland
Partner
Global Lead for Intangibles Law
pagarland@deloitte.co.uk

Derek Minihane
Partner
IP Advisory, AU
dminihane@deloitte.com.au

Josue Ortiz Ramirez
Partner
IP Advisory, UK
jortizramirez@deloitte.co.uk

Maaike van Velzen
Partner
IP Legal, NL
mvanvelzen@deloitte.nl

Sarah Lord
Partner
Tax – Gi3, UK
sarahlord@deloitte.co.uk

Ingrid Baele
Director
Risk Advisory, BE
ibaele@deloitte.com

Frances Drummond
Principal
IP Advisory, AU
fdrummond@deloitte.com.au

Natalia Muska
Assistant Director
IP Advisory, UK
nataliamuska@deloitte.co.uk

Rob Keogh
Director
Tax, UK
rkeogh@deloitte.co.uk

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IP value identification and value opportunities
About the IP team
About the IP portfolio
IP value drivers
IP strategy
Data assets
Commercialization and monetization
Trade secrets
Tax
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