

LEGAL/IP



intangible capital: five things you should know

- 1 70% of the value of the average company is intangible** – The shift to the knowledge era has already occurred across our economy. Today, competitive advantage is about what you *know*, not what you *own*. Knowledge is considered an intangible asset of an organization, but it is an asset that no one can afford to ignore.
- 2 IP is important as the most tangible of the intangibles** – Intellectual property—patents, trademarks, copyrights and trade secrets—enjoys special legal status. This makes IP one of the best-known and best-understood of the intangible assets. Nevertheless, the IP community needs to do a better job of making the business case for the strategic returns on the expense of IP protection.
- 3 The value of intangibles is about more than just IP** – It is a mistake to think that IP is the only source of intangible value in an organization. Human, relationship and other forms of structural capital are also important. Process, for example, is a very important source of scalable value in almost every company.
- 4 Other ways of protecting IC can be as important as IP** –The specific laws allowing the registration and/or ownership of intellectual property are not the only way to protect intangible capital. Contracts with customers, partners and employees are also important.
- 5 The highest value of IP is when it is put to work inside a good business model** – There is a lot of focus in the IP community on valuing individual pieces or portfolios of IP. However, if IP is core to your business, its highest value is not as a stand-alone asset but, rather, as an integral part of a successful business model.

Of Special Interest: Part 1 (the knowledge factory), Ch 5 (the challenges of open and knowledge-based business models), Ch 10 (reputation is the new bottom line)