

IPwe Paradigm

Creating Global Opportunities for Innovative SMEs

IPwe Verified IP Asset Profiles and Ratings for EU SMEs

Overview

Across the world, policy makers in national governments, private sector and civil society, increasingly recognize the importance of small and medium-sized enterprises (SMEs) in the private sector as engines of sustainable national economic growth, job creation and exports. As a result creating a suitable enabling economic environment for the growth of SMEs has become a key policy focus in most countries. SMEs make significant contributions to productive investments, meaningful job creation, value-added exports and eventually to the overall socio-economic growth and development of countries. A lot still remains to be done to ensure that the SMEs are fully equipped to benefit from the new opportunities and to deal effectively with the challenges posed by the quickening pace of globalization and the digital revolution that is radically transforming the way industry and business are run. This new situation highlights the importance of knowledge management, management of the intangible digital content, comprising of information, data, knowledge or intellectual assets, as never before in the evolving history of industry and business worldwide.

In the European Union, SMEs represent 99% of enterprises, excluding the non-agricultural market sectors and they provide gainful employment to more than 100 million people, which constitutes two thirds of the private sector work force and generate almost two thirds of the total turnover of all non-agricultural market sectors.

In Asia and the Pacific region, SMEs account for 90% of enterprises and provide 32% to 40% of employment. SMEs also contribute from 60% to 80% of GDP in individual Asia/Pacific economies.

In the United States of America, employment in Fortune 500 companies continues to drop.

In Latin America, SMEs make up more than 98% of enterprises and employ more than 80% of the work force.

In Africa, it can be surmised that SMEs make up more than 90% of all business and employ a substantial number of people, especially in urban areas.

SMEs therefore, are at the heart of the economic well being of most nations and any action aimed at enhancing their competitiveness has the potential of not only securing existing jobs and creating new ones, but also of creating, owning and sharing the fruits of economic wealth by the majority of the population in every country and thereby improving the quality of the lives of the majority in every country. IPwe have developed a key free AI tool that could be used to achieve this goal the Paradigm Report, at the moment we are focused on EUSMEs however there is no reason why this AI cannot benefit any SME, anywhere in the world.

As I mentioned earlier ninety-nine percent of all companies in the European Union are small or medium enterprises (SMEs). These SMEs provide two-thirds of private sector jobs and contribute more than half of the total added value created by all businesses in the EU. Despite many initiatives to increase the competitiveness of SMEs, enable better access to finance and increase commercial

opportunities, EU SMEs are still failing to attract significant investment from the financial markets and missing out on commercial opportunities.

SMEs consistently highlight access to finance as one of the most pressing problems adversely affecting their business activity. Some progress has been made in improving the availability of financing and credit for SMEs through the provision of loans, guarantees and venture capital, but access to finance is still the greatest obstacle faced by individual SMEs. Enterprise-level companies searching for commercial partners have no way to quickly identify the most innovative SMEs within a particular industry based on verified information.

One of the biggest roadblocks that innovative SMEs face in gaining access to finance and commercial partners is the difficulty that commercial and financial partners have in identifying those exceptional and innovative SMEs.

Large enterprises face the flip side of that challenge: it's hard to identify the most innovative SMEs that would present excellent opportunities for strategic commercial partnerships which could benefit both firms.

IPwe Paradigm is revolutionising this by making it easy to identify highly innovative SMEs for potential commercial and financial partners.

There are several well-known facts that researchers and the EU have identified about SMEs and intellectual property (IP)¹:

- SMEs are the backbone of the European economy
- SMEs with IP are significantly more likely to experience growth and even become high growth firms (HGFs)
- Patent filings perform best as HGF predictors in both high-tech and low-tech industries and trademark filings perform best in consumer durable industries
- SMEs that have bundles of IP (patents, trademarks and other IP assets) are even more likely to achieve high growth.

Using game-changing technologies such as artificial intelligence (AI) and blockchain, IPwe has created an IP profile for EU SMEs that is publicly accessible and free. Each profile highlights the IPwe Paradigm Score which is an algorithmic-based score of the competitive strength of the SME's patent portfolio within its industry.

IPwe uses a proprietary method of assessing the quality of the SME's verified patent assets held in the EU, along with other important factors such as the commercialization and monetization potential of those assets and recent technology trends in global markets.

IPwe Paradigm

IPwe Paradigm started out with a simple question: "How do we make it easier for potential commercial and financial partners to find the best EU SMEs to partner with?"

¹ May 2019 EU and EPO study:

[http://documents.epo.org/projects/babylon/eponet.nsf/0/F59459A1E64B62F3C12583FC002FBD93/\\$FILE/high_growth_firms_study_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/F59459A1E64B62F3C12583FC002FBD93/$FILE/high_growth_firms_study_en.pdf) and the rest of the world is in accord:

https://www.researchgate.net/publication/270875011_The_Importance_of_Intellectual_Property_for_SMEs_Challenges_and_Moving_Forward;

IPwe first assessed what private and public information is available on EU SMEs. We found that information to be scattered, inconsistent, difficult and in some cases expensive to access and find. In short, wholly inadequate!

IPwe then identified the essential attributes for any innovative and commercially viable SME, such as the competitive strength of that particular SME within its industry. Building on prior research from respected EU institutions, IPwe collected patent data, financial data and other relevant data from public and private sources on a global level. With respect to patents and trademarks, IPwe took the additional step of verifying EPO and other IP records to confirm the SME was in fact the record owner of the relevant IP assets. IPwe analysed this data using IPwe's proprietary method, including assessing the quality of the SMEs' verified patent assets that are currently held in the EU. IPwe also examined the commercialization and monetization potential of the activities of the SME and considered the impact of recent technology trends across global markets. Accessing public and private sources, we were able to obtain additional data that further supports the IPwe Paradigm Score.

These disparate data sources are analysed by IPwe's proprietary AI algorithms to generate the IPwe Paradigm Score, an objective, repeatable and verifiable indicator of innovation held by all SMEs that hold IP in a particular industry and the relative rank of any individual SME within that ranking.

One of the unique features of IPwe Paradigm is that it doesn't rely only on companies to report their IP assets – it relies on independent verification of the assets. Key information (designated as "verified") is verified by at least one external source IPwe deems reliable (such as the EPO for patent and the EUIPO for trademark data). This means that the assets at the time indicated are properly recorded and reflected as being owned by the EU SME in the applicable government IP office records, and in the case of patents, it is further confirmed by being listed on the Global Patent Registry (a Swiss foundation). For other data, it will only be "verified" once a trusted third party confirms the accuracy of that data (e.g., number of employees or a historical performance metric). Unverified information may be included, but it is distinguished from verified data.

IPwe Paradigm ensures that innovative EU SMEs get noticed by commercial and potential financial partners. By laying out the competitive strength of a target SME within its industry, IPwe Paradigm makes it much easier to identify promising SMEs.

SMEs who invest in IP deserve to be recognized and justly rewarded for their investment, commitment and achievements. IPwe Paradigm helps make that happen.

With IPwe Paradigm now in context, we now present the "Business Case" for IPwe Paradigm and the core element of IPwe Paradigm, the "IPwe Paradigm Report."

The IPwe Paradigm Business Case

IP is recognised as the currency of innovation, yet today that currency is all too often sitting unused, as if it were long-forgotten cash stuffed into a mattress. IP is the largest asset on many corporate balance sheets, but it frequently is underappreciated, underutilized and undervalued.

IP may be the currency of innovation, but in today's world it's as if every company has its own currency, and no one knows the exchange rates. As a result, IP is improperly valued and broadly misunderstood. According to Forrester Research, "U.S. firms annually waste \$1 trillion in underused

intellectual property assets by failing to extract the full value of that property through partnerships.”² In other words, we’re pouring money – and productivity – down the drain. We are confident that the situation in the EU is not any better.

IPwe Paradigm addresses this disconnect by providing a simple, more objective measure of innovative strength – much like other index scores such as bond or credit ratings.

IPwe Paradigm is a free and publicly accessible source for EU SME IP information. The information is showcased in web-based reports and a searchable database of EU SMEs.

This tool gives the SME support community – finance, commercial partners, governments, universities and service providers – the ability to quickly access verified IP information about particular EU SMEs.

The key objectives of the IPwe Paradigm Report are to showcase for EU SMEs their verified IP, and supplemental information about their IP, intangible assets and products, services and markets in order to:

- **facilitate offers** of capital, and other forms of potential financing and business with commercial partners, governments, universities and vendors,
- **open opportunities** that the SMEs were unaware of in the EU and globally, and
- ultimately **accelerate their growth**, and that of the broader EU and global innovation ecosystem.

The IPwe Paradigm Report

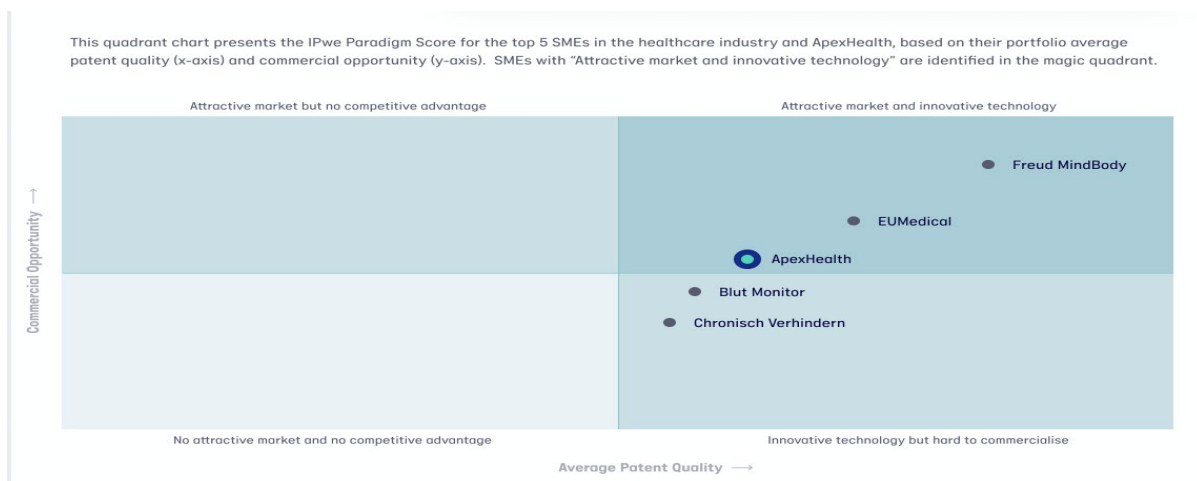
Using game-changing technologies including artificial intelligence (AI) and DLT/Blockchain, IPwe has created an IP profile for EU SMEs that is publicly accessible and free. Each profile highlights the IPwe Paradigm Score, which is an algorithmic-based score of the competitive strength of the SME’s patent portfolio within its industry. The IPwe Paradigm Report offers information in plain language about verified IP assets. This information is available on demand and updated real time on IPwe Paradigm. One of the unique features of IPwe Paradigm and the Paradigm Score is that it doesn’t rely only on companies to report their IP assets – it relies on independent verification of the assets. Key information (designated as “verified”) is verified by at least one external source IPwe deems reliable (such as the EPO for patent and the EUIPO for trademark data). This means that the assets at the time indicated are properly recorded and reflected as being owned by the EU SME in the applicable national IP office records, and in the case of patents, it is further confirmed by being listed on the Global Patent Registry (a Swiss foundation).



² “The Real Patent Crisis Is Stifling Innovation,” Forbes
<https://www.forbes.com/sites/danielfisher/2014/06/18/13633/?sh=2469833e6f1c>

The IPwe Paradigm Report consists of 4 sections:

- 1. Rating:** This section provides a comparison of the EU SME to its competitors in the relevant industry, based on its IPwe Paradigm Score. The IPwe Paradigm Score is an indication of the competitive strength of the SME within its industry based upon IPwe's proprietary method of assessing the quality of its verified patent assets held in the EU. The SME is then ranked based on its IPwe Paradigm Score on a leader board of 100 competitors, and the IPwe Paradigm Scores are shown for the industry average and the top five SMEs within that industry segment. Finally, this section provides a graphical quadrant chart (see below) for the SME and the top five SMEs in its industry based on their IPwe Paradigm Scores, highlighting attractive SMEs in the "magic quadrant" of innovative technology with strong commercial potential.



- 2. IP Assets:** This Section provides an overview of the SMEs EU verified intellectual property (IP) assets by type in the EU and globally. Individual verified assets, including EU territory patents, trademarks, industrial designs, copyrights and trade secrets are presented. For patents, the presentation includes the number of patents, as well as a listing of the top patents based on IPwe's proprietary method of assessing patent quality and validity. The additional IP assets are then listed, including copyrights and trade secrets. This section also presents the combined IP assets of the EU SME in the top five geographies: EU, China, Japan, Korea and US, including indicating registrations by IPwe.
- 3. Opportunities:** This Section presents financial and commercial opportunities identified for the EU SME, in order to facilitate openings with commercial partners, governments, universities and vendors.
- 4. Profile:** This Section provides brief profile information for the EU SME, including basic founding and entity type, estimated revenues, and contact information.

Added Benefits for EU SMEs

To help all EU SMEs, IPwe Paradigm will provide EU SMEs free access to easy-to-use advanced AI analytics that they can use to improve their IP profiles. IPwe is seeking enterprise, government and professional service providers to join us in this mission to promote the commercial and financial success of the EU's most innovative SMEs for the benefit of us all.

Additional Information

In the near future, an EU SME may be able to offer additional important information about themselves to be included in IPwe Paradigm. An SME may choose, for example, to verify the number of employees or prior year's gross revenues by providing this information to IPwe along with a third party deemed reliable by IPwe that can verify this information. IPwe will accept this information from the SME (noting the source) and will only show the information as "verified" if a third party acceptable to IPwe confirms the accuracy of this information.

Who is IPwe?

Detailed information is available regarding IPwe at www.ipwe.com

Join us in showcasing value for SMEs IPwe Verified IP assets.

If you have any questions, please contact your IPwe representative or email us at paradigm@ipwe.com