

IP & SME's

We cant just continue to pursue perfection in research to the detriment of business excellence.

SME landscape

- ❑ SME's represent a very healthy sector of the economy
 - ❑ SME's are experiencing strongest business conditions in more than a decade
 - ❑ We continue shifting towards a services economy
 - ❑ There is a symbiotic relationship between business and tertiary education sector
 - ❑ Universities have opened their doors to industry well over past decade
 - ❑ There is still cultural cringe specifically in SME's pertaining to externally sourced research
 - ❑ We need to bridge these elements much better
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How today's SME sees IP

- ❑ Financial capital is risk averse, seeks robust (& certain) returns
 - ❑ IP has much wider significance for SME's
 - ❑ SME's include intellectual capital or human capital as intellectual property
 - ❑ What is IP in this context?
 - ❑ SME's use different criteria to recognise value in IP
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Challenge - to engage and grow relationships across these sectors

- ❑ Universities now offer broad spectrum of quality products
 - ❑ SME's cant possible reach or touch all this
 - ❑ Australia has good track record for innovation
 - ❑ But we need more full cycle outcomes
 - ❑ How can we bring these about?
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Some examples...

GBST

- Very much an IP company
 - Our basic idea was to completely automate the process of transacting in equities
 - 8 years to complete commercialisation cycle
 - Shares – Mark II of product 1994 – 2002
 - Transact up to \$2b daily
 - Labour is >50% of costs
 - Very large international customers
 - Our value is in our market presence & our customer engagement
 - Enjoy good working relationship with tertiary sector
 - Write off our IP
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Graeme Wood at Wotif

- Another simple idea
 - \$250m rev in 4yrs
 - Smart State award
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Jeff Bezos at Amazon

- ❑ Simple initial idea
 - ❑ Discount price for books
 - ❑ Outsources everything possible
 - ❑ Always innovating
 - ❑ Today 9 years on - \$7b in revenue
 - ❑ All about customer engagement with a very satisfactory business process
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Key messages

- ❑ SME's are great environments to nurture compelling ideas
 - ❑ SME business philosophy is survive then prosper
 - ❑ SME's thrive on innovation
 - ❑ SME's love their customers
 - ❑ SME's can become global companies in 4 yrs
 - ❑ Good SME's know their market space
 - ❑ Good SME's measure things and set targets
 - ❑ SME's have learnt all this without significant engagement with research sector
 - ❑ IP well deployed inside a good SME creates capital in all it's forms
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Australia rates sports winners but marks down entrepreneurs

- ❑ Look at our Olympic performance
 - ❑ There are parallels here and questions for the SME sector
 - ❑ Where is the Australian School of Entrepreneurship?
 - ❑ What real incentives are there for someone to do all this?
 - There are a thousand barriers to success
 - ❑ We need a culture shift
 - ❑ We'll be globalised in the next decade
 - ❑ We need to empower IP based SMEs
 - ❑ We need to embrace these guys
 - ❑ And we need to learn how to ask questions
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And we better not be too precious about intellectual property

- ❑ Ownership of IP v commercialisation
 - ❑ Blocks other important considerations
 - ❑ Open source software is alive and well
 - ❑ The open source library is growing daily
 - ❑ And still get commercial outcomes
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Some other issues

- ❑ Patents
 - ❑ Teaming up effectively
 - ❑ Business now has to face global markets & globalisation
 - ❑ Offshoring – good or bad?
 - ❑ Get inside the R&D cycle
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Sobering thought...

Tim Berners Lee creator of the world wide web (1990) and winner of the Millennium Technology prize says he would never have succeeded if he had charged money for his invention

"If I had charged money... there would be no world wide web. There would be lots of small webs."

Action agenda

- What can we do together?
 - Actions for Research sector
 - Actions for good SME's
 - SME think tank
 - Software Queensland
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What we can do together

- ❑ Understand commercialisation much better
 - ❑ Recognise the value created at each end of the R&D spectrum
 - ❑ Get some successful engagement models on the bench for analysis and replication
 - ❑ Empower business development managers to go out and negotiate at both ends
 - ❑ Praise the winners
 - ❑ Set up the High Performance School for Business Entrepreneurs
 - ❑ Staff exchanges to learn each's business paradigms
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Things the Research sector can do specifically

- ❑ Encourage commercial considerations
 - ❑ Pick and promote winners
 - ❑ Broadcast research results to as many channels as possible and in everyday language
 - ❑ Develop SME's as a market sector
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Things SME's need to do

- Change attitude toward partnering on Research
 - Spend money directly at Research centres
 - Collaborate
 - Understand the value creation possibilities to be derived from primary research
 - Go looking for the next killer idea that will step your business into the next horizon
 - Or the next great employee
 - Pick up the risks that research centres aren't geared for
 - Speed the game up and give real world feedback
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Software Queensland

- ❑ Self determining body for local IP companies
 - ❑ Immediately filled a void
 - ❑ Serious attention
 - ❑ Changing policy
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SME reference group

- SME think tank
 - Support for KEN Proposal
 - How it could work
 - Surplus stock model
 - eg Bartercard/wotif/eBay
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Perfection v Excellence

- As well as continuing to search for ultimate solutions in research centres we need also to replicate the culture of a successful SME's and deliver commercial results
 - Get it done
 - Get it out the door
 - Learn & grow
 - Go to the next horizon
 - This is the mantra of an excellent SME
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