

ASIPI Meeting

Demystifying IP Finance

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Allison Mages

Head, IP Commercialization Section
IP for Business Division,
IP and Innovation Ecosystems Sector
WIPO



The potential of intangible asset finance for SMEs

- Account for **99%**
of businesses
in the LAC region
- Formal SMEs
contribute **25% of**
total
production in
the LAC region
- Create **6 out of**
10 jobs in LAC



- **87% of**
SMEs in the
region
struggle to
access
capital
- **SME credit**
gap at approx.
\$5.2 trillion
annually in
emerging markets

IP Finance can close the funding gap

SMEs make most of the businesses, but most of them lack hard assets

- Primary asset they have is IP
- Kinds of assets that might qualify are not only tech, but also film industry, brands, and software

Facilitating access to capital for young innovative companies

- Solving challenges and keeping innovative companies afloat
- Supporting growth ambitions
- Facilitates transition to knowledge-based economy

Underutilized IP assets could provide a solution to close SMEs' funding gap

IP finance is already happening for large and small com[anies]

BIG IDEAS BIG DEALS

While far from mainstream,
IP-backed transactions are
becoming more common



\$160MM CAD Fund



¥25 billion



£500MM fund



\$1B USD in
IP backed deals



\$5 billion USD in
IP-backed loans



\$1 billion USD

Initiatives to remove roadblocks for IP Finance

Public sector

- Tax credits / benefits
- Directly subsidized interest rates
- Credit guarantees (e.g. China)
- Valuation assistance (e.g. Japan, Korea)

Quasi-public sector

- Assistance by development banks in the form of funds or instruments (e.g. Canada, Jamaica)
- Supported venture debt / equity funds (e.g. Singapore)

Private sector

- Collateral protection insurance
- Equity alongside

Why is IP Finance not more mainstream?

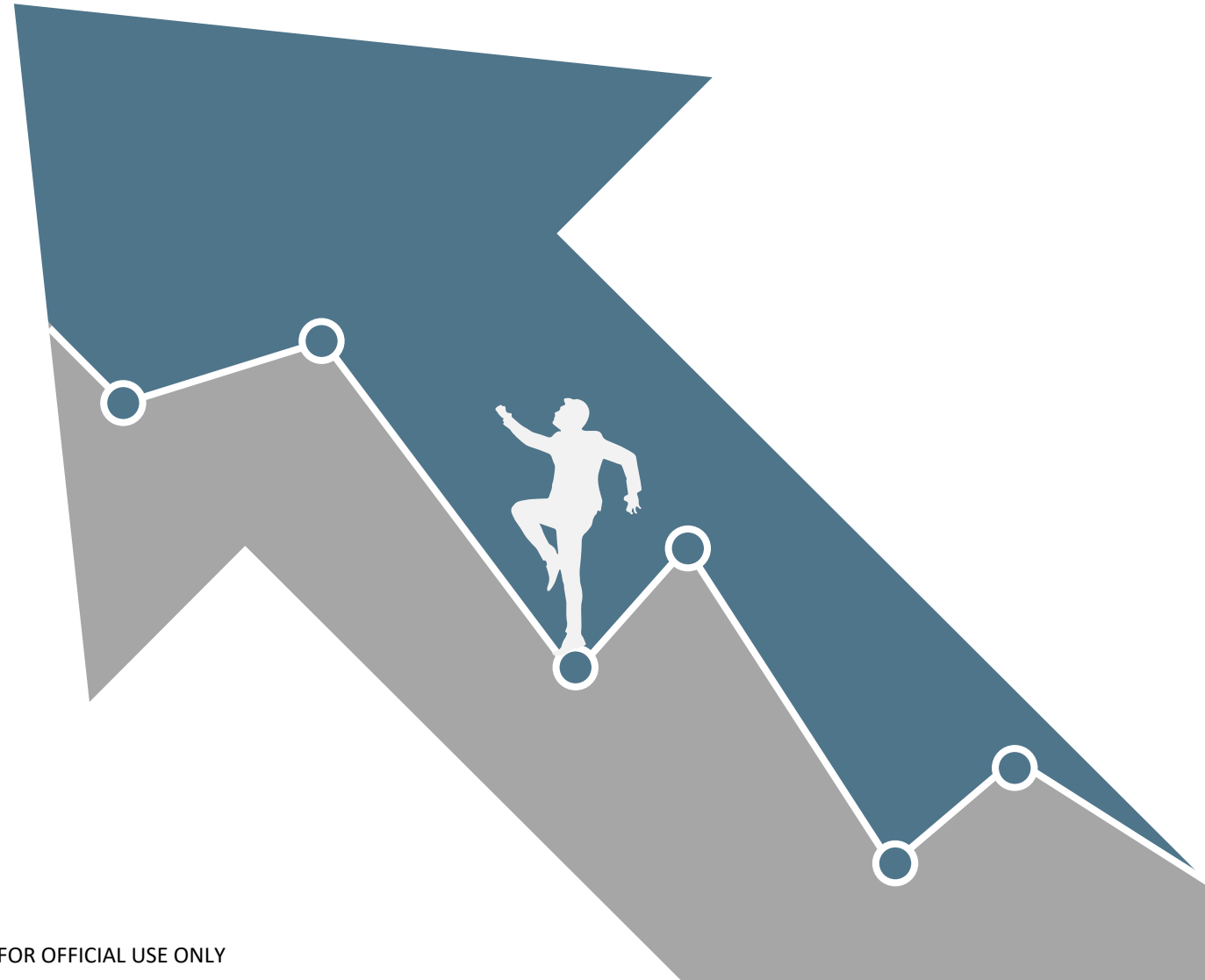
Valuing IP is hard

Less familiarity with IP

Banks not encouraged to accept IP as collateral

High transaction costs

IP can be hard to liquidate



Intangible asset finance landscape and WIPO's approach

HERE'S SOME



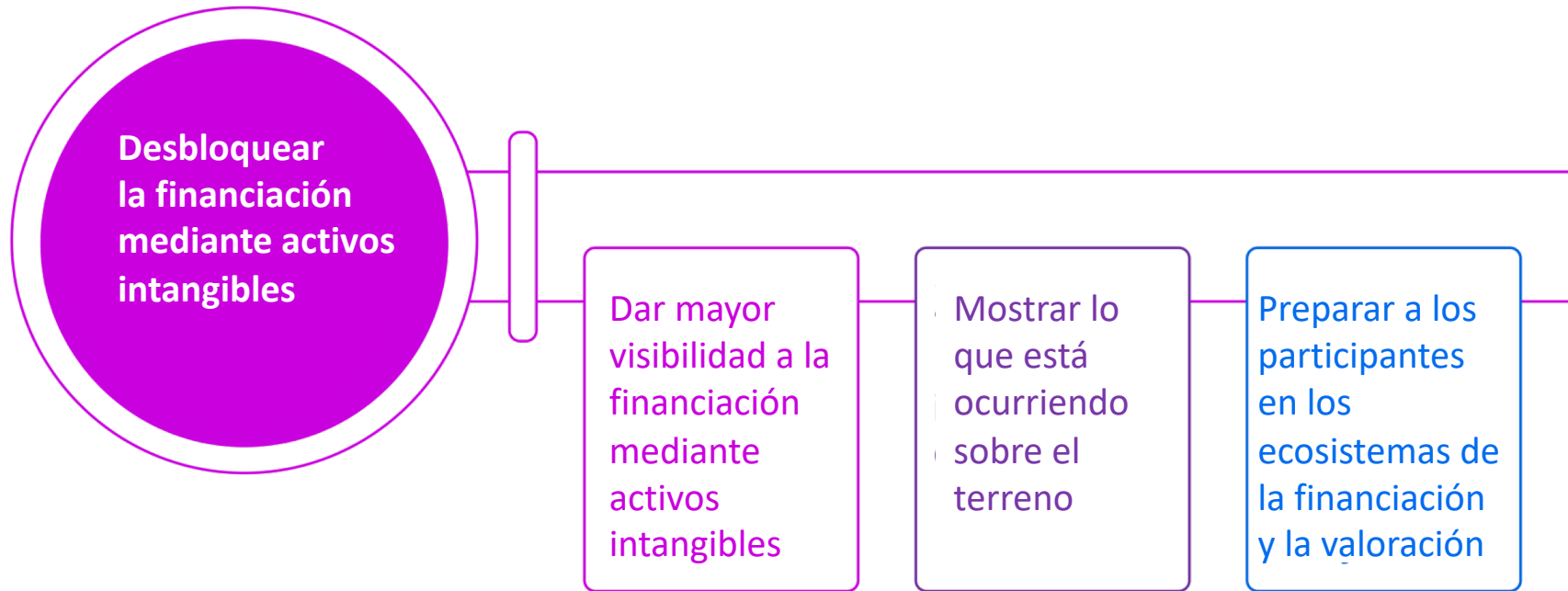
CHALLENGES

- Limited information available to policymakers on potential actions
- No accepted approach to IP valuation, which is context dependent
- Varying accounting treatments and disclosure requirements
- Sector specificities

- Partner with key players (IGOs, financial institutions, SSOs)
- Facilitate the discourse
- Encourage market-driven solutions and guide state initiatives
- Working with both potential lenders and SMEs
- Work across sectors (e.g. innovative, creative) and government (finance, IP, etc.)



**AN ACTION
ORIENTED
APPROACH**



- [High-level conversation series](#) (continuing in 2023)
- Expert Consultative Groups to take technical deep dives (first one in 2023 on valuations)

- Country reports revealing what's happening on the ground and starting a local dialogue
- Economic studies on creative industry, commercial trends

- Create practical tools to improve use of intangible assets for financing and better equip financiers to participate
- *e.g. Hands on intangible asset finance series*

Learn more about WIPO's work on [IP Finance](#)



Thank You

For more information about WIPO's work
in the area, visit:
<https://www.wipo.int/sme/>

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