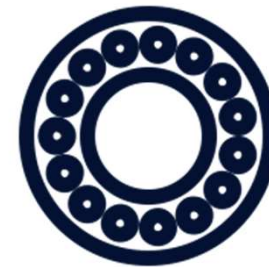


Digitalization is transforming every industry

Four examples



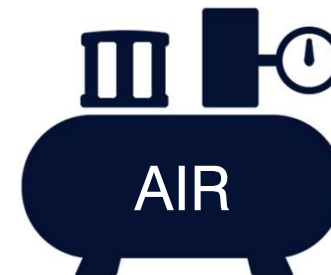
“Condition-based maintenance”



“Rotation as a Service”



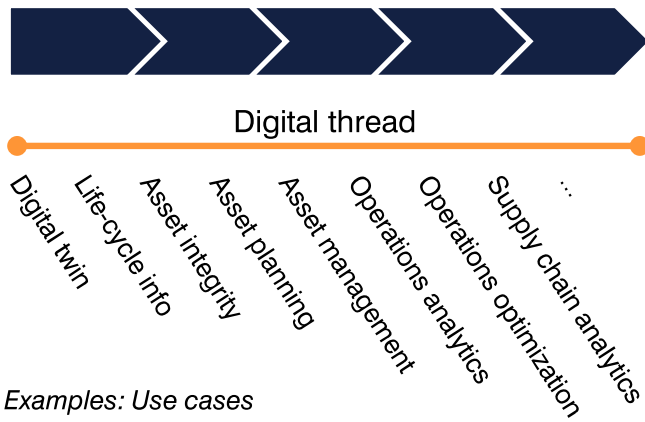
“Pay per outcome”



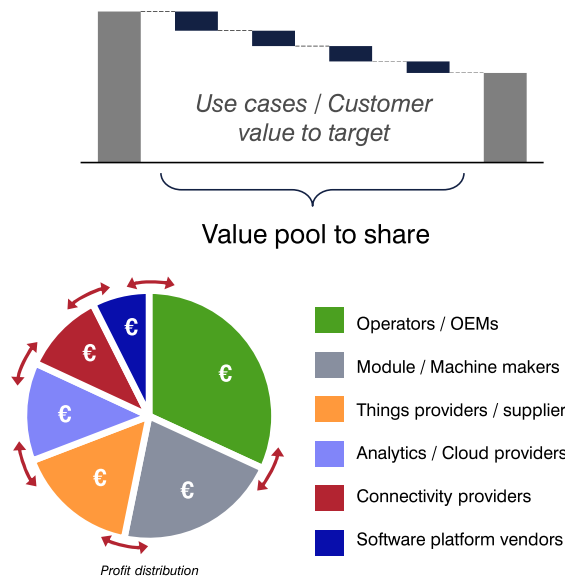
“Digital twin for cost forecasting”

The pursuit of digital-enabled value

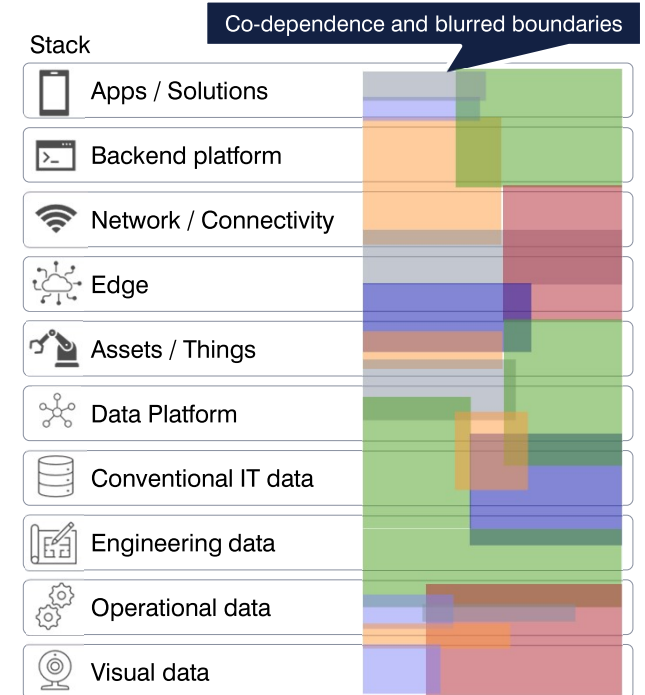
A digital thread across the value chain...



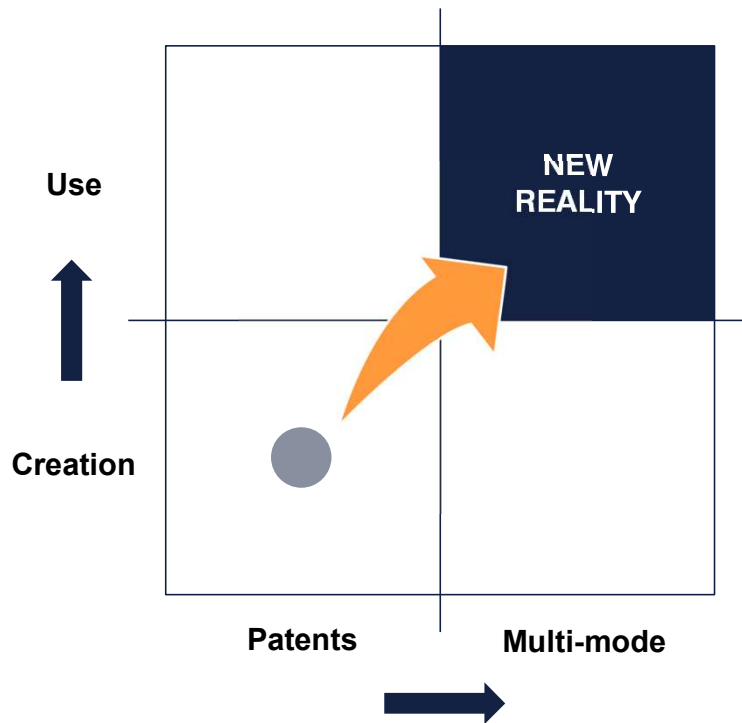
...to unlock value pools...



...enabled by tech- and data-powered ecosystems



New business models and digital changes the IP game



Software and Data push IP beyond patents

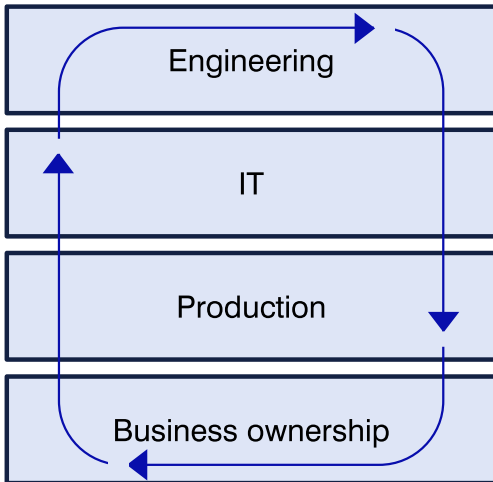
- IPRs + secrecy, technical and contractual control.
- Control how data is accessed, used and shared.
- Open source considerations.

Digital IP is key in negotiations and transactions

- More partnerships, ecosystems and M&A.
- Reshaping value chains and new norms for IP exploitation.
- New business & sourcing models built on dynamic use of IP.

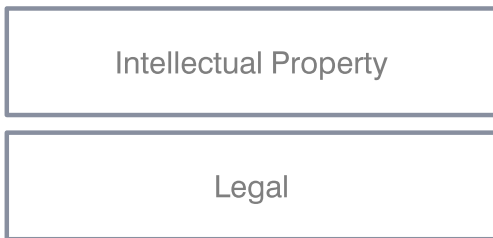
As digital business teams are built, IP and Legal are on the sidelines

Reskilling in core functions



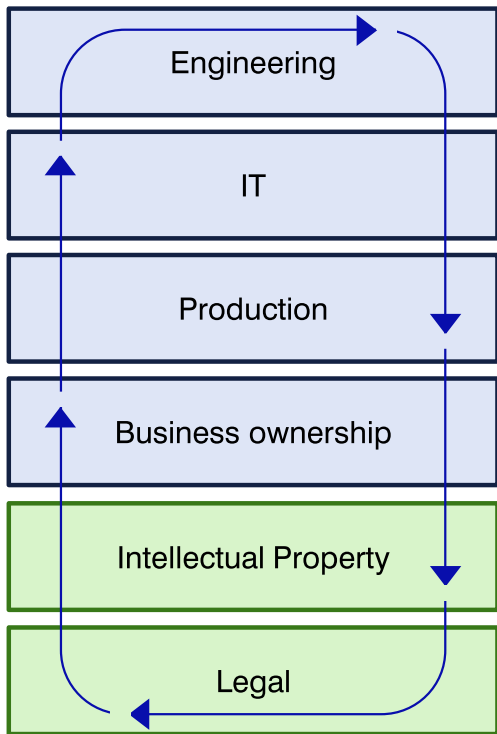
New roles and skills for digital business teams

- Data engineers
- DevOps engineers
- MLOps engineers
- Solution architects
- Digital change leads
- Business translators



Lack of digital business-adapted roles and skills

IP StratOps -IP and Legal on the inside of the digital business team






- Data engineers
- DevOps engineers
- MLOps engineers
- Solution architects
- Digital change leads
- Business translators



IP StratOps

IP StratOps

Strategic planning of data access-, contract- and IP-based control points, and its **O**perational execution

<p>Digital-adapted roles and skills</p> 	<p>Agile and proactive process</p> 	<p>Integrated with digital business team</p> 
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➡ Significantly increases chances of capturing digital-enabled value.



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25 May 2022 | LONG READ | 1

A missing piece to maximise digital business capability

Jens Bödén and Robin Sparreström

- While IP/legal experts usually play little part in fast-moving and digital activities, IP StratOps deploys novel IP and legal capabilities to co-create and grow digital businesses.
- IP StratOps can be flexibly incorporated into digital businesses with different modes of integration, offering businesses a range of organisational design options.
- Influenced by agile and DevOps methodologies, IP StratOps ensures that digital plays get faster to value with higher certainty.

What if a company was targeting a predictive maintenance use case without the proper operations and aftermarket expertise onboard? Or if it spent tens of millions on building new data-driven services without reviewing any business development strategies? The chances are that any CEO would view such approaches as major red flags and seek to address them immediately. Yet many organisations lack a less obvious, but still critical, capability in their digital business teams: strategic planning of data access, contracts, and IP-based control points, and its operational execution – IP StratOps.

Firms use digital technologies to create new offerings and complement existing ones in order to shift from the usual transactional process of selling products and services to developing deeper long-term relationships and delivering customer solutions. If successful, this business model is typically highly rewarded by customers and investors alike.

Navigating the digital technology stack may seem daunting but technology decisions may actually be the easy part. Instead challenges lie in:

- the innovative design of a new value proposition,
- the profit formula for how the company will make money,
- how to secure the resources (eg, data) necessary for the value proposition, and
- how to set up the key processes, partner networks, relationships and so on needed to deliver it.

These business model components are, to varying degrees, enabled through control mechanisms such as contracts and intellectual property. For example:

- Your ability to deliver will rely on access to the right data at the right time and of the right quality, which means that data access is key.
- There is no chance you will be able to act on your own, so you will need to partner and license to use up the technology and capabilities required.
- Differentiation may rely on critical patented/ patentable technologies, which either provide an opportunity to strengthen competitive advantage or a risk to be managed, if held by someone else.
- A large part of your software stack may be built using open source software, to be carefully managed against key proprietary software functionalities.

Establishing a digital business team without the skills to handle these challenges means that you are setting up your business with an inherent knock-out – you are entering the game a player down.

Data access, contracts and intellectual property determine digital outcomes. Consider the example of the pay per outcome business model. Companies including Heidelberg Druckmaschinen (print as a service), Kaiser Compression (bar as a service) and SKF Tricon (a service) use IoT technology to offer their customers the option of buying a service instead of goods, where the customer pays only for the outcome: wheel bearings else is managed by the supplier. Hitachi Rail will be paid when its customers log UK train operational complete journeys that meet key performance indicators such as maintenance, fleet availability and onboard temperature. Hitachi owns and maintains the trains and is paid by the UK Network Rail System for on-time service, which converts the capital cost of trains into an operational expense.

Although these models are powered by advanced technology, the value propositions, customer relationships, access to and security of critical data, key partnerships for their operation and continuous improvement and their defence against competitors are all shaped and controlled by key IP positions and clever contracts.

Regarding the interplay between business, contracts and technology at BMW, its CarData service offers third parties customer data (eg, odometer reading and average mileage). Data is shared only with customer consent and in accordance with the EU General Data Protection Regulation and the California Consumer Privacy Act. Only if a BMW customer has chosen to share vehicle data will their insurance company (or any other third party, who must be registered with CarData, receive data in an encrypted format. The insurance company can then offer personalised services based on that vehicle data. Or consider the light as a service market. Below the surface, patents cover everything from the most basic features of the LED light sources and how a light can be manipulated and adapted, to control, maintenance, remote monitoring and intelligence. In some domains, there is white space for competitive differentiation. Some areas require licenses from players such as



Agile and DevOps processes

conscious and forward-looking IP position, which helped offset acquisition costs.

EAD 2

EAD 4

Business models that require IP

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