



Images courtesy of Shutterstock.

Eyes on the Invisible and Intangible

Wealth of the Future

For centuries, wealth has been perceived in terms of things that you can see and touch. Empires of old had treasure vaults filled with jewels and gold. Real estate and property have long been traditional measures of wealth.

In this century however, wealth and value are increasingly in the invisible and the intangible. Growth of the future is being generated by intangible assets and intellectual property (IP).

Imagine being able to identify seven tropical diseases including Zika, malaria and dengue, with just one drop of blood! That is not the stuff of science fiction. That's being done today by Singapore company, **Veredus Laboratories**, with their Verefever kit. The kit functions as a "Lab-on-Chip" and is used globally by several international airports. Veredus was started in 2003 and specialises in making molecular diagnostics kits based on STMicroelectronics' proprietary Lab-on-Chip platform.

Market sources estimated that Veredus was worth around US\$83m in Apr 2018.¹

Next, take **Red Dot Power**, a homegrown energy solutions provider specialising in integrated electricity supply and demand management. This allows consumers to benefit from reduced energy prices. Red Dot Power's annual revenue is in the region of S\$100m.

Then there's **Ninja Van**, a local logistics company started in 2014 by co-founders Lai Chang Wen, Shaun Chong and Tan Bo Xian. Determined to find a more efficient way to move goods, they developed their own technology and algorithms to optimise delivery routes and fleet management to provide customers with faster and more reliable deliveries. Last year they raised S\$45m from investors on the strength of their system.

All 3 companies are valuable and have had tremendous growth. The reason? Their **intangible assets and IP** which lie in cutting edge technology solutions and proprietary software.



Image courtesy of Shutterstock.

Intangibles and the Future Economy

In the future economy, we can expect more and more Singapore companies to build their businesses on the strength of their intangible assets and IP.

In the US, intangible asset investments have surpassed tangible asset investments since the early 1990s.² Today, more than 80% of the market value of S&P500 companies lies in their intangible assets.³

This shift is now happening in Asia.

The intangible asset value of companies in Indonesia, China, and India more than doubled between 2012 and 2016. In Singapore and Hong Kong, approximately 10% and 12% of the companies listed on the SGX and Hang Seng Index respectively have more than 80% of their market value in intangible assets.⁴

“**Today, more than 80% of the market value of S&P500 companies lies in their intangible assets.**”

¹ Straits Times article “Temasek-backed Accuron Medtech divests Veredus Labs to Japan’s Sekisui Medical”, published 3 Apr 2018.

² Carol Corrado and Charles Hulten, The Wall Street Journal.

³ Ocean Tomo Intangible Asset Market Value Study, 2017.

⁴ Calculations based on stock market data from the respective countries.

New Direction Requires New Services

The nature of professional services is that it follows their clients' businesses.

So what does this shift from tangible to intangible assets in the future economy mean for lawyers and accountants?

Essentially, it means that new IP services are required. Businesses will need expert advice and professional services to better commercialise and integrate intangible assets into their business strategies. For example:

- Red Dot Power went through an intangible asset audit performed by IP ValueLab (an IPOS subsidiary) with support from the Collaborative Industry Projects (CIP) grant administered by Enterprise Singapore. The audit enabled Red Dot Power to put in place the necessary systems and processes to better manage its intangible assets for future growth.
- IP ValueLab also helped Red Dot Power to formulate IP strategies to complement its business strategy and support its commercialisation efforts - in Singapore and beyond.

The new legal and accounting services needed in relation to intangible assets commercialisation include the following:

- IP Due Diligence;
- IP Valuation; and
- IP Strategy.

These are highly valuable and niche skillsets and therefore a profitable area of work.

Equipping IP Professionals for New Services

The Government is rolling out several programmes to help professionals acquire the cross-disciplinary skills necessary to capture these opportunities. These include the following:

First, a new Masters of IP and Innovation Management (MIPIM). Developed by IPOS in conjunction with the Singapore University of Social Sciences (SUSS), the MIPIM has three specialisation tracks:

- IP Management;
- IP Technology; and
- Patent Agency.



Image courtesy of Shutterstock.



IP Academy's annual "IP Tax" seminar sees distinguished speakers and panellists share on tax considerations relating to IP.

Image courtesy of IP Academy.

It aims to produce professionals who can develop and align IP strategies to achieve business goals, and business leaders who can translate innovations and IP into a valuable commercial advantage. The course is useful for both practitioners as well as those employed in-house by companies with IP assets. Graduates from the course will be equipped to assume roles such as IP Manager, IP Advisor, Innovation Manager, and IP Technology Consultant.

The MIPIM inaugural class enrolled in 2017. Ms Claire Mak from Nanyang Law LLC, who is in this class, observed how MIPIM's business-related courses have helped her see how IP adds value to businesses and enabled her to be "more comprehensive when advising clients on strategies and on IP management".

More details on the MIPIM can be found at SUSS's website: www.suss.edu.sg/MIPIM.

Second, the SkillsFuture Study Award for the IP sector.

Launched by IPOS earlier this year, the Study Award helps IP professionals defray the costs of upgrading their IP capability and specialist skills. It can be used for IP courses like the MIPIM.

More details on the SkillsFuture Study Award, as well as other funding and assistance schemes for businesses, can be found on the IPOS website: www.ipos.gov.sg/growing-your-business-with-ip/funding-assistance.

Third, the IP Academy provides executive training on a wide range of IP-related business and legal topics. These include:

- the Academy's annual "Developments in IP Law" seminar series which examines the latest trends in IP law; and
- the Academy's annual "IP & Tax" seminar which addresses important IP-related tax themes such as base erosion and profit shifting (BEPS), as well as IP structuring for tax purposes. This is an increasingly important area and IP professionals would do well to be fully au fait with developments in this area.

For those who want to enhance their IP expertise and gain specialist knowledge, do check out the over 120 courses which the IP Academy will be rolling out this year. You can do so here: www.ipacademy.com.sg/programmes. SILE CPD points are available for some courses.



The "Developments in IP Law" series is IP Academy's signature programme for the legal and IP fraternity in Singapore.

Images courtesy of IP Academy.

Future Readiness – A Joint Endeavour

This shift to intangibles is therefore yet another growth area for lawyers and accountants. I would encourage IP professionals to seize the day, build upon your existing expertise and acquire the capability to better support our innovation-driven businesses. Their growth means your growth provided you have the right skillsets. IP professionals should position yourselves to take advantage of this upward trajectory.

You won't be going it alone. This is a shared endeavour. IPOS and MinLaw will partner professional and industry associations such as the Law Society, ASPA, AIPPI, APAA, SAC, and the ISCA in this journey. It's time to power this little Red Dot, and take Singapore further along the path to becoming the IP Hub for Asia! ■



Image courtesy of Shutterstock.