WIPO Director General Daren Tang Remarks

IP Backed Financing: Sharing of the Singapore Country Report - The Role of IP Assets in Strengthening Business Access to Finance

Thursday 26 August 2021

Ladies and Gentlemen,

It is my pleasure to welcome you to today's event which marks the launch of WIPO's first project in the critical area of IP-backed financing.

On behalf of colleagues from across the organization, I would like to thank IPOS for their collaboration on the report and for co-hosting today's event, and to my fellow speakers for sharing their insights with us.

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It used to be the case that corporate heft was meant literally. Back in the 1970s, tangible assets accounted for more than 80 per cent of the value of the S&P 500. The titans of this age – from Exxon Mobile, to Proctor & Gamble, to General Electric – were laden with physical, quantifiable and easily insurable assets.

Today we live in a very different world, with a very different global economy. It is estimated that the total value of global intangible assets now stands US$65 trillion, greater than the size of the US and Chinese economies combined. Yet, at the same time we still do not have a globally accepted way of valuing or financing these assets.

In an increasingly intangible driven economy this creates two problems.

At the macro level, governments, policymakers, economists and financiers lack a complete picture on the role of intangibles within domestic and global economies. This blind spot complicates policy choices and the policymaking process in driving and guiding economic development.

At the enterprise level, the complexities involved in valuing intangible assets prevents many firms, including start-ups and SMEs, from leveraging what is often their most strategic asset – their IP – to access the financing they need to scale up and to grow.

Therefore, progressing the conversation around IP-backed finance will benefit innovators and creators the world over. This is why WIPO's recently released Medium Term Strategy Plan (MTSP) zeroes in IP valuation and financing as one of the key areas of work within our larger efforts to ensure that IP supports entrepreneurs and enterprises the world over.

Indeed, we are seeing increasing interest in this topic from both the public and private sectors in recent years.

For example, in recent months the multinational insurer *Aon* has facilitated two IP-backed financing deals by providing IP collateral protection insurance. This enabled *Indigo*, an agritech firm, to access $100 million – the largest bespoke policy of its kind to date. And it helped *entrinsic biosciences* raise almost $50 million in new capital while protecting the equity stake of early investors.

Likewise in Canada, *BDC Capital* recently launched a new fund aimed at businesses that have rich IP portfolios. In February, the fund completed its first deal by making a seven figure investment in the Vancouver-based robotics company *Novarc Technologies*. As part of its investment, BDC has committed to further developing the company's IP strategy and portfolio.

At the public level, activity in this space is most advanced across Asia and in countries such as China, South Korea, Japan, Malaysia and Singapore. In recent years, policymakers have explored a variety of measures around IP-backed financing including the creation of dedicated funds; education programs to develop standards, raise awareness and promote good practice; as well as, in some cases, subsidized interest rates for loans based on IP as collateral.

Nevertheless, IP-backed financing remains a nascent policy area. Firms and governments are effectively testing the waters to see how they can better support IP-rich enterprises to grow.

The aim of today's event, and WIPO's broader activity in this area, is to start to close the information gap and provide more quantifiable evidence on what has worked and what has not quite worked on the ground. I want to thank IPOS for partnering with WIPO on this inaugural report and for your openness during our collaboration.

The Singapore country report shares a number of key insights, including from the IP Financing Scheme which ran from 2014-2018 and granted over S$12 million to three companies using IP as collateral.

The report also profiles the Charted Valuer and Appraiser programme, which has trained over 170 CVA holders in intangible assets – including how to identify and classify them – and IDEAS, the Intangible Disclosure Evaluation and Audit Scheme, a joint initiative between IPOS and the Singapore Stock Exchange that encourages companies to undergo an analysis of their intangible assets.

My fellow speakers Chief Executive, Rena Lee, and Andre Toh will say a lot more about the Singaporean experience, including highlighting the challenges that still have to be addressed in order to move IP-backed financing forward.

Through our series of country reports, starting with Singapore, WIPO will explore how different governments are seeking to improve access to IP-backed financing. This will add to the available evidence base, showcase best practices and further raise global awareness.

Beyond sharing individual country experiences, it is also important that the global community comes together to discuss this issue. Therefore, WIPO will be convening a series of high-level dialogues in the area of IP financing.

These conversations will bring together key stakeholders from government, international organizations, business and finance to focus on issues such as accounting rules and valuation, lender engagement and relevant regulatory dimensions.

Our aim is to use these exchanges – which we anticipate will begin next year – to move the international conversation forward so that more innovators and creators from around the world can begin to find tools and policies that can help them maximize and leverage the value of their IP.

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In closing, I would once again like to thank IPOS for its partnership in compiling this inaugural country report.

At a time when humanity needs to work together to confront urgent threats from the pandemic, to climate change, to building back better, we cannot afford for any aspect of innovative potential to remain under-utilized.

Thank you.