

How to increase your exit valuation with a strategic IP portfolio

M&B IP CLIENTS ACQUIRED BY TECH GIANTS FOR BILLIONS!



Boost your exit valuation with a strategic IP portfolio. Reach out to M&B IP at info@mb-ip.com to discuss your business needs. Let's chat – it's on us!

IP RAISES DEAL SIZES ACROSS THE MARKET

- Between 2011 and 2020, the deal sizes for patent startups consistently outpaced those for non-patent startups in any given year by 40% to 60%.
- Most VC investments (over 58%) went to startups with patents or patent applications from 2011 to 2020. Source: PitchBook

150 Morristown Road, Suite 205 Bernardsville, NJ 07924

+1-908-274-3111

info@mb-ip.com



ATTENTION TECH FOUNDERS!

Current founders left behind tech giants like Apple, Qualcomm, Microsoft, Google, and others to seize opportunities in the market. Others leveraged their professional backgrounds and experiences to bring innovation to the market. In either case, the goal is to build something great, have fun, and create a start up that can be acquired by a major tech corporation enabling substantial personal wealth.



THE SEED ROUND IS WHEN IP STARTS TO MATTER

Once your foundational technology is developed, and you secured your initial \$5 million - \$10 million in funding, your focus shifts towards rapid revenue generation. **However, failing to prioritize intellectual property (IP) considerations at the seed can inadvertently make it harder raise or exit in the future.**

This oversight could lead to dire consequences, such as:

- **legal entanglements through infringement lawsuits**
- **the departure of key employees with proprietary knowledge**
- **missed opportunities in the IPO market.**

Even if you file patents to impress your investors, it may be an expensive waste if the resulting patents do not directly align with your overarching exit strategy.



INDICATORS OF IP MISTAKES:

1. Filing patents without conducting a preliminary strategic review of your entire business and product alongside an IP lawyer.
2. Engaging a patent attorney without them inquiring about your business strategy, the rationale behind your patent application, your target market, your competitors, and the unique strengths of your technology. Essentially, strategic IP discussions were absent.
3. Experiencing your patent attorney merely assigning legal tasks to you.
4. Observing that your patent attorney is passive in seeking patent-worthy ideas, relying solely on the inventor's input rather than proactively identifying patentable concepts.

This often happens when founders build their first company or overlook the value of IP. Regarding acquisition talks, these founders have fewer cards in the negotiation. Often, despite spending time and money protecting the wrong technology and features.



IP MISCONCEPTIONS AMONG FOUNDERS LEADING TO COSTLY MISTAKES:

1. Belief that filing a patent application is prohibitively expensive and lacks a satisfactory return on investment.
2. Perceiving the process of elucidating the technology to a patent attorney and reviewing legal documents is excessively time-consuming.
3. Dismissing IP investment as inconsequential for startups under the assumption that enforcing IP rights is unattainable.
4. Facing challenges in budget planning due to the conventional billing structure of law firms based on billable hours.
5. Viewing IP protection solely as an expense rather than recognizing it as a strategic investment.



WHEN DEALING WITH IP IT IS ESSENTIAL TO AVOID THIS COMMON PITFALL!

Many founders opt for a piecemeal approach to IP by engaging a patent attorney at a prestigious large law firm. While the reputable image of such firms may instill confidence, the exorbitant hourly rates and lack of technology understanding, often leave founders with either an incomplete solution or necessitate them to take on the strategic IP responsibilities themselves.

Although large firms can offer effective solutions, it is worth noting that attorneys and partners at these firms primarily cater to corporate clients and may not be well attuned to the specific needs of small startups. On the other hand, boutique patent firms typically offer leadership and expertise developed over years of experience working with tech startups and the patent office. These boutique firms develop complete strategies for patent filings that maximize the value of the patent portfolio and are advantageous for transactional tasks like patent prosecution.

However, founders who choose the former approach often encounter difficulties during valuation events, such as fundraising or acquisitions. They struggle to meet the rigorous due diligence requirements and may burden themselves with low-quality patents.

An orange icon consisting of three circles connected by lines, resembling a molecular structure or a network diagram.

THIS IS HOW TO RAISE YOUR EXIT VALUATION THROUGH IP

Startups that possess well-structured strategic IP portfolios experience a **2x increase in valuations across successive funding rounds** and **5x higher likelihood of being acquired**. Nevertheless, without engaging in a strategic dialogue with a patent attorney, your IP portfolio might lack the necessary contextual framework and may not command the valuation it deserves. **Most often, founders lack the expertise required for constructing strategic IP portfolios, leading to substantial legal expenses and time investment when attempting to navigate the complexities of IP with prominent law firms.**

- By crafting a strategic IP portfolio that aligns with their exit strategy, startup founders can potentially raise their exit valuation by 5x.



BACKGROUND

Michael Ben-Shimon, the founder of **M&B IP Patent Firm**, boasts more than 20 years of experience aiding numerous startups in their journey from inception to successful exit by building formidable IP portfolios.

As an angel investor in multiple startup ventures, he can assess the influence of a strong IP portfolio from an investor's standpoint. Michael holds a B.Sc. in Computer Science and Physics and is duly registered to practice before the United States Patent and Trademark Office.

Motivated by a sincere desire to support startups, Michael founded M&B IP after parting ways with a highly respected IP firm. M&B IP is dedicated to guiding clients throughout their journey, starting from the seed stages and extending to successful exits. The attorneys at M&B IP have technology backgrounds that enable stronger patent applications, less work for customers, and more effective patent office communications to speed the patent process. This commitment involves implementing a meticulously tailored IP strategy to optimize exit valuations. The firm employs transparent fixed fee structures, which are advantageous for transactional tasks like patent prosecution.



3 SIMPLE STEPS FOR CONSTRUCTING A STRATEGIC IP PORTFOLIO:

- 1. Establish Your IP Strategy**
- 2. Implement Ongoing Patent Mining**
- 3. Implement IP Education**



ESTABLISH YOUR IP STRATEGY

The first step toward forging a well-structured patent portfolio involves delineating a multi-year IP strategy aligned with your business objectives. A robust IP strategy is born of a reverse-thinking approach: **Start from your ultimate exit strategy, determine the required IP portfolio, and formulate an IP strategy to guide your path.**

An IP strategy serves as a blueprint, enumerating a roster of potential patents along with their respective filing schedules. Each potential patent application is accompanied by a business rationale, a defined timeline and it's relevance within the competitive IP landscape.

A well-crafted IP strategy enables you to know precisely **which patent applications need to be pursued next and when.** Conversely, the absence of such a strategy leaves you without a clear direction. An effective IP strategy is characterized by the ability to articulate **how each patent application aligns with your product or exit strategy,** whereas an inadequate strategy falls short in this aspect.

The absence of a coherent IP strategy can lead companies to waste money on futile patents or not optimize the value of the technology portfolio. This jeopardizes the defensibility of their core intellectual property assets.



DETERMINING THE STRATEGIC VALUE OF A PATENT:

1. Market Dominance: The patent enables you to exert significant influence and control within the market, positioning you as a key player with a competitive advantage.
2. Industry Acknowledgment: Other companies within the industry frequently reference and cite your patent as a crucial and influential piece of intellectual property.
3. Business Collaborations: Companies are inclined to engage in business partnerships and collaborations with your organization primarily due to the presence and relevance of the patent, recognizing it as a valuable asset.




IMPLEMENT ONGOING PATENT MINING

At the core of an effective patent strategy lies the practice of IP discovery, often referred to as Patent Mining. This process involves establishing periodic discussions between your patent attorney and all facets of the company, encompassing product development, research and development (R&D), marketing, managerial roles, and more. **The primary objective of IP mining is to identify innovations that can significantly contribute to the overall success of the company.** It is imperative to involve business and product managers in the IP mining process since **any IP filed must fit into the larger framework of the company's exit strategy.**



THE SIGN OF SUCCESSFUL IP MINING

The sign of successful patent discovery is when you convene with a team that initially believes there is no IP worth filing, and upon completion of the session, you emerge with additional potential patent applications that enhance the value of the firm.



In cases where the entire burden of IP falls upon already stretched-thin engineers, the risk of IP being relinquished to departing engineers or to the open market without adequate protection significantly increases. **Patent Discovery aims to shift the responsibility for patent decisions into the hands of decision-makers who possess a comprehensive understanding of the business.** This approach leads to fewer ambiguities in prioritization and enhanced control over your IP, thus reducing the likelihood of IP loss when engineers depart the company.

EDUCATION

In the absence of comprehensive IP education for every engineer, product manager, and executive within a startup, there is a heightened risk of inadvertently relinquishing valuable intellectual property, potentially leading to legal complexities. However, by educating team members on:

- 1. the value of patent protected innovation**
- 2. guidelines for IP best practices**
- 3. the significance of IP during the coding process**

You can cultivate a culture of innovation and stimulate interest in patent filing.



THE SIGN OF SUCCESSFUL IP EDUCATION

Successful IP education is an ongoing process, following a predetermined schedule to ensure team-wide alignment. The active participation of (engineers) in the company's efforts to safeguard its IP assets is the best sign of successful educational efforts.



SUMMARY

Want to raise your exit valuation with a strategic IP portfolio? Craft your IP strategy mirroring your exit plan, engage in IP mining with your team to identify patentable assets, and promote a culture of IP education to ensure a full understanding of legal intricacies and IP rights.



CONTACT US

If you want to learn how M&B IP can help you develop a strategic IP portfolio to raise your exit valuation, email info@mb-ip.com. **We can talk through developing a strategic IP portfolio for your business absolutely free.**

TESTIMONIALS FROM FOUNDERS WITH MAJOR ACQUISITIONS

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If you are not convinced, here's what clients say about us!

TESTIMONIALS
What Our Clients Say



Avi Chesla
CEO, Empow Security

"I have worked with many patent attorneys, but M&B IP's ability to quickly turn ideas into patents with business value is unique. M&B IP team is highly professional and diligent in his work. M&B IP has represented Empow Security from the seed stage until successful acquisition by Cybereason. I highly recommend M&B IP's patent prosecution services to any cyber security start-up looking for world-class intellectual property protection."



Gary Weiner
Managing Director, Apriori-net

"I am very pleased to be working with M&B IP's team on my patent applications. Their technical expertise is unparalleled. In addition to that, they are extremely diligent in their work, and they always go the extra mile without charging extra, which I strongly value."



Dima Stoppel, VP R&D
Co-founder, Twistlock

"I had the opportunity to work with M&B IP team in developing the patent portfolio of Twistlock. I was amazed about their flexibility (being a startup you certainly need a good customer understanding). They understood our ideas from a technological point of view faster and better than anybody else. The team is candid, efficient, and warm professionals. I will certainly be taking my next projects to them."



Fernando Gomez-Baquero Ph.D.
Director of Runway And Spinouts, Jacobs Technion-Cornell Institute | At Cornell Tech

"We have the pleasure to work with M&B IP on developing and managing patent portfolios to our Runway Startup Postdoc Program's companies. We are delighted with the level of support we received, as it exceeded our expectations. They are skilled and knowledgeable about managing the IP's assets of the Runway Program at the Jacobs Technion-Cornell Institute at Cornell Tech."

DISCLAIMER

The information in this letter is provided for general informational purposes only. Any information in this letter is not legal advice. No reader should act or refrain from acting based on information provided through this letter without seeking appropriate professional advice based on the particular facts and law that may apply. Nothing in this letter is intended to, and nothing herein does create an attorney-client relationship with M&B IP Analysts, LLC. M&B IP Analysts, LLC, together with its shareholders, attorneys, agents, and employees, expressly disclaim all liability with respect to actions taken or not taken based, in whole or in part, on the contents or information provided in this letter.

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