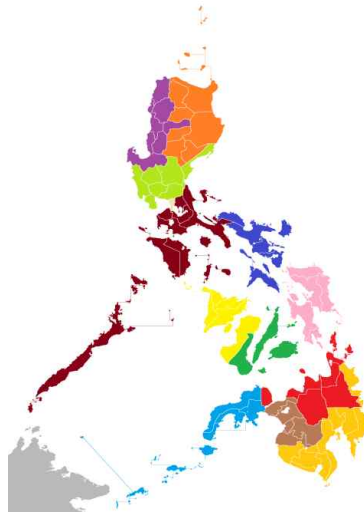
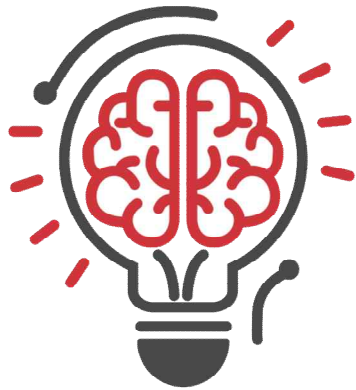
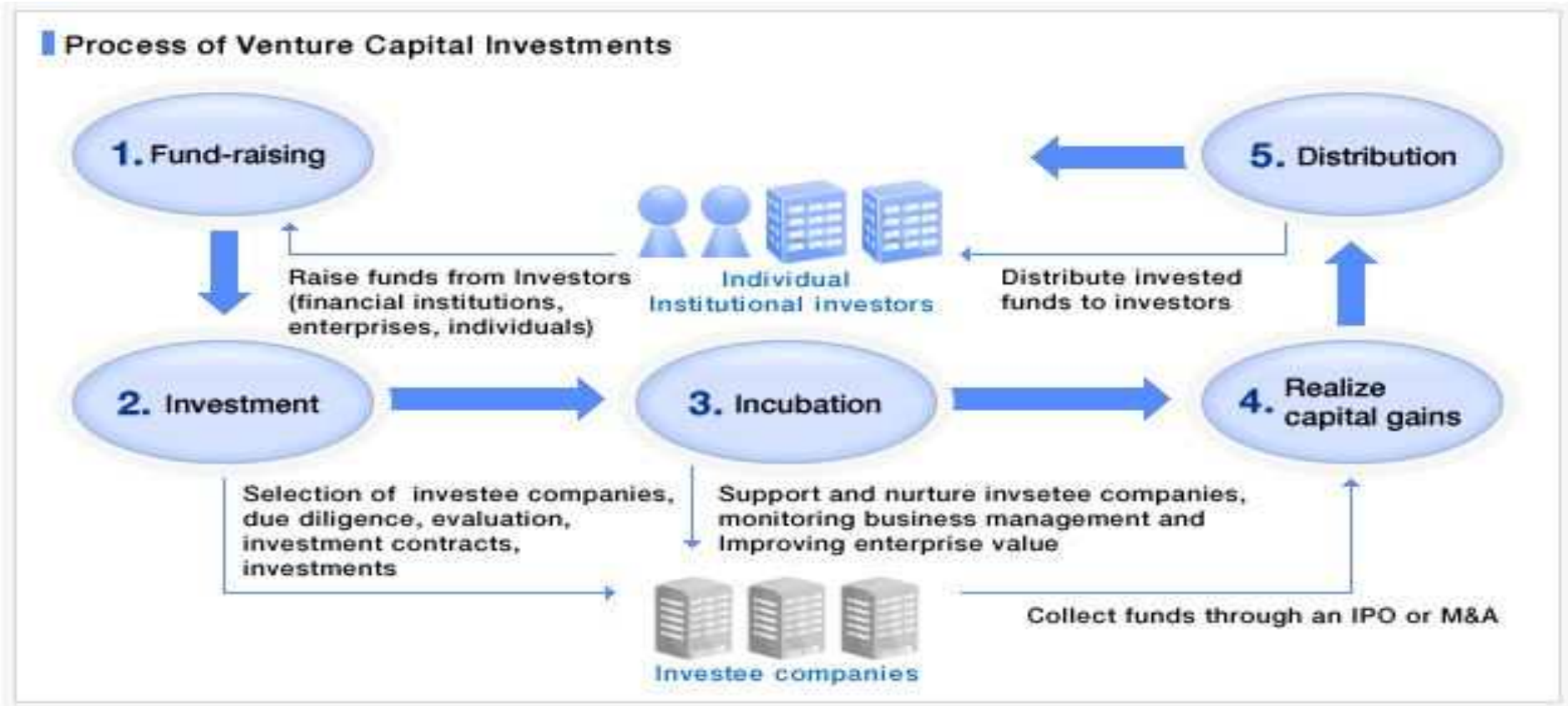


New & Emerging Models for Business Angel/Venture Financing for **Startups & SMEs**



Finance

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Process of Venture Capital Investments

Source : Pros and Cons of ICO v.s. Venture Capital Applicature, Apr 22, 2018

IP Financing < Technology Financing

- Korea has quite a long history of practicing 'Technology Financing' which is not same as 'IP Financing' (Since 2005)
- Technology Financing is financing technology ventures and Technology SMEs based on Technology Business Value or Tech/Biz Rating (Which can replace Credit Rating)
- IP itself should be strong enough to be the independent source of financing <Less than 3%>
- ✓ Essential Patent / Roadblock Patent / Core Patents
- ✓ World Class Brand : Coca Cola
- Secured IP may turn out to be useless because the Value of UP right might be entirely contingent on other related IPs (Thicket)
- IP Financing Practice is costly

Challenges in IP Financing

- Beauty is in the eyes of beholder, however, **Technology Value is in the hands of users** as well as in the expertise of valuator **<NOT One Value>**
- IP Value is not detachable from the Business Entity using it
(If the revenue model is not based on NPE)
- IP value is dynamic rather than static due to technology life-cycle
(Pledge Value diminishes often not in line with accounting practice of amortization, and hard to predict its speed)
- **Lack of Secondary Market** : The lender holding the IP right as security for repayment has no way to sell **<After three years Only 10% can be resold, less than 3% maintains same price>**
- Relying on Patent Lawyer and other experts is costly and onerous
→ Secured IP may turn out to be useless because the Value of IP right might be entirely contingent on other related IPs (Thicket)
- Difficulty in dealing with the effect of Infringement Leakage

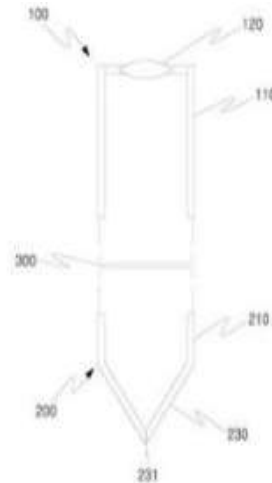
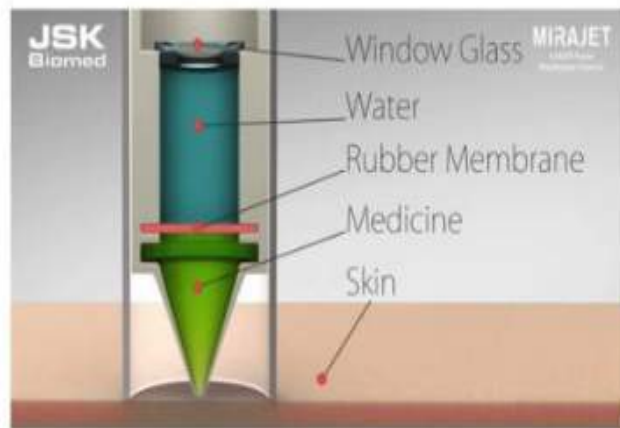
Korea's Recent Approach

- Strong Policy Drive to engage Private Sector by reducing the risks & cost
- Leading Commercial Banks to be familiar with Technology Financing first (Obliging Banks to accept Tech/Biz Certificate from KOTEC & other Market Institutions (**Technology Credit Bureau**))
- Established Common Infrastructure, Technology Data Bureau, under Bankers' Association to provide Technology Analysis (Understandable by Bankers)
- Fund of Funds Scheme for Invention Capitals Integrating highly fragmented small IP transaction intermediaries into one IP Exchange (Open Market) to secure Critical Mass of Demand and Supply (Use of Market-based Valuation)
- Support Valuation Cost for Startups & SMEs (KIPO) for IP-backed lending
- Reinforcing SMART3.1 to Reduce Preliminary Valuation Costs

- Challenge will be with IP s held by Smaller business ventures & Start-ups
- Set the Infrastructure right
 - Reasonably Priced Valuation Institution, Secondary Market, and then Policy Drive all in coordination
- Sale & License Back is basic form
- Sale & Profit Sharing or IP collateralized Equity Investment (possibly with Put Back Option) could serve better than Lending on IP collateral

MIRAJET : Needleless Injector

Exclusive Licensing : IP Financing



Acquired IP is not always collateralizable, however, still can be subject for technology financing

Source : KIPRIS

Crowd-funding

Soliciting money
from a large crowd of people, primarily via online.



Donation



Reward



Debt



Equity





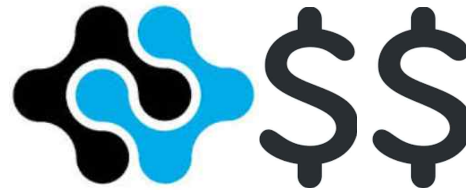
A great Equity Crowdfunding Platform built for accredited investors to provide funding opportunity for early stage startups with promising technologies <Feb 2013>



2000 + companies per year



Researching and selecting only the best



OurCrowd invests its own money



Open the deals to the crowd

Source : Mr. Moshe RAINES 2018 Global IP Finance Conference : Today and Tomorrow



A blockchain start-up just raised \$4 billion without a live product

- Cayman Islands start-up Block.one raised \$4 billion as of Thursday, eclipsing the world's biggest initial public offerings this year and more than doubling the next biggest offering of that type.
- But its product doesn't fully launch until June 1 and investors don't know how the majority of that capital will be used.
- "They have set the bar very high for themselves in terms of delivery expectations," says William Mougayar, managing partner at JM3 Capital and author of "The Business Blockchain."

Kate Rooney | @Kr00ney

Published 12:27 PM ET Thu, 31 May 2018 | Updated 8:44 AM ET Fri, 1 June 2018



Just a short-lived fad?

Investors will be pickier. Coins backed up by solid products, services, and platforms (or platform-as-a-service) instead of scams, pyramid schemes, and a lot of empty promises will survive and thrive <Battle Entertainment>

