

## 2018 IP Operations Trends Survey

**Derwent**  
*Powering IP Innovation*

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Analytics

# IP Operations are facing increased risk and growing demands

Clarivate Analytics' survey points to the need to embrace change and shift to a cost-to-ROI strategy

### Why read this report?

Thanks to the hundreds of global IP professionals who participated in the Clarivate Analytics *IP Operations Trends Survey*, the information provided in this report represents real-world, real-time actionable insights from law firms and research institutions to corporations and consultancies representing all major industries. It is designed to help anyone immersed in IP operations, as well as those who lead IP teams and practices, to quickly and easily identify trending issues and leverage the learnings to manage IP operations services and solutions as essential investments instead of costs.

**The survey and analysis indicate that the time has come for the totality of IP operations to be structured, budgeted, managed and evaluated on both a qualitative and quantitative return-on-investment (ROI) basis.**

### What are the top three trends challenging IP operations?

According to the survey, there is good news on the demand side for IP operational services with parallel needs on the supply side to control expenses while mitigating risks.



1. Almost half of the respondents reported increases in R&D spending



2. Almost half of the respondents reported increases in patent filings over the past three years



3. Among the respondents there is growing concern that cost-cutting, doing more with less, continuing to rely on manual processes and other factors are putting IP operations at increasing risk

With demand for highly-specialized IP talent and technology often exceeding IP resource supply, there is painful straining and draining taking place across the IP operations spectrum.

### What are the top three priorities for IP departments?

C-suite executives, university presidents and other leaders know creating, protecting, monetizing and defending IP is imperative and indispensable. Yet, the operational intricacies involved in doing so may be opaque to them. As a result, IP operations can be perceived as costs instead of investments. This is the framework around the survey's findings on IP department priorities – of which the top three are:



1. Aligning IP strategies to business objectives



2. Reducing IP operating costs



3. Improving service levels to clients/stakeholders

Survey respondents understand the need to invest their time more closely tying both operations processes and outcomes to organizational priorities while proactively taking on cost-cutting challenges. In addition to aligning IP strategies to business objectives, measuring the outcomes and showing where and how efficiency gains can be made will help drive the cost-to-ROI shift.

### What else is trending in IP operations?

Clarivate Analytics powers IP operations for organizations of all sizes around the world – creating cost-efficiencies, time-savings and competitive advantages (the core elements of ROI) in many ways. That work is based first and foremost on listening to clients through tools such as this IP Operations Trends Survey. This summary report represents how Clarivate Analytics invests in monitoring trends while providing insight to the intellectual property community. Read on to see more about current challenges, risks and opportunities specifically in the operational backbones of IP.

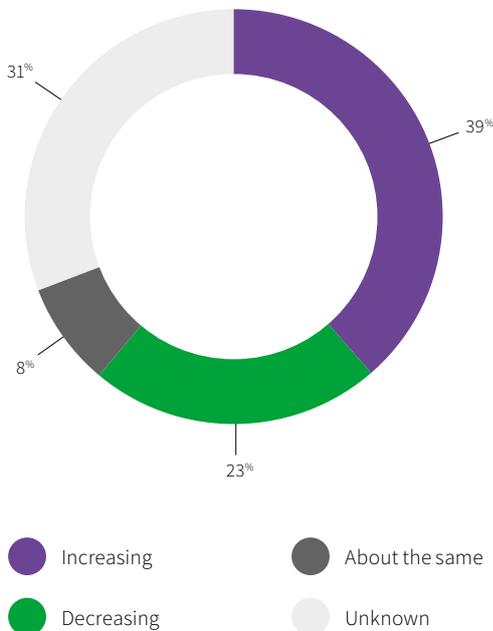
## R&D budgets showing gains with some declines still reported

While the survey found almost half (39 percent) of R&D budgets increasing, approximately one-quarter are decreasing. This polarity poses the same interesting questions on each front. How can IP professionals rapidly and effectively react to changes in demands for their services?

For those working with organizations investing more and more in innovation, maintaining quality service levels at corresponding faster paces with rising work volumes is indeed a trend that may continue and spread to others who reported “about the same” budgets – calling not just for quick fixes or temporary workarounds, but for evaluating sustainable new processes and procedures.

For those working with declining R&D budgets, the need to have flexible operating frameworks and access to scalable resources without sacrificing quality will be key in successfully managing what may be imbalances in supply and demand.

**Chart 1: Would you generally describe your clients’ R&D budgets as increasing or decreasing?**

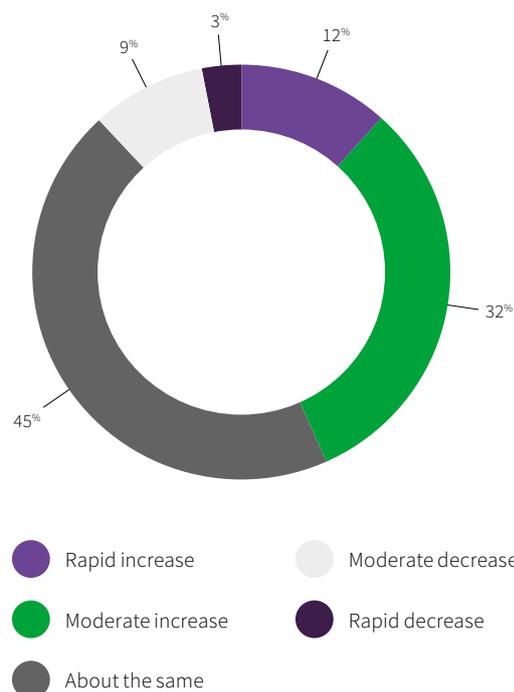


## Larger R&D budgets leading to increased patent filings – but gap seen between flat budgets and filings

The survey found consistency among some respondents on patent filing activity and R&D budgets with 44 percent reporting filing increases, closely tracking with the 39 percent finding on increasing R&D budgets. This is a key proof point IP professionals can use to make the case for ensuring they have the right tools, talent and technology to successfully support these pivotal R&D innovation investments.

Interestingly, while eight percent reported “about the same” R&D budgets seen in Chart 1 below left, 45 percent noted patent filings have remained “about the same.” This perhaps points to the often unpredictable timelines from labs-to-lawyers-to-filings in the IP lifecycle and/or conversion rate pressures trying to turn both new and old ideas into truly inventive and protectable IP. It may also reflect IP teams straining to keep up with pent-up filing demands regardless of R&D budget increases or declines. Whatever the drivers of this data, IP professionals may want to assess how strategically aligned the quantity of patent filings is with how quickly and well the actual IP can be efficiently created, strongly protected and effectively monetized.

**Chart 2: How has the organization’s patent filing activity changed over the last three years?**



Getting to granularity on cost drivers for IP operations starts with a close look at initial drafting costs. With the caveat that survey respondents may calculate costs in slightly different ways, the data and chart that follow can be reasonable beginning benchmarks.

1. 58 percent of respondents estimated average initial drafting costs between \$3,000–\$8,000 USD



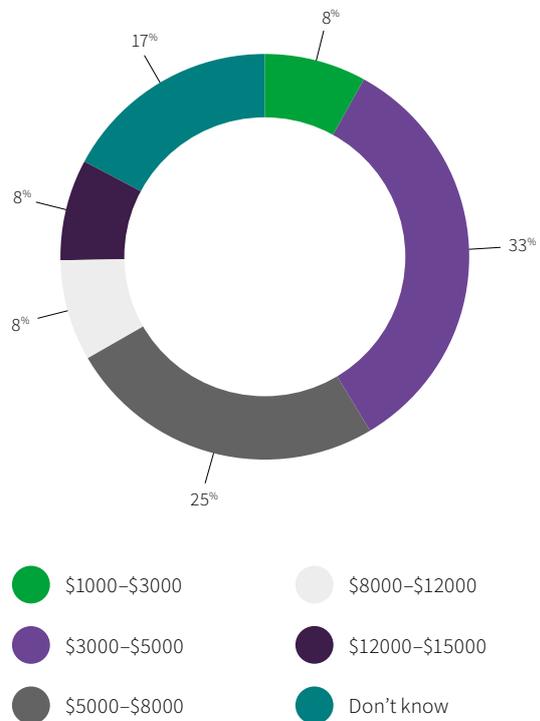
2. 8 percent of respondents estimated average initial drafting costs between \$8,000–\$12,000 USD



3. NOTE: Of those who shared what their organizations budgeted for IP the range was under \$100,000 USD to over \$10 million USD – representing a wide angle view of overall IP practices and practitioners.

In every-dollar-counts environments, the difference on paper between \$3,000 USD and \$12,000 USD to those setting budgets may seem significant or at least point to potential savings. Of course the who and the how involved in creating initial applications should be considered qualitatively, as well as quantitatively. IP operations professionals consistently grapple with mitigating risks, limiting expenses and articulating the value of an exceptionally executed initial filing vs. the cost of one done inexpensively but perhaps not well – creating the potential for further and unnecessary costs and issues later.

**Chart 3: What is the firm’s average operational cost for drafting an initial patent application?**



## Top IP operations risks rooted in fundamentals and infrastructure

The top five risks survey respondents have recently experienced may not come as a surprise to people deep in the daily IP operation trenches. So why are risks rooted in the most common categories of fundamentals and infrastructure still impacting the effectiveness of some IP operations?

The findings below point to a range of risk-generating possibilities – from matrixed organizational structures where clarity regarding who is accountable for what can be lacking, to siloed or specialty functions operating independently and/or to trepidations about relying on technology or simply to the time and expertise needed to select, integrate, manage and use technology in seamless integrated ways.

This survey intended to raise specific risks as a way to help IP operations leaders and teams reflect on and review how they are performing against industry peers and then determine where and how they can optimize and/or improve internally or with external resources and expertise.

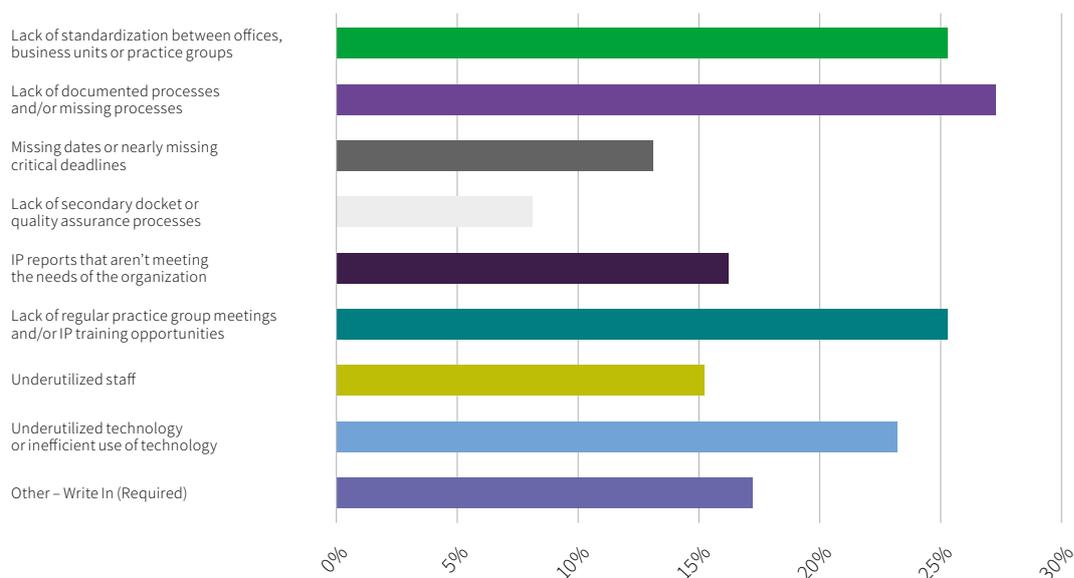
1. **Undocumented or missing processes**
2. **Lack of standardization between offices, business units or practice groups**
3. **Infrequency of regular practice group meetings and/or IP training opportunities**
4. **Underutilized technology or inefficient use of technology**
5. **Underutilized staff and staff turnover**

It could be argued that technology could help address most, if not all, of these real-world risks.

It could also be argued that talent, time and technology in combination would make a significant impact mitigating the risks and making the cost-to-ROI shift.

Clarivate Analytics prefers to set aside theoretical arguments on solutions and instead offer insights on risk issues directly from those both on the front lines and in the back offices. Learnings such as these are used simply as starting points to help IP organizations first assess their own operations – leveraging benchmarks and best practices most-suited to their own unique needs and cultures.

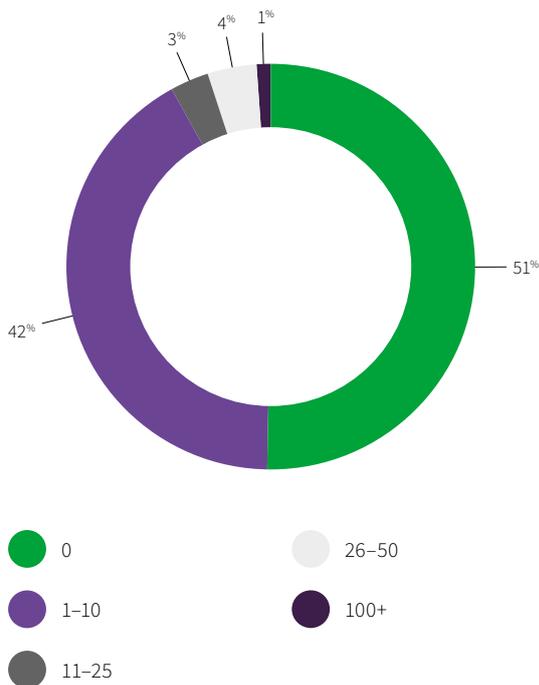
**Chart 4: Have any of the risks below impacted the effectiveness of IP operations within the last year?**



## “Close calls” infrequent and averted in many ways

While 92 percent of respondents reported between zero to 10 “close call” docketing/diary issues that could have resulted in missed deadlines, 66 percent noted they docket their own deadlines and have no secondary system – relying instead on individuals involved in the work. With so much at stake, there is significant potential upside in expanding primary and/or secondary use of the mechanisms respondents are currently using other than traditional ones such as individual diligence.

**Chart 5: How many times in the past year has your organization been faced with “close call” docketing/diary issues that could have resulted in missed deadlines if it had not been caught and managed by the team?**

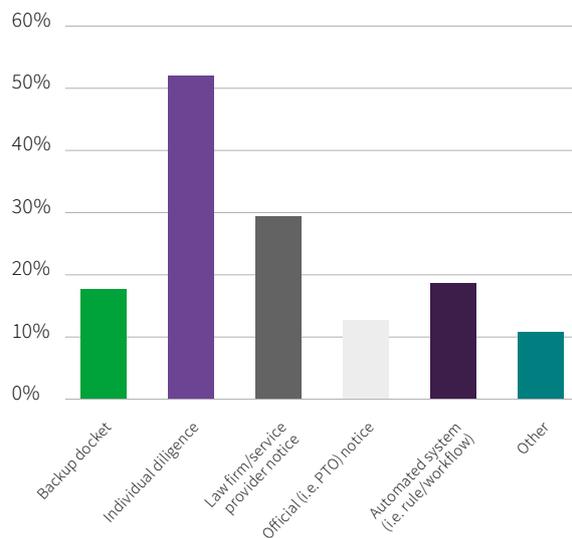


In addressing the dreaded “close call” issues associated with docketing and diary issues, respondents shared an array of mechanisms being used to detect and deter them.

- **Individual diligence (52 percent)**
- **Law firm/service provider notice (29 percent)**
- **Automated system (19 percent)**
- **Back-up docket (18 percent)**
- **Official notice such as from Patent Trade Offices (13 percent)**

And with some respondents indicating throughout the survey that they experience consistent backlogs on docketing, annuity payment and license management, as well as patent research, invention capture and prosecution cost estimation, opportunities abound for avoiding costly and frustrating delays with tools and technologies that can systematize and streamline some of these activities.

**Chart 6: What mechanism(s) allowed you to detect and mitigate “close call” issues?**



## Strategies on IP support services vary with outsourcing gaining ground

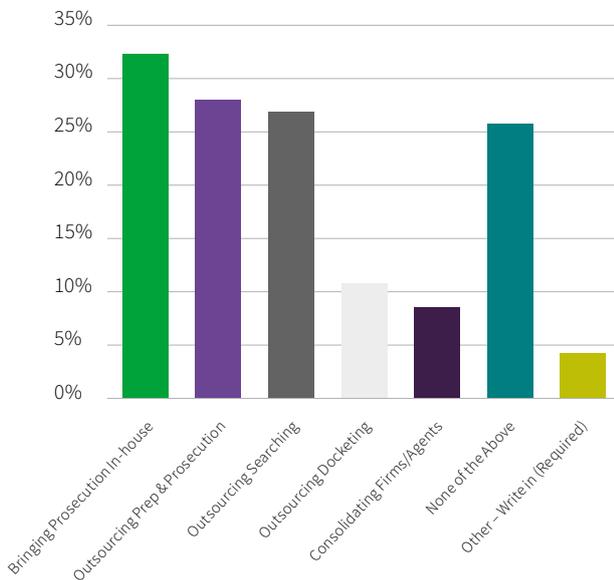
The results below point to early adoption of some tactical outsourcing operations occurring while in parallel some are shifting outside work back into their organizations.

- Bringing prosecution in-house (32 percent)
- Outsourcing preparation & prosecution (28 percent)
- Outsourcing patent searching (26 percent)
- Outsourcing docketing (12 percent)

Ground is being gained in outsourcing of patent preparation, prosecution and searching. As a result, IP professionals *not using* these third-party services or tools can benefit from the learnings of the early adopters. What efficiency-focused ROI have these initial innovators seen, for example, through outsourcing these activities?

*With ground being gained in outsourcing, IP operations can benefit from the learnings of those organizations.*

**Chart 7: Which of the following describes your organization’s strategy regarding IP support services?**





 *For those working in change-powered environments the data in this report can perhaps be leveraged to widely explore IP operations innovations geared toward ROI delivery.*

## A final word... on change management

While change management is increasingly used in formal ways to drive innovation, engage employees and better serve clients/customers and other stakeholders for the sake of reputation and revenue (the ultimate one-two ROI punch), it may not often be considered for improving IP operations. Should or even can it be successfully used in any or all aspects of IP operations? To address that, the survey asked a core cultural question: How well does your organization implement change?

Responses were split almost evenly with about half feeling their organizations handle change successfully and the other half seeing struggles to agree on changes and/or implement agreed-upon changes.

### **Why did Clarivate Analytics choose to ask such a broad culture-based question?**

Because change management could be the game-changer in IP operations shifting from the commodity cost column to the list of ROI drivers essential to reaping potential rewards from IP innovations.

For those working in change-powered environments the data in this report can perhaps be leveraged to widely explore IP operations innovations geared toward ROI delivery. For others facing varying degrees of resistance to change, using the ROI framework in perhaps one category first – such as docketing – could be designed as a beta test showing organization leaders IP operations can equally embrace cultural norms and new efficiency-gains-driven ROI possibilities.

## Who we are

*Clarivate Analytics* is the global leader in providing trusted insights and analytics to accelerate the pace of innovation. Building on a heritage going back more than a century and a half, we have built some of the most trusted brands across the innovation lifecycle, including *Web of Science*, *Cortellis*, *Derwent*, *CompuMark*, *MarkMonitor* and *Techstreet*. Today, *Clarivate Analytics* is a new and independent company on a bold entrepreneurial mission to help our clients radically reduce the time from new ideas to life-changing innovations.

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