

# Insights

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### IP & SMEs: Taking your ideas to market

Small and Medium Enterprises (SMEs) are the origin of the largest share of economic activity, up to 80% in many economies according to some estimates. Naturally, they are, in consequence, the largest source of employment. They are vital to the health and well-being of the economy.

The digital economy offers special opportunities for SMEs. Because the market is potentially global and consumers may be reached without the need for physical presence, and because heavy and expensive infrastructure is not always needed, SMEs have the possibility of growing extremely rapidly. It is instructive to look at the largest companies in terms of market capitalization on the New York Stock Exchange. While the order may differ from day-to-day, the top five usually comprise Apple, Microsoft, Amazon, Alphabet and Facebook. None of these existed 40 or so years ago and all of them started off as innovative SMEs, struggling to position themselves in a highly competitive market.

Intellectual property (IP) was a key part of the journey of each of those companies, and so many others, from SME to successful, large corporations. Each of the five have strong brands, recognized globally and protected against imitation by trademarks. Each has developed substantial patent portfolios

to protect the competitive edge that they hope to derive from new technologies and functionalities. And design has been vital to the success of several of them.

Success is, however, always hard-won and SMEs are inherently vulnerable. Very often, particularly for innovative SMEs, the only assets that they have at the beginning are intellectual assets – ideas, business strategies, particular pieces of technology, an incipient reputation. IP offers the way to protect these intellectual assets from being stolen by others and gives the innovative SME the time to develop its ideas into marketable products and services in a relatively secure environment. It also enables SMEs to trade their intellectual assets through licensing and other collaborative arrangements, a vital means of enlarging market share.

IP is indispensable to the success of SMEs and SMEs are indispensable to the success of the economy.



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