

Technology licensing in an on-line era

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Trade shows, word-of-mouth publicity, and trade journals have traditionally been some of the ways in which business entities have discovered one another in order to do business. With the advent of the Internet, however, global technology transfer has begun taking place through electronic markets. This article discusses why technology licensing will be conducted over the Internet, and suggests the value proposition that e-market providers must offer to facilitate technology transfer. It also presents a case study of how two companies benefited from such a web-based service.

Introduction

Business is changing. Companies are looking for ways to increase revenues. One untapped revenue source has been the R&D investments that companies have made through the years. In 1999, over \$ 200 billion was spent on R&D in the USA alone. Yet many companies continue to find that a significant percentage of their R&D investment is never fully deployed, if it is used at all. Traditionally, corporate technology managers and technology licensing groups have focussed predominantly on the legal aspects of intellectual property. And, although channels have always existed for buying, selling and licensing technologies, these channels are both inefficient and lacking in scope. Figure 1 shows typical problems facing technology buyers and sellers.

With the advance of the Internet and electronic commerce, the world has reached an on-line era where access to information is instantaneous and global. Whether we like it or not, the Internet is

here to stay and is changing the way business is conducted. According to the Forrester Research Report of 19 April, "global electronic commerce will reach \$ 6.9 trillion by 2004, which is equal to 8.5 per cent of total worldwide sales of goods and services. North America will continue to lead the trend, with \$ 3.5 trillion in B2B and B2C. Asia Pacific will start its hypergrowth by 2004 but will not develop uniformly due to policy and infrastructure hurdles at the national level."

A new trend in B2B is vertical electronic marketplaces providing specialized products and services tailored to specific industries. TechnologyConnect's business model, for instance, focusses in matching buyers and sellers of technologies and products while facilitating the business side of technology licensing. Similarly, Chemconnect is in the business of serving buyers and sellers of chemicals, and MetalSite connects buyers and sellers of specialty metals.

If the Internet is changing how business is conducted, it is also facili-

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