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Intangible Assets
Unlocking the value of your intangible assets

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In today's every changing competitive world of business, there is no doubt that the value of your intangible assets can have a profound impact of its success. If we reflect back on what intangible assets are and their value to a business 50 years ago, intangible assets only accounted for around 17 per cent of the value. Today this figure is around 90 per cent and for start-ups intangible assets account of 100 per cent of the companies' value. That is why identifying, prioritising, protecting and aligning your intangible assets to your business strategy is vital for success.

What are your intangible assets?

Typically your key intangible assets are your businesses tradable intellectual property, such as, Trade Marks, copyright, brand, design, software, industry expertise, approvals and certifications, know-how, databases, networks and relationships.

Some will be easy to identify, such as Trade Marks. These are logos, phrases, words, shapes, characters, aspects of packaging, or combinations thereof. These can be registered or unregistered and can be identified in most businesses. Copyright is also identifiable as your businesses written material, website, databases, marketing communications, advertising, social media, photographs, music, recording, video and multimedia. Goodwill may be more difficult to identify tangibly and includes a wide range of intangible assets such as growth potential, location, reputation, customer loyalty, branding, know-how and trade secrets. However, it is often the underlying value of the networks and relationships where the real value lies.

Explosion in Value of Intangible Assets

In recent years together with technology and design this "network effect" has played a huge role in the value of intangible assets. Network Effect is basically the value of the network that is associated with your business. That is your customer database, how often these customers transact with this network and other social media and buying patterns. An example of this was when Facebook Inc purchased Instagram for US$1 billion with 12 staff and no revenue. At the time it was probably difficult to know the value of this network as an intangible asset but it turned out to be a good strategic move with the value of Instagram now at US$100 billion.

Therefore, it is important to note at your intangible assets can scale at an exponential pace and play a key role in scaling today's business.

Identifying Your Intangible Assets

Most business will not have an inventory of all the intangible assets they own or many not even know how to identify them. Given that 90 per cent of your business value lies in the intangible assets, how you identify and protect them in order to harness the value of these assets is vital to your businesses success. You need to understand what they are and whether there are any risks associated with losing them.

Things you should do to Identify your Intangible Assets

1. Inventory – You need to identify and write down a list of all your intangible assets. If you need assistance in identifying them then seek the help of an intellectual property specialist.

2. Prioritise- Ask the question which of these intangible assets is most important to our business? For example, if you had to replace this most important asset what would be a the cost of replacing it.

3. Protect – Once you have identified your intangible assets you need to ensure that you own them. If you don't you will need to priories this and ensure the right protections are in place.

4. Align – Then you need to align your business strategy to building value in your intangible assets.