



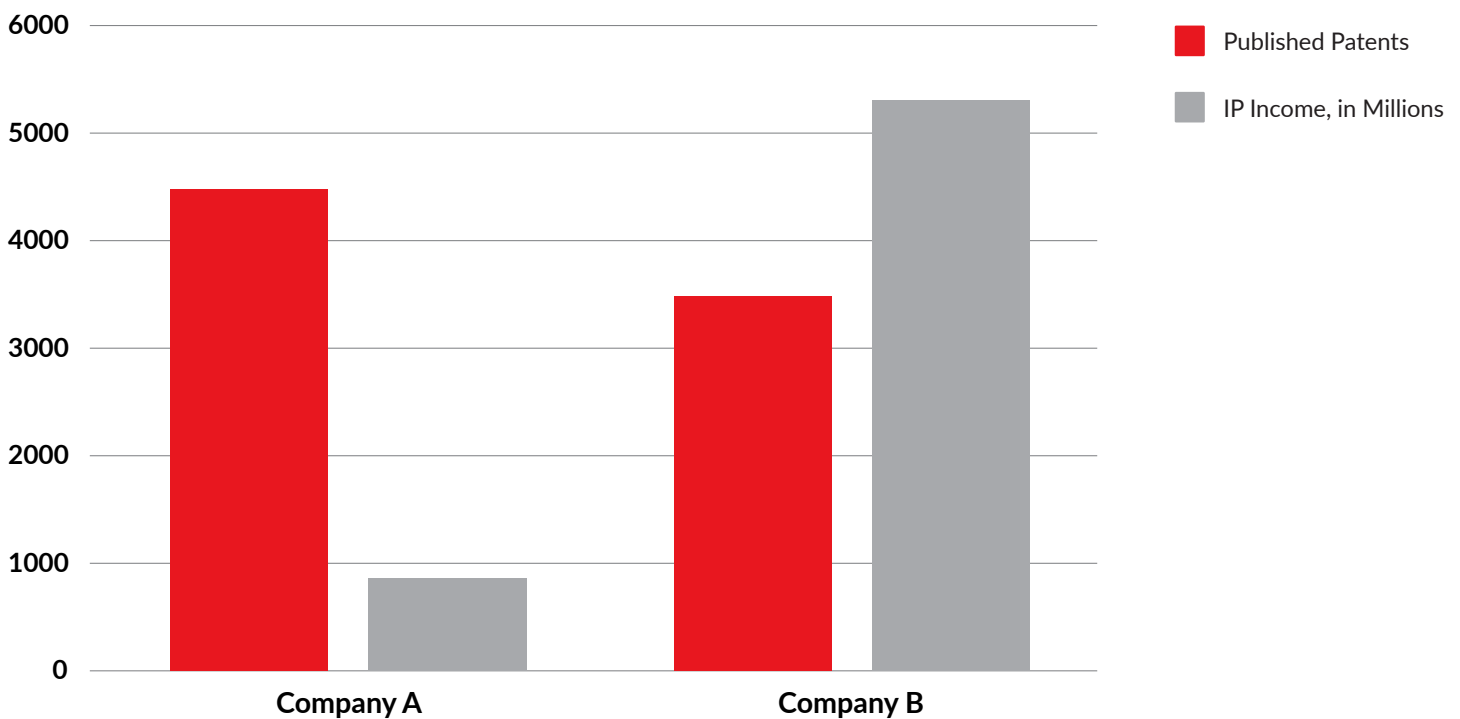
Case-Study

Competitor Benchmarking Using the Patent Asset Index

In this case-study, we analyze the difference between the patent portfolios of two innovative leaders in the IT industry. One is an established giant (Company A) with over 100 years of existence; the other is comparatively younger (Company B) but nevertheless a prominent player in the industry. Using the Patent Asset Index Methodology and the analytical capabilities of LexisNexis® PatentSight+™ innovation analytics, we will understand why the larger company, despite owning more patents and investing almost a similar amount in R&D, earns significantly lower revenue from its portfolio.

A Large Portfolio Does Not Guarantee Higher Revenue

Comparison of published active patents and IP revenue



Source: LexisNexis PatentSight+ data as of 31 December 2023 and Annual Reports 2023

On comparing active portfolios and revenue generated from Intellectual Property (as seen from above), of two of the leaders in the IT industry; Company A and Company B, it becomes obvious as to why an in-depth analysis of patent information is crucial for benchmarking the best practices in IP management.

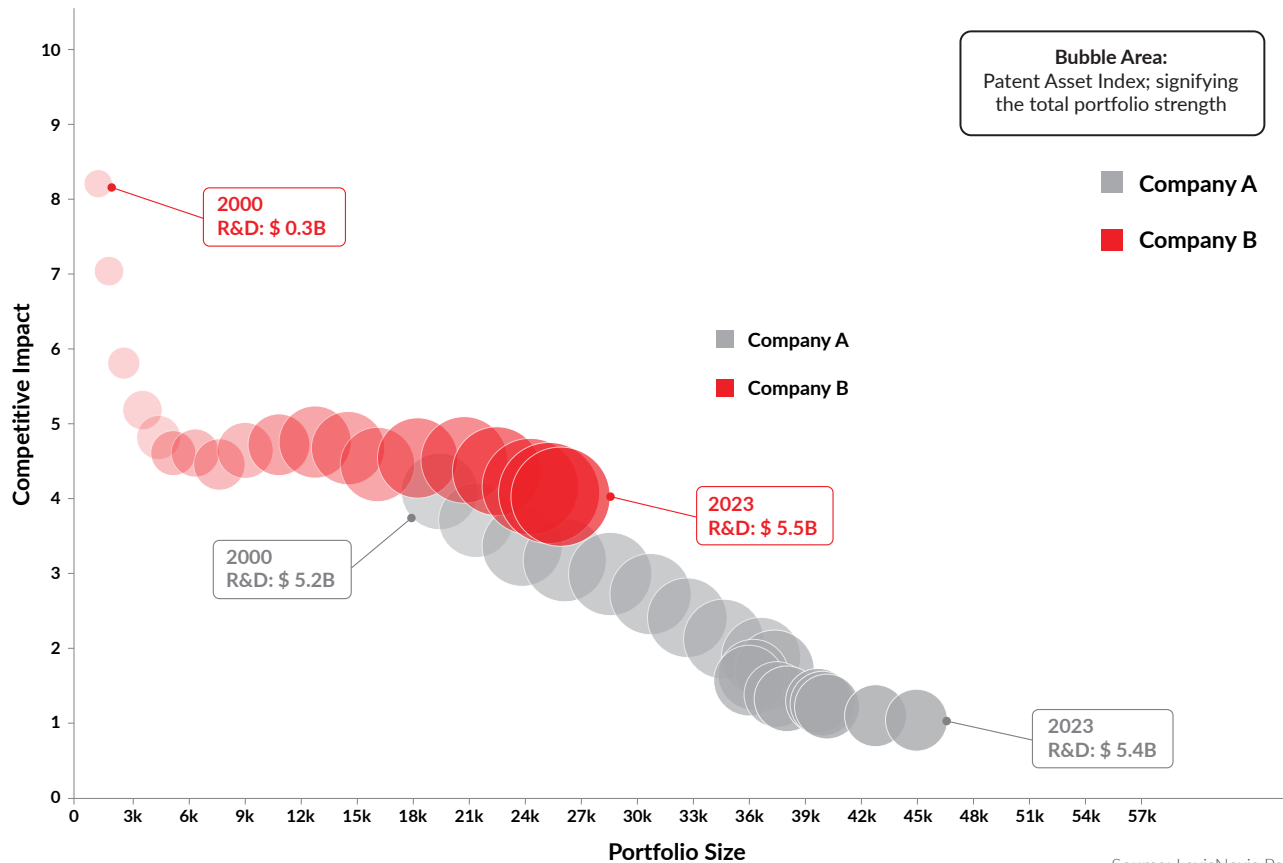
Company A vs Company B: The patent scenario

As can be seen from the chart above, **Company A** has a greater number of active patents (44,160) in comparison to **Company B** (34,328). In contrast, their respective incomes from intellectual properties were \$860M and \$5,306M, respectively. That means, with a similar portfolio size, **Company B** was able to generate more than 5 times the IP revenue as compared to **Company A**.

Company A vs Company B: Using the Patent Asset Index™

Analyzing the portfolios of these companies, using the LexisNexis® PatentSight+™ analytics can shed some more insights into the reasons behind this glaring disparity in earnings.

Comparison of Portfolio Size in relation to Portfolio Strength

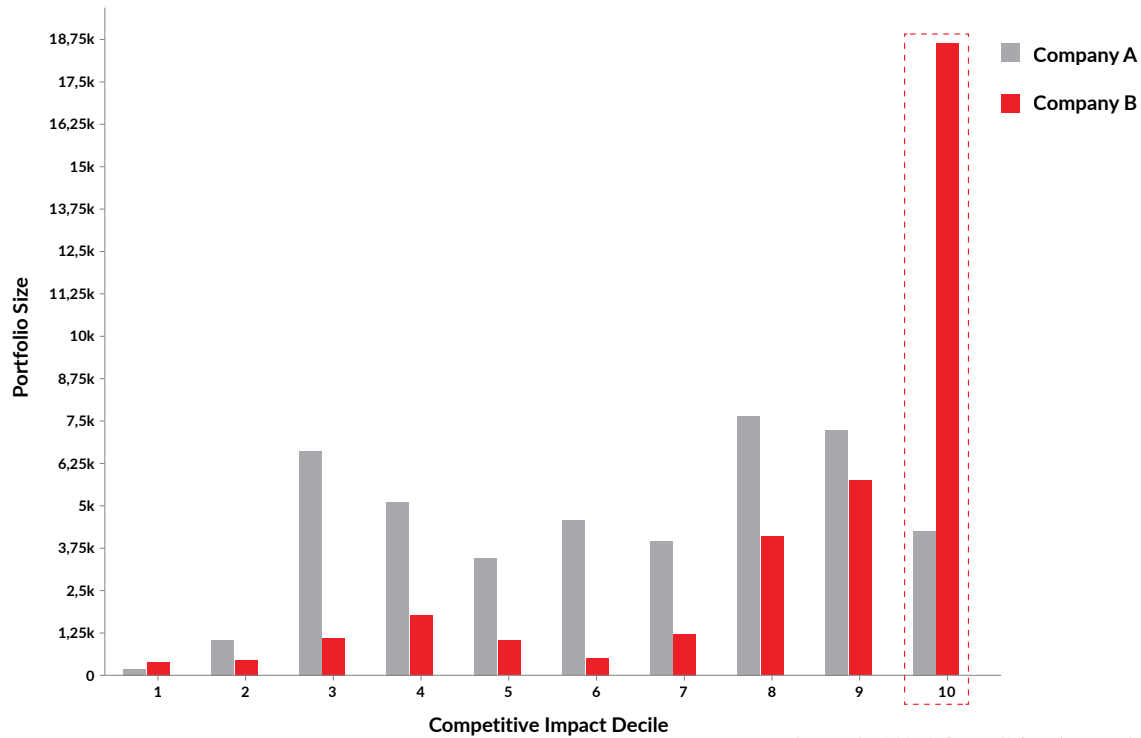


Over the last 15+ years, **Company B** has been consistently developing a quality patent portfolio by heavily increasing their investment in R&D, whereas in case of **Company A** their R&D spend remained the same during this period. In this time, **Company B**'s portfolio grew in size exponentially while maintaining its average quality, as can be seen from the red bubble trail maintaining its position on the vertical (average portfolio quality as measured by the Competitive Impact) while moving along the horizontal axis, indicating growth in size. Despite the significant increase in Company A's portfolio size, its average quality has progressively declined over the past decades. This trend is indicated by the steep downward-sloping grey bubble trail.

Company A vs Company B: Analyzing the top decile of patents in terms of Competitive Impact

A traditional approach to patent valuation, which considers only the mere number of patents held by each company, would lead any observer to believe **Company A** was making great progress. They would also be perplexed at how **Company A** generates such little income from its huge portfolio. But when we look at the number of high-quality patents held by each company (as seen on the next graph), we can see that **Company B** owns about 3 times as many as many patent families as **Company A** that fall within the Top 10% of all patent families in our database according to Competitive Impact.

Identifying high-quality patents in a portfolio



Source: LexisNexis PatentSight+ data as of 31 December 2023 and Annual Reports 2023

Conclusion

With this complete picture of the portfolios of each company, it becomes apparent as to why **Company B** is outperforming **Company A** in terms of IP revenue. It is only with this level of in-depth analysis, that the true quality of individual patent families, thus the strength of the entire patent portfolio of a company be reliably assessed. This is what makes PatentSight+ a robust analytics solution and the Patent Asset Index a highly reliable indicator of innovative strength, with which decision makers at technology companies, government organizations, investors and stakeholders, governments and other interested parties can make informed decisions about technology and innovation.

	Traditional IP Benchmarking	Metrics-based IP Benchmarking
Indicator of portfolio strength	Number of patents in a portfolio	Patent Asset Index
Method	Simple counting	Scientifically validated and industry-proven portfolio quality indicator
Accuracy	Extremely low	High
Cost	Low	Medium

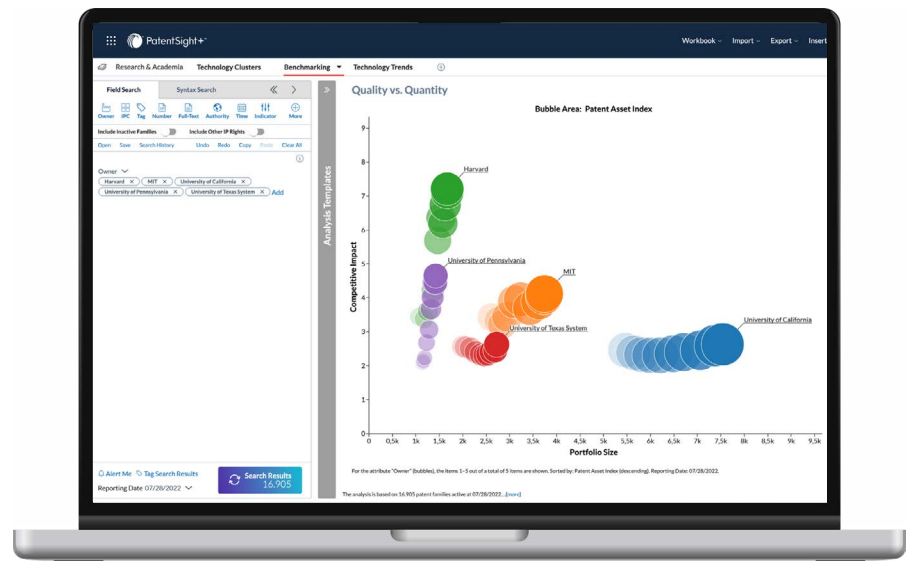
**“Quality is more important than quantity.
One home run is much better than two doubles.”**

Steve Jobs

About LexisNexis® PatentSight+™

LexisNexis® PatentSight+™ enables core IP activities such as competitive intelligence and benchmarking, portfolio optimization and more, by bringing together highly curated and enriched datasets, cutting-edge analysis tools with streamlined workflows and powerful visualization capabilities, all within a single platform. With PatentSight+™, enhance decision making with extensive data quality and coverage, provide a competitive edge with actionable insights powered by advanced AI-driven analytics, and elevate IP strategies with impactful communication tools.

- Competitive Intelligence & Benchmarking
- R&D Strategy
- Disruptive Technology Scouting
- M&A and Due Diligence
- Licensing & Monetization
- Portfolio Optimization



About the Patent Asset Index

The Patent Asset Index represents a measure of the innovative strength of a patent portfolio. A patent family is more valuable when other innovations build on the technology protected by this patent family and by the scope of protection that the patent family holder considers appropriate.

For more information on the Patent Asset Index and how it measures innovation, please visit: www.lexisnexisip.com/PAI

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