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Meeting a Company's Competitive Needs Today & Into the Future

PDMA Webinar Transcript



The United States
Patent Utility™



INTRODUCTION

Moderator Hello everyone. On behalf of the Product Development Management Association I'd like to welcome you to today's webcast, which is about Meeting a Company's Competitive Needs Today and into the Future. Today's webcast is being sponsored by The US Patent Utility.

Let me introduce our presenters today. Jay Walker is the executive chairman for The United States Patent Utility. Jay joins us to share his perspective on how companies can stay competitive through constant innovation and the importance of looking to outside resource for product development and R&D. Jay has a pretty great background. He's founded multiple companies and one of those is Priceline.com. Another bit of information, Jay is the 11th most patented living inventor in the world and he's been named by Time Magazine as some of the 50 most influential leaders of the digital age. Joining Jay is Jon Ellenthal who's the chief executive officer at US Patent Utility. He's been in various positions for the last five years with Walker Digital. Jon, Jay, let's take a moment to say some opening statements about the landscape of innovation today.

OPENING REMARKS

Jay Walker Let's start with the obvious, which is that the nature and speed of global competition has changed. I think almost everybody today recognizes that innovation is the key to not only maintaining market share and profitability but it's the key to growth. To innovate quickly and affordably, typically was about an internal way of looking at the world. You had your own R&D people, your own engineers, your own talent. What's changed today is the capacity to look outside your company to tap into the world's R&D budget. And that's what we're going to talk about because that has become practical in the last few years to tap into the world's R&D.

GOING BEYOND GOOGLE

Jay In the late 1990s Google figured out how to make the world's information contained in documents stored outside your company available to anyone inside your company. The ability to find information is a powerful and important thing. But information is not expertise. It's ultimately expertise that allows people to innovate and be successful. By expertise what I'm really referring to is this notion of these skills, the talent, the experience, and in many ways the body of knowledge that's inside the heads of people. Getting inside the heads of outside experts is about as hard as it gets because ultimately these experts are not located inside your company.

Our argument here in many ways is that to innovate, we need to go beyond Google and the search engine and we need to start to figure out how to take advantage of this expertise in the general world at large. And the challenge really here is how do I find just the right experts with the knowledge, the talent and the experience that I want? So using the right experts would allow us to innovate better, faster, and cheaper, and it would allow us to leverage in many ways by huge multiples the dollars we



spend in R&D. However, there's a big difference between finding the right documents on someone's servers versus getting what's inside the text.

We've found what we think is a powerful proxy for what is in the heads of millions of experts. We obviously can't do a search of what's in their minds. But we can search two areas that are very visible. We can search patent databases and we can search technical literature. Essentially experts self-identify their expertise in these two places. If you search these two places with a very new kind of search engine we might be able to find the experts we're looking for. The question is what is the tool that would allow us to do that? What tool exists to filter over 50 million published excerpts? The answer is there really isn't one. So, when John, myself, and the team at The US Patent Utility put our heads together, we said we could have used this tool many times ourselves in many of the areas we've invented.

KEYWORD VS. CONCEPT SEARCH

Jay A keyword search isn't going to do the job. You're going to have to search by concepts and not words. Now concept search is relatively a new thought. Most of us who have heard of IBM's Watson that won the jeopardy game against the world's greatest experts understand that they weren't searching key words on those Jeopardy questions. They were searching the concepts that were embedded in the answers in order to come up with the questions. That kind of semantic search is a relatively new area of AI and software-related work where you can take a problem and you can abstract it using computer software to create an entirely new kind of search. We actually call it a haystack search because it's like looking for the needles in a proverbial haystack of ideas. What we're looking for is matching ideas to the problems we specifically have.

If you think about the US Patent database it has five trillion dollars of R&D investment in the existing patents, you recognize very quickly that the patents only represent a very small part of the total value equation. Or, to put it another way, for every patent an inventor may file there's at least another 50 inventions in their heads. There's experience. There's all kinds of things that don't show up in a patent but very much show up in knowing who the right expert is. A haystack search doesn't match the words. We take the challenge. We abstract to essentially a set of concepts. We then take those concepts and we run them past the R&D, the US Patent database as well as some technical databases.

The result here is you get a bundle of tools and services that ultimately are designed to keep you ahead of the competition. We're creating a simplified way to get you unstuck when stuck on a technical set of problems by finding the people, the experts in the world that have worked on similar problems, concepts and areas in the fields that they're not expecting. However, what we see over and over again is that by searching the entire US Patent database you always find unexpected experts in fields you wouldn't have even thought to look in, and that who's work is directly relevant to yours.



THE R&D CHALLENGE

Jay The process is quite simple. We start by inputting an R&D challenge. We have an expert on our side who specifically works with you to turn the problem into a way of describing it that computers can better understand. In step two, the big data software runs across 200 million pages of patent databases looking for similar ideas, similar concepts, and specifically looking to score the relevance of every idea and concept and result it can come up with. It then uncovers the talents and the resources, and that is what we call a haystack search. It's cross-referenced then with your product services and priorities in the database. Then we produce a set of reports that will allow you to discover specifically the ideas and the inventors that then get you unstuck. Jon, what would you like to add?

Jon Ellenthal The headline from our standpoint is that all of these new tools essentially mean that the whole world is now available to help any company solve its most difficult problems. The great thing about all the new tools that have emerged over the last few years is now anybody can dramatically expand their known network and their go-to network with global resources to help them solve any problem faster. Most breakthroughs come not from deep within a specialty but by connecting things across specialties in a novel way.

We are focused primarily here on solving product development, engineering, and manufacturing problems, providing help with those through R&D searches. But the tool can also be pointed at other types of problems, competitive reports.

COMPETITIVE INSIGHTS

So there are many people who understand that you can track a competitor's investments in new technologies and those investments may very well indicate what's in the competitor's product roadmap by looking at patent information. The difficulty historically has been tracking that information in a manual environment, but our system can produce regular reports that can tell you what any specific competitor is investing in. This is really an early warning report for competitive activity. We can also create a better understanding for you of where you might be at risk trespassing on someone else's property inadvertently. So there are a number of ways in which you can abstract the metadata in the patent database to solve real high value problems.

It has become a competitive imperative at this point that firms efficiently access external knowledge and expertise to solve internal problems. For every single dollar that you might spend on problem solving the reality is that the world spends thousands of dollars on the same or a similar problem. Therefore, we need a new way to unlock the global capacity for problem solving that is currently trapped in various technical databases, the US Patent Database being the largest of them by a lot. When we mentioned US Patent Database that doesn't actually conflict with global capacity as the name suggests because 50 percent of new applications for patents in the US actually come from foreign entities. So the US Patent Database is really the number one source the world goes to to register it's inventions.



Lastly, the tool that we have created is very simple to use. We provide human expert help on the front end to input the problem in a way that's most productive and will produce the most useful results. We also provide human support on the backend when the results are created to refine those results into a finished product for you. It is simple to use and anyone is invited to try this service completely risk free for the first 30 days so you can see how the service can help you before needing to reach into your pocket.

HOW DOES THE UTILITY TRIAL WORK?

Moderator If you could, would you walk folks through on your site there's a button that says something like start 30-day free trial. If you click that button you should find some contact information. Could you walk through what happens in the next few days from there?

Jon If you were to indicate that you wanted to begin a risk-free trial on our website you'd supply your contact information. We would give you a call back very quickly upon receiving your information. We would describe the process for your risk free trial. The first thing we would do is we'd have a discussion with you about various product development engineering or manufacturing challenges you're facing, the things that are frustrating you, the things that you just feel stuck with. Once we found a challenge, we would then interview you or the appropriate person about the problem. It could be as simple as answering a few interview question over the course of 15 – 20 minutes.

That process would take a matter of a couple of days. We would then contact you when the results were ready and show you the preliminary findings. We would then get some additional input from you, and then based on that feedback, we would refine the search and then produce a final search result for you, which would include a series of people, ideas, and organizations that have expertise that is at least statistically relevant based on our algorithm to the problem description that you provided. And during the 30-day risk free trial period, you could go through that process two times with different product development challenges you might be facing so that you get a full understanding of how the system can help you before you become a regular paid subscriber to the service.

Moderator This is after you'd tried it and it didn't work out for you, is the contract paid for one year?

Jon We bill annually just for efficiency's sake but the reality is that there is no term contract. Any one of our subscribers to The Utility can cancel their subscription if they're not satisfied at any time. If they have paid for a year in advance at a time they'll get a refund for any of the unused months that they had prepaid for. Our job is to add value and help solve problems many times more valuable than our monthly fee. If anyone didn't feel that was the case they're welcome to terminate the service at their discretion for any reason at any time.



WHO ARE CURRENT MEMBERS?

Moderator Could you tell me what kinds of companies are using this service now?

Jon So you're absolutely right that, I guess when you think about it there isn't a company out there that isn't trying to improve its products and services faster than its competitors. Given the rather brutal global competition that everyone faces these days, that's only intensified. There's a very large market for a tool like this. It was very much priced to be affordable to really anybody that might want to use it. In the early days we have a number of companies using this service as small as start-ups whose names you don't yet know. We also serve mid-sized consumer products companies like A.T. Cross, the maker of Cross Pens to large multibillion dollar consumer electronics companies like Harman International, the maker of Harman Kardon products, all the way out to Fortune 50 companies such as Microsoft. We've had a really broad based response from the market. I think that's simply a function of the fact that every company has these kinds of problems, and a tool that can help get somebody unstuck and back on track to solving a problem efficiently is going to be in great demand.

I mentioned start-ups a moment ago. Jay and I have been in the start-up business ourselves before. And so we know how difficult that is and how constrained resources are. So we've developed a program where a limited number of start-ups can use the services of The United States patent utility at no cost for two years. The goal very much is to unlock the problem solving capacity of America's great technical knowledge and America's patent database so that we can use it to create more commercial, more successful commercial outcomes, and we very much are a fan and supporter of this start-up community.

Moderator **Another question: if the start-up or this big company has confidential information, what arrangement do you have with them or how do you ensure that their confidentiality is protected?**

Jon It's a great point. We've certainly accounted for that. We appreciate that in many companies, the question or problem itself is considered confidential information. Not only are we bound by confidentiality by virtue of our service agreement, but also all of the information is stored in very safe and encrypted ways. Our system uses all of the latest encryption technologies to make sure that every single one of our clients' confidential information is stored in a safe and secure place.

Moderator **Yes. Jay, what would have happened if you would have had this service ten years ago. How might your life be different now?**

Jay Well, it's interesting. I think what would have happened is in a lot of ways we would have just had better, faster innovation than we have. A lot of times you get to the right answer. It just takes you a lot longer when you have to reinvent the wheel yourself. So I think being able to find and source experts is something we all dream of. I suspect that almost all entrepreneurs wish they had the resources of a



giant corporation. What's happened in the modern world is we can now all afford semantic search tools. We can all afford if you're a real business, you can afford \$1200 a month to dramatically accelerate your ability to tap into outside experts to solve your problems.

I think whether people use The US Patent Utility or something else like it you're going to have to an entire generation of this kind of service coming into play. You're going to want to tap the world's innovation by looking at people and ideas outside your organization, and you're going to end up using an innovation service provider.

Jon One of my favorite expressions is experience is the thing you get right after you need it. I think that's because most of us are doing the best we can by using our own resources in trial and error, which means we all have very expensive educations because we've learned a lot. I think what our tool and our service can do is improve the batting average versus trial and error and maybe make our educations as we solve new problems a little bit less expensive.

Moderator So I'm going to go ahead and move to a couple closing thoughts from Jay and Jon.

Jay My thought would be the world has changed. You don't have to go it alone. There are now new software tools available that allow you to search for technical problems in an entirely new way. If you're stuck on a manufacturing, engineering, or product development problem, you can find outside experts out in the world at large that can help you get unstuck. You can do it quickly, you can do it efficiently, and you can try it for free.

Jon Okay. I will add to that by saying that given how the world has changed it's no longer feasible for any company to rely solely on its own employees and its own resources to solve all of its problems in manufacturing, engineering, and product development because no matter how smart you are the smartest people work for somebody else. That's something that's attributed to Bill Joy, one of the cofounders of Sun Microsystems, and is actually referred to as Joy's Law. So the most successful companies figure out how to access the knowledge and expertise outside the firm to solve internal problems. We've created a simple and affordable service that can allow any company to do that. As Jay mentioned, it's also completely risk free to give a try.

ABOUT THE US PATENT UTILITY

The Utility is an Innovation Service Provider that helps companies of all sizes find the people, organizations, and inventions that provide solutions to innovate faster and more efficiently. To learn more, visit www.USPatentUtility.com, or speak with a Utility rep at (800)796-3345.

The transcript has been edited from the Product Development and Management Association's webinar with Jay Walker and Jon Ellenthal on April 6, 2015.