SCOTTISH INNOVATIVE ACTIONS PROGRAMME
FINAL PROJECT LEARNING REPORT

- The final project learning report should be submitted to SEP Ltd **no later than two months** after the date of completion of the pilot project.
- The information included in this report will be used to assist with evaluating the learning and outputs from the pilot projects supported through the Innovative Actions programme.
- This form is separate to the final grant claim and progress report form, which should be submitted within four months of the completion date of the project.

PROGRAMME	**Scottish Innovative Actions Programme 2004-2005**
PROJECT TITLE	**Probability Adjusted Contextual Valuation**
PROJECT REFERENCE	**IA/SE/PAVE/AL3/001**
ACTION LINE (Please Highlight)	Action Line 1 – The Scottish Innovation System Action Line 2 – Stimulating SME Demand for Innovation **Action Line 3 – Knowledge Access & Knowledge Management** Action Line 4 – Innovation Marketing & Product Launch

PROJECT APPLICANT

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PROJECT DELIVERY & LEARNING

Describe how the pilot project was actually delivered in practice.

The project operated in three phases:
• **Phase 1:**
  o **Review of existing valuation approaches and selection of techniques to be piloted**
• **Phase 2:**
  o **Pilot of technique with three small firms**
  o **Feed back to firms and the analysis of initial phase.**
  o **Development of one set of market data**
  o **Review of way forward**
• **Phase 3:**
  o **Developing the web site to allow a wider exposure to the benefits of the Probability Adjusted Valuation approach**
  o **Moving the Value Release work to the IA centre to allow further development**

Describe the top 3 learning points from delivery of the pilot project.
The technique of adjusting the future value of a product using probability and uncertainty can be applied to SME if the data is robust (PAV). **The key challenge in PAV analysis is the quality of the Data particularly technical market data.** **The use of Value Release Options though a key element in determining the value of IP that can have multiple simultaneous use is still to new to accepted by the financial communities.**
Describe the most successful aspects of the pilot project and why.
The use of the probability adjusted valuation approach with SME's was very beneficial for the lessons learned about the practical application of the techniques.
Describe the least successful aspects of the pilot project and how these aspects would be changed in the future.
The challenge of finding in depth technical market knowledge was very difficult and ultimately will restrict the diffusion of the approach into general use. **It is perhaps the lack of deep technical marketing knowledge that is the issue that should be addressed prior to using techniques such as PAV and VRO in the future. It is also this challenge that reduces the credibility of the output with the financial community.**
Describe the next stage planned for the delivery and rollout of the pilot project.
As the PAV technique allowed SME's to gain insight into the commercialisation process, we have developed a web based tool that does not produce an actual value but gives a series of issues to consider and some risk factors. This tool is a free access tool on the Intellectual Assets Centre Web site. **The value release technique is based around the use of intellectual assets and creating value from knowledge, as such the Intellectual Asset centre is in an ideal position to carry on development work in this area and it is now using the technique in software sector pilots.**

INNOVATION POLICY

Describe how the learning from the pilot project will be used to influence future innovation policy in Scotland.
The creation and exploitation of knowledge is a key aspect of innovation policy. **Though this project was exploring a technique, the understanding of the issues particularly around the need for deep technical market knowledge will be useful in advising future policy development.**

INNOVATION PRACTICE

Describe how the learning from the pilot project will be used to influence future innovation practice and delivery in Scotland.
The output of the project is being taken forward within the Intellectual asset centre. Click and register here : http://www.ia-centre.org.uk/

COMMUNICATION & DISSEMINATION

Describe how the learning from the pilot project will be communicated and disseminated within your own organisation, to other organisations in Scotland and elsewhere in Europe.
There has been a number of dissemination events including the IA international congress, and the work of the IA centre is communicated widely in Europe.

PRIVATE SECTOR

Describe how the private sector was engaged during delivery and how they have responded to the new approach or mechanism delivered through the pilot project.
The private sector were involved in a number of ways: • **The pilot companies** • **the world leading consultancies in this area** • **the use of a major Scottish accountancy firm in managing the project** • **Consultation with the financial community.**

OUTPUTS & RESULTS

Describe the main qualitative outputs and results from the pilot project.	
Better understanding of two leading techniques and their applicability to Small companies. **Better understanding of the criteria for acceptance of new techniques within the business community** **Insight into the key challenge in acquiring accurate technical market knowledge.**	
Please complete all the quantitative outputs and results relevant to your project in the list below. Please also add any others that are relevant to your project but not listed.	
OUTPUTS	**Total**
No. of SMEs assisted by the project.	**3**
No. of new innovative mechanisms and approaches introduced by the project	**2**
No. of new links made between SMEs and universities / the research base as a result of the project	**2**
Other	
RESULTS	
No. of new processes developed	**2**
No. of new products developed	**1**
No. of SMEs with active plans[1] in place to manage and exploit their intellectual assets	
No. of SMEs with active plans in place to develop longer term relationships with universities / the research base	
No. of SMEs with active plans in place to create new markets from their innovation / take their innovation to market	
No. of instances of actual knowledge / technology transfer from universities / research base to SMEs (e.g. spin outs, licence agreements, technical co-operation, etc)	
Other	

[1] Please note that the project applicant will be required to record the number of active plans in place with companies using a method suitable for the project concerned.