The Platinum Lynx Company LLC

Commodities as a New Way to Value Intellectual Property Assets

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This newsletter addresses the topic of commodities, their future and current market pricing, the dynamics of need vs. supply, and valuing intellectual property.

Commodities, similar to stocks or bonds, can include both tangible and intangible assets. Coca~cola has a stock value, and the glass that all its bottles are manufactured from are a tangible commodity, with a market value. But the future value of recycled, or crushed glass, that is then formulated into new Coca~cola bottles, could be considered an intangible commodity. We do not yet know the value - or cost - to bring it to market, for example 75 years from now.

When thinking of the commodities market, one could research the present or future values of produced goods on the market - - such as refined oil, corn, silver, lumber, rubber or textiles. The market sets the price, or “bid/ask”.

Assuming that all the commodities that were being researched for a particular project were actively available, and did not have to wait to be developed or designed for larger market use (i.e., hybrid coil wires for solar panel upgrades), we could then analyze: 1. the cost to bring the commodity to market, and 2. the cost to purchase the commodity - in this case, hybrid coil wires.

If the needed commodities were available in present time, the next step would be to measure the risk of the investment. Risk factors could include such items as:
capital needed to implement project development, the anticipated timeline of the project, various testing phases, specialized labor/personnel needed for the project, and protective measures for the project, to ensure it does not ‘walk out the door’ to a competing company or designer. Once those factors have been measured, the Company owners could then decide whether to invest, or whether they would decline to invest.

If an investment decision is made, then the readily available commodity in the market for that needed resource could be affected by the supply/demand pricing model. Opening up the commodity markets to larger pools of a wider selection of resources would help developers and company designers both. Inventors would also have better access to capital, as project goals become aligned.

Company owners could also think of “commodities” as the larger scale of assets within their own corporate structure. For example, the information flows that your company has, and manages, could be thought of as a commodity. The specialized marketplace in which it operates could be thought of as a commodity. The agricultural soil on a farm could be thought of as a commodity, if it is tilled, hydrated and fertilized properly.

Capital assets and commodities can be closely aligned. The manner in which a company produces, sells and prices its unique water filtration systems or water recapture programs can be thought of as a highly valuable commodity, especially if the market demand is strong and, there are not very many competing businesses. Its design method, and marketing materials, then become its protected intellectual property and part of its asset structure, and includes such things as grants, patents, licenses, brands and trademarks.

The name ‘commodities’ used to make one think of many types of one thing, that could be construed as flooding a market.   For example, “There were so many ceramic wholesalers at the trade show we went to, that after seeing over 100 vendors, we decided they were all selling more or less the same thing, at the same price, and left.”

“...You don’t want to be a commodity in today’s age,” was also a term that many of us heard in highschool, as Generation X’ers. In came the Internet, and mobile telephones, and everything changed vastly.

When asked to review a company’s finance, accounting and risk management structures, there has never been an identical set of internal management assets.

A companies’ own intellectual property, unique and highly valuable, is therefore its own tools and practices. When business owners realize this, they can then take appropriate steps to safeguard their larger range of commodities and assets, and compete more effectively in the open market.