



SYMPOSIUM INTERNATIONAL

Évaluation et valorisation des actifs immatériels

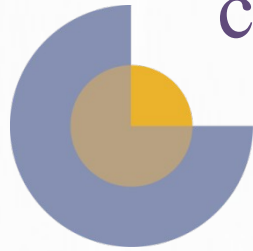
6 et 7 octobre 2011 - Paris



ORGANISATEURS

PARTENAIRES

Les immatériels : facteurs clés de croissance



- Alistair NOLAN, OCDE, Directeur du programme
- « New sources of growth : intangible assets »



New Sources of Growth – Intangible Assets

Alistair Nolan

OECD, Directorate for Science Technology and
Industry

International Symposium

Ministry of Economy and Finances

Paris, October 6th 2011

Presentation Overview

- Context : why analyse intangible assets ?
- Issues the OECD will address.

Background

- Recent economic analyses focus on 3 types of intangible asset:
 - Computerised information (software, data);
 - Innovative property (patents, copyrights, trademarks, designs, etc).
 - Economic competencies (brand equity, firm-specific human capital, business networks, organisational know-how that increases enterprise efficiency, etc).

Project context : why analyse intangibles?

A relatively recent body of research, beginning with Nakamura (2001), and spurred in particular by Corrado, Hulten and Sichel (2005) has:

- Sought to quantify business spending on intangibles, and to place these expenditures in a growth accounting framework - treating them as *investments* rather than spending on intermediates.

Project context : why analyse intangibles?

A relatively recent body of research, beginning with Nakamura (2001), and spurred in particular by Corrado, Hulten and Sichel (2005) has:

Sought to quantify business spending on intangibles, and to place expenditures in a growth accounting framework - treating them as capital rather than spending on intermediates.

By accounting convention, if an acquired good contributes to production longer than the taxable year, the cost of the good is capitalised.

Corporate and national income accounting have historically treated intangible inputs as an intermediate and not as capital.

Project context : why analyse intangible assets?

Recent analyses focus on 3 types of intangible asset

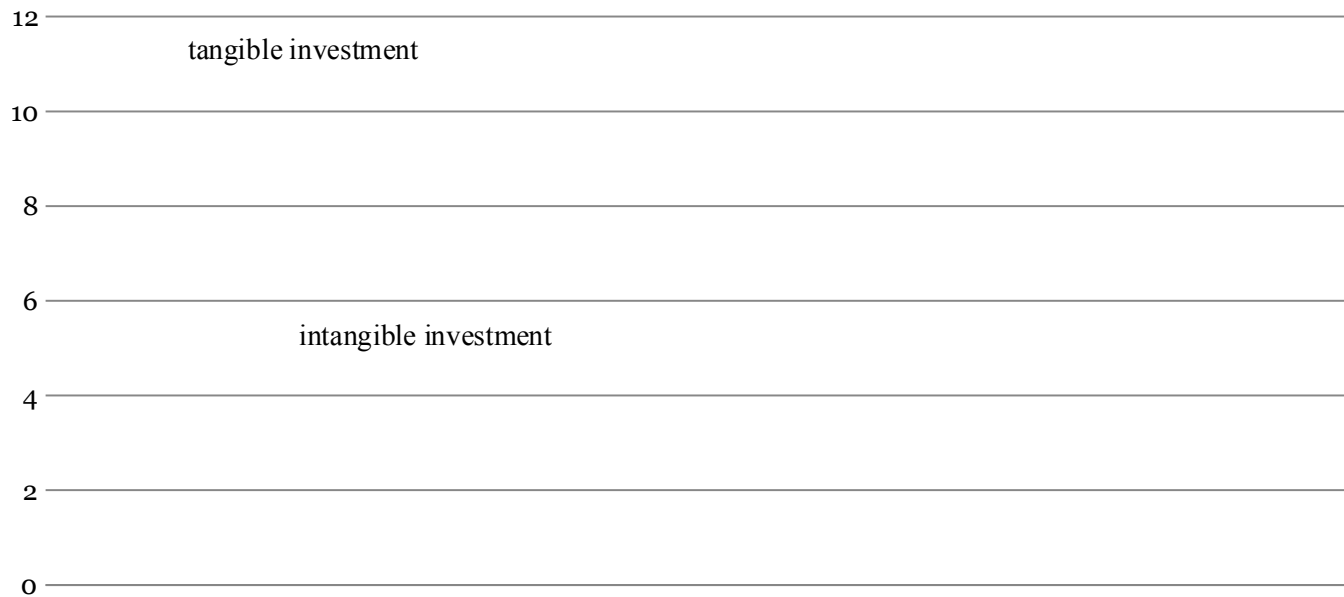
Asset type	Current status in national accounts
Computerised information (software; databases)	Software is capitalised
Innovative property (patents, copyrights, trademarks, designs, etc)	R&D - on the way to being capitalised; Mineral exploration; Entertainment, literary or artistic originals.
Economic competencies (brand equity, firm-specific human capital, business networks, organisational know-how that increases enterprise efficiency, etc)	No items recognised as assets.

Project context : why analyse intangible assets?

Recent analyses focus on 3 types of intangible asset

Asset type	Current status in national accounts
Computerised information (software; databases)	Software is capitalised
Innovation (copyrights; patents; etc)	R&D is capitalised
Economic relationships (brand; human capital; network; how the firm operates; efficiency)	Not capitalised

Rising U.S. non-farm business investment in intangible assets (% output)



Why this increased business investment in intangibles ?

Rising educational attainment in OECD economies.

Many products becoming more knowledge intensive.

With globalisation and deregulation, competitive advantage increasingly driven by innovation....in turn driven by investments in intangibles.

Fragmentation of value chains – and increasing sophistication of production in many industries – increase the importance of intangibles, particularly organisational capital.

New ICTs may itself increase the value of some intangibles to firms.

Growth of the services sector, as many service sector firms rely highly on the use of intangibles.

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With globalisation and deregulation, competition increasingly driven by innovation

Fragmentation of production in many countries, particularly in emerging economies

New IT

Growth of intangible assets on the use of intangibles

Automotive manufacturers view leadership in control software as vital



Chevrolet Volt has 10,000,000 lines of code.

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Fragmentation of value chains – and increasing sophistication of production in many industries – increase the importance of organisational capital.

New ICTs may itself increase the value of

E.g. patentable technology is only about 25% of the value of the iPhone (Korkeamäki and Takalo (2010))

Growth of the services sector, as many services are use of intangibles.

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New ICTs may itself increase the importance of intangibles.

Growth of the services sector increases the use of intangibles.

E.g. Wal-Mart's computerised supply chains; Merck's multiple R&D alliances; 100s of subcontractors in aerospace.

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Fragmentation of value chains increasing sophistication of production in many industries – increasing importance of intangibles, particularly organisational capital.

New ICTs may itself increase the use of intangibles to firms.

Growth of the services sector increasing use of intangibles.

99% of the time, at least one Internet bookseller offers a lower price than Amazon ! But Amazon retains a large market share due to reputation for customer service.

(Brynjolfsson and Smith, 2000).

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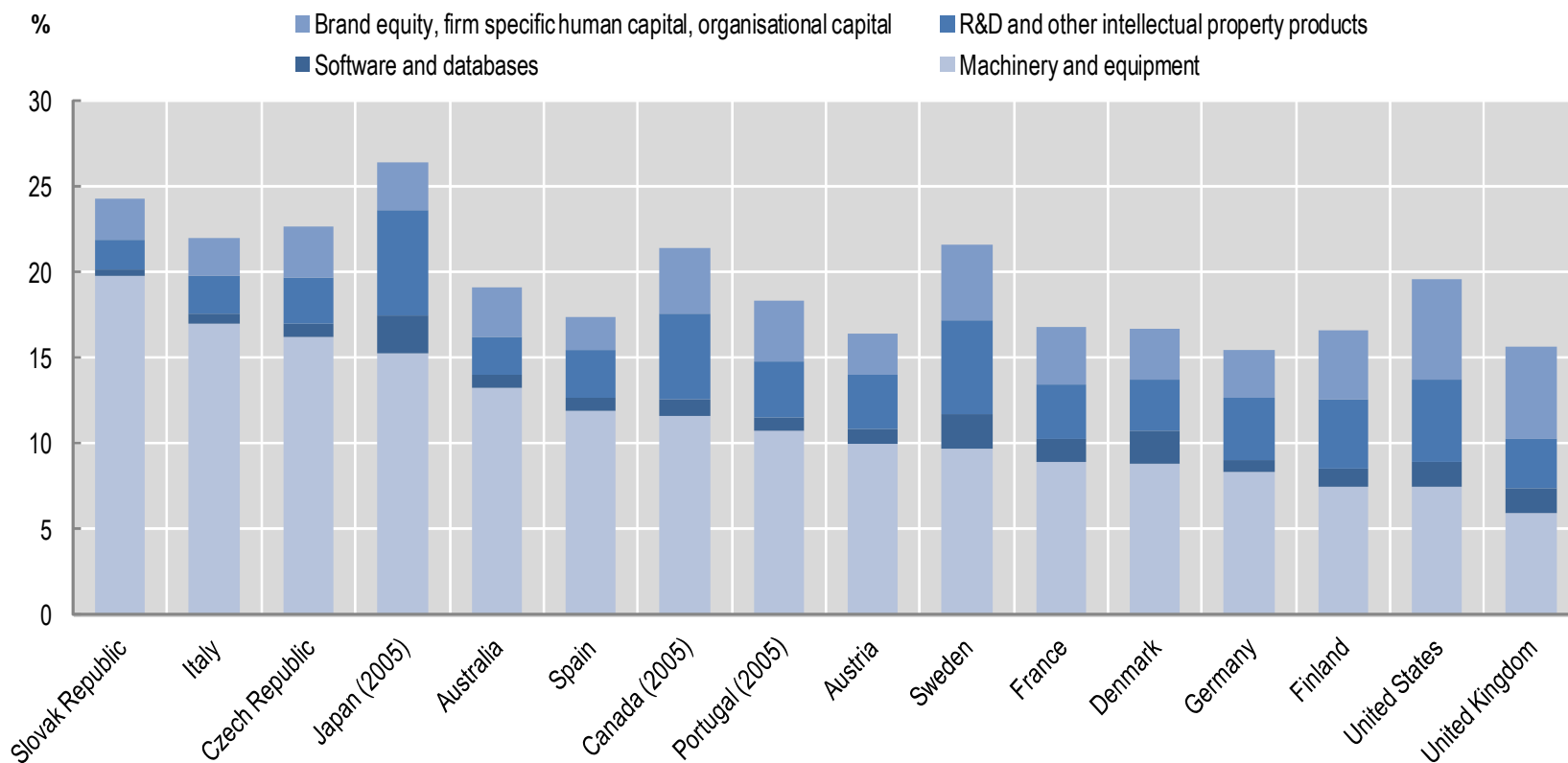
Fragmentation of value chains – and increasing sophistication of production in many industries – increase the importance of intangibles, particularly organisational capital.

New ICTs may itself increase the value of some intangibles to firms.

Growth of the services sector, as many service sector firms rely highly on the use of intangibles.

In some countries business investment in intangibles exceeds that in machinery, equipment and buildings

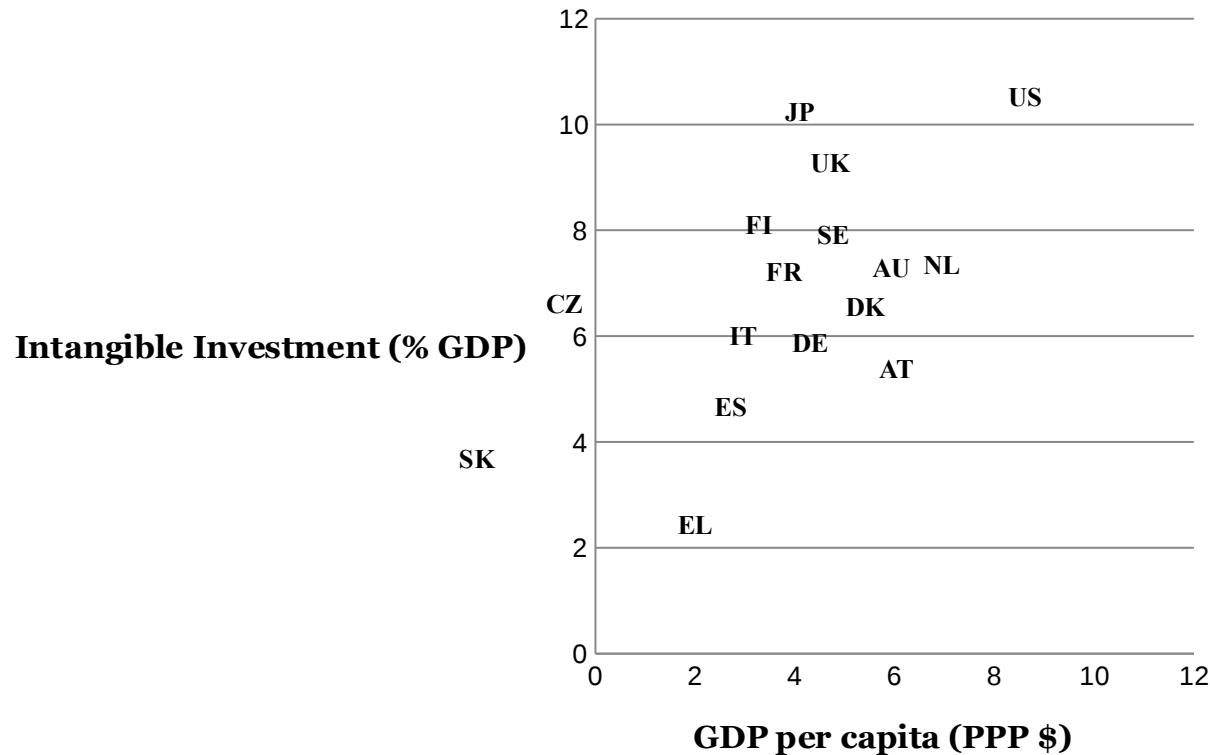
Investment in tangible and intangible assets as a share of GDP (2006)



Source: National estimates – see OECD *Innovation Strategy* (2010).

Big differences across countries in share of investment in intangibles - positively correlated with income per capita

Intangible Investment and GDP per Capita (2001-04)



Included in national accounts, intangibles can significantly change the observed scale and sources of growth

- Corrado and Hulten (2010) – by omitting intangibles, in 2007 USD 4.1 trillion excluded from published national accounts data.
- BEA (2010) estimates GDP in the United States would have been, on average, 2.7 per cent higher between 1998 and 2007 if R&D was treated as investment in NIPA.
- Labour productivity growth increases – through capital deepening - and a lower contribution to growth from increases in multi-factor productivity.

Issues the OECD is addressing

Measurement

Taxation

Data

Corporate Reporting

Competition

Knowledge networks
and markets

Global value
chains

2. Issues the NSG Project will address

Measurement

Taxation

Data

Corporate Reporting

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-Critically review the methods for measuring flows and stocks of intangibles.

-Work to develop measurement guidelines for selected intangibles at firm level.

-Review and produce new evidence on the contribution of intangibles to firm, sectoral and aggregate performance.

2. Issues the NSG Project will address

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-Better assess the tax burden on knowledge capital, factoring in the effects of tax policy and MNE tax strategies.

-Examine policy for encouraging investment while also taxing returns on mobile intangibles.

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“Big-data”: a new frontier for innovation and productivity.

Personal data is now heavily processed, analysed, shared and transferred across the globe and around the clock.

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Review progress in reforms to corporate reporting of intangibles since OECD's most recent work in this area (2008);

Outline prospects for further reform and how progress might best be realised.

2. Issues the NSG Project will address

Measurement

Taxation

Data

Corporate Reporting

Competition in the digital economy

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Measurement

Taxation

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Knowledge networks

Global value
chains

Which policies best facilitate the circulation (sharing, trading or joint production) and exchange of knowledge among independent parties ?

2. Issues the NSG Project will address

Measurement

Taxation

Data

Corporate Reporting

Competition

Knowledge

STI/SPD

iPod, 'made in China', but most of the value accrues to retail/distribution service providers in the US and Apple, based on innovations in design, marketing and supply-chain management.

"Our clothes are Italian, French and German, so the profits are all leaving China...We need to create brands, and fast".

SG, China Industrial Overseas
Development and Planning Assoc.

Upcoming events + project outputs

- Policy-oriented conference in the autumn 2012.

Reports on:

- Measurement of intangibles and their effects on economic growth.
- Improving tax policy for intangible assets.
- Progress in reforming corporate reporting of intangible assets.
- The role of intangible assets in global value chains.
- Developing knowledge networks and markets (KNMs).
- The creation of economic value from new forms of data.
- Synthesis report, with prioritized recommendations for government.

Further information

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