



Leveraging Nissan's Brand and Technology Wisely

Two profound structural changes, one external and one internal, convinced us to establish the Intellectual Asset Management office in 2004. The external change is the continuing globalization of markets, coupled with much freer access to human, financial and R&D resources. The internal change is that Nissan is no longer restructuring or recovering, and is ready for the next phase: pursuing sustainable, profitable growth. We now have the resources to do virtually anything if we are properly prepared.

The global market has become flatter. Before, every nation's marketplace had its own quirks and barriers, and a government could largely dictate how business was conducted. This made it difficult for corporations to use a universal corporate strategy.

Now, though, it's a different game. Tariffs and other national barriers are falling, and resources of all kinds are far easier to find and use. For example, governments once closely guarded their national universities, laboratories and research institutions. We were not allowed to work together. Now governments and institutions have changed their strategies and are actively seeking partnerships. This has fundamentally altered the complexion of global competition, and how we use these newly available resources will be the key to winning that competition.

The internal change, of course, is that Nissan has successfully completed the recovery phase. Two three-year restructuring plans significantly improved our fundamentals and gave us the best profitability among the global auto companies.

Our current business plan, Nissan Value-Up, has changed the equation again. Before starting Value-Up, we discussed our goals and the nature of future

competition. We examined everything, including R&D, marketing, sales and customer satisfaction, from a global perspective.

Nissan has long been regarded as technologically advanced and undoubtedly had assets not yet fully exploited. During our discussions, I noted that we might have missed some opportunities and revenue by failing to clearly identify and leverage these technological assets. The CEO and Executive Committee agreed, and in 2004 we established the IAM office to address the issue.

The IAM has three management areas: objective, proactive and reactive. Our overall mission is to objectively evaluate our patents, processes, technological know-how and brand, develop and protect these assets, and sell or license them, mostly to companies outside the auto industry. We are committed to becoming a new source of revenue and profit.

Our IAM activities start with an objective analysis of our assets. We assess not only the value of our patents and technological assets but potential threats and opportunities related to them. To do this, however, we need tools, especially for measuring how our technology stacks up against that of our competitors.

As part of this effort, we categorized 134 technology areas to figure out our relative strengths and weaknesses in the auto business. We identified ten in which we are particularly strong. We collaborate with the people at the Nissan Research Center, Nissan Advanced Technical Center, and Nissan Technical Center. They pay close attention to our analyses now, factor in our views when they make their programs, and even ask us for help with analysis.

In the second area, proactive management, we are trying to generate revenue and profits. We have two ways of spotting potential partners and licensees for a particular technology. One is that patent applicants must show what similar inventions they have checked, including the critical differences between their invention and those that came before. We can also check who cited our own patents. Both make it much easier to start a dialogue.

We have already successfully negotiated licensing agreements with companies to use Nissan technologies. One example is our diamond-like carbon coating technology (super low friction technology), which has attracted the interest of global firms both in and outside the automotive sector.

A welcome byproduct is that our researchers are now highly motivated to pursue new technological innovations. Prior to this, they seldom received positive feedback, unless their inventions were implemented on particular vehicles or products. Patents also demonstrate our strength to R&D people in other companies.

Merchandising is another way to leverage Nissan's assets. Toys and games are examples. Another possibility is a management game for business school students. We used to just say yes to requests about using our cars in race games, without negotiating or considering our brand's value. Now that Nissan's brand is highly ranked, however, we need to negotiate harder on merchandising rights.

Renault is far ahead of us in merchandising. They even have a merchandising office. We're actually very complementary, because Renault also has greater skills in interior and exterior design, whereas Nissan has the advantage in technology. It is a fine example of the synergy we expect from our alliance.

In the third area, reactive management, protecting our IP is vital. Counterfeit products are rampant in Asia, and IP is constantly being targeted in China. Counterfeiters copy parts of a Nissan vehicle and a competitor's model and call it a completely new design. Duplicating components like brake pads is more problematic—copies are often sold at the same store alongside genuine parts at a tenth of the price.

We have to fight such activities constantly, finding out who did the copying and going after them. This is expensive but essential. As a result of our activities, in 2005 China's State Administration for Industry and Commerce officially recognized Nissan as a famous trademark. Only well-known brands with a high reputation in China are awarded this status, including just two from Japan, Nissan and YKK. This honor represents an important milestone in Nissan's brand-building efforts in China.

What distinguishes Nissan's IAM activities is that we are objective and proactive, and one of the few companies with a consistent, organized strategy toward intellectual property. Of course, we are not satisfied with our current performance. In fact, our benchmarks are U.S. and European companies, especially IT-related firms, because they have more experience in this area. We are currently collaborating with IBM, GE and Siemens to further develop our IAM activities.

Improving the infrastructure surrounding intellectual asset management is vital to marketing our technology. Fortunately, that is happening, and we appear to be at the forefront of the economy, which is increasingly driven by intangible assets. Our office is still new, however, and we must work harder to properly present the many assets Nissan has to offer.