

ARCHIMEDES' OFFSPRING



Sponsoring Direct Investments in Thoroughly-Vetted, High-Quality Inventions

Welcome

Archimedes' Offspring: Re-Inventing Inventing

**Creating the Next Boom in U.S. Innovation
Using Investment Funds Instead of Startups**

Going "From Mind to Market" Directly Without Detours

Problem

- **U.S. Innovation is Stagnant**

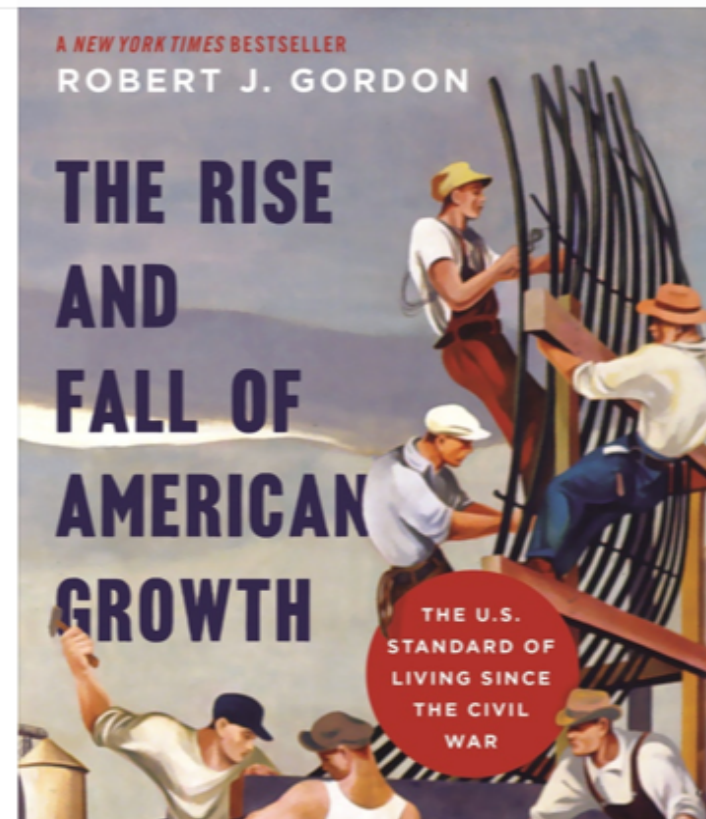


Economics & Finance

The Rise and Fall of
American Growth: *The U.S.
Standard of Living since the
Civil War*

Robert J. Gordon

How America's high standard of living came to
be and why future growth is under threat



Problem

- **U.S. Innovation is Stagnant**

In the century after the end of the Civil War, an economic revolution improved the American standard of living in ways previously unimaginable. Electric lighting, indoor plumbing, motor vehicles, air travel, and television transformed households and workplaces. But, that era of unprecedented growth ended 50 years ago.

When you compare the rate of innovation over the past 50 years (e.g., Uber, Facebook, Amazon, etc.), fueled by venture capital and other forms of private equity, against the life-altering scale of innovations between 1870 and 1970, it becomes abundantly clear that innovation in the U.S. has slowed to a crawl and, despite the advent and unprecedented growth of venture capital, that "golden century" of American innovation is not likely to be repeated unless we can find new ways to tap "hidden" innovation; that innovation which, as it always has in the past, lies dormant in the minds of the ordinary American citizen.

Problem

- **U.S. Innovation is Stagnant**

Venture capital and the “VC-funded startup model” is not the answer

Problem

In addition, the “VC-funded startup model” has hurt

- **Retail Investors**: By diverting capital away from the public markets, venture capital has been instrumental in denying to the general public early-stage access to innovation.
- **Independent Inventors**: Because the independent inventor often works alone, in solitude, and not with a team of others including business developers with “domain expertise”, it’s hurt the independent inventor as well.

Solution



ARCHIMEDES' OFFSPRING™

A two-sided market/web-based business where:

- ordinary, retail investors invest directly (not through startups) in partial ownership of thoroughly-vetted, high-quality inventions; and
- independent inventors secure the funding and professional help necessary to successfully commercialize their inventions

**SECURE
FUNDING**
for worthwhile
inventions

**DEVELOP
INVENTION**
with expert help

**MARKET
INVENTION**
ensure market
penetration

**PROVIDE
SUPERIOR
RETURNS**
to inventors and
investors alike

Who or What is Archimedes' Offspring?



It's an unincorporated "umbrella" sponsorship program for investments in inventions, not startups

Market Validation

WIKIPEDIA
The Free Encyclopedia

Main page
Contents
Featured content
Current events
Random article
Donate to Wikipedia
Wikipedia store

Interaction
Help
About Wikipedia
Community portal
Recent changes
Contact page

Tools
What links here
Related changes
Upload file
Special pages
Page information
Wikidata item

Languages 

Intellectual Ventures

Intellectual Ventures is an American private company that centers on the development and licensing of intellectual property. Intellectual Ventures is one of the top-five owners of U.S. patents, as of 2011.^[1] ^[verification needed] Its business model has a focus on buying patents and aggregating them into a large [patent portfolio](#) and licensing these patents to third parties.

Overview

In 2000, Intellectual Ventures was founded as a private partnership by [Nathan Myhrvold](#) and [Edward Jung](#) of [Microsoft](#), later joined by co-founders [Peter Detkin](#) of [Intel](#), and [Gregory Gorder](#) of [Perkins Cole](#). The Intellectual Ventures Management Company is owned 40% [Nathan Myhrvold](#), 20% [Peter Detkin](#), 20% [Gregory Gorder](#) and 20% [Edward Jung](#). They reportedly have raised over \$5.5 billion from many large companies including [Microsoft](#), [Intel](#), [Sony](#), [Nokia](#), [Apple](#), [Google](#), [Yahoo](#), [American Express](#), [Adobe](#), [SAP](#), [Nvidia](#), and [eBay](#), plus investment firms such as [Stanford](#), [Hewlett Foundation](#), [Mayo Clinic](#), and [Charles River Ventures](#).^[2] In December 2013, the firm released a list of approximately 33,000 of the nearly 40,000 assets in their monetization program.^{[3][4]} Licenses to patents are obtained through investment and [royalties](#).^[5] In March 2009, the firm announced expansion into China, India, Japan, Korea and Singapore to build partnerships with scientists and institutions in Asia.

 Notable than uncommen?...

Investment funds


The company operates three primary investment funds:^[6]

- Invention Investment Fund (IIF), purchasing existing inventions and licensing them
- Invention Development Fund (IDF), partnering chiefly with research institutions to file descriptions of new inventions
- Investment Science Fund (ISF), focused on internally developed inventions

Intellectual Ventures Management, LLC



INTELLECTUAL VENTURES[®]	
Type	Privately held company
Industry	Patent monetization
Founder	Nathan Myhrvold Edward Jung Peter Detkin Gregory Gorder
Headquarters	Bellevue, Washington, United States
Number of locations	10
Number of employees	800
Website	www.intellectualventures.com 

intellectual ventures - Google Search



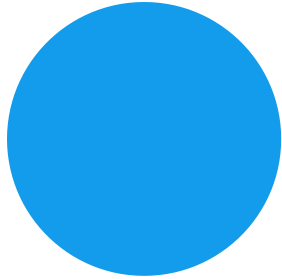
[Boston Home](#) [Boston Events](#) [Archives](#) [Xconomists](#) [X Lists](#) [VC / M&A Deals](#)

From Charles River VC, a \$300M Investor in Intellectual Ventures, Says Patents Are Huge Market, Not a "Dirty World":

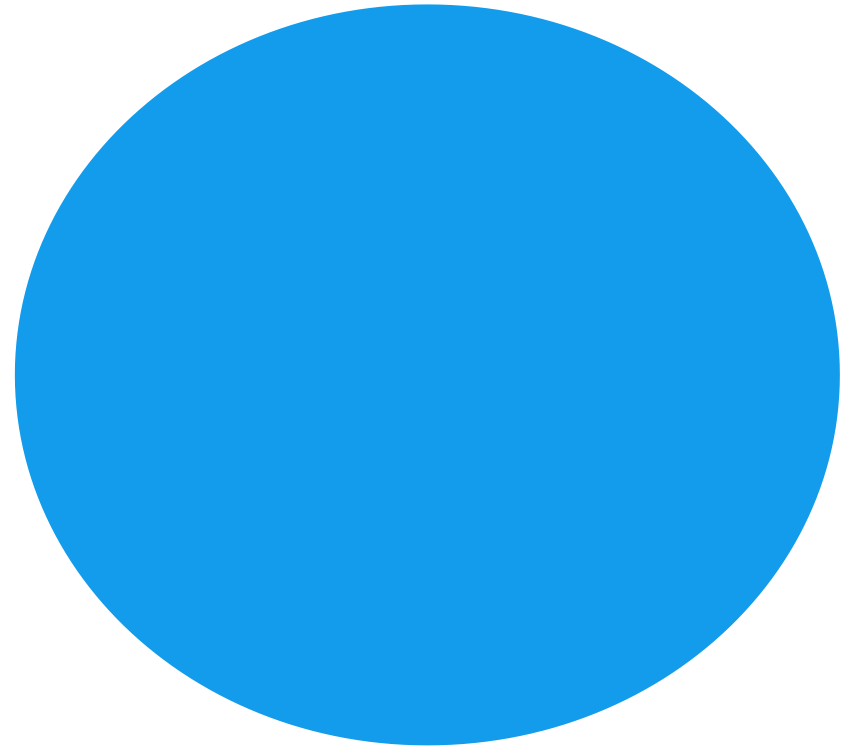



Intellectual Ventures and Charles River Ventures—Bellevue, WA-based Intellectual Ventures and its main VC investor, Boston- and San Francisco-area-based Charles River Ventures

Market Size - Inventors



1.5 Million
currently-active
independent inventors



11+ Million
currently-inactive
“would-be” inventors”

Market Size - Investors

The Retail Investment Market

“The Retail Investment in the United States is huge”.

Over 50 million households are retail investors of some kind and over 50% of households have savings accounts or investment plans like 401(k)s. And while Americans gravitated to savings accounts and passive investing in the aftermath of the 2008 financial crisis, the number of households owning stocks is rising again.”

Product

Intellectual Property

Copyrights

{drawings
music
paintings
written works
sculptures,
just to name
a few}

Trade Secrets

{emails,
formulas,
processes,
recipes,
just to name
a few}

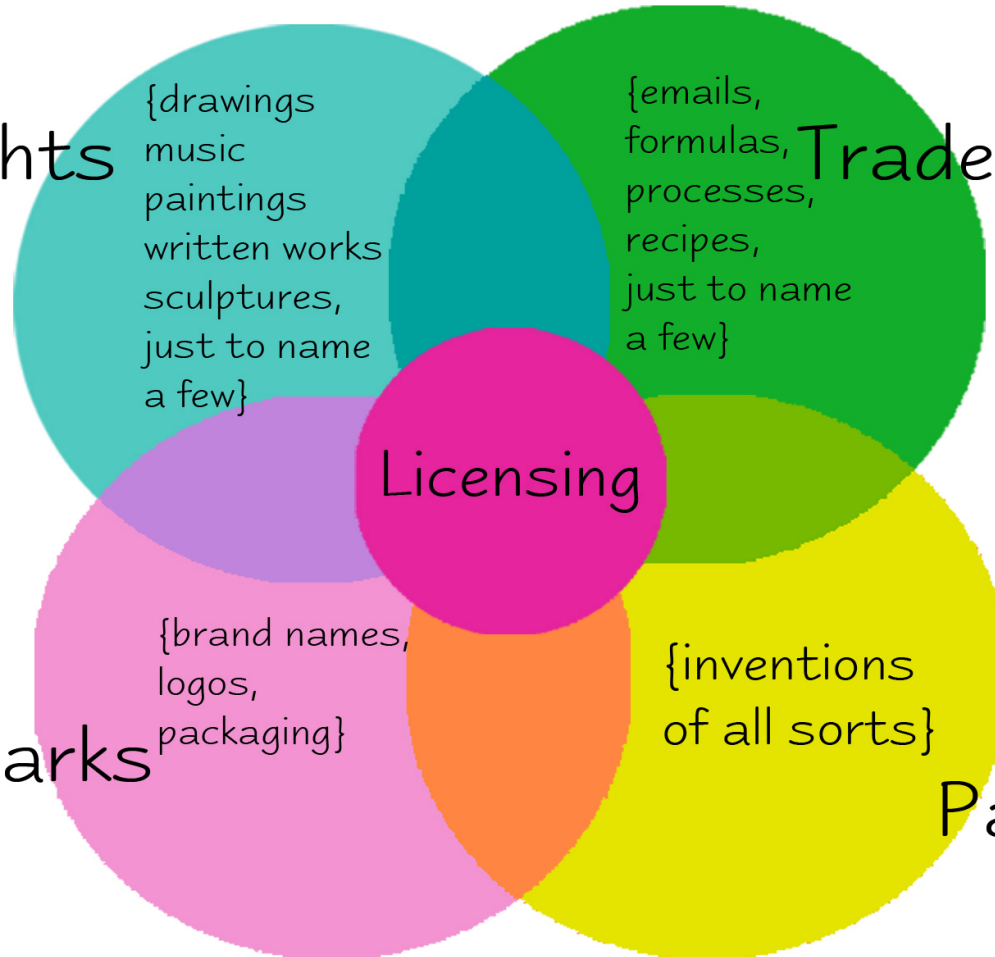
Licensing

Trademarks

{brand names,
logos,
packaging}

{inventions
of all sorts}

Patents



Business Model - Overview

ARCHIMEDES' OFFSPRING

AOS Management LLC

Two Operating Divisions:

- **Inventor-Facing Division**
 - Rita Z. Crompton, Pres. & CEO
 - Staff
 - VP, Inventor Marketing
 - Dir. Social Media / PR
- **Investor-Facing Division**
 - R.P. Burrasca, Exec. VP & COO
 - Staff
 - VP, Legal Counsel
 - VP, Finance / CFO
 - Controller
 - Treasurer
 - VP, Investor Marketing
- **External Vetting Committees**

"Families" of Funds (Each Fund a "C" Corp.)

Six "Families" Initially

- The Da Vinci Family
- The Henry Family
- The Volta Family
- The Pasteur Family
- The Babbage Family
- The Donovan Family
- **Someday ?: The Tesla Family???**
- **[The Doubleday Family??]**
- **Etc.**

Individual Offerings (Inside Families)

E.g.

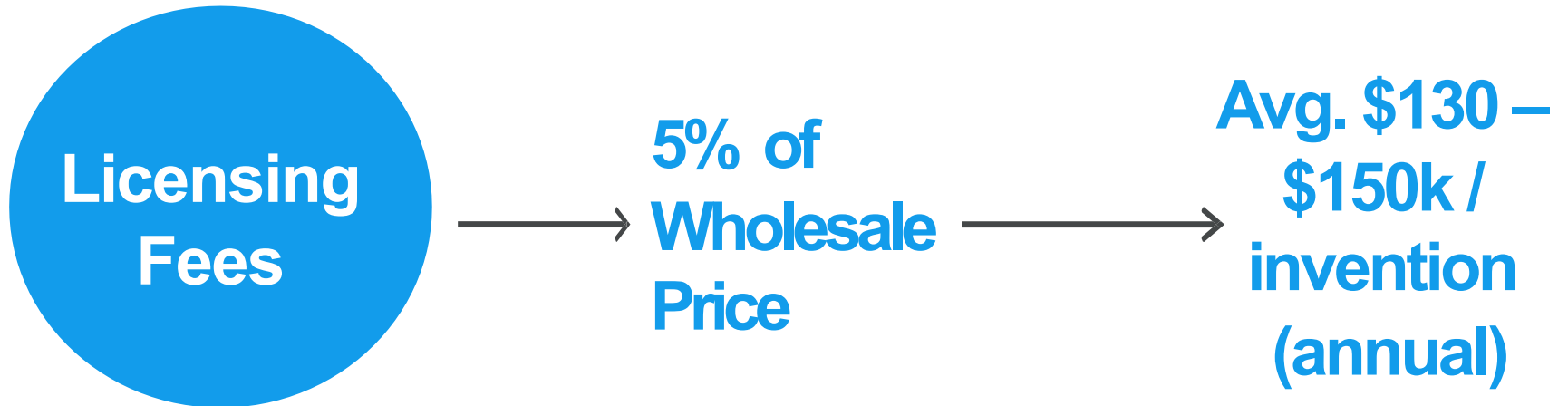
- Da Vinci Offering I
- Da Vinci Offering II
- Da Vinci Offering III
-
- Henry Offering I
- Henry Offering II
- Henry Offering III

Business Model - Purpose

- **To make direct investments in the partial ownership of intellectual property**
 - **Minimum partial ownership = 10%**
 - **Maximum partial ownership = 49%**
- **Maximum investment per invention = \$75,000, distributed in three separate tranches**
- **Actual funding of additional tranches (beyond first tranche) dependent on meeting development and commercialization milestones**

Business Model - Exits

Possible Exits: Option One



Business Model - Exits

Possible Exits: Option Two



**Avg. Sale Price of
Highly Desirable IP -
> \$300k (median >
\$200k)**

Business Model - Exits

Possible Exits: Option Three

Bridge loans for
exceptional
inventions needing
money to
accomplish final
stages

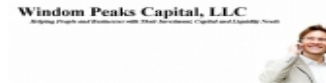
→ Avg. Rate - $\geq 15\%$ / yr.

Business Model - Exits

Possible Exits: Option Four



Market Adoption by Inventors (Proof)



Patent Pro Bono Program



Market Adoption by Investors (Proof)

intellectual ventures - Google Search

Intellectu

Xconomy

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From Charles River VC, a \$300M Investor in Intellectual Ventures, Says Patents Are Huge Market, Not a “Dirty World”:

INTELLECTUAL VENTURES®



CHARLES RIVER
VENTURES

Intellectual Ventures and Charles River Ventures—Bellevue, WA-based Intellectual Ventures and its main VC investor, Boston- and San Francisco-area-based Charles River Ventures

Competition



Quirky

**INVENTION
THRIVES
HERE**

Competitive Advantages

Deep inventing industry experience (and rolodex's) possessed by AOS personnel and AOS outside industry vetting committees

Virtually unlimited inventor pool (> 10 million potential independent inventors)

Virtually unlimited investor pool (> 50 million U.S. retail investor households)

Modest maximum investment per invention (little danger of chasing bad investments with new money)

Given the size of the independent inventor community, far greater diversification of investment risk is possible

Very modest and below market compensation for managers responsible for management of the business

The “Ask” and Use of Proceeds

PLANNED CAPITALIZATION – DESIRED FUNDING – USE OF PROCEEDS

The Company is asking \$1,070,000 in its first round of outside financing, in the form of 200,000 shares of Series A Preferred Stock priced at \$5.35 per share, to fund (i) the creation of databases and dashboards for both sides, i.e., inventors and investors, of its two-sided business, (ii) to provide first level, i.e. first tranche, financing of the first round of twelve (12) highly-vetted inventions, (iii) the modest costs of bringing on second level, i.e., below C-Level, staff, and (iv) non-compensation operating expenses for the first six months after funding closes.

Use of Proceeds (first six months of operation after closing of offering)

GROSS OFFERING	\$1,070,000
LESS ESTIMATED OFFERING EXPENSES	3,000
NET PROCEEDS	<u>1,067,000</u>

PLANNED USES

CAPITAL EXPENDITURES

Computer equipment	100,000
Purchased / custom-designed software to create client databases and dashboard	250,000
TOTAL PROCEEDS USED FOR CAPITAL EXPENDITURES	<u>350,000</u>

INVESTMENTS IN VETTED INVENTIONS

Aggregate amount invested in first round of vetted inventions ..	<u>400,000</u>
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WORKING CAPITAL

Staff compensation	136,000
Occupancy	6,000
Professional services	31,000
Travel	6,000
Reserve	138,000
Total proceeds for working capital and reserve	<u>317,000</u>
TOTAL USES	\$1,070,000

Pro Forma Projections (P&L)

<i>Pro Forma Profit and Loss</i>	2020	2021	2022	2023	2024
Revenues	\$0	\$350,000	\$2,000,000	\$5,000,000	\$10,000,000
Gross Margin	\$0	\$275,000	\$1,121,250	\$2,693,500	\$6,908,350
Gross Margin %	0.00%	78.57%	56.06%	53.87%	69.08%
EBITDA (<i>Profit Before Interest and Taxes</i>)	\$0	(\$22,000)	\$215,250	\$1,365,000	\$5,252,350
Net Profit	(\$3,000)	(\$25,000)	\$148,575	\$953,400	\$3,674,545