

Invention Summary & Presentation

Pyramid Chess Board

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Product Overview

Product Description

Following is a physical description of the ***Pyramid Chess Board***, designed to properly characterize the working functions of the product as well as define its physical appearance. Based on the inventor's description and any pertinent additional information obtained, typical use of the product, its basic design and production materials are considered. Overall production considerations are also discussed.

The ***Pyramid Chess Board*** is an innovative concept that is designed as a modified chess board in the shape of a pyramid, heightening the challenge of a chess game. The product can be constructed of durable materials consisting of wood, plastic, glass or acrylic, allowing the board to be utilized for a prolonged period of time.

As described by the inventor, the ***Pyramid Chess Board*** is approximately 16" x 16" x 6" in the shape of a pyramid. The game is unique because the game is played on four tiers. The product features clear and smoked squares or various colors to complement any

personal preference or décor. As further described, the product's design will make a chess game more interesting and fun to play than traditional chess games currently found on the market.

Please see the Digital Rendition for the ***Pyramid Chess Board*** for a visual of all of its features.

As described, the design parameters for the ***Pyramid Chess Board*** should likely be open to current production processes and tooling. Any materials specified by the inventor are commonly available on the commercial level. Any concerns that may arise during the development of the ***Pyramid Chess Board*** would likely be amenable to resolution through industry-standard product testing and refinement. Whether it would ultimately be feasible to do so from an economic standpoint is a question to be decided by the potential manufacturer and/or licensee. Sometimes, this decision takes place after additional studies are conducted that go beyond the scope of this Invention Summary & Presentation.

Given the previous description of how the ***Pyramid Chess Board*** would function and taking into consideration the questions facing

further development of the proposed product, a production version of this item could potentially be developed to perform generally as the inventor states. Detailed diagrams and technical specifications remain to be drawn. Nonetheless, we believe that we have a clear idea of the inventor's intent and goals in submitting this design. Please note the digital rendition following this section for a more complete representation of the invention.

Product Benefits and Advantages

In assessing the future acceptance of a new product, its popularity and utilitarian uses, a conscientious review of the existing need or market for an innovation must be undertaken.

- What benefits could be obtained through consumer application of this product?
- What features make this product unique or better than existing products or methods?
- What specific target markets would stand to benefit from such solutions?

In the case of the ***Pyramid Chess Board***, the primary benefits provided by the product would include, but are not limited to, providing consumers with a more fun and interesting alternative to currently available chess boards.

The ***Pyramid Chess Board*** will offer chess players a new and innovative way to play the game.

The ***Pyramid Chess Board*** will be made from durable materials such as wood, acrylic, glass or plastic, ensuring that the board and chess pieces last for an extended period of time.

The product market for the ***Pyramid Chess Board*** would be adults, teenagers and children who love to play the game of chess.

Given the benefits and advantages described in this section, it seems that this invention satisfies existing needs of a significant group of consumers. In addition, its benefits and advantages should be clearly evident to potential consumers of this type of product.

Inventor Profile

Alonzo Glover is married with three daughters. He also has seven grandchildren and two great-grandchildren. He is currently retired. In his spare time he enjoys fishing, traveling, shooting pool, and playing dominos and chess.

Product History

Alonzo Glover thought of the ***Pyramid Chess Board*** in 1984. He designed a prototype, began utilizing it and found that it worked very effectively for him. Mr. Glover also patented his idea and has finally decided to pursue its further development through Innovation Direct.

Digital Rendition

The following rendition is a preliminary sketch highlighting the major components of the ***Pyramid Chess Board***.

Sketches and visual representations are among the best ways to explain the design and functional advantages of a product. A digital rendition is able to draw attention to the “visual claims” of an idea. From a layperson’s point of view, it also helps establish the unique features of an invention compared to any known similar products.

This digital rendition is merely a representation of the ***Pyramid Chess Board***. It is not meant to portray the final design specifications or rendering of the invention. Due to the multitude of factors that must be considered prior to launching a new product, manufacturers and their design team will ultimately determine final product design.

Sales & Advertising

Sales and Marketing Overview

Modern sales and marketing strategies have changed tremendously in recent years with the explosion of online distribution outlets and communication channels. We have found that establishing relationships with manufacturers through in-person, direct mail and email interactions is the most effective way to reach prospective product licensees, but the Internet is a direct and cost-effective way to reach potential customers. Bringing these two elements together in an effective sales and marketing campaign requires a comprehensive approach that combines the most effective combination of direct, traditional and online strategies.

Connecting with Manufacturers

Trade Shows

Trade shows are a proven method of presenting a new product to potential manufacturers. Manufacturers and retailers, retail buyers in particular, are brought together at trade shows, providing an excellent

promotional showcase for a new product idea. Product introduction is done efficiently and economically at a trade show, because many contacts can be made in a short time. There has been an upswing in business and industry representation at trade shows, because it is a cost-effective way of reaching multiple product developers at one time.

Representing our clients' inventions at trade shows is one of the primary channels we use to connect with potential manufacturers.

After representing our clients' inventions at hundreds of trade shows over the years, we have established relationships with manufacturers who seek us out to review ideas in their respective industries. They recognize Innovation Direct as a resource for new product ideas that eliminates the cost and resources to develop new ideas internally.

Direct Mail

Direct mail is another effective method of making contact with manufacturers in a particular industry. Since many small companies are not equipped with an in-house research and development department, working with independent inventors allows them to extend their current product lines or enter into new markets in a

timely and cost-effective manner. Facilitating the manufacturer's decision to license a product requires professional and attractive marketing collateral with enticing graphics, drawings and clearly communicated features and benefits.

Once these presentation materials are produced, the key to this approach is targeting companies that are receptive to new product ideas at the right time. An inventor may face a significant amount of rejection by companies that are either not interested in the concept or are not looking to add new products at a particular time. Being persistent and patient with the process is the only way to potentially reach a suitable manufacturing partner.

Email Outreach

Sending a product introduction via direct mail is an effective strategy to get your idea reviewed by a manufacturer; however, follow-up is often required in order to get a response. Calling a manufacturer's representative is one way to follow up, but email is typically preferable. The demands of manufacturers' schedules require your email outreach to be concise and professionally written in order to get

their attention. The message and call to action must be clear in order to warrant a response.

Connecting with Consumers

Once manufacturing resources are in place, the subsequent step is establishing distribution channels and introducing the product to the marketplace. This step in the process of launching a new product entails generating public awareness, creating interest and enthusiasm about the new product, and making it available to purchase.

Oftentimes a manufacturer already has distribution and marketing channels in place that offer tremendous value to a license partner. For those who do not, the following channels and strategies are today's sales and marketing professional's strongest tools to reach customers.

Distribution Channels

Retail Outlets

The concept of the ***Pyramid Chess Board*** could potentially be sold through existing outlets for toys and games. These outlets could include toy stores, department stores, general merchandisers, retail

supercenters, home shopping networks, specialty catalogs, and the Internet.

While sales at brick-and-mortar stores still command a vast majority of the retail market—nearly \$4.27 trillion in 2013—e-commerce sales are increasing much faster, contributing significantly to the retail sector's overall growth.

Electronic Commerce

Electronic commerce, commonly known as e-commerce, utilizes computer networks, such as the Internet, to sell goods or services. Modern e-commerce typically uses the World Wide Web for at least one part of the transaction's life cycle, although it may also use other digital technologies such as e-mail.

What started as primarily a business-to-business sales channel, e-commerce has become a cost-effective and viable alternative to traditional retail outlets for consumer goods as well. In its most recent industry report, the U.S. Department of commerce announced that U.S. retailers reported e-commerce sales were \$227 billion in 2012, up

14.7 percent from \$198 billion in 2011, compared to a 5.1 percent increase in overall retail sales.

Forrester Research expects e-commerce sales in the U.S. to reach \$294 billion in 2014, or approximately 9% of all sales in the U.S. By 2018, Forrester projects that online sales will account for 11% of total U.S. retail sales, driven by an increased penetration of mobile devices, a shift in consumer perception toward shopping online, and aggressive competition between merchants.

Catalogs

Sales outlets could also include catalogs. Most catalogers are now incorporating the Internet as part of their standard business practice. However, there are still many people who prefer thumbing through the pages of a catalog to shopping online, and catalog sales continue to grow at a faster rate than total retail sales to consumers and businesses in the U.S. For an inventor whose product is geared toward an older demographic or a general audience, catalogs are another gainful avenue to reach customers.

Traditional Sales, Marketing and Advertising Strategies

As demonstrated by the viability of catalogs in the electronic age, traditional sales, marketing and advertising methods still provide an indispensable way to promote a new product to the public. This includes advertising on television, radio, through infomercials and in various print media outlets.

Digital Sales, Marketing and Advertising Strategies

Internet use is growing at rates that few could have predicted in the early age of the World Wide Web. In addition to providing new methods of direct sales between businesses and consumers, digital channels offer an alternative to traditional marketing and advertising. According to industry surveys, marketers rated promotional e-mails as the most effective tool for converting customers while search engine advertising and social media marketing were rated as impactful yet less effective. With the Internet becoming a widespread household tool for consumers and businesses, Internet-driven sales are projected to increase at an accelerated rate.

Email Marketing

Email is the preferred method of communication between retailers and consumers. Direct Marketing News reports that 48% of consumers say that they prefer to communicate with brands via email. According to global management company McKinsey & Company, email is almost 40 times better at acquiring new customers than Facebook and Twitter. Considering that over 90 percent of consumers in the U.S. check their email daily, promoting your idea through consumers' preferred communication channel is smart business.

Search Engine Advertising

Search engine advertising through pay-per-click platforms like Google, Yahoo/Bing and AOL continue to be popular and powerful channels to drive sales, particularly through in-bound phone sales and e-commerce. Catching the customer at the exact moment they're looking for a product such as yours is the epitome of being in the right place at the right time. Beyond search engine results, these online advertising services offer display ads and remarketing features that

show your products and services alongside relevant web pages and web results.

While search engine advertising relies on keywords and location targeting to determine the audience that sees your advertisements, social media has introduced an even more targeted way to advertise products. Facebook, for example, enables marketers to utilize the self-reported information from its 1.3-billion active monthly users to deliver advertisements that align with an individual's interests. Twitter, LinkedIn and Pinterest have each developed advertising platforms that allow a company to target their advertising based on users' interests.

Social Media Marketing

Social media is today's equivalent to word-of-mouth marketing. A friend's or family member's recommendation is one of a business' most powerful selling tools. A company that has a consistent presence on social media platforms including Facebook, Twitter, Google+, Instagram, LinkedIn and Pinterest - where it not only shares information about its products but also shares part of its personality and a story the customer can connect to - will create positive brand

perception and raise awareness of its products. It also creates a direct channel of communication through which an individual can share their experience with a company or its products, or contact the company with any customer service issues.

Sales and Marketing Summary

The lesson for a savvy inventor is that promoting a new product in the marketplace requires consistent outreach through a variety of channels. Each consumer has their own preferred method of communicating and engaging in commercial interactions, so reaching out through a comprehensive set of channels is your best chance at reaching the greatest number of customers.

You must be relentless in your pursuit of success. Introducing a new product to the marketplace requires a high degree of commitment and perseverance. We are here to provide you with many of the tools you'll need to succeed and to help develop relationships that increase the chance of finding a licensing partner.

The Secrets of Selling or Licensing Your New Product or Patent

Introduction

Product licensing, when done right, can indeed lead to fast new profits for both the Licensee (a marketing or manufacturing company) and the Licensor (an inventor or product developer).

By saving the time, energy and expense of research and development, of envisioning new products while shepherding them through the initial stages of realization, licensing allows the manufacturer to acquire innovative items and bring them to market more quickly than otherwise possible.

Resources that would have been spent on early stage development are now available to maximize marketing and advertising efforts and to stake out and solidify market share ahead of competitors.

For the product developer, licensing to an established firm greatly compresses the time required to realize a return on investment. By

taking advantage of an existing company's marketing clout, manufacturing capability and distribution system, the independent product developer can continue to focus on what he or she does best, i.e. product innovation.

The best licensing agreements are, therefore, strategic alliances wherein each party contributes its strengths and sidesteps its weaknesses, leading to faster, more certain profits for all concerned.

What is Product Licensing?

In many regards, it's quite similar to leasing; wherein a company acquires the right to hold and make use of any asset that will contribute to the company's bottom line.

Sometimes referred to as "technology transfer", "patent licensing" (though many successful licensed products have never been patented) or "intellectual property licensing". The basic arrangement is quite simple.

One party, an inventor, patent holder or product development firm, owns and controls the rights to a new, improved or innovative product

or invention. A second party, perhaps a consumer goods company, wishes to add the item to their own product line.

The company's assessment is that this new item will be a profitable one for whomever brings it to market. So rather than making the often uncertain investment in developing a new product of equal potential, or risk having a competitor acquire the innovative item and bring it to market, the firm opts to secure rights to the products at its current, advanced stage of development.

Licensing is the means by which this is accomplished. Through a formal, contractual arrangement, called a "licensing agreement", the owner of the property (product, invention or innovation), grants to the company the right to manufacture, market and profit from the product or invention.

Such arrangements are common. Moreover, while there are great many variations from one agreement to the next, a few principles are generally accepted across the board:

Since the company acquiring the rights will ultimately make a far greater dollar investment to manufacture and market the product

than the inventor made in developing it, the company will retain the lion's share of any profits generated.

A loose rule-of-thumb states that in addition to an acquisition fee (upfront payment), royalty payments to the developer should equal roughly 25% of profits, which, depending on the specifics of the product, translates to a royalty rate of anywhere from 2% to 20% of invoice d selling price. Basically, the less developed the product, the less royalty the inventor is entitled to, and vice versa.

The larger the geographic territory or number of distribution channels included in an agreement, the more royalty the company should pay, and vice versa.

The best agreements are cooperative, not adversarial. Each party is making a critical contribution. Maintaining a respectful and trusting relationship paves the way for other, equally profitable agreements in the future.

Some companies, once they have success fully worked with a product developer, will actually "order" new inventions from that developer by

discussing the parameters of the types of products they would like to acquire.

Such an arrangement essentially provides a low cost R&D department for the company, while providing the inventor with an almost guaranteed outlet for his or her innovations.

Licensing in the Real World

Why should a successful company pay a royalty and probably an up-front fee as well, to acquire the "rights" to an unproven product?

Good question - simple answer. Because all companies need new products, be they extensions of current product lines or new items targeted to existing markets, to stay competitive and to stay profitable. In many cases, licensing can be the easiest, fastest and least expensive way to acquire these products.

"Business has only two basic functions - Marketing and Innovation." – Peter F. Ducker

Both functions have the express purpose of generating sales, cash flow and ultimately profitability, the final measure of value for the owners of any business declines.

While most businesses are fairly good at marketing, far fewer have mastered the intricacies of innovation.

The reality is that management's time and efforts are primarily occupied by operational functions. Every business owner or executive knows they need new products, but they seldom find the time to address this all important issue.

The downsizing and restructuring of American business over the last two decades has left very few small or mid-sized firms with anything resembling a realistic R&D department.

So the new products that a company brings to market, are usually the result of either a long and drawn out development process, often punctuated by numerous dead ends and false starts, or are acquired from sources outside the company.

The benefits of taking the latter approach, particularly through the utilization of a licensing agreement, can be substantial.

Executives are left to handle that which they do best. The company no longer wastes time and financial resources trying to come up with next year's exciting new product. Instead, the company that lets it be known that they are open to licensing new products, now has at its disposal, the entire universe of independent product developers.

Upfront payments for most licensed products are far less than most companies would spend to have even a single employee R&D department.

Royalties are no more than revenue sharing - after the sale is made. After all, when a business partner provides an opportunity to generate income that a company would not otherwise have, paying out a small percentage of those revenues to the partner is just smart business.

Now let's take a look at how these agreements work, and what we should or shouldn't expect.

Standard Terms and Conditions

The major components of a licensing agreement are:

1. The Product Description - describing the product and affirming the Licensor's ownership and right to convey.
2. Grant - wherein the Licensor (inventor/product developer/owner) grants certain rights to the Licensee.

The grant typically specifies both the territory (ex. Worldwide, North America, Europe, east of the Mississippi, Florida) and the right granted (to make, to use and/or sell). In some situations, one company may be given a right to manufacture and another given the right to market.

3. Consideration - what upfront monies will be paid and the ongoing royalty rate payable to the Licensor.
4. Term - the length of the agreement, which could be for as little as 3 or 4 years, for the term of the patent, or for as long as the company continues to manufacture and market the product.
5. Warrants and Obligations - defines the ongoing responsibilities and contributions of both Licensor and Licensee.
6. Records - giving the Licensor access to company records, only as they pertain to the agreement.
7. Termination - discusses the conditions under which the agreement may or will be terminated.

Any of these standard clauses may be called by a different name or contain other terms not included above. Also, there will likely be numerous additional clauses, covering such things as product quality, minimum royalties, product liability, assignments, severability, jurisdiction, etc.

Making it Work for Everyone

Licensing agreements are like any other type of business arrangement. There are many ways to accomplish the desired objectives, and everything is subject to negotiation.

The key is that successful licensing agreements are predicated on both parties benefiting from the relationship. As long as all concerned proceed in a professional and respectful manner, a well-structured agreement should be easy to administer and profitable for both parties.

The advantages of acquiring either a product or a partner to manufacture and market far outweigh any possible drawbacks to going at it alone - especially when your product line needs a fast infusion or innovation, or your invention needs entree to the marketplace.

Many of the most successful products in history, from Monopoly[®], to Gatorade[®], to the zip lock plastic bags, were licensed by an inventor for a company that wanted to expand its market share and its profitability. This same synergy can be yours too, just as soon as you secure the right licensing agreement.

Manufacturing Benefits

Speed - cuts product development time significantly and allows a company to acquire new products further along in the normal product development cycle.

Savings - transfers the burden and expense of funding and maintaining an in-house product development effort to outside sources.

Selection - companies receptive to licensing from independent inventors and product developers will see far more product concepts than they could generate internally.

Inventor Benefits

Money - provides the financial muscle that any new product needs to be manufactured and marketed, a capability the inventor may not otherwise be able to provide.

Expertise - connects the inventor with post development expertise, such as packaging, distribution, advertising, etc., critical to the success of the product.

Markets - takes the invention to market, the final proving ground, wherein the inventor's concept has a chance to prove its worth and generate the desired and sought after profits for all concerned.

A well-structured licensing agreement represents the best in win-win business thinking. For the company or inventor, yet to avail themselves of this unique form of joint venture, it presents a wonderful opportunity to generate revenues that might otherwise not be part of either party's income picture.

Summary & Conclusion

Through this Invention Summary and Presentation, Innovation Direct has attempted to provide a clearer understanding of the design and function of your idea, as well as to highlight its benefits and advantages to the end user.

Our company is now prepared to continue assisting you in the advancement and promotion of the ***Pyramid Chess Board***. We hope to enter into a forthcoming Product Management Services Agreement with you, in which Innovation Direct would carry out a multi-faceted marketing and promotional campaign designed to provide the ***Pyramid Chess Board*** with optimal levels of exposure in industry.

Our company plans on creating quality, dynamic promotional materials that will provide prospective manufacturers, marketers, and distributors with impactful written and visual information about your invention. We also intend to announce the advantages, benefits, and availability of your new invention for sale or license to the media, trade and business journals through both print and digital, web-based channels.

Our Invention Assistance Agreement may include the following:

- Creative development of an informative yet secure Press Release that will serve to effectively introduce your product and highlight many of its advantages while still keeping design details confidential.
- A Comprehensive Summary that will include a final version of your Digital Rendition and that is designed to emphasize the unique features, functionality and benefits of your invention.
- Referral to an independent patent law firm for the filing of a Provisional Application for Patent or any other patent-related matters, when applicable.
- Creation of a password-protected Online Product Profile on Innovation Direct's proprietary Patents for Purchase website. The Online Product Profile will include all promotional materials available for your invention, as well as any additional information or product photos provided by you as the inventor.

- An Interactive Virtual Reality Presentation (IVRP), a state-of-the-art three-dimensional, computer-generated rendering of your invention based on the Digital Rendition.
- Access to Innovation Direct's Patented and Proven licensing process, which has been instrumental in the securing of close to 300 licensing agreements.
- Attendance at industry-leading trade shows and corresponding follow-up with exhibitors at these events.
- Follow up licensing support from Innovation Direct, including licensing agreement negotiation and evaluation, when applicable.