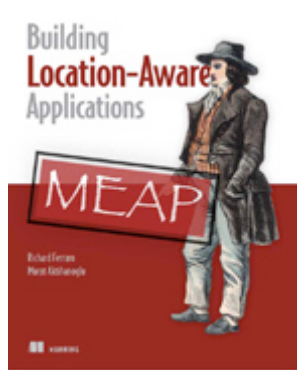


## Monetizing IP

An article from



### [Building Location-Aware Applications](#) EARLY ACCESS EDITION

Richard Ferraro and Murat Aktihanoglu

MEAP Release: May 2010

Softbound print: December 2010 | 325 pages

ISBN: 9781935182337

*This article is taken from the book Building Location-Aware Applications. The authors discuss two main ways of unlocking the Intellectual Property (IP) within applications—licensing or white labeling.*

Tweet this button! (instructions [here](#))

Get **35% off** any version of [Building Location-Aware Applications](#) with the checkout code **fcc35**. Offer is only valid through [www.manning.com](http://www.manning.com).

The Intellectual Property (IP) within applications can be unlocked to provide revenue for the developer. The two main ways of doing so are by licensing or white labeling.

### **Licensing**

Licensing the application to third parties normally takes the form of a Technology License Agreement. Your ability to license will depend on whether you can successfully patent your IP, with US-based developers generally having more possibilities for patenting software than non-US based ones. More detailed information is available from the World Intellectual Property Organization (WIPO).

The advantages of licensing are that you retain ownership and control over the use of the intellectual property right and that you can maximize your commercial returns by obtaining a continuous royalty stream. The disadvantages are that you still have to maintain, police, and enforce your intellectual property right.

In general, a license can be granted either on an *exclusive* basis or a *non-exclusive* basis. If you grant an exclusive license to a third party, only that third party will, for the duration of the license, have the right to use the intellectual property right in accordance with the contractual terms. For this very reason, you should expect to be paid much higher royalties for an exclusive as opposed to a non-exclusive license.

On the other hand, if you grant a non-exclusive license, this means that you can continue to enter into additional non-exclusive licenses with other third parties.

Before entering into license negotiations you should consider:

For Source Code, Sample Chapters, the Author Forum and other resources, go to <http://www.manning.com/ferraro/>

- Whether you want to enter into an exclusive or non-exclusive license.
- Price and payment structure.
- What geographic area you want the license to cover.
- How long you want the license to last.
- Whether the licensee can grant sublicenses.
- How to deal with the ownership and availability of improvements (relevant to patent licenses).
- How much technical assistance and cost should be provided by the licensee to the licensor.
- The marketing obligations on the licensee and the marketing support from the licensor.

If you decide to go down the licensing road, consult a specialized trademark and intellectual property attorney.

## White labeling

White labeling of applications refers to taking your application and changing its look and feel to market it to interested parties. While this can be done by sharing the mobile application and the server backbone (that processes requests from the application), the recommended approach is to use an API model. This protects the IP of the application by only exposing certain elements to the buyer of the solution.

For example, Gypsi offers the Gypsi Open Experience API targeted at handset manufacturers. The idea is to allow these manufacturers to incorporate location-based social networking functionality into embedded mobile clients and applications. Gypsi's solution, in fact, is offered for free to the market.

An interesting, niche market segment for white label LBS solutions is that of high-value travel content providers (like Lonely Planet City Guides, shown in figure 1). These can charge high prices for their applications (each Lonely Planet iPhone City Guide is priced at around \$20 on the iTunes store, for example) and offer good revenue share opportunities to the developer company.



Figure 1 Screenshots from Lonely Planet's range of iPhone City Guide applications, which currently are available in 20 different versions for cities around the world

## Summary

LBS offers developers great opportunities to capitalize on their efforts by tapping into a burgeoning market for location-aware applications and services. The key to success is to make a sensible guess at which approach may work best initially (analyzing your market potential and understanding the perceived value of your application), learn from any mistakes, and adapt according to feedback from the market.

In such an innovative environment, flexibility is fundamental to stay on top of developments. This is especially true when it comes to mobile advertising, which offers developers an ever greater range of options for maximizing valuable screen space.

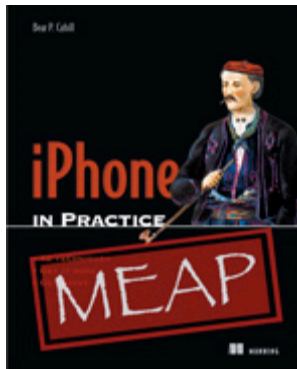
Here are some other Manning titles you might be interested in:



## [Objective-C for the iPhone](#)

EARLY ACCESS EDITION

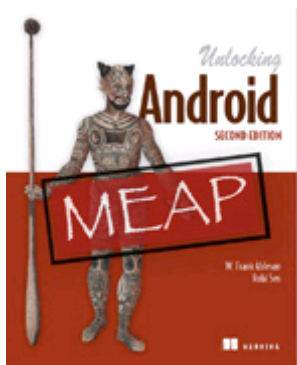
Christopher K. Fairbairn and Collin Ruffenach  
MEAP Release: October 2009  
Softbound print: Fall 2010 | 355 pages  
ISBN: 9781935182535



## [iPhone in Practice](#)

EARLY ACCESS EDITION

Bear P. Cahill  
MEAP Began: January 2009  
Softbound print: Fall 2010 | 325 pages  
ISBN: 9781935182658



## [Unlocking Android, Second Edition](#)

EARLY ACCESS EDITION

W. Frank Ableson and Robi Sen  
MEAP Began: February 2010  
Softbound print: June 2010 | 575 pages  
ISBN: 9781935182726