

AN INTRODUCTION TO THE INNOVATION INSTITUTE (I²)

THE INNOVATION INSTITUTE AND THE WIN-I² INNOVATION EVALUATION SERVICE

The WIN-I² Innovation Evaluation Service is an inventor/innovator assistance service that provides inventors, entrepreneurs, and product marketing/manufacturing enterprises with an honest and objective third-party analysis of the risks and potential of their ideas, inventions, and new products. WIN-I² is an expression of support for inventors and innovators by the Innovation Institute, the Center for Business and Economic Development of the College of Business Administration at Southwest Missouri State University, and our WIN Affiliate, including the United Inventors Association.

WIN-I² has two components. The first, launched in 1979 by the Innovation Institute, is our Preliminary Innovation Evaluation Service (PIES), which is for inventors and people with new product ideas. The second component is our Product Assessment Service (PAS). Two of the two important changes in PAS program since it was first started—we have improved and expanded our product assessment format, and we now invite manufacturers and product marketing firms world-wide to submit their products for an assessment of their potential in the American marketplace.

Just as most inventors do not have the expertise to patent their own inventions, most lack the know-how to determine the commercial potential of their ideas and inventions. This is why WIN focuses on invention evaluation. We feel we can best serve inventors by helping them avoid costly mistakes. The same is true for entrepreneurs and product marketing/manufacturing enterprises, especially if they are entering a new market where they have little or no experience. Even large firms can benefit from a systematic, multifaceted, third party review of their ideas, inventions, and new products.

THE INNOVATION INSTITUTE...

The Innovation Institute was established in 1979 to carry on the research function of the Experimental Center for Innovation at the University of Oregon. The Center was one of the first three innovation centers in the United States and it was part of the National Science Foundation's experiment to test various incentives for stimulating industrial and product innovation in the United States. The Oregon center was unique in the NSF experiment in that it was the only center to focus on assisting independent and small business inventors. Dr. Gerald G. Udell was the Principle Investigator for the Oregon experiment and served as the director of the center from 1974 until the completion of the experiment in 1980. It was there that Dr. Udell developed the PIES (Preliminary Innovation Evaluation System) used by the WIN Innovation Center today (see below). Equipped with a background in product development at General Electric, Dr. Udell started work on the PIES format immediately upon assuming leadership of the Oregon center in mid 1974.

Upon completion of the Oregon experiment in 1979, Dr. Udell continued research on the PIES format in the private sector through the Innovation Institute. The Innovation Institute still continues this research mission. This research is part of the Institute's continuing effort to improve the evaluation format and to stay current with the needs of today's inventors. To the best of our knowledge, no other innovation evaluation format has benefited from this much research conducted over such an extensive period of time.

The Innovation Institute started its evaluation service, The Inventor's Services Program, in 1980 as part of its research efforts. In 1988, it launched a cooperative service with Missouri State University. We added to that effort in 1990 by joining forces with Wal-Mart Stores, Inc., the world's largest retailer. This close association lasted through the 1990s. Since then I² has continued to expand the breath of its evaluation services, while the focus participating research faculty at the University focus on quantitative and other research designed to better understand the industrial innovation process.

THE WISDOM OF EVALUATION...

Innovation always starts with an idea, which when pursued turns into an invention and, after a lot of hard work, into a potential new product which then requires even more hard work and expense to launch into the marketplace. Innovation would never happen if inventors were not excited about their inventions.

However, caution is likewise necessary. Without it, you may end up spending a lot of time, money, and effort pursuing an idea which solves a problem for you, but which lacks commercial potential. When this happens, you end up putting that time, money, and effort into a project that doesn't go anywhere. That's time, money, and effort which could be invested in another project.

No one really knows what the odds are as to whether an idea will be successful in the marketplace. That depends on the commercial quality of the idea and the quality of the venture which develops and markets it. Estimates of the number of ideas needed to generate one new product in corporate environments vary between about 50 and 500, depending upon the industry or market involved. The odds which face inventors at the idea stage are higher; a fair estimate is between 100 and 1,000 depending upon the market your new product will enter. The best way to improve these odds is to eliminate those projects with low commercial potential early and focus your efforts on those of reasonable potential. You won't eliminate risk, but you can greatly improve the odds by evaluating your ideas and inventions. This is true for new and expanding products too. It's easy to overlook important issues, and high volume sophisticated channels of distribution often have different and demanding expectations. That is why we provide both invention/idea evaluations and product assessments. Mistakes made in the marketplace are often very costly and can be fatal to a new product.

THE PIES-XII EVALUATION SYSTEM...

We use the most recent version of the *PIES (Preliminary Innovation Evaluation System)* format, currently in its twelfth edition (implemented in October 2006). The *PIES* format is a comprehensive, structured evaluation system consisting of 45 criteria that are used to evaluate the commercial potential of your idea or invention and to provide you with a risk profile of your project. These criteria are based on years of research and new product experience, and will provide you with insights into the risks you face and the strategy you will need to employ to reach the marketplace. A WIN client described his evaluation report as an essential tool for future planning. This is precisely what we had in mind. Our reports are intended to help you make decisions and develop strategies for further development. Unless you are already well along in the innovation process, you may very likely have several months and perhaps years before your project will be ready for licensing or entry into the marketplace. Your report will help you focus your efforts and guide you in resolving areas of concern.

THE PIES-XII EVALUATION MANUAL...

One of the truly unique features of the *PIES-XII* format is the use of an evaluation manual, *Evaluating Potential New Products*, which provides you with more feedback about your invention than can be placed in a report. We know many of the people you may wish to show your report to won't wade through a lot of detail, so we've organized our 45 criteria into a 21 page report in order to keep the report as brief as possible. We'll also send you a letter that explains our evaluation procedures and frequently contains specific comments from your chief evaluator. As soon as we receive your evaluation request, we will send you a copy of the evaluation manual which will provide you with a discussion of each of the 45 criteria, why each is important, and how they interact to affect the commercial potential of your invention. By carefully studying this manual, you can glean a lot of information about, and insight into, the commercial strengths and weaknesses of your project; we recommend you start reviewing it as soon as you receive it. Your report will conclude with a final recommendation about further investment in your project.

THE WORLD INNOVATION NETWORK...

Because we have long recognized the importance of inventors and innovators world-wide, we have expanded our horizons. Inventors and innovators everywhere can now take advantage of the same invention evaluation and product assessment services we have offered to individuals and companies in the United States. To us, this makes a great deal of sense: just as inventions and new products from the United States have enriched the lives of people elsewhere, the creative efforts of people in other nations have greatly affected our welfare. Innovation knows no boundary!

The World Innovation Network utilizes the same invention evaluation and product assessment services, and the same team of evaluators, as the original U.S.-only WIN program. Evaluations are performed from the perspective of the U.S. economy. We realize that the U.S. economy is but one segment of the world economy, but it is the one our evaluators are most familiar with. Over time, we hope to correct this situation by licensing the PIES evaluation format and procedures to reputable companies or organizations in other countries. We now have a very limited number of resource affiliates in other countries and we will be expanding our cooperative efforts with sources of management and technical assistance outside of the United States (in the U.S. our resource partners now number over 1600). However, we will continue to serve those who wish an opinion of how their idea, invention or new product is likely to be received in the United States.

We will be making some minor changes in our materials, but for now inventors and innovators wishing to utilize the services of the World Innovation Network can print out the appropriate Registration and Disclosure materials found in the Forms section of our web site (www.wini2.com). Please note there are two Registration and Disclosure forms. Inventors and people with ideas should use the Invention Registration and Disclosure Form, while those with new and established products should use the Product Registration and Disclosure Form. **As noted in our Registration & Disclosure forms, the fee for an invention evaluation is \$200 in the United States and \$220 elsewhere; checks must be in US dollars (the extra \$20 covers the cost of air postage outside of the US). The fee for a product assessment is \$220 in the U.S. and \$240 elsewhere.**

Frequently Asked Questions

Since we started the Innovation Institute inventors have asked a lot of questions about the program. Hopefully, some of these questions and our answers will be helpful to you.

1. Do I need to have my patent before getting an evaluation?

Absolutely not. In fact, we recommend obtaining an evaluation first. Patents cost a lot of money.

2. Do I need to have a prototype to get an evaluation?

Not in most cases. Our evaluation system is designed to work at the idea stage. This enables you to get an objective third-party evaluation before you invest a lot of money in your project.

3. What experience do you have in evaluating inventions?

The director of the WIN program is Dr. Gerald G. Udell. He has over 25 years of experience in invention evaluation, and is generally regarded as the leading expert on invention evaluation in the United States. He has authored 30 books and over 200 articles, papers, and reports, many of which relate to the innovation process and/or invention evaluation. He is the author of the PIES system, the most widely used evaluation format in America.

4. Who will do my evaluation?

The Innovation Institute is the WIN evaluation agent in all states except Missouri. The Institute was founded by Dr. Udell in 1979 to carry on the evaluation research he began in 1974 for the National Science Foundation. It holds the intellectual property rights to the PIES format. Your project will be assigned to a chief evaluator who will consult with other WIN evaluators and consultants, but never anyone beyond those persons discussed in #13, below, without your written permission.

5. How long will my evaluation take?

You should have your report in six to eight weeks.

6. What other services does WIN provide?

WIN is essentially an invention evaluation service. We do not provide invention development, management assistance, and/or marketing services because we think it is a conflict of interest for an evaluation service to also provide additional services on a fee basis. We do provide no-cost referrals to sources of management and technical assistance to clients with qualifying inventions. We will not buy your idea, give you money, help you develop or market your idea. We have elected not to ask the government or other groups for any money to finance such services. To the best of our knowledge, our evaluation fee is the lowest in the country for a legitimate evaluation service. Consequently, we do not have the resources to provide additional services beyond those specified in question #8, below.

7. How much money will I end up paying WIN?

\$200 (if you live in the United States) or \$220 elsewhere—about what you would pay for a very low-cost patent search, or to some patent attorneys for about 30-45 minutes of their time. There are no other payments to WIN. Any additional services we provide are at no cost to you and are at our option.

8. Where do I go for help after I get my evaluation report?

If your invention receives a Success Likelihood Rating of .35 or more, we will send you a list of inventor services and other resources located in your state. We maintain a national network of over 2000 resources for inventors, including inventor groups, Small Business Development Centers, legitimate licensing executives, and economic development groups. Please note that some areas have much better developed resources than others.

9. What happens if I get a positive WIN-PIES evaluation?

We will provide you with a list of our resource partners in your area that may be able to help you develop/commercialize your invention or new product idea. In addition, we may be able to provide you with a list of some retailers/distributors that we feel are appropriate to your invention/circumstances. In order to qualify for these services you must receive a positive recommendation (Success Likelihood Rating of .42) from your evaluator(s).

10. Will WIN take over the development of my idea or invention?

No—You are responsible for any development and commercialization..

11. Is the WIN Innovation Center part of any corporate or government organization?

No, WIN is a cooperative public service program maintained by the Innovation Institute and Southwest Missouri State University, with participation from other WIN partners. We are an independent program designed to provide inventors and innovators with an honest assessment of the commercial potential of their inventions and new products. Our purpose is to stimulate innovation by providing an honest and objective source of advice and referrals. We are not obliged to refer products to any retailers or manufacturers, nor are they obliged to follow our recommendations.

12. I don't need an evaluation, but I would like to get some help in developing my invention. Can you send me the WIN Resource Network in my state?

Sorry, but the deal we made with our resource affiliates before they signed up was that we would not make referrals without first determining if the invention involved had commercial merit. Most of our affiliates have limited resources, and are therefore unable to spend time and effort with ideas and inventions with low commercial potential.

13. Who will you tell about my idea?

No one. We won't disclose your idea or invention to anyone outside of the WIN staff without your express written permission. All of the people involved in the WIN program have signed confidentiality statements that are kept on file. Generally only three or four people will see your information: (1) the evaluation manager who reads just enough to assign your project to a (2) chief evaluator (who is the only person to review your project in depth) and (3) the client coordinator who is responsible for filing your materials in temporary storage. Evaluators may consult with our (4) evaluation consultants, but this rarely if ever involves a full disclosure of your idea. Evaluation files are temporarily stored in locked files/offices. They are then destroyed. Paper is incinerated. Non-burnable materials, including video tapes and prototypes, are physically destroyed.

14. I have a new product, not an idea or invention. Can you help?

We have evaluated over 5,000 products using the PIES system or a modification of that system. We have used that experience to refine our product assessment system. The third edition, PAS-III, is operational and product assessments are available at a cost of \$220 in the U.S. and \$240 (in US funds) elsewhere. For more information about our Product Assessment Service visit the PAS FAQ on our web site (<http://www.wini2.com/ProductFAQ.htm>). To print out the appropriate Registration and Disclosure forms, go to our product assessment forms section (http://www.wini2.com/Forms_product.htm). Be sure to include a sales history of your product. Also, samples are very helpful, so feel free to send them along; however, they will not be returned. In the near future, we will be adding a venture assessment service as well.

Further questions?

E-mail us at questions@innovation-institute.com, or write to us at Innovation Institute, 852 Hwy MM, Everton, MO 65646, USA.

WIN-I²

INNOVATION INSTITUTE

Innovation Evaluation Program

OFFICE USE	
PROJ. NO.	_____
REC	_____
FIN	_____
SLR	_____

PIES-XII
Preliminary Innovation Evaluation System
(Twelfth Edition)

CONFIDENTIAL
INNOVATION REGISTRATION AND
DISCLOSURE DOCUMENT

Submitted by: _____
Please Print or Type Your Name

Street Address

City State Zip

Home Phone () - _____ Work Phone () - _____

E-Mail Address _____

Name of Invention _____

INNOVATION INSTITUTE
852 Highway MM
Everton, MO 65646

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WIN-I²
INNOVATION EVALUATION PROGRAM
REGISTRATION & DISCLOSURE FORM

PLEASE fill out this form as best you can. If a question, or part of question, does not apply to you, skip to the next question. This information will be helpful in evaluating your invention. For your protection **DO NOT SEND ORIGINAL DOCUMENTS OR ONE-OF-A-KIND PROTOTYPES**. You may send non-returnable samples or videotapes if you wish. In the interest of keeping the cost of our services as low as possible, these materials/samples will not be returned and will be retained/destroyed at the discretion of WIN/IES.

1. DEVELOPMENT STATUS: I currently have ...

- Idea only
 Rough sketches and/or diagrams Enclosed
 Finished, working drawings Enclosed
 Photographs Enclosed

Copies of drawings and photographs would be very helpful for evaluation—no original prototypes please.

2. PROTOTYPE AVAILABILITY: At present I have

- No prototype
 Functional model or prototype
 Market-ready prototype
(If you have a model or prototype, please enclose a photograph of it.)
The prototype is available, if requested Yes _____ No _____

3. LEGAL PROTECTION: I currently have

- NO protection
 A preliminary patent search Date of search _____ Copy of findings attached _____
 Have you filed a provisional application? Yes No
 A patent applied for: Design Patent _____, Utility Patent _____
 A PATENT Number _____ Issue Date _____ Copy Attached _____
 A COPYRIGHT Issue Date _____ COPYRIGHT number _____
 Notarized records of invention

4. PRODUCT TESTING: Testing which has already been conducted includes

- None _____
Functional testing _____ conducted by self _____ other, who _____
User testing _____ conducted by self _____ other, who _____
Market testing _____ conducted by self _____ other, who _____
Product safety testing _____ conducted by self _____ other, who _____

WIN-I² REGISTRATION & DISCLOSURE FORM (CONTINUED)

5. **PRODUCT COST:** Estimated product costs are

Materials (per unit) _____ Date of estimate _____ Source _____
Labor (per unit) _____ Date of estimate _____ Source _____
Expected wholesale price _____ Date of estimate _____ Source _____
Expected retail price _____ Date of estimate _____ Source _____
Number of units for above cost estimate _____

6. **MARKET INFORMATION:**

A. Current competition – Please list existing inventions or products which perform a similar function.

B. Competitive advantages -- Why is your innovation better than existing products or processes? Please list the most important advantages in order of importance, i.e., Number 1 equals most important.

C. Projected market -- Who will use your invention? Please list users in order of importance, i.e., Number 1 equals most important.

1. Major users: _____

2. Possible other users: _____

D. Previous Marketing Effort -- Have you manufactured or sold your invention previously?

Yes _____ No _____. **If yes, please provide details on a separate sheet of paper.** Include such information as: licensing arrangements if any, date(s) and locations of previous marketing effort, sales volume (in units and dollars), selling price, manufacturer, marketing agent or firm, current status, and if discontinued, reason for doing so. This information will be very helpful in evaluating your product.

7. **COMMERCIALIZATION:**

A. How do you plan to get your invention into the marketplace? Please rank 1, 2, 3

_____ Start new venture _____ Sell or license your invention to someone else.
_____ Manufacture/market yourself through an existing business you already own/are involved in.

B. Are you working, or have you worked with, any organizations to assist you in the commercialization of your product idea?

_____ Yes _____ No

If yes, who _____

WIN-I²

Innovation Evaluation Program

CONFIDENTIAL INVENTION DISCLOSURE

Please provide a detailed description of your invention or innovation. Include information on the size of the device, materials, uses, and so forth. Attach any photographs you may have, **but do not send any original documents or prototypes. WIN-I² will destroy or retain all materials at its discretion. Non-returnable samples are welcome.**

(Please describe your invention in both a technical and non-technical manner. Use the space below for non-technical description; attach technical description on separate page.)

WIN-I²

Innovation Evaluation Program

CONFIDENTIAL DISCLOSURE AGREEMENT

Enclosed is a description of my idea and other materials for registration with the **WIN-I² Innovation Evaluation Service**) for the purpose of a **PIES-XII commercial feasibility analysis**. I understand that:

1. The information that I am sending you, including my name and address, is **A.** a trade secret, or **B.** commercial or financial information that is privileged or confidential, and as such qualifies for exception from the Freedom of Information Act under 5USC552(b)(4) in the United States.
2. WIN-I² and its agents hereby agrees, covenants and contracts not to use, sell, or disclose in any manner, or utilize for profitable gain, the suggestion, invention and/or idea hereby disclosed by the below-named inventor unless prior written permission is obtained from the person(s) signing this disclosure. In addition, WIN-I² will not disclose any specific information about my idea or invention to other inventors with similar ideas or inventions; although it may acknowledge that relevant prior art does exist. While I desire to know about the existence of similar prior art, I understand that WIN-I² will not disclose to me any specific information about similar ideas and inventions that it has reviewed previously. WIN-I² recognizes that it acquires no rights whatsoever by virtue of its evaluation of my idea or invention.
3. This information is submitted for the sole purpose of obtaining a commercial feasibility evaluation of my idea/invention. I understand this evaluation will be based not only on the functional and design merits of my idea or invention, but in rendering a professional opinion of my idea/invention WIN-I² will also consider such factors as barriers to market entry, past and present alternative products, prior art, nature of competitive forces, market demand and market structure and that it will attempt to assess the risks and the rewards associated with my idea/invention.
4. Materials and samples submitted herewith, or in the future, in connection with my idea/invention/new product may be retained or destroyed by WIN-I² at their discretion. I have not supplied any original documents or one-of-a-kind prototypes, and I give permission to WIN-I² to retain or destroy any or all of the materials/samples supplied by me at any time of its choosing.
5. WIN-I² is an evaluation service and in an effort to avoid even the appearance of a conflict of interest, does not provide other fee-based services to its clients. Any additional services provided by WIN are provided at no cost to the client and at WIN-I²'s option only.
7. Only a very small percentage of inventions and new product ideas eventually become successful products. All evaluation formats should reflect this reality. Under the PIES format a sample of PIES- XI evaluation scores in 2004-2006 revealed that 26.1% received a "**Red Light**" (not recommended), 60.4% received a "**Yellow Light**" (33.4% -very limited and cautious & 27.0% limited and cautious) ratings. At the other end of the spectrum, 9.6% obtained a "**Flashing Green Light**" (a rating of 40-41 CAR, and 3.9% achieved a "**Green Light**" (a rating of 42-45 on a 100 point Commercial Assessment Scale. I understand that commercial evaluations or assessments, are helpful in reducing the risk of investing in unprofitable ventures. Accordingly, I desire a PIES-XII Evaluation.
6. **I UNDERSTAND THE FEE FOR A PRELIMINARY INNOVATION EVALUATION IS \$200 in the United States and \$220 elsewhere (the additional \$20 is to cover added postage costs). All checks drawn on non-US banks must be in U.S. dollars.** Please enclose your check made payable to the Innovation Institute.

***YOUR CHECK MUST ACCOMPANY YOUR EVALUATION REQUEST.
Please make checks payable to the Innovation Institute (I²). Thank You.***

The Name of my idea is: _____

I have carefully read this, and the enclosed Registration form, and understand their contents.

(signature)

(please print or type your name here)

PLEASE KEEP THIS PAGE FOR YOUR PERSONAL RECORDS

The Innovation Institute (WIN-I²) is not an invention development/marketing service and, to the best of our knowledge, is not required under any state law to file a disclosure statement. However, since we encourage inventors to obtain disclosure statements from all those they do business with, we voluntarily make this disclosure:

WIN-I² services are limited to providing inventors with a commercial feasibility analysis (evaluation) of their invention or new product idea. WIN does not provide research services for its clients, and it does not develop or market inventions for its clients. The responsibility for development, licensing or commercialization is solely that of the inventor/innovator. We do, however, at our option, provide a no-cost referral service to members of the WIN Innovation Network and other sources of management and technical assistance.

During 1991 to 2006 Innovation Institute provided preliminary evaluations of approximately 6,000 inventions. A recent sample of ideas/inventions/products evaluated in 2004-2006 received the following recommendations:

- 26.1% Not Recommended
- 33.4% Very limited and cautious development
- 27.0% Limited and cautious development
- 09.6% Recommended with reservations
- 03.9% Recommended for further development/commercialization

This sample contains a significant number of near market-ready products submitted by manufacturers that cause a positive bias in the data.

INVENTOR ALERT: State and federal investigations into abuses in the invention promotion industry continue. It appears that only about 1 in 1,000 inventors make a profit of \$1 (one dollar) or more when utilizing the services of invention promotion firms, but pay fees frequently as high as \$12,000. For more information contact the United Inventors of America at www.uiausa.com. While there, seek out information about inventor organizations in your area and *Inventor's Digest*, a magazine for inventors.

No inventor has paid WIN or its sponsors more than the initial evaluation fee with the rare exception of money to cover return postage. No one associated with WIN receives any compensation for referring inventors to other sources of assistance.

This disclosure is dated January, 2007.

MAILING INSTRUCTIONS

WIN-I²
INNOVATION INSTITUTE
852 HIGHWAY MM
EVERTON, MO 65646
USA