



## New investment platform aims to breakdown barriers to capital for innovators

[Xinova](#), the invention on demand business which [spun out](#) of Intellectual Ventures in 2016, is teaming up with an alternative asset manager to form a new Blockchain-based investment platform to help innovation projects attract capital.

The new platform will bring together Xinova's network of innovators and relationships with major corporates, and the investment nous of [Arc](#), a New York-based fund that has a long track record of matching investors with alternative asset opportunities. One of the guiding principles behind the new platform, which is called Arcnet, is to allow innovators to compete for capital on the basis of the strength of their innovations rather than their proximity to Wall Street or Silicon Valley.

While Xinova's network should be a considerable source of opportunities, the company is also developing a lot of the technology underpinning the platform and expects to build a patent portfolio relating to any cryptographic discoveries that they develop.

The new venture has been co-founded by [Brad Roberts](#), the global head of network platform at Xinova, and Arc's chief investment officer [Bryan Wisk](#).

Commenting on the launch Wisk told *IAM*: "We see an opportunity to create an off balance sheet model where we can really accelerate R&D and innovation and create a whole new asset class that investors can invest in directly to accelerate that process."

Xinova CEO Edward Jung will serve as an adviser to the new business and it was an encounter between the IV co-founder and Wisk that helped lead to Arcnet's creation. The pair met thanks to a company they were looking to invest in and both agreed that the process of sinking capital into new ventures could be streamlined.

"One of the things we had identified was that there is a real problem around private financing in innovation," Roberts revealed. "Arcnet is the mechanism for us to bring capital into innovation projects using distributed ledger technology."

Wisk admitted he was also heavily influenced by the model used by [Royalty Pharma](#) which buys up royalty streams for drugs from large pharma companies - streams which may not be large enough to move the needle on a large-cap business but which, when aggregated, produce a healthy return.

The platform is launching with over 100 "past concept development projects" with investments slated to be in a range of \$50,000 to \$100 million. One of the early projects open to investors is a joint venture involving

British defence business BAE and several Chinese companies to replace diesel buses with zero-emission vehicles across Latin America.

As well as opening up new streams of capital, Roberts suggested that Arcnet should also enable collaborations which otherwise might not get off the ground. "There are many projects where we work with multinationals where it's not appropriate for them to work through their R&D process," he said. "That's either because it's not on target or it's too high risk or the partners that are needed are too broad or even in a competitive space." The kind of off balance sheet financing Arcnet offers should now allow those kinds of partnerships to occur more easily. "It's a mechanism whereby every company can have its own skunkworks," Roberts added.

That could prove to be attractive to large businesses evaluating their patent portfolios and looking for ways to commercialise them. For many simply selling assets to an NPE may not be attractive in case they anger suppliers and customers, so spinning the IP off into a new venture which then looks to raise capital on Arcnet could prove particularly appealing.

But as well as large multinationals, Arcnet may also help smaller innovators, such as those in Xinova's extensive network, commercialise IP and/or technology which might otherwise not be utilised. As Roberts highlighted: "There are so many smart people out in the world that don't have access to capital". Arcnet is now trying to change that.

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