

## **L&R Ashbolt - Can you keep a secret?**

L&R Ashbolt, a highly specialised surface engineering company, is reaping the benefits of smart intellectual property (IP) strategies as it competes in a global and extremely competitive market.

Wollongong-based L&R Ashbolt identifies potential cost saving areas for a company through enhancement of the surface characteristics of components. By reducing the wear and tear and corrosion, and increasing the durability of surfaces in heavy engineering environments such as paper mills, petroleum and power stations, clients enjoy a dramatic reduction of costs in the order of millions of dollars.

L&R Ashbolt is recognised as a world leader and a pioneer in its field. Orders come from all around Australia and from many parts of the world, making it a truly global engineering company. The R&D team is constantly investigating new methods to alter the surface characteristics of materials. The company has sales offices in Newcastle and Perth as well as its head office in Wollongong.

According to Danny Ashbolt, L&R Ashbolt's general manager, the company's success has been driven by the development of intellectual property. "Patenting and intellectual property are challenges for our company," he says. L&R Ashbolt owns two official patents, but Ashbolt believes the company must now invest even more resources in intellectual property because the industry has become so IP-intensive. "Information dissemination is so rapid in our society today - particularly with the Internet - and now there is an even greater need for protection of ideas," he says.

"My father lost potentially millions of dollars when he founded the company in 1972," Ashbolt explains. "Back then, people were not so aware of the importance of intellectual property and trade secrets. He developed technology for BHP to coat the inside of blast furnaces which extended their life by a factor of two, and it is now an accepted standard around the world. But BHP took that technology in-house and my father got no recognition or financial reward."

Ashbolt says there are many things L&R Ashbolt could have patented over the years, but didn't because it didn't want its competitors to have access to the information and copy it. "I believe progress is very much about learning from each other, but it's a delicate balance," he says. "Our competitors have copied us on a number of occasions and of course that has scared us."

Managing IP is absolutely vital for a company's growth and development, notes Ashbolt. "The lack of seed capital has always been a big problem in Australia, and this has resulted in great ideas being bought by overseas companies," he says. "We have a great base of IP in Australia, and I believe this is the key to our future."

Ashbolt and his team of five R&D staff, all experts in their field, use the services of IP Australia to carry out extensive patent searches in Japan, the UK, the US and other

countries. "I think it is important not to reinvent the wheel," he says. IP Australia's patent search facility ensures we won't waste valuable time and dollars developing something on which someone else has spent \$100,000 and two years. We don't copy patents that already exist - they just give us an idea of a direction we could follow and improve on. Examining competitors' patents also provides us with invaluable marketing knowledge."

L&R Ashbolt personnel attend conferences in the US, Europe and South Africa, and the company has a strategic relationship with a Japanese company in the same market. "We don't encroach on their markets nor they on ours, and to date we've worked well together," Ashbolt says. "However, the market is becoming more global so everyone is starting to compete, and relationships will probably have to change."

Ashbolt notes that Australian companies need to place more importance on the value of IP and be smart about it, using it to their advantage. "IP is one of those intangible assets of a company," he says. "People become fixated on the tangibles and forget to look at the bigger picture. IP is one of the strong driving forces behind the successful growth of a company. There are many things we can't control in a business - but we can control IP.

"Unfortunately, many companies take the short-term view that IP is costly, but it is vital to have a long-term view," Ashbolt says. "It's about being sensible. For example, a company should lodge a patent only in the specific countries where it will be doing business because it may be a complete waste of money lodging it around the world. You have to be sensible and realistic about where the future of the product lies."

PS – Danny Ashbolt can keep a secret!