

# INTANGIBLE ASSET VALUATION

Intangible assets have become the primary resource for creating wealth and value in most industries, surpassing the contributions of tangible assets. It is no surprise, then, that the business and valuation services in highest demand within today's corporations involve intellectual property and other intangibles for a variety of purposes including transaction strategic management and accounting and tax regulation. FTI Consulting IP valuation professionals provide the expertise to help your organization meet its intangible asset valuation needs.

## SERVICE HIGHLIGHTS

- Professionals with the applicable experience and credentials to meet your specific engagement needs
- A wide range of service offerings including transaction support, accounting and tax regulation compliance, strategic decision making, financing and collateral, litigation analysis and testimony, and bankruptcy matters
- Experience in valuing a wide range of intellectual property and other types of intangible assets
- Knowledge of the appropriate methods and approaches to use as well as the intended valuation audience and purpose
- Global operations and capabilities

Valuing intellectual property and other intangible assets requires an understanding of the various methodologies available and an understanding of the approaches that are acceptable and appropriate given the type of intangible asset being valued and the underlying purpose of the valuation. The IP professionals at FTI Consulting design their valuations to ensure that the valuation of intangible assets (1) meets any relevant professional standards, (2) is consistent with methods commonly used for the intended valuation purpose and commonly applied to the intangible asset being valued and (3) is successfully supported and communicated based on the intended use and audience.

In addition, because our valuation team is comprised of individuals with experience in general business valuation, technology valuation and valuation of other forms of intangible assets, we ensure that any valuation analysis will consider and appropriately apportion income and cash flow between the assets being valued and the various other contributing components.

The FTI Consulting IP group also offers a valuation team encompassing specialized research skills and knowledge, including access to proprietary database information, technology assessment skills, and access to patent search tools. Our valuation team includes a network of individuals with "real world" marketing, licensing and purchase/sales experience that have addressed complex valuation and decision making matters and have insight into the particular industry and environment of interest to your organization. If the need arises to explain and justify our work in a formal setting, we have abundant testifying experience ready to support our work.

The FTI Consulting IP group offers a wide range of services to meet your intangible asset valuation needs. Our experience includes matters addressing:

## LITIGATION SUPPORT AND EXPERT TESTIMONY

The valuation of intangible assets and/or the estimation of damages or harm due to infringement or misappropriation of intangible assets are often key factors addressed in litigation matters involving intangible assets. The IP professionals at FTI Consulting have significant experience in providing valuation and damages estimation testimony for both plaintiffs and defendants in litigation involving intangible assets. FTI Consulting's IP professionals have experience in deposition and trial testimony and have testified in various county, state, federal, tax and bankruptcy courts on matters involving intangible asset valuation or damage estimation related to infringement or misappropriation claims.

The FTI Consulting IP group provides valuation services for intellectual property and other intangible assets including:

## INTELLECTUAL PROPERTY ASSETS VALUED

- Patents
- Trademarks
- Service marks
- Trade names
- Copyrights
- Domain names
- Trade dress
- Trade secrets

## OTHER INTANGIBLE ASSETS VALUED

- Non-compete agreements
- Customer lists
- In-process R&D
- Customer relationships
- Favorable contracts
- Non-solicit agreements
- Use, licensed, franchised rights
- Employee workforce
- Backlogs
- Goodwill

## ACCOUNTING AND TAX REGULATION

In the ever changing environment of accounting and tax regulations and compliance, it is of particular importance for corporate leadership to consider that many compliance issues revolve around the treatment of intangible assets. Understanding and compliance with accounting and tax regulations are of great concern to corporate leadership as is consideration of these regulations and their affect on corporate transactions and profits. For example, acquisitions now require the process of purchase price allocations to include thorough consideration of the proper categorization, valuation and treatment of the intangible assets obtained in the purchase. As another example, regulation acquires appropriate support for transfer prices charged within an organization for the rights to use shared intellectual property. FTI Consulting's IP professionals can help you to address these and other accounting and tax regulation compliance issues involving the valuation of intangible assets. In addition, FTI Consulting's IP professionals have extensive experience working with or representing organizations dealing with representatives from the IRS, SEC and other accounting and tax regulatory authorities.

## TRANSACTION SUPPORT

Your organization might be in the process of considering a sale or purchase of intellectual property or other intangible assets. Or your organization may be considering selling a division of the business or considering an acquisition. In these and other transactions it is critical to the success of the transaction that both parties understand the underlying value being transferred. This requires valuation of the intangible assets that encompass all or part of the assets being exchanged. The FTI Consulting IP group can determine the intangible asset value being transferred prior to your organization finalizing the transaction. This additional knowledge can help you in your negotiations of the financial terms for the transaction.

## FINANCING AND COLLATERAL

Even though the value of intellectual property and other intangible assets may not be fully represented by the financial statements of corporations, investors and sources of financing including commercial banks, investment banks, venture capital firms, and individual investors are beginning to consider these "hidden" assets when making investment and financing decisions. FTI Consulting's IP professionals can help you determine the value that resides within your organization's "hidden" assets as you seek out financing and investment sources.

## BANKRUPTCY ISSUES

Understanding the value of the assets in bankruptcy is important to all parties involved in bankruptcy matters including the debtor, trustee, creditors and equity holders. The FTI Consulting IP group can help any of these parties to determine the value of the intangible assets resident within the filing entity. The FTI Consulting IP group understands and is experienced in the unique environment and aspects of matters within the bankruptcy court.

## STRATEGIC DECISION MAKING

Corporate success is heavily dependent upon making the right strategic decisions, and many of these decisions will directly or indirectly involve intellectual property and other intangible assets. Therefore, understanding the shareholder value that resides in the firm's intangible assets is critical to success in today's competitive environment. In addition, several strategies available to organizations are focused on effective use and return from intangible assets. The FTI Consulting IP group can help your organization consider alternative strategies for utilizing your intangibles such as joint ventures, licensing opportunities, and holding companies.



Critical thinking at the critical time™

### About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 3,700 employees located in 22 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. The company generated \$1.4 billion in revenues during fiscal year 2010. More information can be found at [www.fticonsulting.com](http://www.fticonsulting.com).