



VALUATION OF INTANGIBLE ASSETS AND DEVELOPMENT OF OUR CLIENT'S IN-HOUSE VALUATION CAPABILITIES

The FTI Intellectual Property group includes valuation and IP management professionals who provide the expertise to help your organization meet its intangible asset valuation needs by performing high quality, independent, defensible, third-party valuations. We also work with our clients to create processes and tools for them to use in-house to support and facilitate their need for ongoing high quality valuation of intangible assets on a reliable and consistent basis by personnel within their organizations.

SERVICE HIGHLIGHTS:

FTI offers independent valuation services to clients. We also offer assistance in building processes and tools so that our clients can perform most valuation services in-house.

- FTI's valuation services are typically called upon when valuations are very complex, unusually large, necessary for compliance/regulatory issues, or require independent verification
- Our valuations support a wide range of activities
- Our valuations are designed to meet your needs based on their intended purpose and use
- Our professionals have experience with virtually all technology areas and industries and offer access to a network of technology, market and industry experts
- We offer global operations and capabilities
- Services to improve our client's in-house valuation capabilities include:
 - Knowledge transfer of valuation best practices, methodologies and resources
 - Proven business process development and improvement expertise
 - Strong internal controls/quality controls built into the processes
 - Excellent documentation
 - Intellectual asset management expertise

Intangible assets have become a primary source for creating wealth and value in most industries, often greatly surpassing the contributions of tangible assets. However, in order to manage and create wealth from intangible assets through new product development, cost savings, license, sale, use in a joint venture, or other means, you must be able to establish a value for these important assets for a variety of purposes including strategic decision making, transaction support, tax regulation compliance, and accounting regulation/ financial reporting.

PERFORMING INDEPENDENT THIRD-PARTY VALUATIONS

In general, the types of intangible asset valuation engagements undertaken by the FTI IP group include those that:

- require extensive or unusual expertise due to their complexity or highly specialized nature,
- involve significant value in absolute terms or in terms of the client's asset base,
- are large in terms of the scope, effort and/or geographic reach required,
- are compliance related,
- require the valuation be performed by an independent party, or
- are of significant importance to our clients for other reasons.

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 professionals within the FTI IP group design each intangible asset valuation to ensure that it (1) meets all relevant professional standards, (2) is consistent with, as appropriate, traditional and/or innovative valuation methods, (3) is documented and supported, (4) is communicated based on the intended use and audience, and (5) is, as needed, defensible internally to our client's management, to our client's auditors, in negotiations, and at tax court, arbitration and/or trial.

The FTI IP group offers a valuation team that is also skilled in IP management and monetization of IP, with specialized research skills. We are also unusually experienced and skilled in technology assessment with access to various patent search and analytic tools. Our team also includes individuals with "real world" technology/IP marketing, licensing and purchase/sales experience who have addressed complex valuation and strategic decision making matters and who have insight into your particular industry and the potential challenges that might arise from a particular valuation.

We have performed valuations of intangibles in virtually all technology areas and industries.

In addition, if needed to augment and support the valuation process, we can utilize members of our Expert Network (a compiled contact list of individuals from outside of FTI developed by our group over many years) to supplement our internal resources with particular expertise in specific technologies, markets and/or industries. As needed, we also work closely with our clients' in-house or outside counsel to consider and appropriately incorporate the effect of legal issues upon our valuations.

THE FTI IP GROUP VALUES INTELLECTUAL PROPERTY SUCH AS:

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

THE FTI IP GROUP ALSO VALUES OTHER INTANGIBLE ASSETS INCLUDING:

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

If the need arises to explain and justify our work in a formal setting, many members of our FTI IP group valuation team have extensive testifying experience and are prepared to support our work through testimony.

The FTI IP group offers a wide range of services to meet your intangible asset valuation and management needs. Our experience includes, but is not limited to, matters addressing:

- strategic decision making
- transaction support
- tax regulation
- accounting regulation/financial reporting
- litigation/dispute support and expert testimony

ASSISTING ORGANIZATIONS TO DEVELOP OR REFINE IN-HOUSE VALUATION CAPABILITIES

We recognize that many organizations require regular, on-going intangible asset valuations for a variety of reasons. Our experience has shown us that many organizations wish to use third-party valuation experts in certain circumstances. However, we also understand that many organizations would prefer to utilize internal personnel and resources to perform intangible asset valuations when appropriate. In response, the FTI IP group has developed a specialized service offering in which we assist clients to create accurate, verifiable, repeatable processes and help them to develop complementary tools and resources so that third party experts are no longer needed for most valuation needs. This service offering includes the following:

- creation of intellectual property-related business processes focusing on or incorporating valuation needs (including process flow charts and documentation supporting process steps that identify process step descriptions, goals, personnel roles, inputs, outputs, systems, metrics, and other relevant information)
- creation of customized intangible asset valuation/pricing models and other necessary tools (for example, transaction due diligence checklists)
- valuation and other related, relevant training for client personnel who will perform steps in the developed valuation process
- review, update and quality control of the processes and tools we have worked with our client to create

We rely on proven business process development methodologies and documentation techniques in support of our work in this area.

As an illustration of our approach, we assisted a Fortune 500 consumer products company to develop an intellectual property licensing-in process/methodology as it expanded its focus on open innovation. Our project deliverables included, amongst other work product, a sophisticated pricing model for developing a range of royalty rates for deal negotiations. In another project, we assisted a large, global agriculture and food company to develop a business process for facilitating a new intellectual property holding company and transfer pricing system including the incorporation of arm's-length royalty rates for estimating payments due from subsidiaries across the world in return for their use of holding company-owned intellectual property.

We have found that the development and implementation of intangible property valuation-related business processes and related tools helps our clients to develop important internal skill-sets which ultimately are more efficient and effective for certain common or repetitive valuation needs than retaining outside experts.



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 3,500 professionals located in most major business centers in the world, we work closely with clients every day to anticipate, illuminate, and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.

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