

## Case Study – IP Audit

<b>Subject:</b>	IP Audit (R&D-specific)
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<b>Client:</b>	A medium-size telecom software and services company.
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<b>Background:</b>	<p>The company had been entertaining a legitimate concern that their overall R&amp;D effort was lacking focus, and that a specific, targeted IP audit would allow R&amp;D to focus more on the sectors of high market demand that comprised the company's medium to long term growth areas.</p> <p>Essentially, the goal was to align the newly-created (by R&amp;D) portions of the IP portfolio to the overall business strategy of the company.</p>
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<b>Objective:</b>	To ascertain exactly what IP was (and is, and will be) actually generated by the R&D function and to then bring transparency and accountability to its value and potential uses – to make the R&D outputs understandable and relevant to the senior management group and the other business units.
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<b>Result:</b>	<p>A hierarchy of actions to be performed, including:</p> <ul style="list-style-type: none"> <li>- using the audit conclusions as a method to inform R&amp;D management and thus guide R&amp;D activities toward more commercially-relevant endeavours;</li> <li>- modify current IP policies to allow for improved ROI on R&amp;D spend, eg: competitor IP landscaping, material disclosure versus material non-disclosure, IP capture versus IP utilization;</li> </ul>
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	<ul style="list-style-type: none"> <li>- a new focus on cohesion: aligning the IP portfolio to the company's business goals in order to enhance any extant competitive advantages, in turn making a positive impact on revenues, company perception, brand awareness, goodwill, etc;</li> </ul>
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<p><b>Value Result:</b></p>	<p>Estimated* at at least a large 7 figure number per annum.</p> <p>*different valuation models can be used to value IP and intangible assets. Each will have pros and cons to different types of companies, and the selection of one over another should be made with care. The methods include:</p> <ul style="list-style-type: none"> <li>- Income Approach</li> <li>- Discounted Cash Flow (DCF) Method</li> <li>- Venture Capital Method</li> <li>- Relief from Royalty Method</li> <li>- Real Options Method</li> <li>- Market Comparables Method</li> <li>- Historic Cost Method</li> <li>- Replication Cost Method</li> <li>- Replacement Cost Method</li> <li>- UNCITRAL (WTO's currently favoured method)</li> </ul>
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