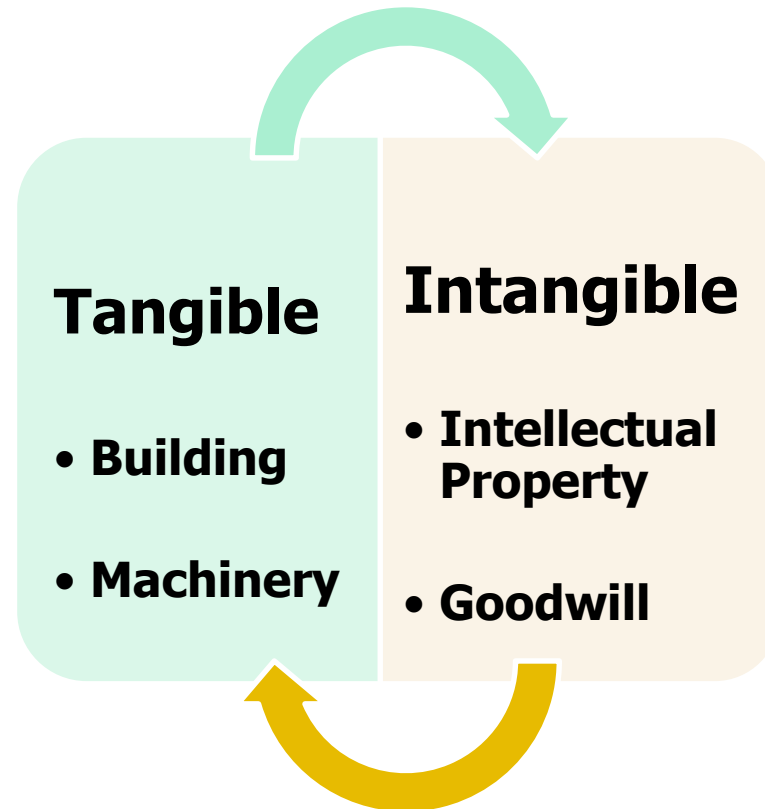




Intellectual Property Valuation



Two Types of Assets



IP Valuation

Characteristic

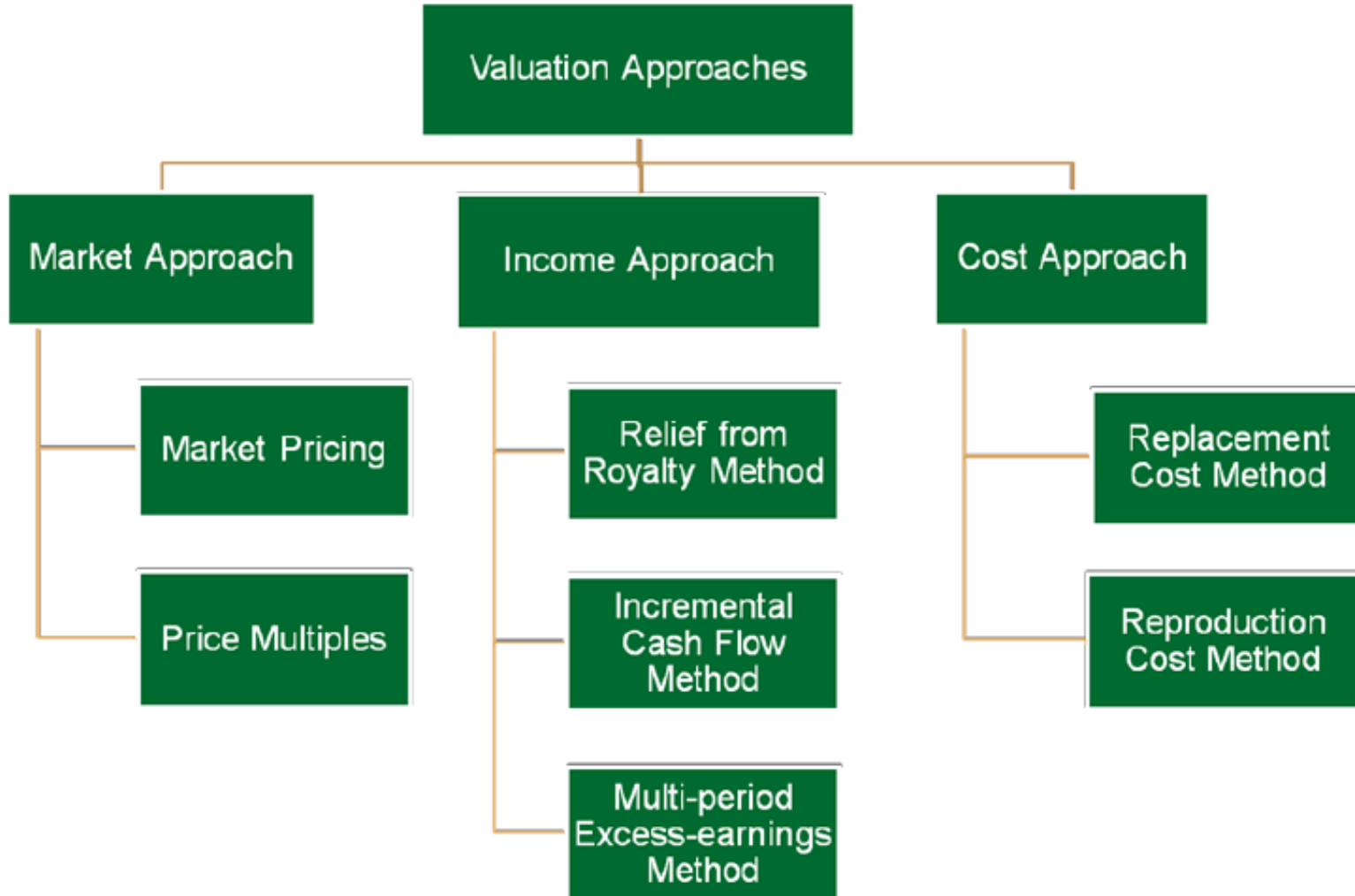
- Knowledge based
- Legal Right to exclude others from using
- Limited duration
- Assignable/
Licensable/Transferable
- Multi-usable
- Use does not exhaust

Challenge

- Historically, no public trading markets
- Terms & Conditions vary widely.
- IP assets are inherently dissimilar
- IP transfers are often motivated by unique strategic considerations
- Details of IPR transfers are usually not widely disseminated



IP Valuation: Methodology



Cost Approach

- **Replacement Cost Method**
 - **Cost of obtaining a property of equivalent utility**
- "Cost of Replacement"
- **Reproduction Cost Method**
 - **Cost to obtain an unused replica of the subject property** - "Cost of Reproduction New"



Market Approach



- **Provides indications of value by studying transactions of property similar to the property for which a value conclusion is sought.**
- **Requirements**
 - **Active market involving comparable property**
 - **Past transactions of comparable property**
 - **Access to transaction price information**
 - **Arm's-length transactions between unconnected parties**



Income Approach

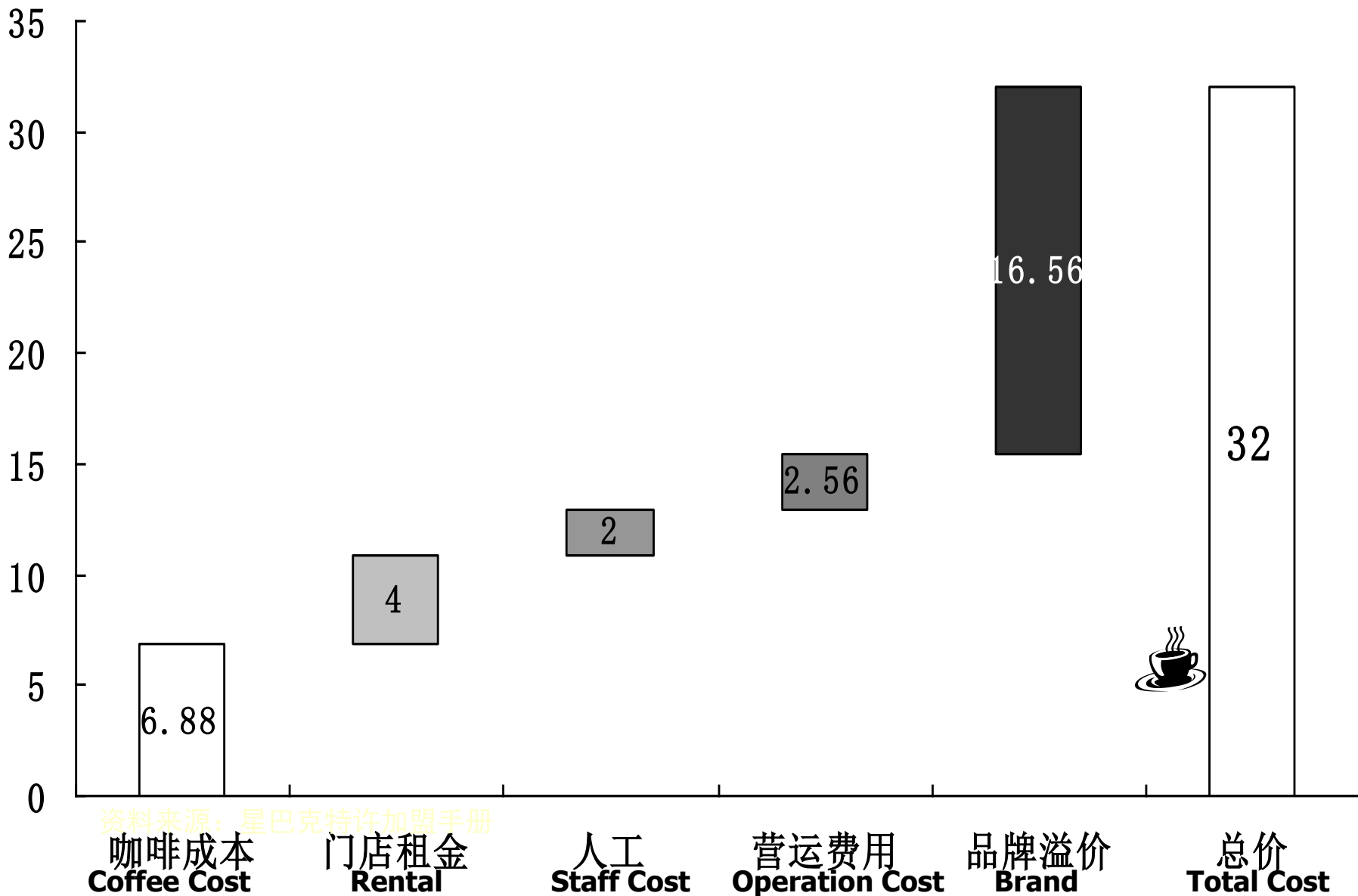
- **To determine the fair value of an IP, by reference to the capitalised value of income or cash flows brought by the IP asset.**
- **Heavily reliant on forecast financial information, which includes:-**
 - Revenue or income associated with the use of IP;**
 - The proportion of the revenue or income attributable to the IP;**
 - Expected growth of the identified revenue or income;**
 - Risks;**
 - Length of remaining useful life.**



在STARBUCKS，一杯卡布吉诺咖啡值多少钱？

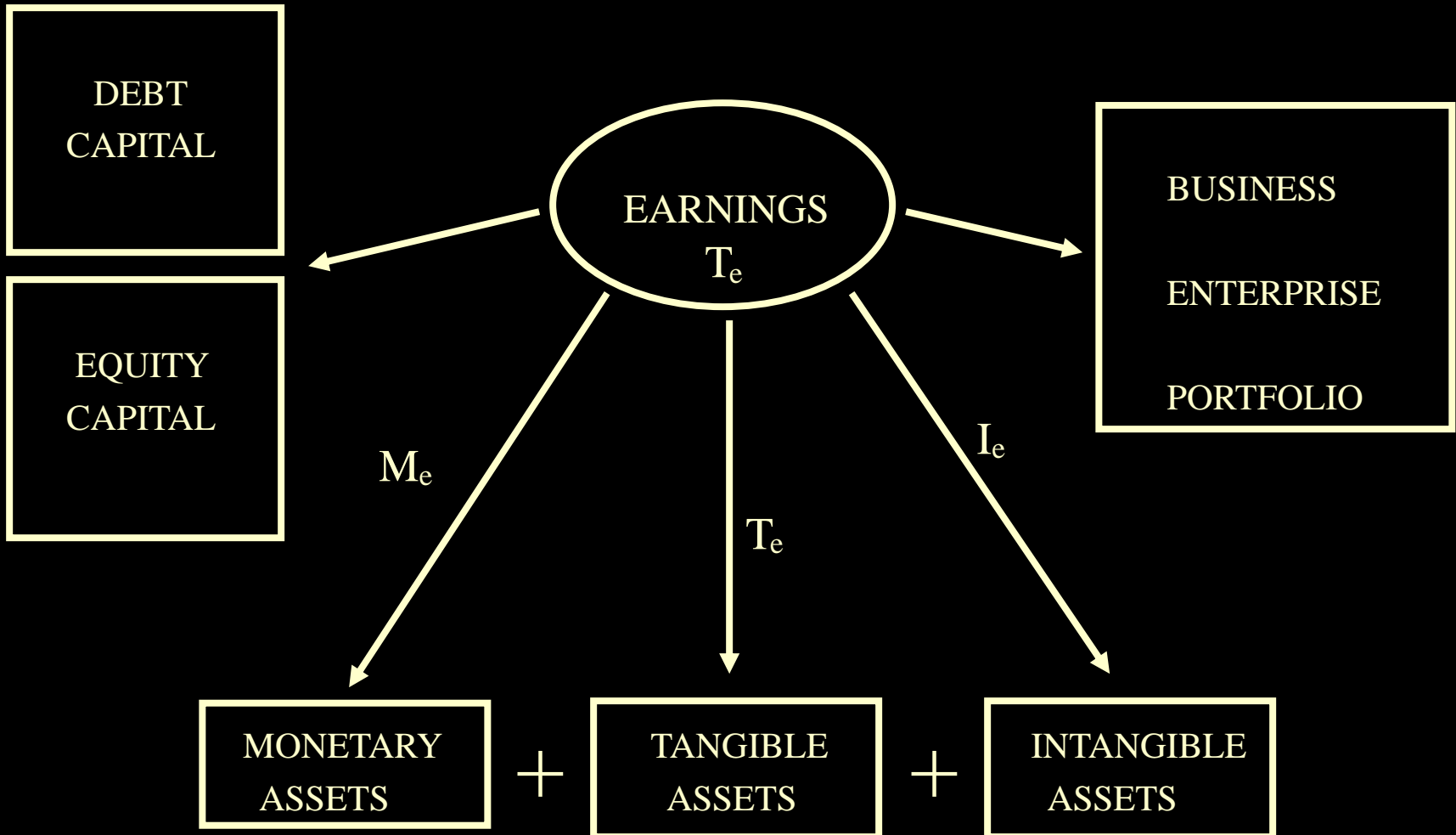
How Much Does a Cup of Cappuccino Cost in Starbucks ?

RMB
元

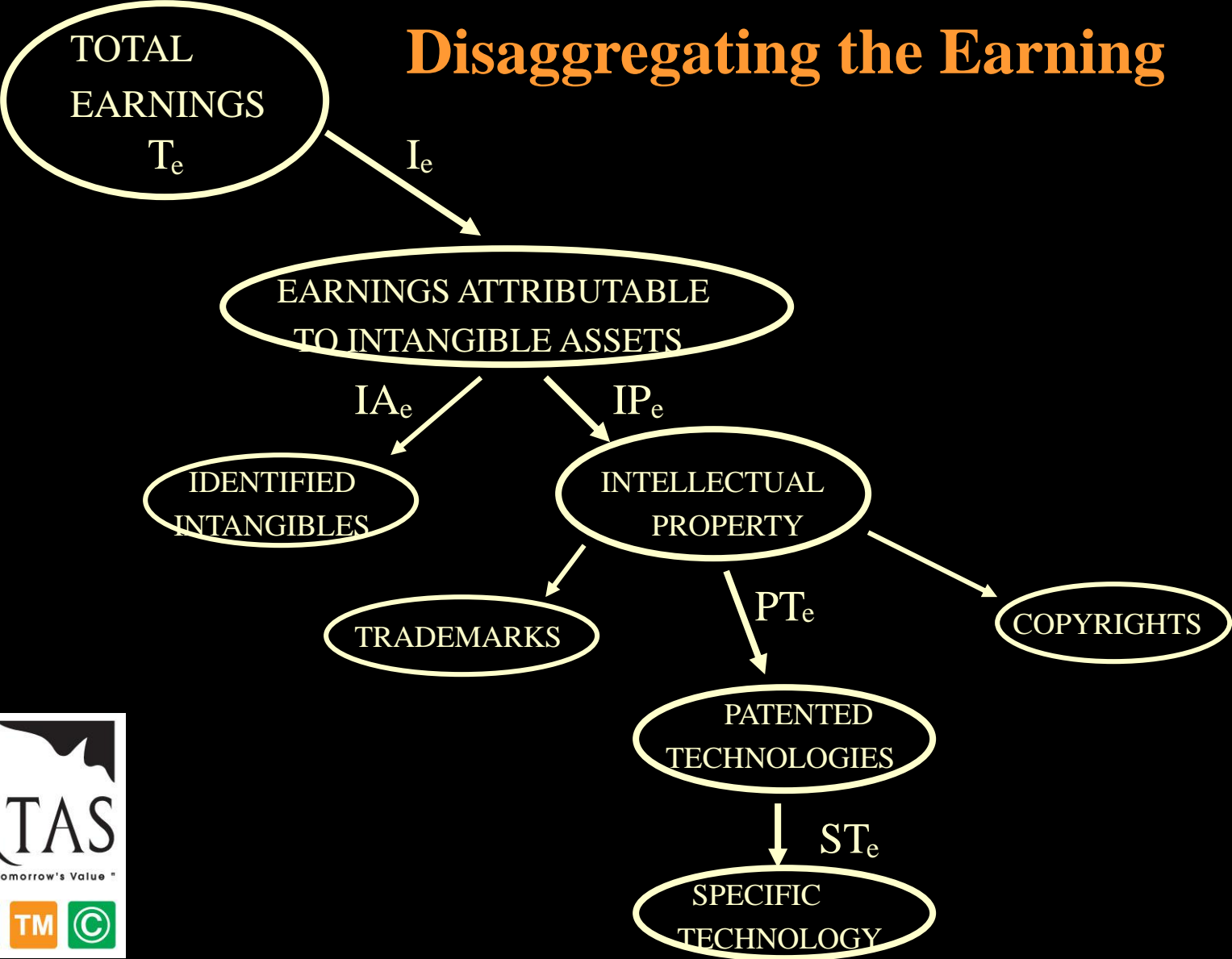


资料来源：星巴克特许加盟手册

Disaggregating the Earning



Disaggregating the Earning



Discounted Cash Flow

- Identify incremental cash flows (x) for each period (n)
- Select appropriate discount rate (r)
- Calculate net present value
- Perform cross checks
- Appropriate for identifiable cash flows of a defined period

$$\frac{x}{(1+r)^n}$$



Comparison of Approaches



Market Approach		
Suitable	Brand and trademarks	
Not Suitable	Whenever no active market observed	
Income Approach		
Relief from Royalty Method	Suitable	Brand and trademarks, software Unique in nature
Incremental Cash Flow Method	Suitable	Brand and trademarks
Multi-period excess-earnings method approach	Suitable	In-progress R&D
Not Suitable	Whenever future income is unstable, or cannot be reliably forecasted.	
Cost Approach		
Suitable	Software/ In-progress R&D or early stage technology	
Not Suitable	Cost hard to be determined	



Our Contact

Malaysia Office

T: +603-78765050

E: pintas.my@pintas-ip.com

Singapore Office

T: +65 62502070

E: pintas.sg@pintas-ip.com

USA Representative Office

T: +1 208 899 8528

E: pintas.us@pintas-ip.com

China Representative Office

T: +86 21 68877080

E: pintas.china@pintas-ip.com

URL: www.pintas-ip.com

