

Maximize revenue streams from your licensing agreements*

How do you increase returns for shareholders?

How do you stop potential revenue loss
from your license agreements?

How do you sustain your customer relations?

Understanding the value

Intellectual property (IP) and intangible assets have become an increasingly significant area of focus. Only recently have companies begun to understand the importance of extracting the maximum value from their IP in terms of managing licensing and other contractual arrangements. Strategic alliances, licensing agreements, globalization and an increasingly competitive environment necessitate a proactive, rather than reactive, attitude towards IP.

Realizing Incremental revenue

PricewaterhouseCoopers (PwC) professionals assist clients in enhancing revenue streams and managing risk by examining compliance with licenses and other business agreements. These consulting efforts often result in the realization of incremental revenue. Our experienced Licensing Management & Contract Compliance practitioners offer the ability to:

- Assist with the development of Licensing Management Programs, including the establishment of systematic enforcement programs in order to maximize IP values;
- Design a systematic license compliance program which provides steps to manage IP rights on a regular, recurring basis or a specific target basis;
- Design a communication letter to licensees that introduces the compliance program, and explains the reasons for and benefits of such a program;
- Select possible licensee targets for royalty examination work in order to maximize the potential royalty benefits;
- Assist licensees in preparation for a royalty examination;
- Conduct fieldwork, including review of license agreement compliance issues and potential under-reporting of royalties (such under-reporting often triggers a clause requiring the licensee to pay for the related fees);
- Perform compliance examinations in situations of pricing agreements, distribution agreements and franchise agreements;
- Lead a closing meeting at the close of fieldwork in order to ensure clarity and agreement with any reported findings;
- Prepare a letter of findings, which can be utilized to discuss and negotiate potential economic settlement proposals; and
- Perform our work as “fact finders,” while recognizing the sensitivities of a long-term business partner relationship.

Reaping the benefits

Maximizing the potential realized value of intellectual property through better management of existing licensing and other contractual agreements equates to incremental revenues, added shareholder value and facilitated relationships between business partners. PricewaterhouseCoopers is leading the way assisting companies in maximizing the value of their intellectual property and enhancing revenue streams. Our teams have identified significant levels of under-reported royalties for many of our clients, as well as identifying internal control improvements to help ensure more accurate reporting in the future.

Real-world examples of how we have helped clients include:

- Working on behalf of a major software company, we identified over-deployment of their products within a Fortune 500 company. This resulted in license agreement renegotiation and substantial incremental revenues.
- A leading telecomm company retained us to perform a royalty examination at a major licensee. We identified an entire series of products where the IP was being utilized but no royalties were being paid. The findings were in an amount of 35 times our fees.
- Working on behalf of a chip design company, our fieldwork at a licensee site identified significant under-reported royalties. This was the result of an internal control process breakdown, which was subsequently resolved for enhanced future reporting purposes.

We offer many years of experience in matters relating to licensing management and contract compliance. Our value-added services include assisting with accounting interpretations of license language, settlement strategies as to underreported amounts, due diligence of royalties and buy/sell decisions related to IP assets. Our professionals have extensive IP knowledge and a broad range of industry experience including Technology (software, hardware, telecoms and chip designers), Pharmaceutical, Entertainment, Publishing, Consumer Goods (branded products), and Manufacturing. With clients in the United States, Europe, South America and Asia, our international network is unrivalled in size and breadth and can be leveraged in understanding knowledge, language and cultural differences.

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