

# Protecting revenue streams and intellectual property rights\*



Our globally integrated network of fully dedicated licensing professionals is committed to helping companies optimise their revenues, capitalise on and protect their intellectual property, and successfully manage risk.

With resources in North America, South America, Europe, Africa and Asia-Pacific, our Licensing Management Service is unrivalled in its breadth and depth. Our unique blend of forensic accounting and technical skills ensures that our clients gain the maximum benefits from proactive, profitable licensing programmes and maintain productive relationships with their business partners.

# Contents

|                                                                |    |
|----------------------------------------------------------------|----|
| Are you losing money?                                          | 05 |
| Are you reaping maximum revenues from your licence agreements? | 06 |
| Are your licensing agreements being adhered to?                | 08 |
| Why choose PricewaterhouseCoopers?                             | 11 |
| Would you like to know more?                                   | 14 |



# Are you losing money?

## If your company has licensing agreements that are not being monitored and reviewed, then the answer is probably yes.

In 90% of the royalty examinations we undertake for our clients, we uncover underreported revenues due to clerical errors, accounting mistakes or contract misunderstandings. Over the life of a long-term licensing agreement, the “revenue leakage” that results can amount to hundreds of thousands – and in some cases – millions in lost income.

That’s why major corporations and brand leaders turn to PricewaterhouseCoopers’ licensing management practice to help establish and monitor their national and international licensing operations. And why our expertise is highly valued in industries ranging from software/technology, entertainment, media and publishing to luxury goods, biotech/pharmaceuticals and telecommunications.

Almost invariably there are financial recoveries, sometimes in five figures, sometimes in seven. Therefore, our royalty examinations tend to be self-financing exercises as well as best business practice.

And while we work primarily with licensors, we also assist licensees by reviewing royalty agreements, ensuring compliance and, if necessary, resolving disputes.

# Are you reaping maximum revenues from your licensing agreements?

## 8 out of 10 licensors do not monitor their royalty arrangements and revenues.

Intangible assets represent more than 80% of Fortune 500 market value – and this trend is growing globally. As a result, extracting maximum value from their intellectual assets is emerging as a priority for more and more companies.

Monitoring – and protecting – intellectual property is a dynamic, demanding process. A proactive licensing management programme is often critical to success. The benefits? Increased revenues, improved compliance, renegotiated contracts, more accurate reporting,

and in some cases, new incremental income streams. Despite these powerful advantages, few companies have a coherent, consistent approach to safeguarding and ensuring the accurate, timely receipt of their licensing revenues.



“huge experience: thorough understanding of business structures, country specific issues and our industry”



# Are your licensing agreements being adhered to?

## You might think the answer is yes. But why not be sure?

Licensing is one area where spending a little on prevention can result in major savings down the road. Most companies find that the sooner they bring us in to review their agreements, the more likely they are to reap full revenues from their licensing – and to steer clear of problems and disputes. In fact, the single most effective tool for avoiding costly, time-consuming litigation is a rigorously enforced compliance strategy.

Working with leading companies in a range of industries on numerous engagements, PwC has developed a comprehensive, highly disciplined Licensing Management programme. Its goal is twofold: first to review past licensing revenues and make adjustments, if necessary; and second, to ensure accurate reporting and royalty compliance in the future.

### 1 Licensing Enforcement Programmes

- An assessment of risks to your licence portfolios
- The development of strategies to manage, monitor and enforce those portfolios
- The establishment of compliance programmes for licensing, distribution, pricing and other contractual agreements
- Forensic-based royalty examinations

### 2 Licensing Consulting Services

- Transactional due diligence
- Advice on royalty rates and licensing fees
- Commercial reviews of royalty and financial provisions in agreements

In every assignment we undertake our intention is to preserve and improve the relationship between you and your clients. But, occasionally, disputes do arise and in these situations, our experts can help in their speedy resolution and in the renegotiation of terms and contracts.

### 3 Dispute Resolution & Arbitration

- Negotiation/Arbitration/Litigation support
- Expert witness objectivity
- Renegotiation of terms & agreements



“definite positive impact on our licensing programme”





# Why choose PricewaterhouseCoopers?

## Our resources, global reach, and track record are unmatched

Selecting the right licensing team to oversee your compliance programme is vital. We have found that clients who work with us value our passionate commitment to service, our respect for confidentiality, and our ability to oversee and coordinate reviews of widespread, often diverse, licence portfolios. Whatever your company's specific needs, you can be assured of our:

**Sensitivity to customer relationships:** We understand the necessity of balancing our clients' goals with sensitivity to customer relationships. Using an interactive approach,

we stay in close contact with clients during our fact-finding, field-work stage to ensure adequate coverage and productive results. Frequently, our involvement actually strengthens our clients' relationships with their business partners by identifying problem areas, defusing potential disputes, and resolving issues quickly and equitably.

### **Objective, forensic approach:**

Our practice is unique in employing forensic accountants, investigators and licensing professionals. We face difficult and challenging situations on a regular basis and while the

majority of cases of non-compliance involve honest error due to accounting, clerical and contractual interpretation differences, there are occasions where there is deliberate misstatement. Our forensic investigative skills enable us to quickly identify possible fraudulent activity and recommend appropriate actions that you can take.

“we will achieve our budget this year due to the additional royalties from PwC’s examinations”

**Global capabilities & cultural exposure:** Our integrated network of licensing professionals offers seamless service throughout the world. Our broad international coverage is a major asset for two reasons: First, many companies have widely dispersed licence portfolios that require close coordination when being reviewed, and, second, many of the largest and potentially most problematic licensees are located in developing markets.

**Consistent systems & procedures:** Our global capabilities also ensure that our clients benefit from consistent systems, methodologies, and reporting. This is essential for the effective licensing oversight. We work with many clients to introduce best practices on a worldwide basis – and to help them develop monitoring programmes they can run internally.

**A track record of success:** With numerous engagements completed, our experienced practitioners offer tremendous expertise in every facet of licensing management based on the aggregate knowledge that we bring to bear on every assignment.





# Would you like to know more?

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PricewaterhouseCoopers Licensing Management Services uses skilled forensic accountants and objective, fact-finding techniques to help companies to optimise their revenues, protect their intellectual property and manage risk while maintaining strong business relationships.

PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services for public and private clients. More than 120,000 people in 139 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders. ("PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.)



# Our experience

