

Forensic Services

Forensic Accounting



Licensing Management Services

Businesses are constantly looking for ways to improve their cash flow, but rights associated with intangible assets are often neglected. The identification of unpaid royalties not only increases a company's revenue but, more importantly, flows directly to its bottom line.

Many "large brand" companies are adopting the active management of their licensing arrangements as best practice. Despite this, a significant proportion of licensors do not exercise their right to audit. It is not uncommon for licensors to sign 10 or 15 year agreements without carrying out a review during this period to ensure that terms are being satisfied. This reticence may be costing them money - over 95 per cent of the royalty examinations we have carried out have revealed under-reported or misreported royalties, resulting in additional payments to the licensor.

How PwC can help you

We can assist by:

- Establishing appropriate reporting to obtain visibility as to the licensee's compliance with the licence agreement
- Researching prospective licensees to assess their capacity to exploit the intellectual property and potentially identify other exploitation possibilities
- Valuing the technology and benchmarking comparative royalty structure that suits your technology and your business
- Working with lawyers to review licence agreements from a commercial perspective and consider issues such as definition of royalty-bearing sales, treatment of foreign exchange rates, or other unusual transactions such as insurance proceeds.

Once rights have been established it is important to maintain them. During a royalty examination we apply our forensic accounting skills, analysing the licensee's records to determine whether they are reporting and paying royalties accurately. We also provide assistance with negotiation strategies for claiming additional royalties due, and our reports may ultimately be used in arbitration or in court proceedings.