

INTELLECTUAL PROPERTY ROYALTY COMPLIANCE SERVICES

BDO CONSULTING ASSISTS CLIENTS IN OPTIMIZING THE REVENUE STREAMS OF THEIR INTELLECTUAL PROPERTY (IP) ASSETS.

By focusing on an in-depth analysis of an organization's royalty agreements and accounting documents, BDO Consulting helps uncover royalties to which an organization may be entitled, establish a royalty monitoring system and develop effective licensing agreement language to help maximize the monetary benefits of an asset's life cycle.

An organization's IP assets are one of its most valuable resources. The misappropriation or inconsistent use of an IP asset by a licensee can result in high costs and lost revenue to an organization. BDO Consulting's IP Royalty Compliance Services team aims to protect and maximize the value of these assets, with the goal of ensuring that clients receive proper royalties throughout an asset's life cycle. Our royalty compliance services are cost effective – the recoveries and optimized cash flows that we bring forward typically far exceed the cost of service.

BDO Consulting's approach to royalty compliance is built on high caliber talent, focusing on the specific risks that organizations face. Our strategic methods for royalty compliance assessments are designed to yield focused and credible analyses. Our IP specialists pride themselves on their wealth of knowledge on IP matters, including the rigorous requirements of damages estimation if IP litigation is ultimately needed.

Inaccurate royalties can result from inadequate internal controls, miscalculations or misinterpretation of the royalty agreement. Performing a royalty compliance audit can help correct these issues and also facilitate appropriate reporting and payments of royalties by licensees. Such changes normally result in increased revenue generation, confirmation of the licensees' integrity and the protection of brand value.



BDO Consulting professionals assist clients with identifying and addressing areas for improvement in royalty calculations, including:

- Need for clarity for contractual and technical terms
- Human error
- Poor tracking systems
- Deliberate omissions

► OUR SERVICES

By conducting an in-depth analysis of an organization's royalty agreements and accounting documents, BDO Consulting assists our clients with:

- Developing a royalty monitoring system
- Calculating unpaid royalties
- Developing effective licensing agreement language
- Assessing system weaknesses and controls hindering the effective monitoring of IP

During a royalty compliance engagement, BDO Consulting will typically:

- Review existing royalty agreements including those covering patents, trademarks, trade dress, copyrights, trade secrets or other IP assets
- Discuss royalty agreements with company officials who manage them in order to understand existing relationships and special circumstances
- Perform a risk review of existing license agreements to identify those which present the greatest likelihood of erroneous payments
- Review previous royalty reports, license payments and business relationship issues
- Identify variances between licensing fees due and payments actually made
- Draft and recommend corrective action plans, as appropriate
- Assist in negotiations between licensor and licensee, to facilitate a resolution of identified issues
- Design compliance programs for future monitoring of licensees

BDO Consulting professionals tailor our approach to the specific industry and relationships among licensors and licensees. Our professionals analyze many potential issues with royalty calculations, including:

- Incorrect royalty base
- Unreported distribution channels
- Transfer pricing miscalculations
- Misunderstanding of license agreement
- Excessive price discounts
- Inappropriate deductions
- Underreported sales
- Unaccounted production
- Misapplied conversion rates
- Non-escalation of royalty rates

National Accounting Firm

As a division of a national accounting firm, BDO Consulting is the right choice for our clients' litigation needs due, in part, to our technical accounting resources. We maintain national departments to review and interpret the latest accounting pronouncements issued by a range of regulatory authorities. Our professionals have the opportunity to consult with the BDO National Assurance and SEC practices regarding complex accounting and auditing issues, including those relating to revenue recognition as well as IP and other intangible assets.

International Presence & Capability

As a division of BDO USA, LLP, the U.S. Member Firm of BDO International Limited, BDO Consulting is able to deploy resources wherever needed, with access to BDO Member Firms around the globe. Our professionals have successfully completed engagements utilizing resources from BDO International in various locations including North America, South America, Europe, Asia and other parts of the world.

► MULTIDISCIPLINARY, EXPERIENCED PROFESSIONALS

BDO Consulting professionals include certified public accountants, certified fraud examiners, accredited business valuers, former law enforcement professionals, chartered financial analysts, professional engineers and former controllers and financial officers at large corporations. Our professionals also have significant financial and operational experience with organizations in a variety of industries, such as:

- Energy
- Financial Services
- Healthcare
- Pharmaceuticals and Biotechnology
- Not-for-profit
- Manufacturing and Distribution
- Entertainment
- Real Estate
- Retail and Consumer Product
- Technology

CONTACT:

For more information about our IP Royalty Compliance Services, please contact us at 888-236-4449 or intellectualproperty@bdo.com.

www.bdoconsulting.com

BDO Consulting provides litigation, investigation, business restructuring and risk advisory services to clients in the United States and internationally. Our highly experienced and well-credentialed professionals leverage the global industry and accounting knowledge of the BDO international network, providing rapid, strategic advice to assist our clients.

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