

IP Advisory



Deep value creation for telecoms companies through Intangible Asset Management

Telecoms companies have an enormous opportunity to capitalize on the intangible assets they create around network services and technology. These assets could include intellectual property (IP) rights such as patents, copyrights, trademarks and trade secrets, as well as other assets including data, brand reputation, strategies, and customer and business relationships.

However, as new products and services are developed, intangible asset portfolios become notably more complex, particularly with regard to fast-evolving 5G networks or fiber optics. Telecoms assets require ongoing management and assessments so that patents are effectively prosecuted, managed and leveraged, and so trade secrets can be retained.

Telecoms companies should develop a strong awareness of patents and trademark filings, and of IP licensing and litigation behavior among competitors, suppliers, and 'over the top' providers such as video call providers and content streaming services, in order to maximise their own potential.

Meanwhile, network operators need to protect their contributions to standards bodies and meet their declaration obligations. Handset makers should focus on establishing freedom to operate, meaning an ability to commercialize products without infringing rights, often through license access.

When relying on partnerships for technology developments or network expansion, companies should always aim to anticipate what will be created. They may draw up contracts specifying ownership of resulting IP assets, detailing how protection and monetization will work, and what happens when an agreement ends.

Six Essential Actions and Considerations



INNOVATION PLANNING

Active monitoring, evaluation and protection of intangible assets is essential to generating value from products and services being developed, especially when multiple parties are involved. Telecoms businesses need effective operational processes to identify, assess and capture rights, and to monitor and grow them, including protecting trade secrets. Detailed evaluation helps to confirm innovation consistently matches strategy. Meanwhile, mapping innovation to expenditure and income streams can unlock tax breaks in countries with incentives around research and development, and around patents.



COMPETITIVE INTELLIGENCE

Companies should be keenly aware of their competitors' intangible assets to properly understand their own IP positioning around networks, standards and technology. From that position they can spot and act upon innovation opportunities, while also identifying risks associated with insufficient protection. Comparative patent positioning provides a knowledge of space for research, development, commercialization, supply chain changes, and rights filing and acquisition. It can also provide a clear understanding of legal exposure that could prove financially costly or operationally restrictive.



PORTFOLIO EVALUATION

Regular IP portfolio reviews and evaluations provide telecoms firms with a clear value assessment of all assets. Rights can be viewed in terms of business alignment, defensive value against infringement lawsuits, and potential to deliver cost reductions or revenue generation. Strategic decisions can then be taken more easily on each right, including whether a patent should be renewed completely or in specific countries, and which should be retained only for defensive purposes, abandoned, or used for cross licensing or monetization.



RISK MITIGATION

Unmanaged IP risk can restrict freedom to operate, with rivals demanding royalties or attempting to block sales. Companies with effective risk mitigation can potentially avoid lawsuits while developing their IP assets. Regularly monitoring the filing and litigation activities of competitors is critical. Searches can unveil high-risk patents owned by Patent Assertion Entities buying rights just to monetize them, highlight existing forms of inventions to build a defensive arsenal, and inform work-around designs and defensive strategies that could include acquiring rights.



MONETIZATION

Following portfolio reviews, IP divestment, licensing, and technology transfers can be executed to generate revenue from under-used and non-core assets. Objective data is essential in underpinning an effective process of licensing or selling assets. This data also provides a basis for understanding value for price setting and negotiation and can be bolstered by market and rights analytics. In addition to revenue generated, significant savings can be realized from having a more streamlined asset portfolio.



TRANSACTION EXECUTION

Buying, licensing and selling intangible assets requires an in-depth understanding of assets, target markets, price arguments and deal structures. Potential sellers and buyers can be identified with a market outlook, helping confirm they are approached with qualitative arguments. Telecoms companies armed with a detailed value analysis, and a reasonable price backed by data, are well placed to close transactions. Having a clear deal evaluation framework and specialist knowledge of IP transaction execution, including valuation, legal and tax matters, is imperative.

Services

Businesses across the telecoms sector seek Deloitte’s strategic IP advice, market and analytics capabilities, and transaction experience, in connection with the essential steps of identifying and unlocking value from intangible assets.

Deloitte’s IP Discovery and Innovation Capture programs enable companies to consistently identify value, while competitive intelligence analysis reveals rival patent positioning and market developments in fast-moving arenas including 5G, the Internet of Things and Industry 4.0. Portfolio evaluation services help confirm businesses understand their assets’ value, while risk mitigation analyzes freedom to operate issues. Deloitte enables businesses to strategically monetize intangible assets, bringing parties together in a trusted framework to execute transactions effectively.

IN PRACTICE

A large business faced with growing costs needed to manage 1,500 patent families, and it sought Deloitte’s assistance. Through the collaboration, it identified non-core patents, selling them to offset two-thirds of total prosecution and maintenance costs. By establishing a clear IP strategy, the company could defend against patent assertion entities, meet its obligations with standards organizations, and maintain tight control of its IP budget.

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