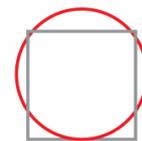


Case Studies

Managing Unsolicited Offers: Telecommunications

The IP monetization market is evolving rapidly. With the entrance of new defensive aggregator models and NPEs into the market, operating companies are receiving an increasing number of unsolicited inquiries into their portfolios.



RED CHALK
GROUP

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Not only are companies engaged in trying to sell or license their inventions, but they are also being approached by third party entities interested in buying specific patents. But what should a company do with an unsolicited offer for a few of its patents – particularly when the company does not know the value of those assets?

Recently, a client in this very situation engaged Red Chalk Group when a third party made an unsolicited offer on handful of their patents. The client, a large Fortune 1000 company with a mature IP function, knew the technology well, but was less certain of how the marketplace for the technology had evolved over the last two years. Clearly, the third party entity was not going to make its best offer immediately, and our client needed key market data to counter the offer. Moreover, our client wanted to understand the drivers of value for the patents and determine a reasonable range for their valuation.

While our client implicitly recognized that the value of a patent is what someone will pay, they wanted a framework to value the IP using technical and market analysis and our experience in IP sales. This information helped provide a solid foundation for negotiations.

Here, as in all our engagements, Red Chalk Group relied on its team of industry experts to manually read patent claims and specifications (as opposed to relying on calculated metrics), and was able to effectively integrate technology and market based information.

Approach

Leveraging our business, legal, and technical expertise to determine the valuation range of patents, we quickly identified that the third party offer was approximately 50% below the expected value, and that there was a relatively liquid market for this type of technology. This realization translated into a two prong strategy: 1) negotiate the offer as aggressively as possible, and 2) try to generate a competitive offer as quickly as possible by leveraging our network.

Using this strategy, Red Chalk Group highlighted the perceived underevaluation to the third party and countered their offer with a price more in line with our economic analysis. Next, we created key pieces of marketing material and gave select companies and patent purchasing entities the ability to bid on the patents with an accelerated timeline.

Client Impact

As a result of Red Chalk Group's direct involvement in the negotiations and pricing analysis, the third party offer was raised by 35%. More importantly, within a few short weeks, we were able to generate a competitive offer on the patents that increased the eventual sale price to over 200% the original offer.

Contact

For more information, please reach out to an Industry Practice Leader in our Management Consulting Practice:

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About Red Chalk Group's Management Consulting Practice

Red Chalk Group is a premier, boutique strategic advisor to senior executives at leading, global organizations. We are routinely engaged to advise on strategic growth platforms, technology disruption, investment decisions, and business-related intellectual property matters.

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