

**bengin**

# **The Intangible Evaluation**

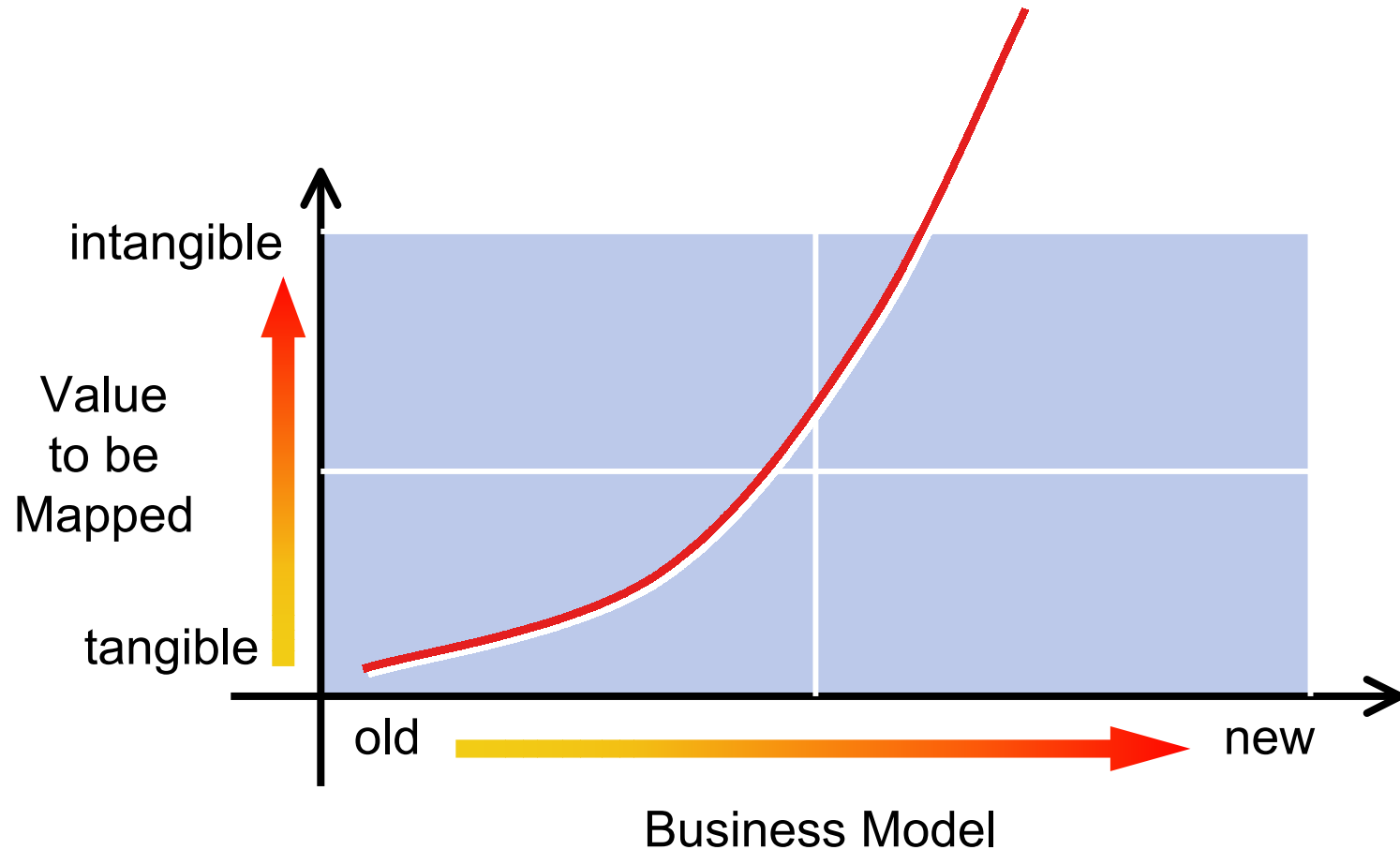
## **The Service**

**Version 2.0**

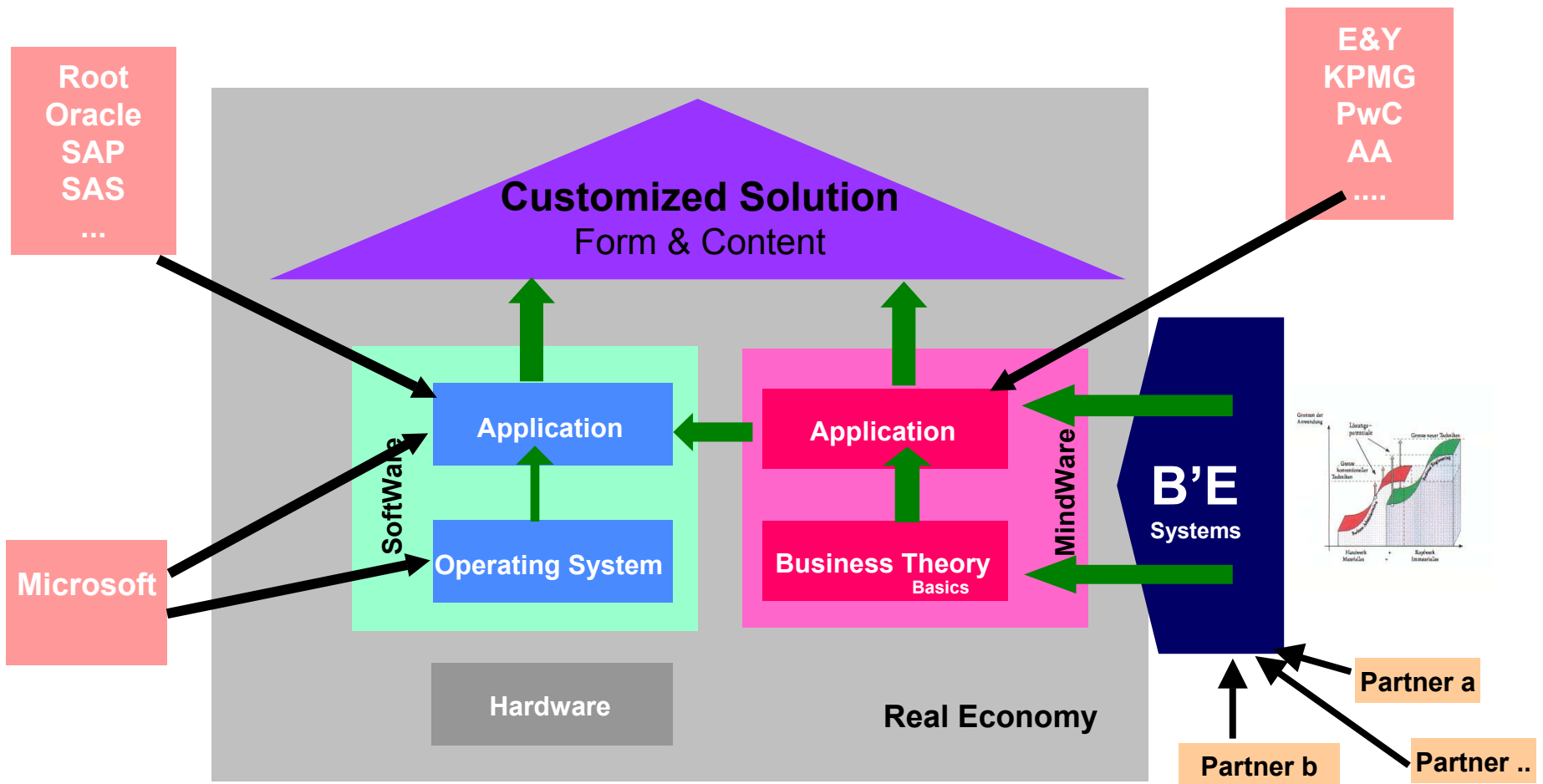
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- The new Business World
- The bengin.com approach
- The Benefit for the customers
- The MindSet: how does it work?
- Some examples from the market
- More ways to use the analysis
- Additional Types of analysis

# Complexity of the **new Business World** rises and the Business Models have to reflect this

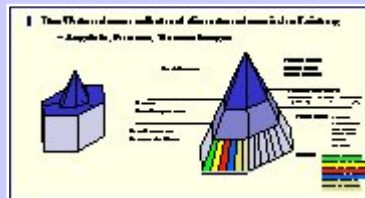


# We have developed new models for the classic and the new Business to deliver new solutions

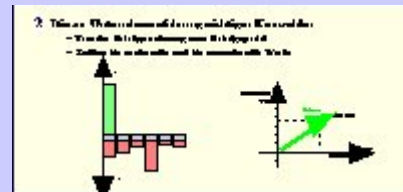


# We developed the original know-how, the procedures and the instruments to analyze the new Business World and to find the needed Solutions.

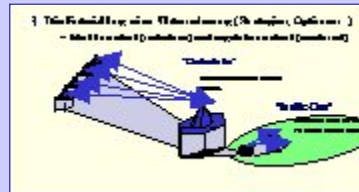
## 1. Structure



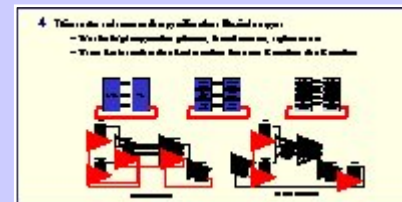
## 2. Quantity



## 3. Direction

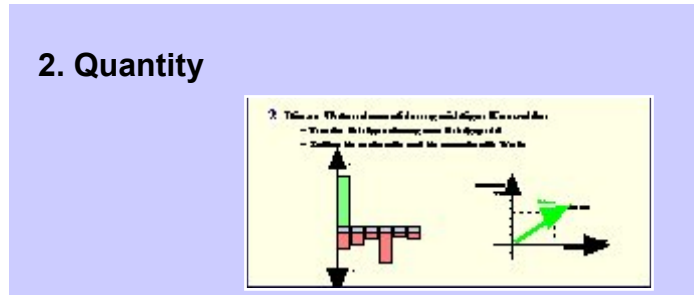


## 4. Optimization



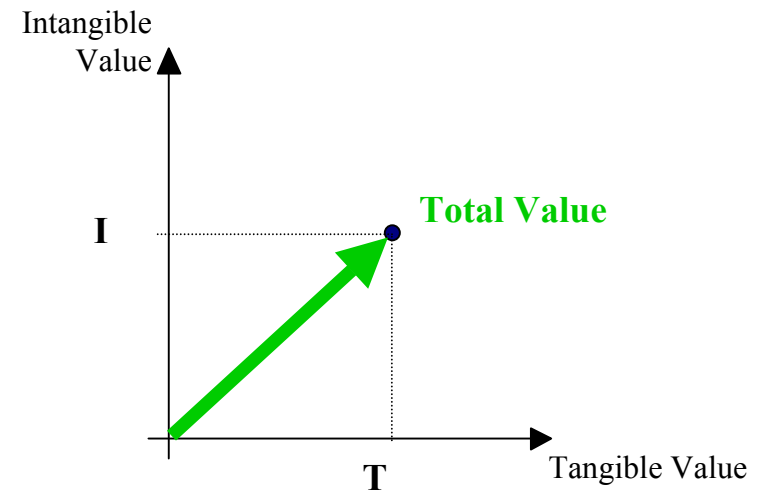
# We concentrate on the evaluation of the total assets of a company, because....

**„YOU CANNOT MANAGE WHAT YOU CANNOT MEASURE“!**



The total value of a company is **the sum** of its Tangible and Intangible Assets.

Only by managing the Tangible Assets (money based) **and** the Intangible Assets (Knowledge, Skills, Market Position, etc.) the company can achieve their goals successfully.



# Evaluating the Intangible, our customers can gain in various ways

**Large, international companies, mid-sized companies and governamental Departments and Institution:**

- To analyze their current position and development over time
- To plan internal changes
- To plan mergers and acquisitions
- To plan spin offs and oursourcing
- To evaluate the market position (benchmark)
- To evaluate the productivity of various Business Units
- To evaluate new projects (integration in the company assets)
- .....

# Evaluating the Intangible, our customers can gain in various ways

## Investment companies and Venture Capitals:

- To evaluate the potential of an investment (e.g. in a start up, etc)
- To plan the future „exit strategy“
- .....

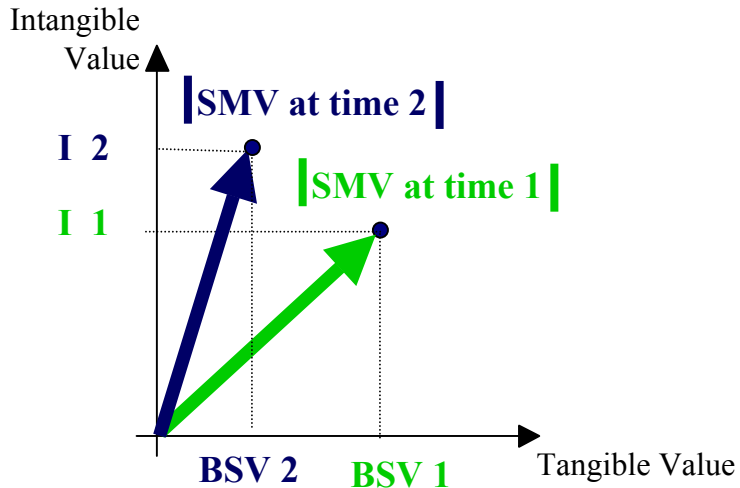
## Start up companies:

- To explain (calibrate) their own potential to an Investor
- To show the development over time of their own potential
- .....



**How does the Mindset work?**

# Considering the Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value, then...



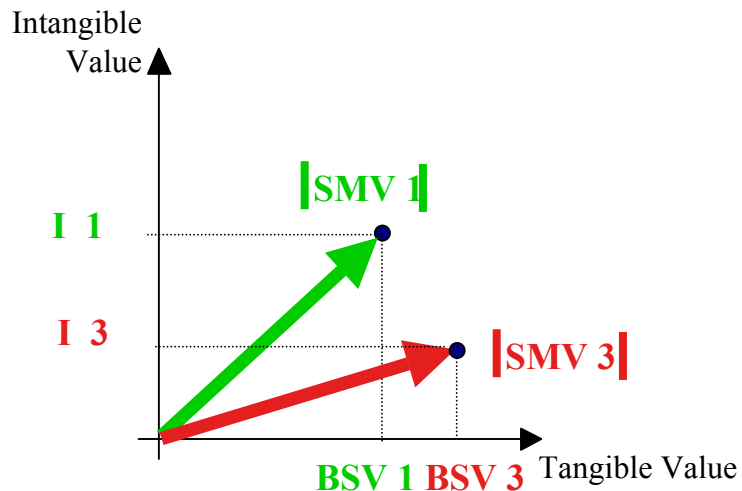
## Example 1 (same company, 2 times):

The SMV at time 1 and at time 2 are the same. The BSV 2 is though only half of the BSV 1. On the other hand the Intangible Value 2 is 30% higher the Intangible Value 1. Why?

- Purchase of patents?
- Introduction of a new product line?
- Other?

***The company invested money (Tangible Value) to create the potential for the future (Intangible Value)***

# Considering the Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value, then...



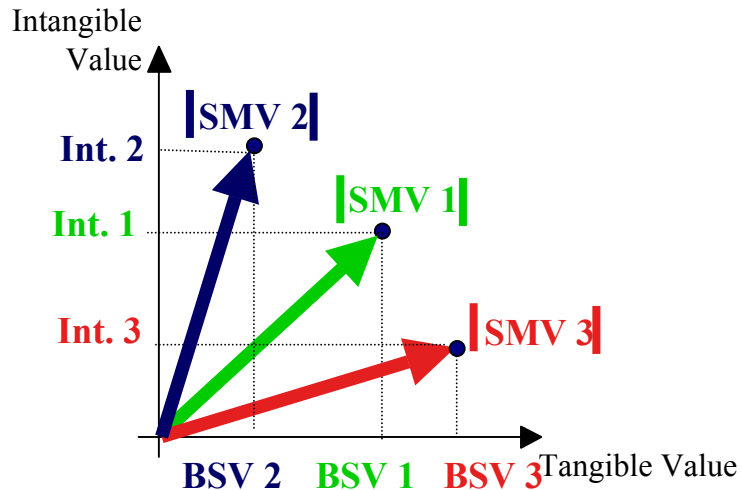
## Example 2 (same company, 2 times):

The SMV at time 1 and at time 2 are the same. The Balance Value 3 increased by 20% compared to the Balance Value 1. On the other hand the Intangible Value 3 is less than half of the Intangible Value 1. Why?

- Sale of a department?
- Sale of patents?
- Other?

***The company transformed Intangible Assets into money based value (Tangible Assets)***

# Considering the Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value, then...



If in example 1 it is NOT TRUE that.....  
*The company invested money (Tangible Value) to create the potential for the future (Intangible Value)*

e.g.

- Purchase of patents?
- Introduction of a new product line?

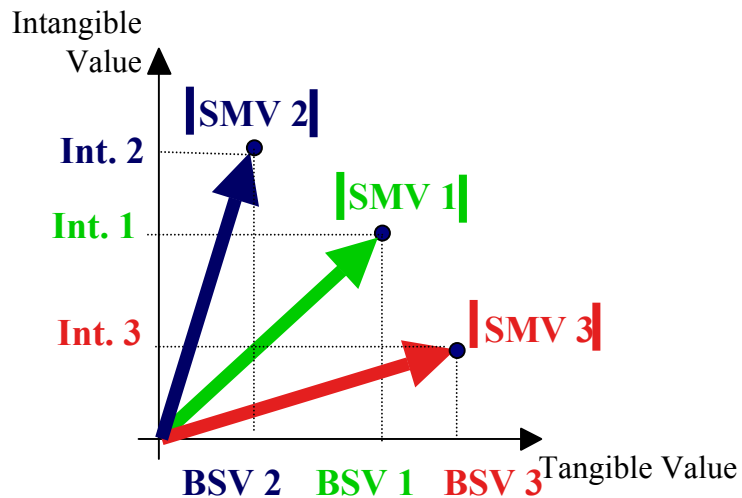
If in example 2 it is NOT TRUE that.....  
*The company transformed the Intangible Assets into money based value (Tangible Assets)*

e.g.

- Sale of a department?
- Sale of patents?

What happened then?

# Considering the Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value, then...



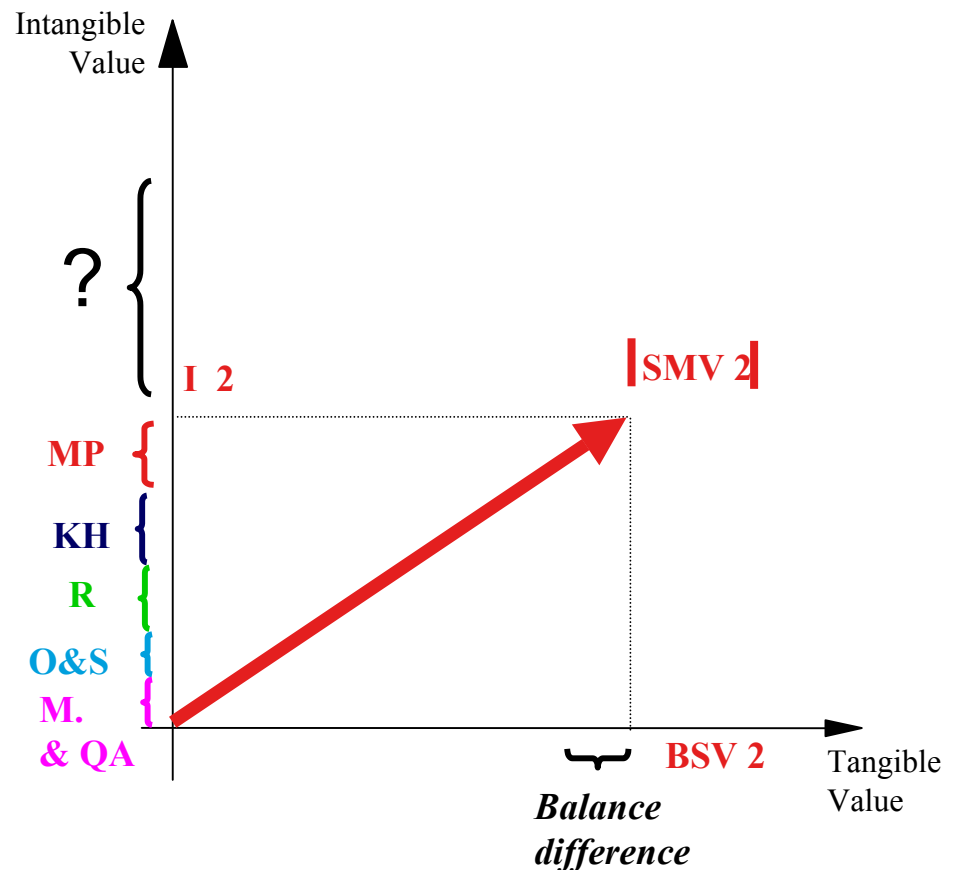
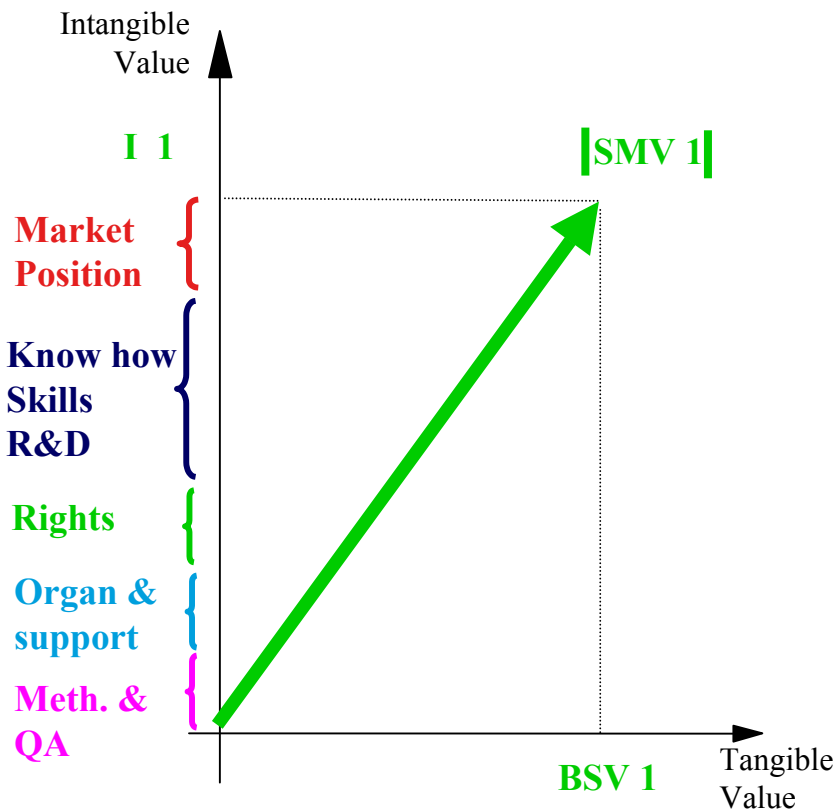
## What happened then?

- Maybe the company is just losing good people: yes, there are less costs but....
- Maybe the company is spending too much on marketing....
- Maybe the people are not receiving any training: yes, there are less costs but any know-how in the new technology...

**If the combination of tangible and intangible assets cannot be explained by the company's strategy, decisions, actions.....then we must look deeper. The causes need to be discovered in order to better manage the company**

# Considering the Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value, then...

## 1. Analyze the structure and development of the Intangible Assets



# Considering the Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value, then...

## 2. Identify the changes/problems

Nr	Object	Index	„Time“ 1	„Time“ 2
1	Market Position	Market share	20%	20%
2	Market Position	Marketing costs	200'000	<b>400'000</b>
3	Know-How	Number of employees	200	<b>122</b>
4	Know-How	Number of trained employees	100	85
5	Know-How	R & D hours	500	<b>300</b>
6	Rights	Number of patents (Copy-rights, Design, etc)	12	12
7	O & S	Use of IT infrastructure (PC and Laptops/employee)	80%	75%
8	M & QA	Number of procedures/methodology	6	6
20	....	....	....	....

# Considering the Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value, then...

## 3. Discover the reasons

Nr	Object	Index	„Time“ 1	„Time“ 2	Reasons	Actions needed?
2	Market Position	Marketing costs	200'000	<i>400'000</i>	Organized event to launch new products	no
3	Know-How	Number of employees	200	<i>122</i>	<i>Reason not clear!</i>	<i>Yes, it need to be solved!</i>
5	Know-How	R & D hours	500	<i>300</i>	People left – see Nr 3	Consequence of Nr 3



# Considering the Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value, then...

## 4. Prevent problems today and avoid losing money tomorrow!

Nr	Object	Index	Reasons	Actions needed?	Consequences within the next 6 to 12 months
2	Market Position	Marketing costs	Organized event to launch new products	no	-
3	Know-How	Number of employee	<i>Reason not clear!</i>	<i>Yes, it need to be solved!</i>	<ul style="list-style-type: none"> <li>• Decrease in R &amp; D &amp; production</li> <li>• Inability to deliver</li> <li>• Loss of customers</li> <li>• <i>Decrease of Stock Exchange Value!</i></li> </ul>
5	Know-How	R & D hours	People left – see Nr 3	Consequence of Nr 3	Corrected only by solving Nr 3

# Considering the Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value, then...

By analyzing only the Tangible Assets (money based) you would recognize the problems TOO LATE.

The Intangible Assets of today represent the Tangible Assets of tomorrow, therefore knowing them will help you manage the total assets of the company better.

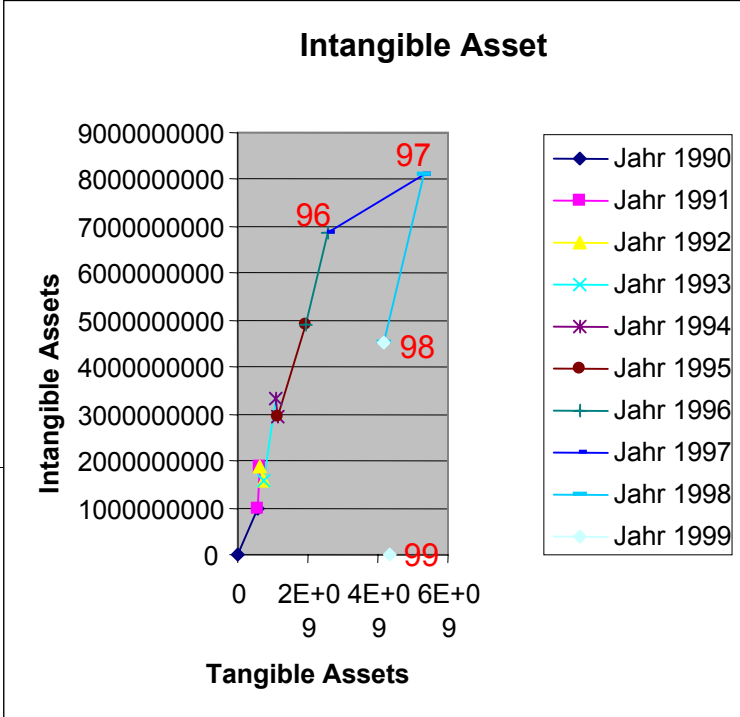
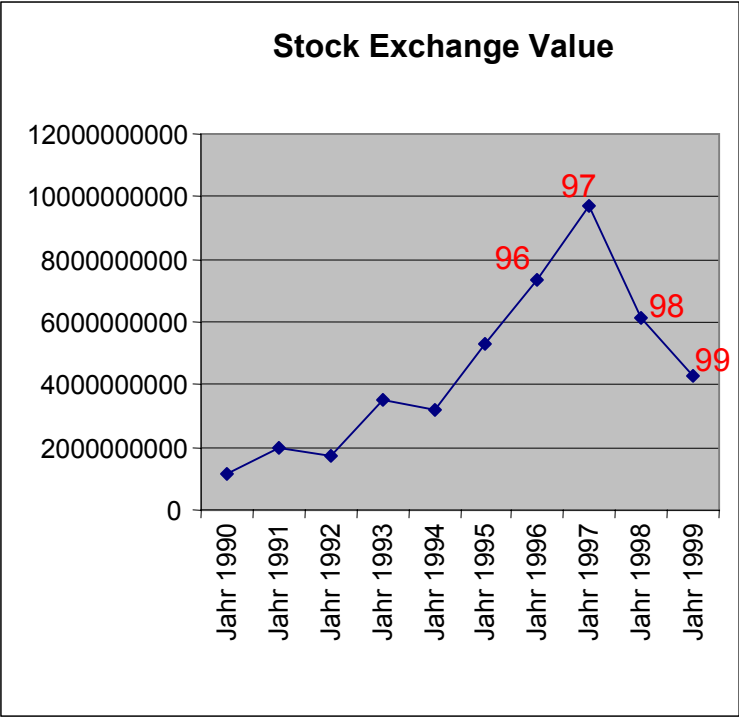
*In this example:*

Knowing the possible internal problems 6 to 12 months in advance will allow you to correct the problems before they effect the company Market Value!

**Some example from the market**

# A better working instrument for showing overpriced papers: Example Coca Cola Amatil

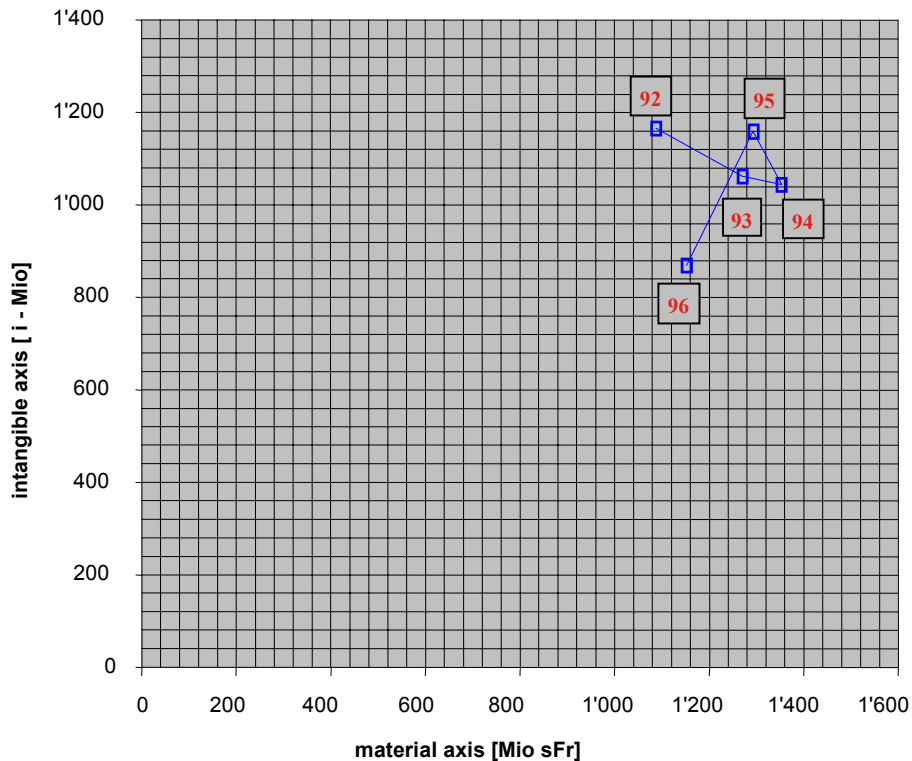
....a year before the classic Market Analysis, the Intangible Assets Analysis of BE-Solution could foresee a change by Coca Cola.....



# It is possible to analyze the development of the company's asset.

## Example: a part of ABB

Pointer of vector for five years

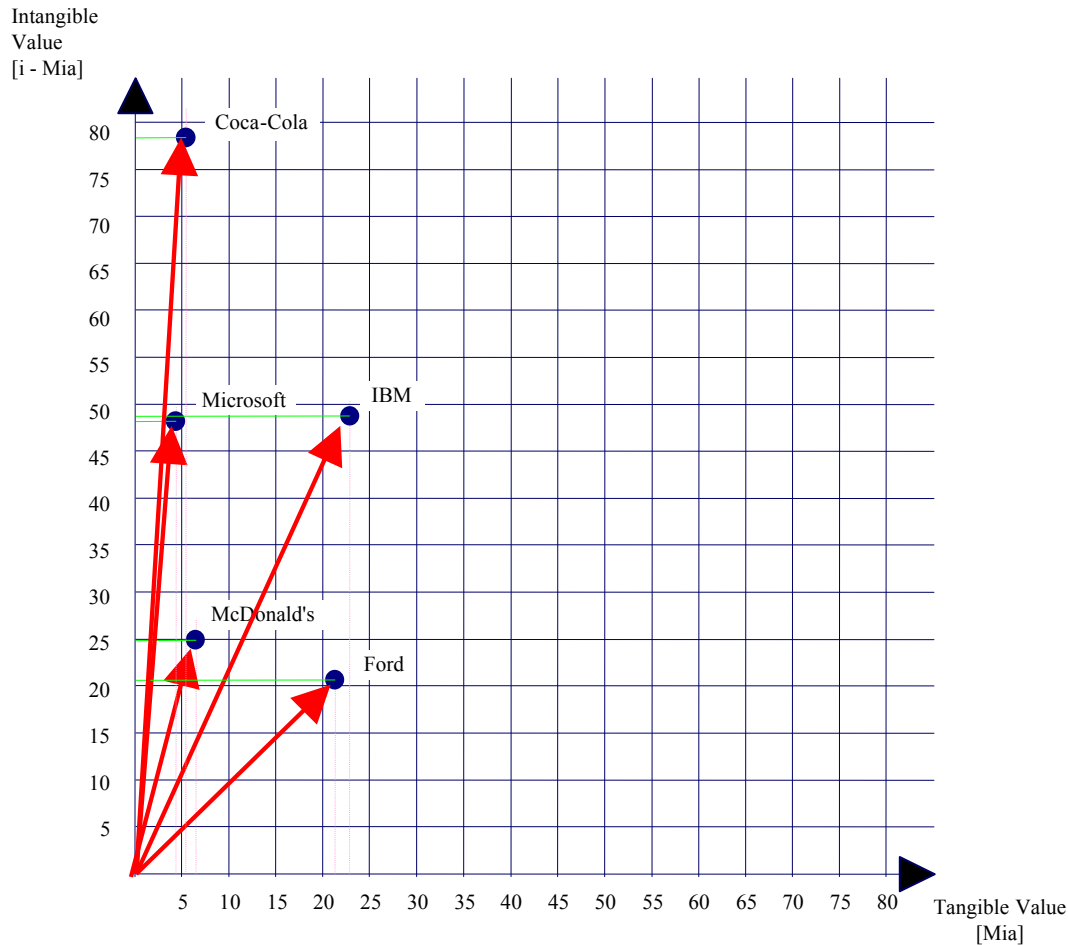


The answer for the question – "What happens in the year 1996?" – is easy:

Part of enterprise sold.

It is after all a question of the quality of Management if this loss of intangible values is compensated by the price received for the sold enterprise.

# Intangible assets or Shareholder Value Expectation?

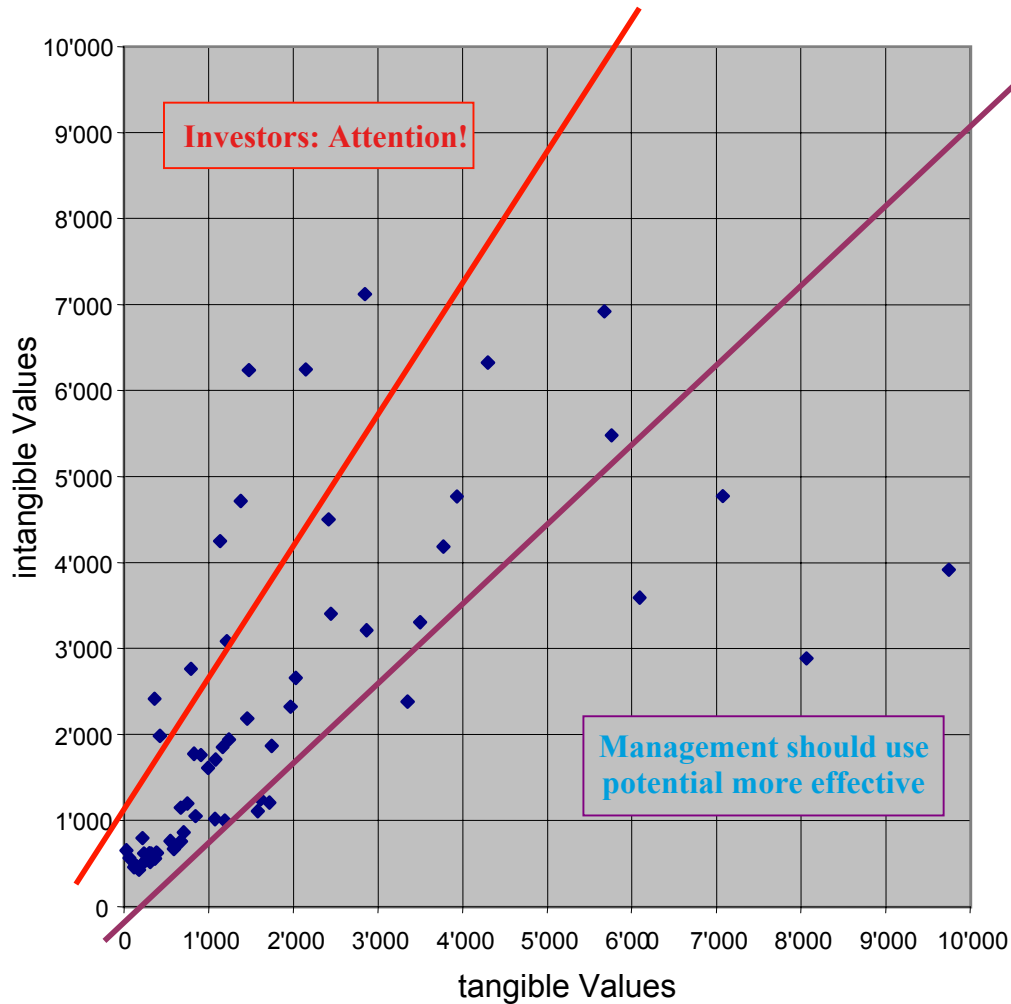


The Tangible Value and the Intangible Value together gives a complete picture about the company value and its development.

The question remain:  
Are all Intangible Assets or part of it is only Shareholder Value Expectation?

# A better model for new decisions

Valuepoints of 75 enterprises



Analyzing enterprises with the above mentioned instruments **leads to fundamentally new decisions on the side of the managers as well as of the side of shareholders**, which have nowadays a better/good working instrument for showing overpriced papers.

**More analysis**



# More ways to use the analysis: Stock Market Value (SMV) as the Total Value and Balance Sheet Value (BSV) as the Tangible Value

- To evaluate and decide if it is better to „Make“ or „Buy“
- To evaluate and decide for an acquisition (Tangible and Intangible)
- To evaluate productivity, e.g. the „transformation“ of Intangible into Tangible
- To Benchmark
- To evaluate the benefits of a merge
- .....

This can be done at various levels: Whole Company, Business Unit, department, process or project.

# Additional types of analysis

## Turnover (Total value) vs. Total costs (Tangible)

e.g. knowing the Total Value (Turnover) and the Tangible Value of a company (Total costs) it is possible to analyze what value is generated by the company (know how, etc.)

- To analyze productivity

- To analyze resource allocation (intangible ROI)

- To analyze Value Chain profitability

- To evaluate a possible spin off or merge

- To compare the values of different departments

This can be done at various levels: Whole Company, Business Unit, department, process or project.

# Additional types of analysis

## **Total costs (Total Value) vs. „Total costs *minus* Personal costs“ (Tangible)**

e.g. knowing the Total Value (Total costs) and the Tangible Value („All cost *minus* Personal costs“) it is possible to analyze what value is generated by the people (know how, etc.)

To analyze the productivity of employees

To analyze the value of training

To compare the values of different departments

This can be done at various levels: Whole Company, Business Unit, department, process or project.

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