

is substantially higher than with respect to the latter. Furthermore, studies have proven that return on investment regarding innovation-based assets is highly skewed.⁵⁹³ These issues are important value influencing factors.

Risk reduction must therefore be one major focus of an intellectual property evaluation tool. As nontradability is rooted in a substantial lack of information, gathering proper data and processing it appropriately is key. This can be achieved by comprehensively dealing with as many qualitative contextual variables as possible, thereby handling crucial value-related information. The more data is dealt with, the smaller given asymmetries of information⁵⁹⁴ become and the more closely the above definition of value⁵⁹⁵ can be put into practice.

The issue of successful risk reduction is therefore closely linked to how comprehensive the respective valuation tool is. On this note, the comparative evaluation within the Systematic Integrated Methodology as introduced above ensures operationalisation of all salient legal, technical, business strategic and financial value influencing factors. However, dealing with value influencers in a comprehensive way does not provide proper means for risk reduction unless the evaluation result itself provides all resulting information to the end user in a utilisable form. In respect of this fact, the SIM allows the appraiser to prepare all data collected from evaluation of the four dimensions for use by the client as desired.

4.2.1.6 Reliability

As set forth above,⁵⁹⁶ a decisive factor in the course of intellectual property evaluation which is often overlooked is the fact that it does not make sense to demand a higher degree of accuracy from strategic IP valuation than from such valuation of any other object. Despite accuracy is, in general, a valid objective in valuation, it can only be realised in the course of past-related assessments. Any future-oriented valuation is by its very nature an estimate which cannot result in exact value figures. Hence, it must result in a value spread, independently of whether a tangible or an intangible asset is the valuation object.⁵⁹⁷ If, thus, the valuation end result cannot be accurate,

593 Cf. above at 2.1.1.3.4, 2.1.1.3.6 and 1.4.1.5.

594 For a definition see above at 1.4.1.5.

595 *Supra*, 2.2.2.1.

596 At 1.4.1.6.

it should at least be reliable. This means it should provide a reproducible process which, *ceteris paribus*, brings about comparable results whenever the same asset is repeatedly valued.

Since the SIM is completely transparent, the appraiser is able to ensure that the valuation process can be reproduced as desired. Hence, the high degree of transparency provided by the SIM ensures adequate reliability.

4.2.1.7 An Appropriate Degree of Objectivity

In light of the fact that every proper forecasting valuation tool must involve some degree of subjectivity (an estimate can never be absolutely objective), the crucial question is whether the valuation methodology is able to balance subjectivity and objectivity in a satisfactory way, keeping the degree of subjectivity at a minimum.⁵⁹⁸

In the course of the SIM, subjectivity comes into play both through selection of items to be included in the dimensions of value and by means of their assessment. However, the degree of subjectivity is kept as low as possible.

First of all, this is achieved by the initial selection process of the issues to be included in each dimension. This selection needs to be carried out by an expert in each field (legal, technical, financial and business strategic) and according to practical importance. The influence of subjectivity is mitigated by the fact that there are four experts involved – one for each dimension. Due to this fact, possible subjective tendencies of selection and processing of the dimensions' issues are levelled out. If merely one person was to assess all dimensions, provided he or she was an expert in all four fields, the assessment could for example tend to be relatively strict. If four persons participate, it is very unlikely that they all apply the same degree of rigour within the assessment process. Subjective influences will be compensated and thereby minimised. Hence, they will not come to light as manifestly as if merely one person was involved.

Moreover, the conception of the SIM allows it to become increasingly fine-tuned over time. This is due to the fact that the respective experts will build strong experience in the long run, equipping them with unprecedented

597 Cf. e.g. 1.2.

598 Cf. above at 1.4.1.7.