

For immediate release

***New M&A survey finds IP assets growing in importance in deal transactions.***

**New York (December 10, 2008)** -- mergermarket today announced the release of its first *M&A Insights: Spotlight on Intellectual Property Rights* survey, highlighting the crucial role of IP assets in the M&A process and their importance in driving additional value for transactions. The survey, which was conducted by mergermarket and sponsored by CRA International, Inc. (Nasdaq: CRAI) and global law firm K&L Gates LLP, reveals both corporate and private equity perspectives regarding IP assets, which despite recent turmoil in the financial markets, continue to be recognized as a critical source of value and risk in M&A transactions in today's knowledge-based economy.

The *M&A Insights: Spotlight on Intellectual Property Rights* survey examines how corporate executives and private equity practitioners value IP assets, and how they respond to the unique challenges and opportunities presented by IP overall. The survey indicates areas where corporate executives and private equity practitioners are in consensus and where they have differing viewpoints.

Please visit [www.mergermarket.com/pdf/Intellectual\\_Property.pdf](http://www.mergermarket.com/pdf/Intellectual_Property.pdf) to view the full survey.

Key findings include:

- The majority of respondents (52%) believe IP will become more important to overall M&A activity in the next five years. Given the uncertain economic climate, this is seen as a shift in focus to the long-term performance of deals.
- When evaluating a target, IP assets are viewed by 85% of corporate respondents and 72% of private equity respondents as being as important or more important than other assets.
- Respondents differed in their views about IP valuation. When asked how often they value IP assets, 32% of corporate respondents report that they always explicitly value IP assets. On the other hand, 44% of private equity respondents say they value IP assets less than a quarter of the time.
- The majority of all respondents (80%) believe that the most common consequence of insufficient due diligence is the failure to properly identify IP risks. However, corporate and private equity respondents differ about the causes of insufficient due diligence. A majority of corporate respondents (56%) believe that insufficient time is the main challenge in due diligence of IP assets,

followed by lack of sufficient resources (46%). Private equity respondents (50%) cite the failure to link identified legal issues to the valuation models as a main challenge.

- During due diligence, surprisingly few respondents indicated the importance of understanding proprietary information and all related policies as a critical need. Only 32% of corporate respondents emphasized its importance while no private equity respondents identified it as a vital part of the valuation process.

George Dickos, Co-Coordinator of K&L Gates' Intellectual Property Practice, said, "Given the global increase in the issuance of patents and trademark registrations, it seems quite consistent that IP is being viewed as more important in M&A transactions. However, it appears that due diligence relating to IP still isn't on the forefront of activities when corporate and private equity respondents initiate an M&A transaction. Like all assets, ownership of the target's IP must be confirmed and clearly documented. Sophisticated legal and financial analyses regarding IP issues during the due diligence phase can give a much better picture up-front of possible competitive advantages, opportunities and pitfalls."

Dan McGavock, IP Practice Leader of CRA International, said, "The survey reveals a disconnect within the M&A community. On the one hand, it indicates consensus on the increasing importance of IP assets in M&A transactions. On the other hand, many M&A practitioners point out that traditional M&A valuation models and tight time pressures simply do not allow them to properly address IP valuation and risks. The resources to evaluate IP are more sophisticated than ever before and can be deployed earlier in the M&A process to better price the deal in light of the identified IP opportunities and risks."

Fifty corporate executives and private equity practitioners in North America were interviewed for the *M&A Insights: Spotlight on Intellectual Property Rights* survey. They answered questions on the importance of IP assets to M&A transactions, the due diligence process, valuation methods and international intellectual property issues.



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### **About mergermarket**

mergermarket, part of The Mergermarket Group, is an unparalleled, independent M&A intelligence tool used by the world's foremost financial institutions to originate deals. It provides proprietary intelligence on potential deal flow, potential mandates and valuations via the world's largest group of M&A journalists and analysts who have direct access to the most senior decision-makers and corporates. The Mergermarket Group has over 450 employees worldwide and regional head offices in New York, London and Hong Kong. Visit us at [www.mergermarket.com](http://www.mergermarket.com).

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### **About K&L Gates**

K&L Gates comprises approximately 1,700 lawyers in 28 offices located in North America, Europe and Asia, and represents capital markets participants, entrepreneurs, growth and middle market companies, leading FORTUNE 100 and FTSE 100 global corporations and public sector entities. K&L Gates has a leading global intellectual property practice with over 150 lawyers, including more than 75 registered patent lawyers. K&L Gates lawyers devote their practice to obtaining worldwide protection for intellectual property assets in the form of patents, trademarks, copyrights, trade secrets, and related rights. For more information, visit [www.klgates.com](http://www.klgates.com).

### **About CRA International**

Founded in 1965, CRA International is a leading global consulting firm that offers economic, financial, and business management expertise to major law firms, businesses, accounting firms, and governments. CRA's consultants combine uncommon analytical rigor with practical experience and in-depth understanding of industries and markets. CRA is adept at handling critical, tough assignments with high-stakes outcomes. CRA's analytical strength enables it to reach objective, factual conclusions that help clients make important business and policy decisions and resolve critical disputes. CRA's Intellectual Property Practice provides valuation, litigation support/expert testimony, transaction advisory, and strategic consulting services related to all types of IP assets. Headquartered in Boston, CRA has offices throughout North America, Europe, the Middle East, and Asia. Detailed information about CRA is available at [www.crai.com](http://www.crai.com).

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