

# VALUING INTANGIBLES

Tangible assets are easy to value. They're typically physical assets with finite monetary values, but over the years have become a smaller part of a company's total worth. As technology disruption continues, and organisations increasingly rely on emerging developments in artificial intelligence, robotics and cloud computing, intangible assets have grown to represent the lion's share of corporate valuations. But without a physical form and the ability to easily convert them into cash, working out what these assets are truly worth can be challenging

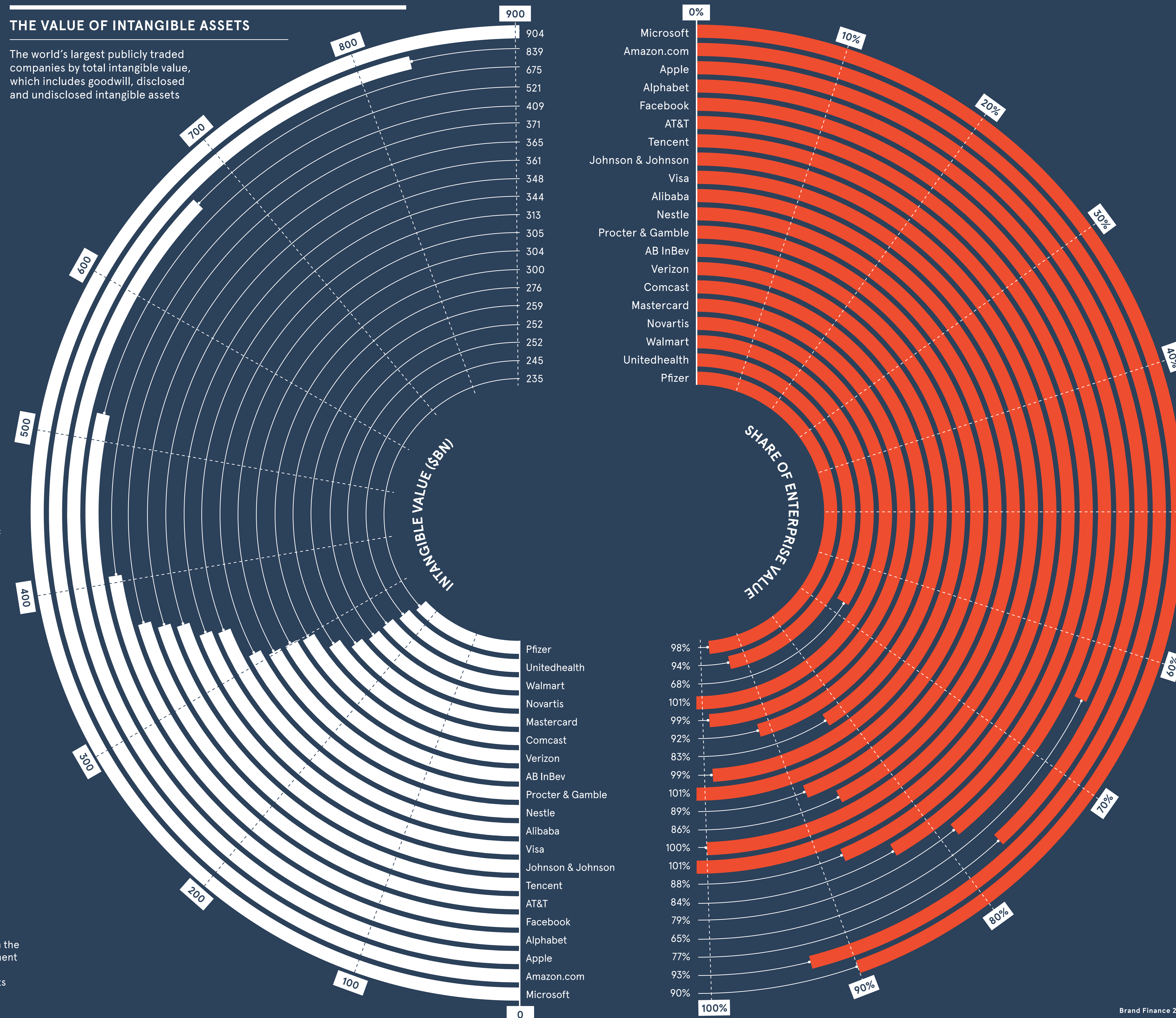
## THE EIGHT KEY INTANGIBLE CATEGORIES

The majority of these categories can be protected by intellectual property, according to Aon

- 01 INTELLECTUAL PROPERTY**  
 Assets created of the mind, such as patents, copyrights, trademarks and trade secrets
  - 02 B2B RIGHTS\***  
 Rights of value generated between businesses, such as royalty and licensing agreement
  - 03 BRAND\***  
 Value associated with consumer perception, such as brand equity
  - 04 HARD INTANGIBLES\***  
 Assets that tend to sit on balance sheets as a specific item, such as goodwill or software licences
  - 05 DATA\***  
 Stored information on computer systems, such as customer lists
  - 06 NON-REVENUE RIGHTS**  
 Assets that don't tend to affect any revenue generation, such as non-competition agreements
  - 07 RELATIONSHIPS**  
 Value associated with people/corporation networks
  - 08 PUBLIC RIGHTS**  
 Rights of value generally in the public interest or government handled, such as planning permission or drilling rights
- \*Can be protected by intellectual property  
Aon/Ponemon Institute 2019

## THE VALUE OF INTANGIBLE ASSETS

The world's largest publicly traded companies by total intangible value, which includes goodwill, disclosed and undisclosed intangible assets



## HOW SENIOR INVESTMENT DECISION-MAKERS VIEW INTANGIBLES

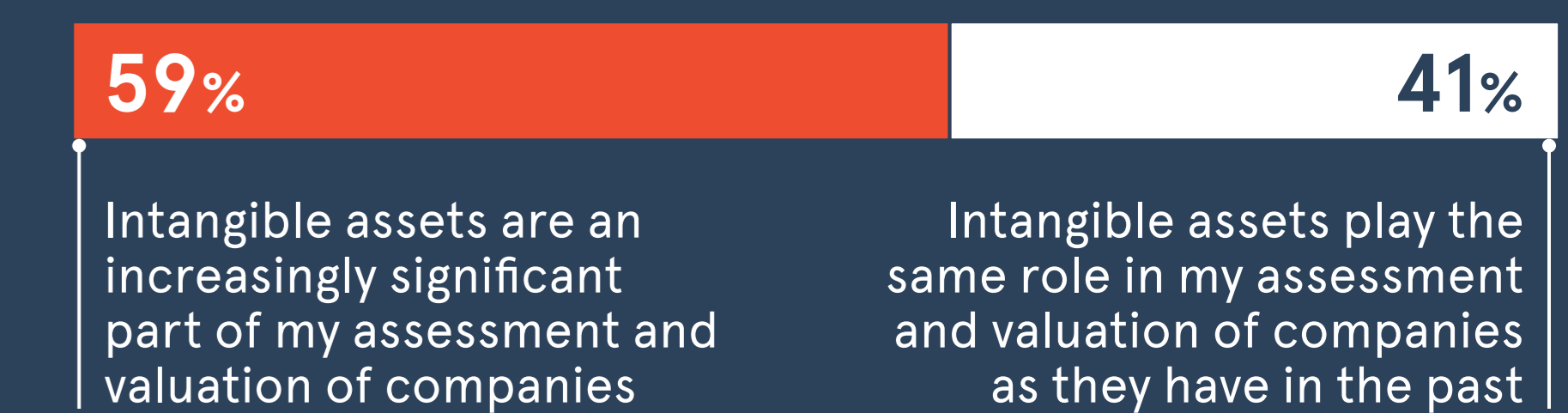
A company's intangible assets contain important information about the future strength of its business model



Conventional valuation methods such as discounted cash flow are inadequate without thorough consideration of intangible assets



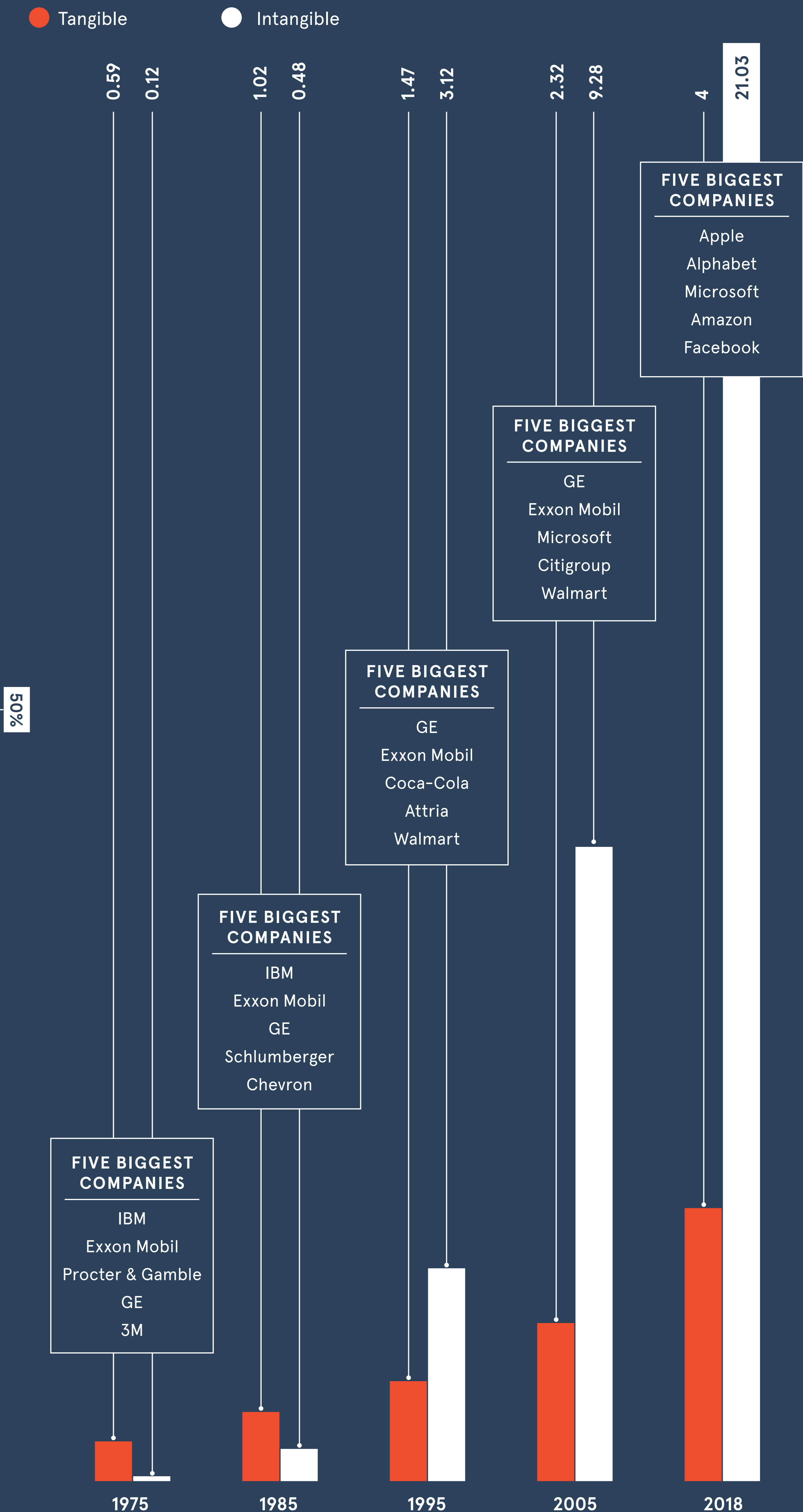
The role of intangible assets in investment assessment



Columbia Threadneedle Investments 2019

## TANGIBLE VERSUS INTANGIBLE ASSETS COMPARISON

How companies on the S&P 500 have historically valued their tangible and intangible assets (in trillion dollars)



Brand Finance 2019

Aon/Ponemon Institute 2019