



SYMPOSIUM INTERNATIONAL

Évaluation et valorisation des actifs immatériels

6 et 7 octobre 2011 - Paris



ORGANISATEURS



PARTENAIRES

WICI & WICI Europe: The Sense of an International Collaborative Network



- Prof. Stefano Zambon
- Université de Ferrara et
Président de WICI Europe

The Rationale

Frequent calls for a better visualisation/representation of knowledge and intangibles in the internal and external information system of companies (and public/non-profit entities)

Not necessarily in terms of monetary recognition/valuation in the entity's accounts, but also in terms of disclosure/narrative information

Equally, frequent calls for some form of standardisation of the information and quantitative information on intangibles for internal and external purposes Á need for a global, high-level, public/private, open access initiative in the public interest Á logic of collaborative social networks (e.g. Wikipedia)



W I C I

World Intellectual Capital /Assets Initiative

The World's Business Reporting Network

www.wici-global.com

WICI

**World Intellectual Capital/Assets
Initiative Network**

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W I C I

World Intellectual Capital Initiative

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A LITTLE HISTORY

World Intellectual Capital Initiative (WICI)

1st Informal Meeting – 1st October 2007 – OECD, Paris
Monaco Annex, 2, rue du Conseiller Collignon



Participants (from left to right): Prof. Yasuhito HANADO, Waseda University (Tokyo/Japan), Desirée VAN WELSUM, OECD (Paris/France), Douglas LIPPOLDT, OECD (Paris/ France), Alexander WELZL, European Federation of Financial Analysts Societies EFFAS (Frankfurt a. M./Germany), Yoshiko SHIBASAKA, KPMG (Tokyo/Japan), Bob LAUX Microsoft Corporation (Redmond/USA), Amy PAWLICKI, American Institute of Certified Public Accountants AICPA (New York/USA), Gert-Jan KOOPMAN European Commission (Bruxelles/Belgium), Annabel BISMUTH, OECD (Paris/France), Prof. Stefano ZAMBON, University of Ferrara (Ferrara/Italy), Grant KIRKPATRICK, OECD (Paris/France), Michael KRZUS, Grant Thornton (Chicago/USA), Christina BOEDKER, Society for Knowledge Economics (Crows Nest/Australia); Participants not on the picture: Rainer GEIGER, OECD (Paris/France), Jean-Philippe DESMARTIN, ODDO Securities (Paris/France), Yoshiaki TOJO, OECD (Paris/France);

The “World Intellectual Capital/Assets Initiative” (WICI)

The general aim is to work towards a new and generally accepted framework for business reporting worldwide with particular reference to intangibles/intellectual capital

Promoting & Participating Parties

- Japanese METI (Ministry of Economy, Trade & Industry)
- U.S. Enhanced Business Reporting Consortium (EBRC) [AICPA, Grant Thornton, PricewaterhouseCoopers, Microsoft]
- Waseda University of Tokyo
- University of Ferrara
- European Financial Analysts (Commission on Intellectual Capital)
- OECD (observateur)
- Society for Knowledge Economics in Australia (SKE)
- European Commission (observer)
- Brazilian Development Bank (BNDES) (observer)
- World Intellectual Property Organisation (WIPO/OMPI) (observateur)

The WICI – The World's Business Reporting Network

- The WICI Network was officially born on 31 March 2008 with the signature of the Memorandum of Understanding (MoU) in Washington DC at the American Enterprise Institute (AEI) (first meetings from March 2007)
- Founding values of WICI are its global reach, its institutional and collaborative vein, and its non-profit and network feature
- The objective is to provide new measures & information for business reporting illustrating the bases of future value creation centered on intangible value drivers (intellectual capital)



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world intellectual capital initiative

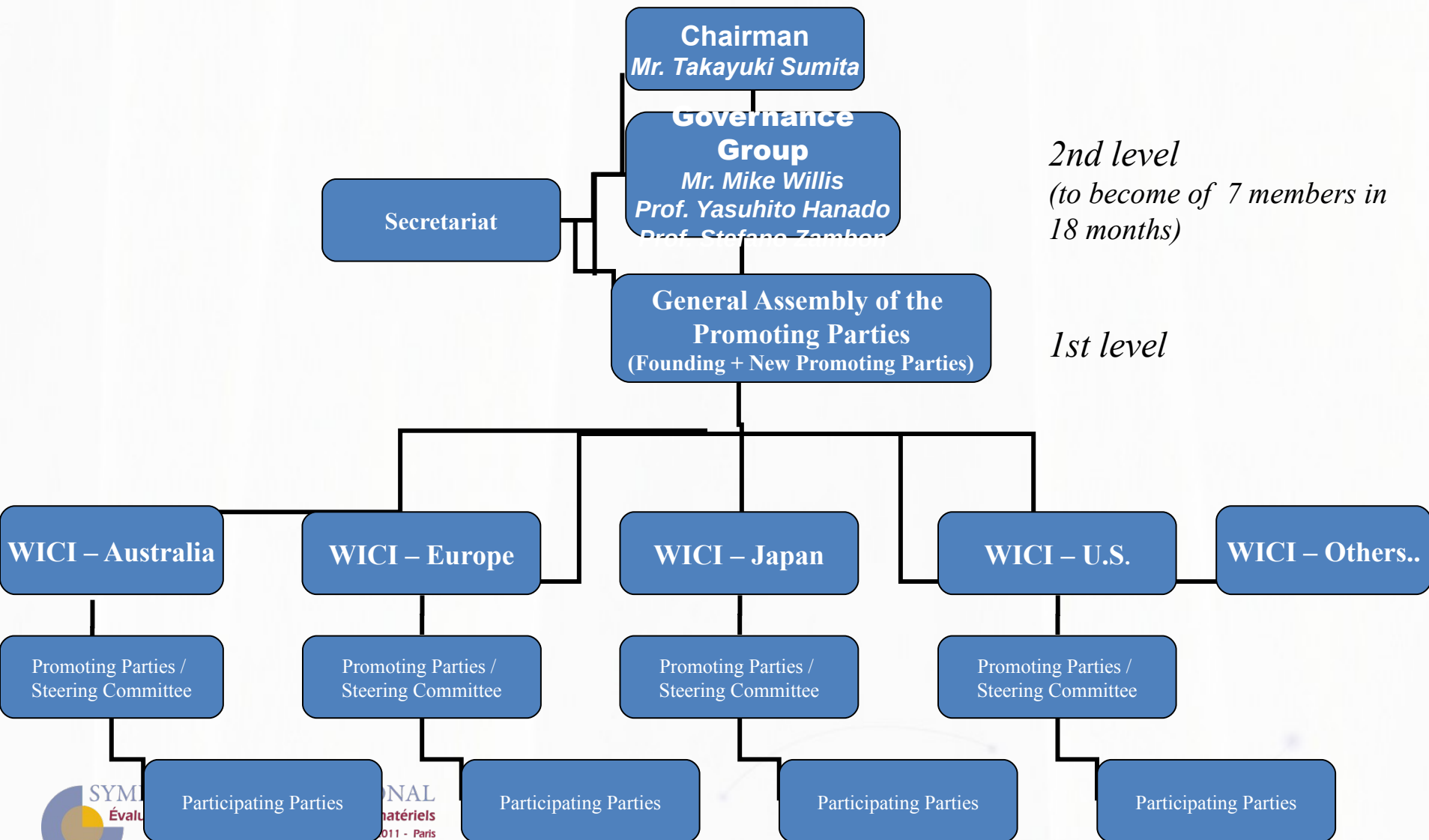
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Governance Structure

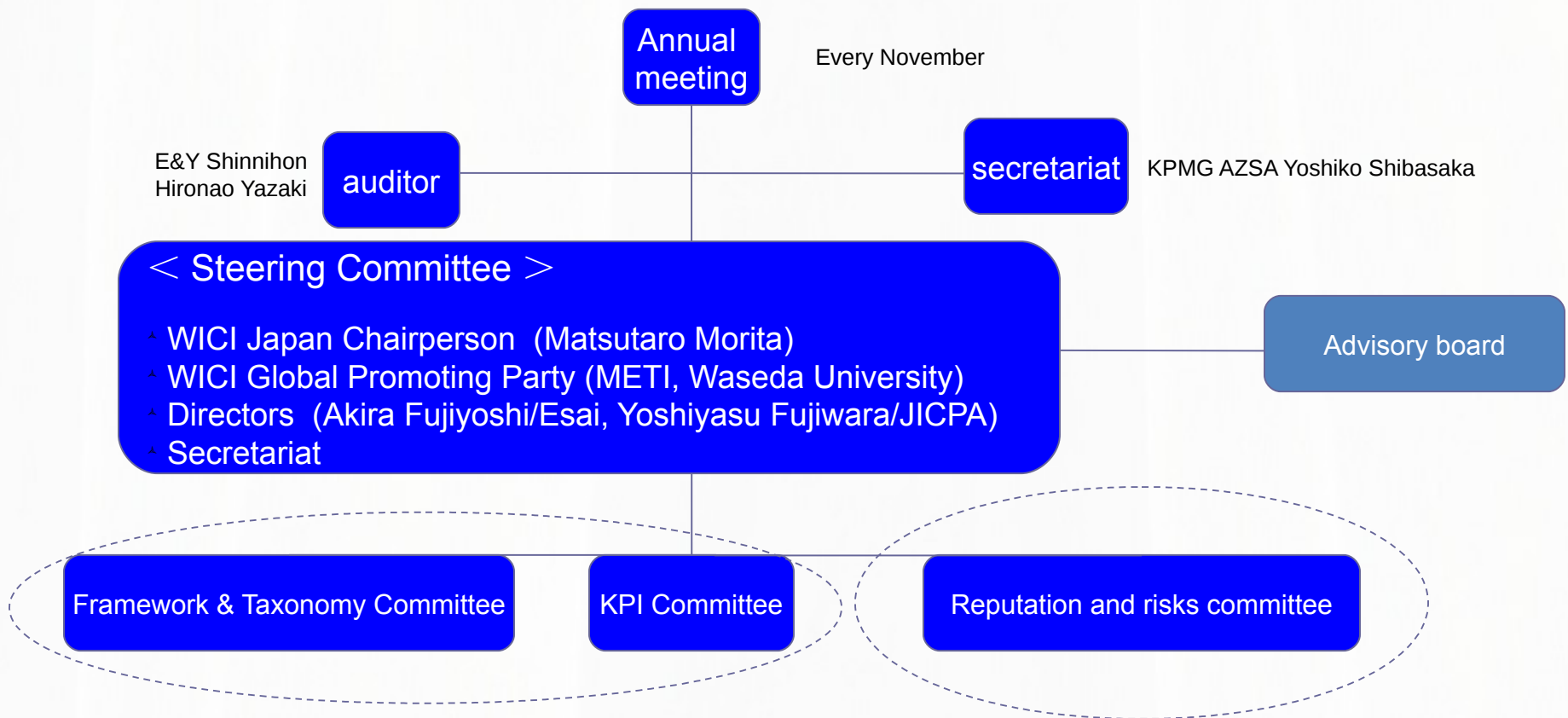
Memorandum of Understanding

September 22, 2009

WICI Governance Structure



Regional Organization – example of WICI Japan





Regional Organization – example of WICI Europe

- Founded in Paris on 29 May 2009, WICI Europe is the Regional organisation for Europe of the WICI Global Network
- WICI Europe is a legal entity based in Frankfurt at the EFFAS seat
- Founding Members:
 - EFFAS (European Federation of Financial Analysts' Societies)
 - University of Ferrara
 - Intellectual Assets Center, Glasgow
- WICI Europe is aiming to coordinate WICI activities in Europe Á in particular national WICI jurisdictions in Europe Á WICI France, WICI Italy, WICI Luxembourg
- WICI Europe has built close relationships with EFFAS' Commission on Intellectual Capital (Joint Task Force on KPIs), the Observatoire de l'Immatériel, and XBRL Europe
- Industry KPIs already elaborated by WICI Europe Á Telecommunication, Fashion & Luxury. Next: Energy

WICI APPROACH AND

- Cliquez pour éditer le format du plan de texte

- Second niveau de plan
 - Troisième niveau de plan

- Cliquez pour éditer le format du plan de texte

- Cliquez pour éditer le format du plan de texte

“VALUE PROPOSITION”

- Second niveau de plan
 - Troisième niveau de plan
- Quatrième niveau de plan
 - Cinquième niveau de plan
- Cliquez pour éditer le format du plan de texte

WICI Europe
regional jurisdiction of the
Global WICI Network
the world's business reporting network
www.wici-global.com

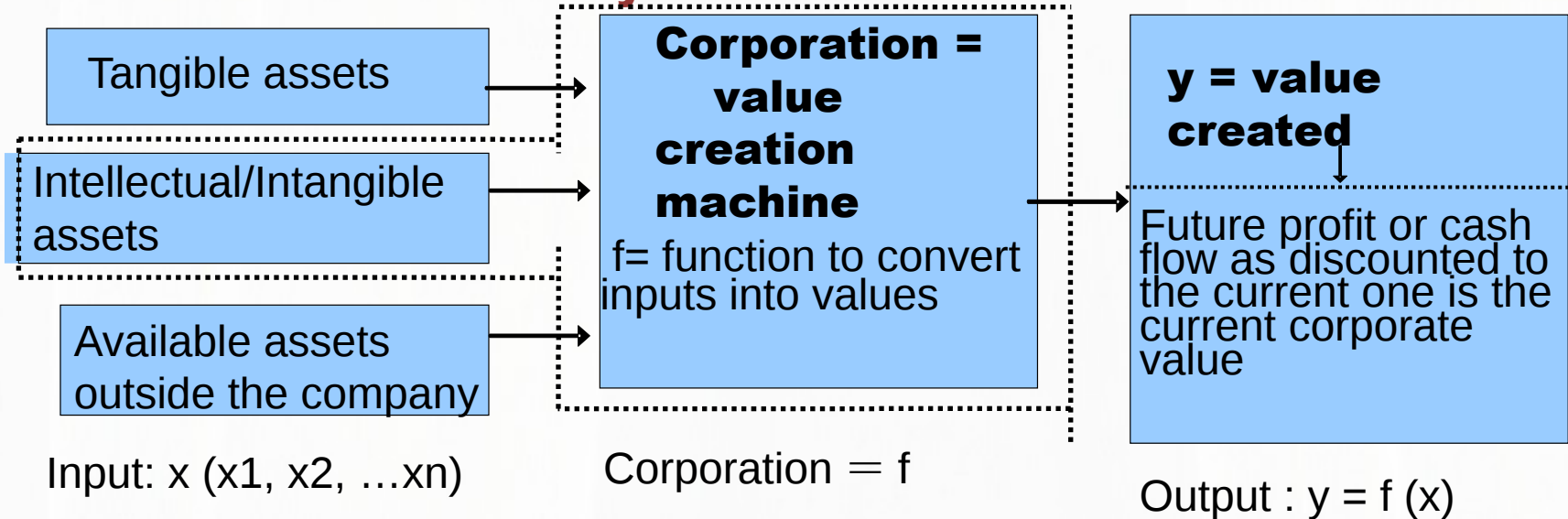


Background of WICI activities:

Focus on the real elements of value creation

Company is a value creation mechanism, which can be expressed in a metaphor of the mathematical function. The part surrounded by dotted line

is usually invisible



Not only IC itself (x), but also the conversion mechanism (f) to create value, is hidden away (black box).

WICI vision of the reporting

issues

- WICI sees a company as a value creation mechanism that – thanks especially to intangible assets – converts financial and non-financial input into output, including financial performance
- WICI believes that the current reporting model is not accurate, as it tends to focus only on financial performance, which is only a part of corporate performance and activities (idea of total productivity)
- No clear view of the origin/sources of competitiveness; value chain as a combination of peculiar Intangible Assets; sustainability of the strengths/weaknesses; and the long term value of companies
- As a consequence, it is difficult for those who read the annual reports to understand the value creation mechanism of the company

WICI Background 3:

Why a New Information Set (on IC)

- ⌘ A “new” notion of company wealth to capture the weak signals of company value creation
- ⌘ To learn how to read in a different and more complete way a company’s performance Á new business context
- ⌘ To better understand the passage from INTELLECTUAL Capital Á to ECONOMIC Capital (market value) Á to FINANCIAL Capital Á to MONETARY Capital
- ⌘ The more uncertainty increases Á the more we need relevant information Á the more it is necessary to anticipate company trends leading to value creation Á the more the market needs such information

WICI Proposal (value proposition)

WICI proposes a reform in business reporting towards a model embracing the following functions:

- ✧ Identify the sources of company differentiation
- ✧ Clarify the value creation mechanism unique to a company
- ✧ Present an integrated picture of the company's activities, including financial data and non-financial elements
- ✧ Provide better clues to stakeholders to predict future performance of the company
- ✧ Allow companies to freely choose the substance without requiring a “tick-the-box” type of disclosure
- ✧ Explain material issues for the company
- ✧ Reduce the total cost/burden of reporting for companies

WICI Proposal (value proposition)

(cont'd)

Accordingly, the basic WICI approach proposes an enhanced business reporting framework:

- ✧ WICI presents the “skeleton” of a management narrative story (Business Reporting Framework)
- ✧ WICI asks companies to include measurable key performance indicators (KPIs) to support this management narrative story
- ✧ WICI provides an internationally agreed list of industry KPIs to allow a company to select the most material KPIs for illustrating their particular value creation mechanism



WICI Main Deliverables

- Commentaries on relevant international documents (e.g. IASB's Exposure Draft on Management Commentary)
- Development of a more comprehensive business reporting framework
- WICI concept paper / WICI KPIs paper
- Development of KPIs per sector/industry:
 - Electronic devices (WICI Japan)
 - Pharmaceutical (WICI Japan)
 - Automotive (WICI Japan)
 - Telecommunications equipment & services (WICI Europe)
 - Software and IT services (EBRC + Gartner)
 - Fashion & Luxury (WICI Europe)
 - Mining & Extractive Industry (EBRC + WICI Australia)

0 Corporate profile and business attributes

- 0-1 Industry overview
- 0-2 Duration and results per business unit
- 0-3 Business cycle per business unit
- 0-4 Competitive analysis

Past

Current

Future

a. Business landscape

A-1 Business landscape

b. Strategy

- b-1 Corporate strategy summary
- b-2 Vision and mission
- b-3 Strengths
- b-4 Weaknesses
- b-7 Goals and objectives
- b-8 Corporate strategy
- b-9 Business unit strategies
- b-10 Business portfolio

c. Resources & processes

- c-1 Resources and processes summary
- c-2 Resource forms
- c-3 Key processes
- c-4 Value drivers

d Performance

- d-1 Performance summary
- d-2 GAAP-based
- d-3 GAAP-derived
- d-4 Industry-based
- d-5 Company-specific
- d-6 Capital market-based

A. Business landscape

- A-1 Business landscape summary
- A-2 Economic
- A-3 Industry analysis
- A-4 Technological trends
- A-5 Political
- A-6 Legal
- A-7 Environmental
- A-8 Social

C. Resources & processes

- C-1 Resources and processes summary

B. Strategy

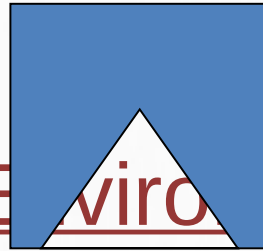
- B-1 Corporate strategy summary
- B-2 Vision & mission
- B-5 Opportunities
- B-6 Threats
- B-7 Goals and objectives
- B-8 Corporate strategy
- B-9 Business unit strategies
- B-10 Business portfolio

D. Performance

- D-1 Financial prospects summary

An Intangible Perspective on CSR and Stakeholder Value

A simple idea



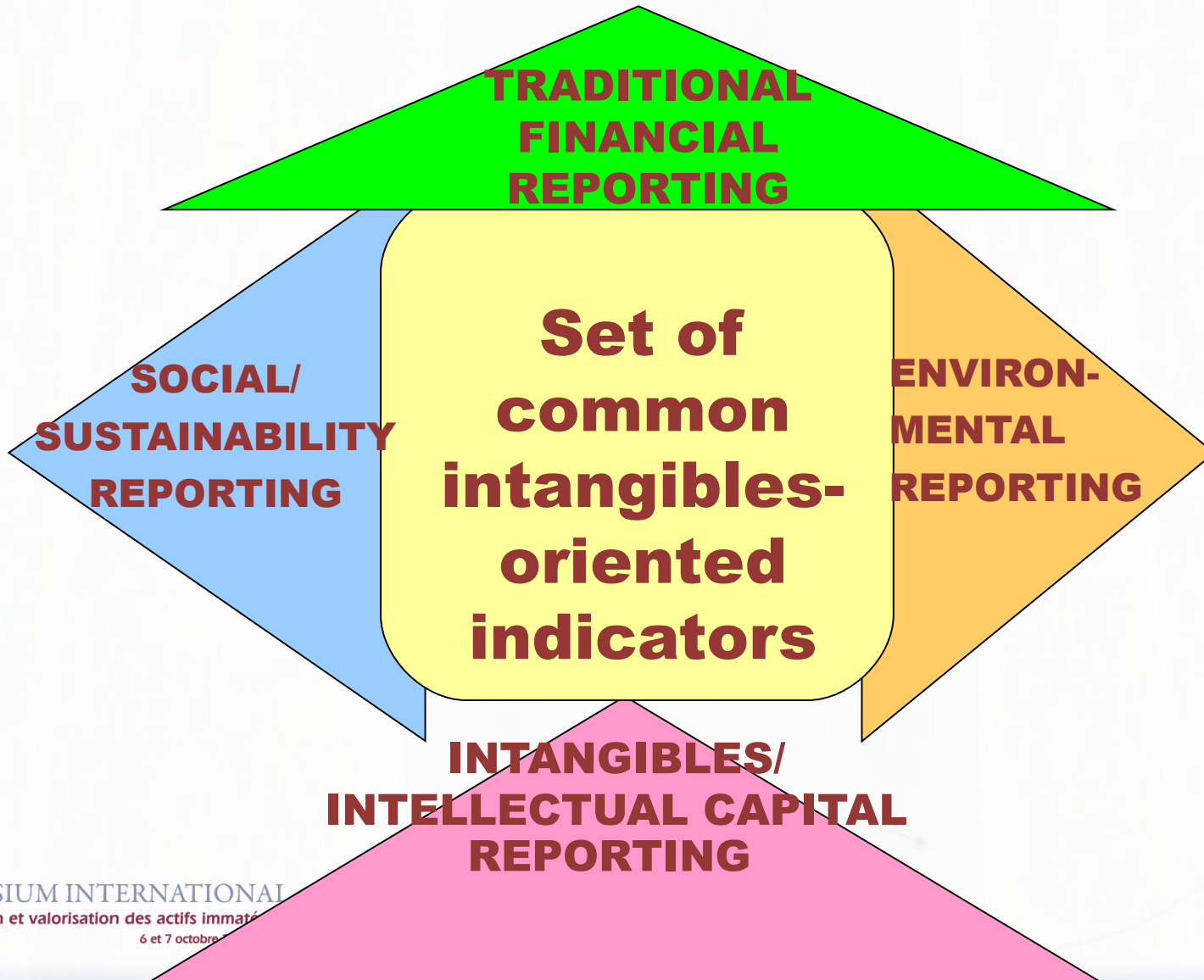
Social Capital & Environmental Capital as
particular Intangibles to be managed by
companies for achieving sustainability and
preserving income generation capacity
through reputation Á
BUSINESS SUSTAINABILITY

From sustainable development to reputation to risk management optimisation

“We are committed to the goal of sustainable development. We believe that operating to leading standards of health, safety and environmental management, contributing to the development of sustainable communities, and engaging with our stakeholders in two-way, open dialogue, regardless of our location, enhances our corporate reputation and is a source of competitive advantage. This enables us to gain access to new resources, maintain a license to operate, attract and retain the best people, access diverse and low-cost sources of capital, identify and act upon business opportunities, and optimise our management of risks.” (XSTRATA Annual Report, 2008, p. 21)

Towards the Integrated Reporting System

(S. Zambon (ed.), 2003, Study for the European Commission)



WICI KPIs

- Cliquez pour éditer le format du plan de texte

- ## Second niveau de plan

- ### Troisième niveau de plan

- Cliquez pour éditer le format du plan de texte

- Second niveau de plan

- Troisième niveau de plan



- Cliquez pour éditer le format du plan de texte
- Quatrième niveau de plan

- Quatrième

- Cinquième

- Second niveda plan

- Troisième niveau de

- Sixième

- niveau de

- Quatrième plan
niveau de plan
62
Septième



Reporting of Intangibles: The “Inverted Pyramid” approach

- ✦ Indicators should be articulated in three levels: General, Industry, Company Specific Á the “inverted pyramid concept”
Only the first two levels are to be agreed upon in the future

Enterprise
level

Company-Specific
Intangibles Indicators
(no limit)

Sector
level

Industry-Specific
Intangibles Indicators
(20 max.)

General
level

Basic Intangibles
Indicators
(8-12 max.)



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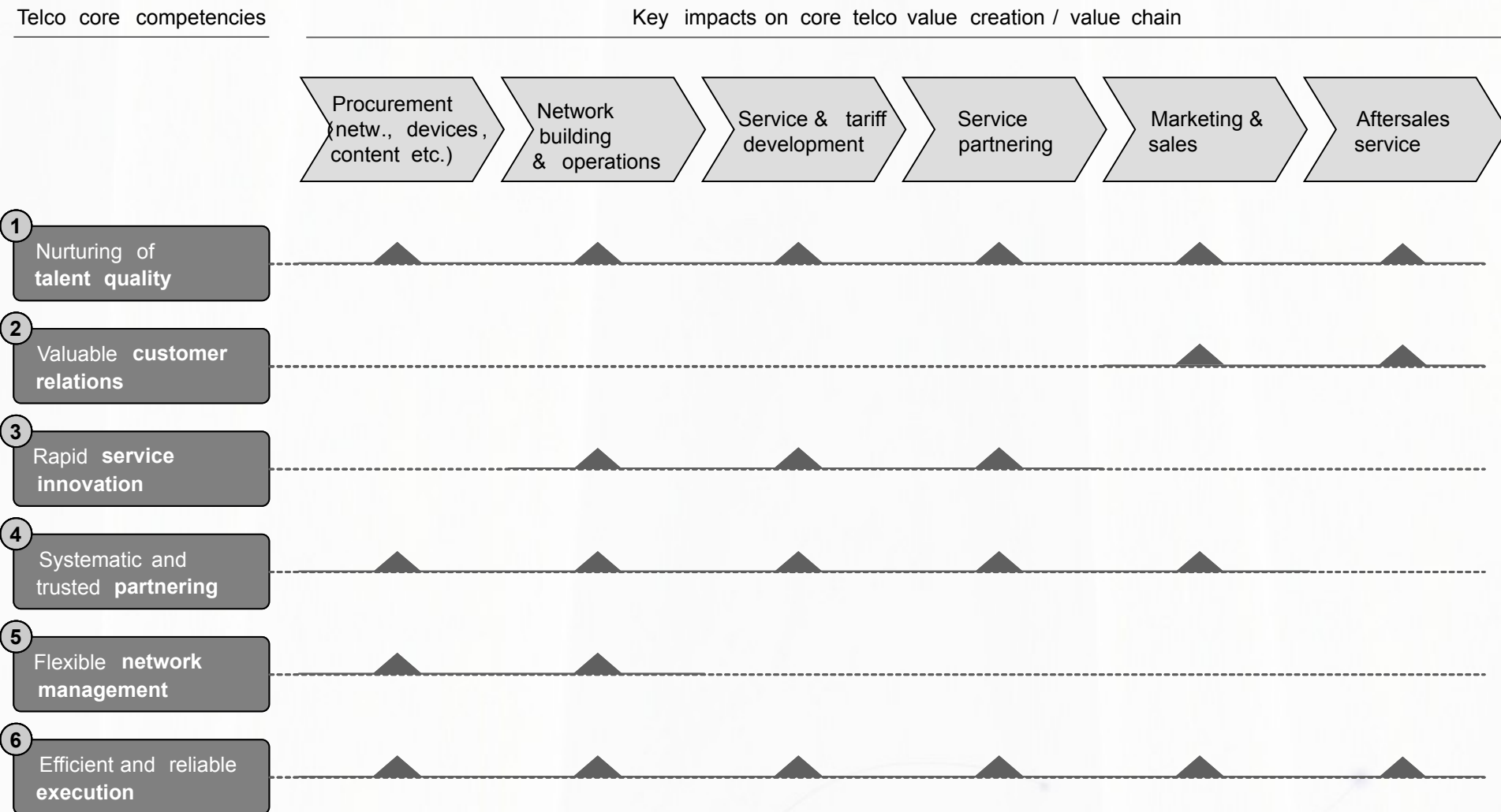
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**THE KPIs PROJECT on
TELECOMMUNICATIONS
by the
Joint WICI Europe-EFFAS CIC KPI Task
Force**

Figure 1. The proposed model



re 2. TLC sector: the complete list of proposed KPIs per core competencies/critical success fa

<p>1</p> <p>Nurturing of talent quality</p> <ul style="list-style-type: none"> Employee commitment index High quality recruitment (recruitment from the 5 best business school and the 5 best technical school) Staff turnover rate among employees, sales teams, high potential employees Average age Mngt/Employee share ownership Proportion of staff covered by collective bargaining agreements Position in students' employer ranking Share of women in upper/top mgmt. Share of empl. in talent programs Share of exec. positions filled internally Exp. on further educ. per employee Access rate to training Exec. compens. on rev./net income Average absence hours per empl./y Annual career review rate Share of empl. w/ formal mentor Mgmt. financial KPI forecast hit rate 	<p>2</p> <p>Valuable customer relations</p> <ul style="list-style-type: none"> Net Promoter Score Average ARPU/ARPA* Share of post -paid contracts* Churn (mobile) / line losses (fixed)* Average SACs * Subscriber Retention Costs Brand recognition/value Service awards in last 18 months Avg. breadth of available customer inf. Training exp. per sales/service rep. Customer satisfaction index Minutes per customer and per TLC service Reputation index/External image Market share per product/business Segment/geographical area 	<p>3</p> <p>Rapid service innovation</p> <ul style="list-style-type: none"> Share of rev. w/ non - core services Share of rev. w/ services launched in last 18 months Average ARPU/ARPA* R&D exp. as % of sales No. of teams composed of members from R&D, marketing and IT employees No. of patents per 1000 employees No. of suggestions per 1000 empl./y No. of R&D staff per 1000 employees No. of standardized/open APIs* No. of non - tech empl. in business development per 1000 employees Share of empl. familiar w/ strategy
<p>4</p> <p>Systematic and trusted partnering</p> <ul style="list-style-type: none"> No. of exclusive handset deals* Mgmt. quality of systematic partners Ratings for investor relations mgmt. Ratings for disclosure quality No. of extern. innovation cooperations 	<p>5</p> <p>Flexible network management</p> <ul style="list-style-type: none"> External network quality ranking pos.* Degree of all - IP migration* Service revenues / netw. capex+opex * Share of pop. cov. w/ HSPA+* Share of homes passed w/ > 16 Mbit * 	<p>6</p> <p>Efficient and reliable execution</p> <ul style="list-style-type: none"> Avg. service request backlog G2M time for new services/tariffs No. of enterprise applications used on average per employee Share of rev. through selling First contact resolution rate No. of ISO certifications Share of empl. w/ six sigma education Share of cust. transactions via internet. Expenses on IT on total revenues

Table 1. The complete list of KPIs for the telecommunication sector

<i>Nr.</i>	<i>KPI</i>	<i>IC area</i>	<i>Focus</i>	<i>Importance</i> *	<i>KPI's features</i>
1	Employee commitment index	Human Capital	Nurturing of talent quality	1	degree and trend
2	High quality recruitment (recruitment from the 5 best business school and the 5 best technical school)	Human Capital	Nurturing of talent quality	1	percentage and trend
3	Staff turnover rate among employees, sale teams, high potential employees	Human Capital	Nurturing of talent quality	1	percentage and trend
4	Average age	Human Capital	Nurturing of talent quality	1	year and trend
5	Management/Employee share ownership	Human Capital	Nurturing of talent quality	1	percentage and trend
6	Proportion of staff covered by collective bargaining agreements	Human Capital	Nurturing of talent quality	1	percentage and trend
7	Executive compensation on total revenues/net income	Human capital	Nurturing talent quality	1	Percentage and trend
8	Annual career review rate	Human Capital	Nurturing of talent quality	2	percentage and trend
9	Share of women in upper/top mgmt. (to attract female talents)	Human Capital	Nurturing of talent quality	2	percentage and trend
10	Share of employees in talent programs	Human Capital	Nurturing of talent quality	2	percentage and trend
11	Share of executive positions filled internally	Human Capital	Nurturing of talent quality	2	percentage and trend
12	Expenses on further education per employee	Human Capital	Nurturing of talent quality	2	money and trend
13	Access rate to training (Proportion of employees having their annual career review with the management)	Human Capital	Nurturing of talent quality	2	percentage and trend



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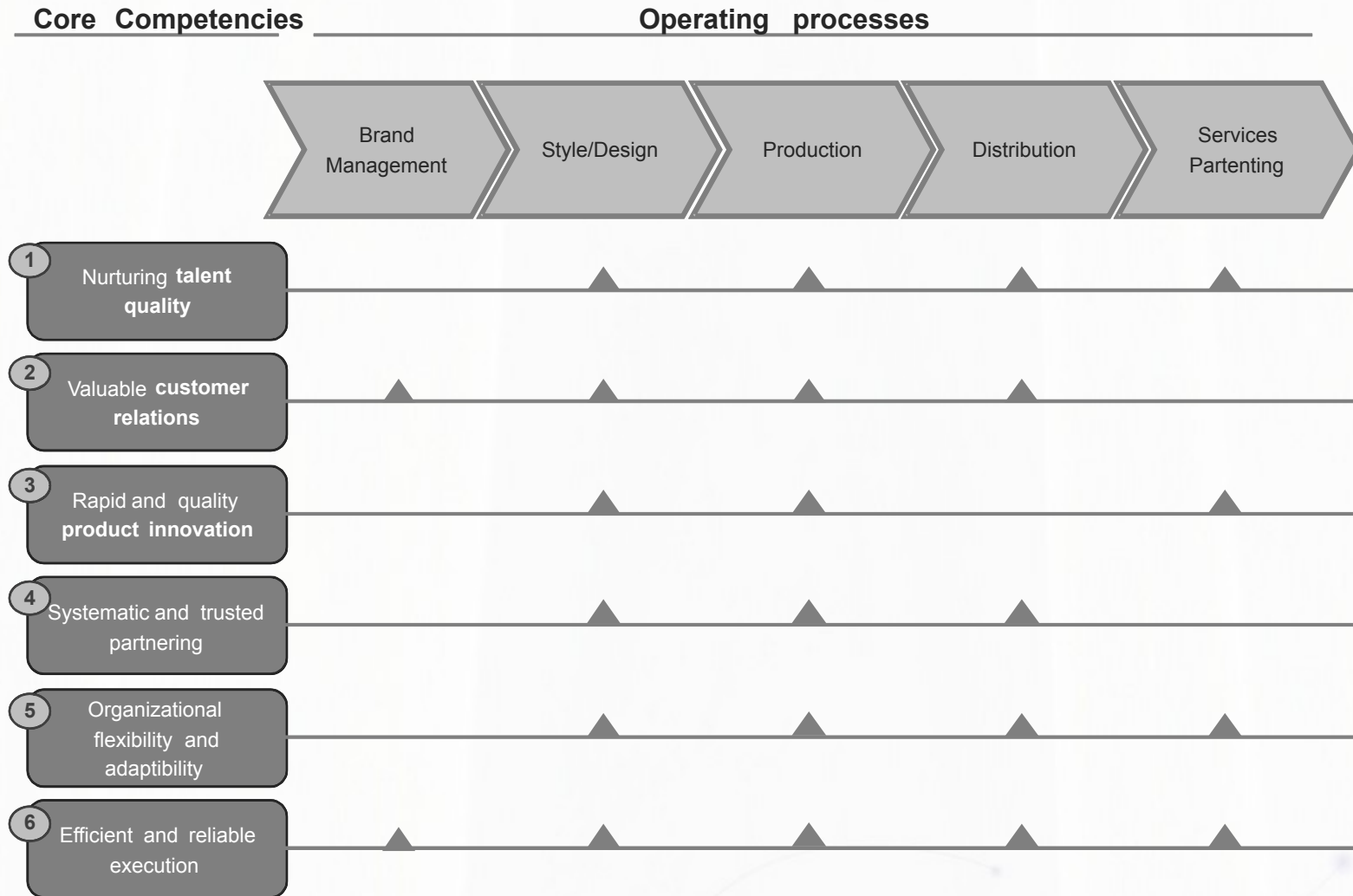
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THE KPIs PROJECT on FASHION & LUXURY by the Joint WICI Europe-EFFAS CIC KPI Task Force

Fashion industry's core competencies & value chain



Fashion's KPIs per core competences

1

Nurturing of talent quality

- Average employee's age and seniority
- Staff turnover
- Training hours
- HR education
- Job rotation
- MBO
- Boutique sales staff training experience
- Employee commitment index
- High quality recruitment
- Management/Employee share of ownership
- Annual career review rate
- Share of women in upper/top mgmt.
- Share of employees in talent programs
- Training costs (also per employee)
- Access rate to training
- Financial KPI forecast hit rate by management
- Position in students' annual employer ranking survey
- Formal mentorship
- No. of CVs received
- Proportion of staff covered by collective bargaining agreements
- Executive compensation on total revenues/net income
- Share of executive positions filled internally

4

Systematic and trusted partnering

- Suppliers by main raw material
- Suppliers turnover rate
- Dependence rate from key suppliers
- Raw materials purchase cost
- Raw materials purchase cost by main raw material
- Average distance from key suppliers
- Shipment times
- Outside contractors' number and saturation level
- External product development
- Number of exclusive suppliers vs. total suppliers
- Number of second - tier suppliers that have become first tier
- Weight of licensing

2

Valuable customer relationship

- Brand value
- Number of brands
- Loyalty of clients to a specific brand
- Customer satisfaction index
- Brand awareness
- Brand preference
- Reputation index/External image
- Internet community
- Customer list
- Behavior of customers on the list in relation to loyalty activities
- Elasticity of demand
- Customer loyalty rate
- Exhibition participation ratio
- Items being bought by customers on the list
- Longevity of customers on the list
- Top of the line
- Avg. breadth of information available on customers
- Advertising costs
- % of total income generated from brand

5

Organizational flexibility and adaptability

- Share of employees familiar with strategy
- Average expenditure per capita
- Employee Satisfaction Index
- Child Labour

3

Rapid and quality product innovation

- Number of meetings between purchasers and suppliers
- No. of new patents registered during the year
- No. of new products developed
- Local production rate
- Internal communication
- Competitors
- Portion outsourced on total sales

6

Efficient and reliable execution

- Sales by geographic area, main products, lines, brands, distribution channels
- Gross margin by geographic area, main products, brands, distribution channels
- Market share by geographic area
- Average number of sales people per 100 sq meters of shop
- Sale volume per square meter
- Franchisee average sale
- Outlets sales per square metre
- DOS sales per square meter
- Headcount
- Headcount by contract's type
- HR absenteeism
- Headcount by Department
- Number of staff in boutique
- Revenue of sales to customers on the list
- Number of franchisee
- Break - even point of franchisees
- Maintenance costs for franchisees
- Number of outlets
- DOS number of wholesale stores
- Maintenance costs and break - even point for DOS (direct operation stores)
- Products selected that were out of stock
- Delivery's delay
- Delivery costs that were too high
- Problems with connection to website
- No confirmation or status report given

(To be continued)

List of KPIs for the Fashion and Luxury sector

Nr	Focus	Process	IC area	KPI	KPI Formula	KPI's features	Suggested relevance
1	Nurturing of talent quality	All processes	Human Capital	Average employee' s age	Ratio of the sum of employee's age and the total number of employees.	age and trend	Nice to Have
2	Nurturing of talent quality	All processes	Human Capital	Average employee's seniority	Ratio of the sum of employee' seniority and the total number of employees.	time and trend	Must Have
3	Nurturing of talent quality	All processes	Human Capital	Staff turnover	Number of people who left the company during the year on the total workforce at the beginning of the year (in all company and specifically in the Design Office and development Office.	percentage and trend	Must Have
4	Nurturing of talent quality	All processes	Human Capital	Training hours	Amount of training hours on the number of employees (total and for HQ employees and sales people).	percentage and trend	Nice to Have
5	Nurturing of talent quality	All processes	Human Capital	HR education	Percentage of employees by the education's degree.	percentage and trend	Nice to Have
6	Nurturing of talent quality	All processes	Human Capital	Job rotation	Percentage of employees who changed their task in the last year on the total number of employees.	percentage and trend	Nice to Have
7	Nurturing of talent quality	All processes	Human Capital	MBO	Percentage of bonuses on the successful objectives achieved by the employees.	percentage and trend	Must Have
8	Nurturing of talent quality	Distribution process	Human Capital	Boutique sales staff training experience	Sum of the training hours.	time and trend	Must Have
9	Nurturing of talent quality	Services Partnering	Human Capital	Employee commitment index	It is scored from an annual Employee Survey which provides a reliable measure of employees' commitment to their work and the company.	score and trend	Must Have
10	Nurturing of talent quality	Services Partnering	Human Capital	High quality recruitment (e.g., recruitment from the 5 best business schools and/or the 5 best technical schools)	Percentage of high quality recruitment on total recruitment.	percentage and trend	Must Have
11	Nurturing of talent quality	Services Partnering	Human Capital	Management/Employee share of ownership	Percentage of stocks of company owned by employees/management.	percentage and trend	Nice to Have
12	Nurturing of talent quality	Services Partnering	Human Capital	Annual career review rate	Number of career advancement cases on total employees.	percentage and trend	Nice to Have
13	Nurturing of talent quality	Services Partnering	Human Capital	Share of women in upper/top mgmt (to attract female talents)	Number of women on the total upper/top managers.	percentage and trend	Must Have
14	Nurturing of talent quality	Services Partnering	Human Capital	Share of employees in talent programs	Number of employees in talent program on the total employees.	percentage and trend	Must Have



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THE KPIs PROJECT on PHARMACEUTICAL by WICI Japan

No.	KPI	Description	KPI formula	Practice Example	Application Date	Relation with Financials	Merit/Need																																																
1	Number of Challenges to "Unmet Needs"	To understand the degree of companies efforts towards to unmet needs	To let companies to define what "unmet needs" are and count the number of unmet needs areas that company engage depending on their own classification methodology	Sample Business Case: ABC company <table><tr><td>Definition of unmet needs</td><td>Areas</td><td>Number of Areas</td></tr><tr><td>Unmet medical needs</td><td>Thrombosis, cancer, diabetes, autoimmune diseases/rheumatoid</td><td>4</td></tr></table>	Definition of unmet needs	Areas	Number of Areas	Unmet medical needs	Thrombosis, cancer, diabetes, autoimmune diseases/rheumatoid	4	Provided once a year according to the fiscal term.	(Future) sales	We can plan area portfolio strategies and check if they work properly. It is also Important from a CSR standpoint.																																										
Definition of unmet needs	Areas	Number of Areas																																																					
Unmet medical needs	Thrombosis, cancer, diabetes, autoimmune diseases/rheumatoid	4																																																					
2	Number of Screening	To understand the development capability of new medicine	Breakdown the results of screening for the chemical compounds which entered to preclinical phase by therapeutic categories.	Sample Business Case: ABC company <table><tr><td>Anatomical Therapeutic Chemical (ATC) Classification System</td><td>Number of drug candidates</td><td>Previous 3-year average</td></tr><tr><td>Nervous system & Sensory organ drugs</td><td></td><td></td></tr><tr><td>Each organ drugs</td><td></td><td></td></tr><tr><td>Metabolic drugs</td><td></td><td></td></tr><tr><td>Stem cell drugs</td><td></td><td></td></tr></table> Reference: Wikipedia (Japanese)	Anatomical Therapeutic Chemical (ATC) Classification System	Number of drug candidates	Previous 3-year average	Nervous system & Sensory organ drugs			Each organ drugs			Metabolic drugs			Stem cell drugs			Provided once a year according to the fiscal term.	(Future) sales, Research and development costs	We can understand the development capability and the efficiency of screening test in early stages of the new drug research and development pipeline.																																	
Anatomical Therapeutic Chemical (ATC) Classification System	Number of drug candidates	Previous 3-year average																																																					
Nervous system & Sensory organ drugs																																																							
Each organ drugs																																																							
Metabolic drugs																																																							
Stem cell drugs																																																							
3	Number of Patents & Substance Patents Ratio	To understand the development capability of new medicine	(Number of substance patents/Total patents)×100 Sample Business Case: ABC company <table><tr><td></td><td>Substance patents</td><td>Process patents</td><td>Usage patents</td><td>Others</td><td>Total patents</td></tr><tr><td>Number of patents</td><td>15</td><td>28</td><td>32</td><td>22</td><td>97</td></tr></table> Allowance rate of substance patents = (15/97) × 100		Substance patents	Process patents	Usage patents	Others	Total patents	Number of patents	15	28	32	22	97	Provided once a year according to the fiscal term.	(Future) sales	We can plan for a managerial resource allocation by discovering strong areas of internal research and development according to nature of patents.																																					
	Substance patents	Process patents	Usage patents	Others	Total patents																																																		
Number of patents	15	28	32	22	97																																																		
4	R&D ratio by Therapeutic Area	To understand the strength of Pipeline, Progress of R&D	Breakdown the R&D expenses for the year by therapeutic areas and the phases (preclinical, clinical, alliance) and divided by total R&D expenditure. Disclose with the accumulated amount for the past 5 years.	Sample Business Case: ABC company (Unit: JPY 100 million) <table><tr><td>Therapeutic areas</td><td>Non-clinical practice rate</td><td colspan="4">Clinical practice rate</td><td>Rate for alliances</td><td>Accumulated amount for last 5 years</td></tr><tr><td>Diabetes</td><td></td><td>I</td><td>II</td><td>III</td><td>IV</td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	Therapeutic areas	Non-clinical practice rate	Clinical practice rate				Rate for alliances	Accumulated amount for last 5 years	Diabetes		I	II	III	IV																			Provided once a year according to the fiscal term.	Research and development costs, (Future) sales	We can take early actions for the next research and development (R&D) plan by understanding the effect of strategic alignment of area portfolio and the efficiency from R&D project status for each therapeutic area.																
Therapeutic areas	Non-clinical practice rate	Clinical practice rate				Rate for alliances	Accumulated amount for last 5 years																																																
Diabetes		I	II	III	IV																																																		
5	Number of Licensing by Area	To assume the aggressiveness of R&D activities for other geographical areas besides Japan and the result of R&D	Breakdown the licensing expenses for the year by areas and the phases (preclinical, clinical, alliance) and divided by total R&D expenditure. Disclose with the accumulated amount for the past 5 years.	Sample Business Case: ABC company (Unit: JPY 100 million) <table><tr><td>Locations</td><td>Non-clinical practice rate</td><td colspan="4">Clinical practice rate</td><td>Rate for alliances</td><td>Accumulated amount for last 5 years</td></tr><tr><td>U.S.</td><td></td><td>I</td><td>II</td><td>III</td><td>IV</td><td></td><td></td></tr><tr><td>Europe</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	Locations	Non-clinical practice rate	Clinical practice rate				Rate for alliances	Accumulated amount for last 5 years	U.S.		I	II	III	IV			Europe																Provided once a year according to the fiscal term.	Research and development costs, (Future) sales	We can take early actions for the next research and development (R&D) plan by understanding the effect of strategic alignment of area portfolio and the efficiency from R&D project status for each therapeutic area.																
Locations	Non-clinical practice rate	Clinical practice rate				Rate for alliances	Accumulated amount for last 5 years																																																
U.S.		I	II	III	IV																																																		
Europe																																																							
6	Number of Test Cases by Project	To assume the driving power for clinical test	Number of implemented cases/total cases = Implementation ratio for top 10 items	Sample Business Case: ABC company closed 305 contracts with XYZ Contract Research Organization (CRO) and only 246 were executed. <table><tr><td rowspan="2">Project</td><td colspan="8">Clinical test rate</td><td rowspan="2">Contracted number of cases</td></tr><tr><td>I</td><td>II</td><td>III</td><td>IV</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>R</td><td>C</td><td>R</td><td>C</td><td>R</td><td>C</td><td>R</td><td>C</td><td></td></tr><tr><td></td><td></td><td>100%</td><td></td><td>100%</td><td>80%</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> R (Recruiting): participants are currently being recruited C (Completed): the study has concluded normally; participants are no longer being examined or treated (I.e., last patient's last visit has occurred)	Project	Clinical test rate								Contracted number of cases	I	II	III	IV						R	C	R	C	R	C	R	C				100%		100%	80%															Provided once a year according to the fiscal term. The higher the rate, the better the performance.	(Future) sales	We can sort out the relationship status with Contract Research Organization (CRO) looking at the clinical execution rate.
Project	Clinical test rate								Contracted number of cases																																														
	I	II	III	IV																																																			
	R	C	R	C	R	C	R	C																																															
		100%		100%	80%																																																		

No.	KPI	Description	KPI formula	Practice Example	Application Date	Relation with Financials	Merit/Need																																											
7	R&D Success Rate for Therapeutic area and Phase	To understand the R&D success rate by the transition ratio from the previous phase	number of chemical compounds at the stage- number of chemical compounds at the previous stage *accumulated successful rate	Sample Business Case: ABC company Area: Diabetes <table><tr><th rowspan="2"></th><th colspan="4">Clinical phase</th><th rowspan="2">Number of applications</th><th rowspan="2">Number of approved</th></tr><tr><th>I</th><th>II</th><th>III</th><th>IV</th></tr><tr><td>Chemical compounds</td><td>18</td><td>12</td><td>10</td><td>9</td><td>7</td><td>6</td></tr><tr><td>Success rate</td><td>0.75</td><td>0.833</td><td>0.9</td><td>0.77</td><td></td><td>0.85</td></tr><tr><td>Cumulative success rate</td><td>0.75</td><td>0.625</td><td>0.56</td><td>0.43</td><td></td><td>0.37</td></tr></table>		Clinical phase				Number of applications	Number of approved	I	II	III	IV	Chemical compounds	18	12	10	9	7	6	Success rate	0.75	0.833	0.9	0.77		0.85	Cumulative success rate	0.75	0.625	0.56	0.43		0.37	Provided once a year according to the fiscal term. The higher the rate, the better the performance.	(Future) sales	We can plan for a managerial resource allocation by identifying a company's development capacity from the success rate trends in research and development projects.											
	Clinical phase					Number of applications	Number of approved																																											
	I	II	III	IV																																														
Chemical compounds	18	12	10	9	7	6																																												
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Cumulative success rate	0.75	0.625	0.56	0.43		0.37																																												
8	Market Shares for Popular Products (by Area)	To know which country or area the Company obtains the market strength and how the company deploy their market in global market.	Revenue of popular items-Market Share	Sample Business Case: ABC company Note: The off-patent date differs by areas. <table><tr><th rowspan="2">Preliminary patents</th><th rowspan="2">Locations</th><th rowspan="2">Rate in total sales</th><th colspan="3">Off-patent period</th></tr><tr><th>X < 1</th><th>1 year < X < 3 years</th><th>3 years < X < 5 years</th></tr><tr><td rowspan="2">A</td><td>Japan</td><td></td><td>Item BB</td><td>-</td><td>-</td></tr><tr><td>U.S.</td><td></td><td>-</td><td>-</td><td>Item FF</td></tr></table>	Preliminary patents	Locations	Rate in total sales	Off-patent period			X < 1	1 year < X < 3 years	3 years < X < 5 years	A	Japan		Item BB	-	-	U.S.		-	-	Item FF	Provided once a year according to the fiscal term.	(Future) sales Rate of return	We can study the effects on drop in sales by the number of off-patent drugs and plan next strategies as soon as drugs go off patent.																							
Preliminary patents	Locations	Rate in total sales	Off-patent period																																															
			X < 1	1 year < X < 3 years	3 years < X < 5 years																																													
A	Japan		Item BB	-	-																																													
	U.S.		-	-	Item FF																																													
9	Number of Deployment Areas for R&D Basis	To understand the aggressiveness of global Deployment	Number of areas where company deploys laboratories	Sample Business Case: ABC company (sorted by areas) (Unit: JPY 100) <table><tr><th>Areas</th><th>Locations</th><th>Market size</th><th>Sales</th><th>Market share</th></tr><tr><td rowspan="4">Nerve</td><td>U.S.</td><td>8,000</td><td>1,500</td><td>19%</td></tr><tr><td>Europe</td><td>12,000</td><td>1,500</td><td>13%</td></tr><tr><td>Japan</td><td>5,000</td><td>2,000</td><td>40%</td></tr><tr><td>Developing countries</td><td>12,000</td><td>1,500</td><td>13%</td></tr></table>	Areas	Locations	Market size	Sales	Market share	Nerve	U.S.	8,000	1,500	19%	Europe	12,000	1,500	13%	Japan	5,000	2,000	40%	Developing countries	12,000	1,500	13%	Provided once a year according to the fiscal term.	Sales	We can plan competitive strategies and verify if the past competitive strategies were successful.																					
Areas	Locations	Market size	Sales	Market share																																														
Nerve	U.S.	8,000	1,500	19%																																														
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	Japan	5,000	2,000	40%																																														
	Developing countries	12,000	1,500	13%																																														
10	Project Ratio by Targeted Area	To understand the aggressiveness of global Deployment	Breakdown the projects into local and global areas	Sample Business Case: ABC company (Basic research: 4 areas, clinical research: 3 areas, development research: 3 areas) <table><tr><th rowspan="3">Locations</th><th colspan="4">Existence of offices</th><th rowspan="3">y/y</th></tr><tr><th rowspan="2">Basic research</th><th rowspan="2">Development Research</th><th colspan="2">Clinical research</th></tr><tr><th>Internal</th><th>External (CRO)</th></tr><tr><td>U.S.</td><td>○</td><td>○</td><td>○</td><td>○</td><td>-</td></tr><tr><td>Europe</td><td>x</td><td>x</td><td>x</td><td>x</td><td>Open two offices</td></tr><tr><td>Japan</td><td>○</td><td>○</td><td>○</td><td>○</td><td>Close one office</td></tr><tr><td>Developing countries</td><td>○</td><td>○</td><td>x</td><td>x</td><td>-</td></tr></table>	Locations	Existence of offices				y/y	Basic research	Development Research	Clinical research		Internal	External (CRO)	U.S.	○	○	○	○	-	Europe	x	x	x	x	Open two offices	Japan	○	○	○	○	Close one office	Developing countries	○	○	x	x	-	Provided once a year according to the fiscal term.	(Future) sales, Research and development costs	Figuring out the research and development system such as global drug discovery infrastructure, clinical research infrastructure and so on, we can make an optimized research and development investment plan which is focused on future scenario of global development.							
Locations	Existence of offices					y/y																																												
	Basic research	Development Research	Clinical research																																															
			Internal	External (CRO)																																														
U.S.	○	○	○	○	-																																													
Europe	x	x	x	x	Open two offices																																													
Japan	○	○	○	○	Close one office																																													
Developing countries	○	○	x	x	-																																													
11	License Ratio by Area	To understand the aggressiveness of Global Deployment	Breakdown the number of licenses into areas where company has sales rights and divide by total license	Sample Business Case: ABC company <table><tr><th>Object locations</th><th>Number of projects</th></tr><tr><td>Global</td><td>70%</td></tr><tr><td>Local</td><td>30%</td></tr></table> Breakouts of local areas can be indicated in the appendix.	Object locations	Number of projects	Global	70%	Local	30%	Provided once a year according to the fiscal term.	(Future) sales, Research and development costs	We can make a managerial resource allocation plan which is focused on future senario of global development by understanding capability of drug discovery infrastructure, clinical research infrastructure and so on of each area.																																					
Object locations	Number of projects																																																	
Global	70%																																																	
Local	30%																																																	
12	License-In Ratio by Therapeutic Area	To specify the pipelines which need to be reinforced and to understand the therapeutic areas which the Company's main focus.	Breakdown the number of license-In items by therapeutic areas into developed products and undeveloped products.	Sample Business Case: ABC company <table><tr><th rowspan="2">Locations</th><th rowspan="2">In or Out</th><th colspan="2">License agreement ratio</th><th rowspan="2">y/y</th></tr><tr><th>Merchandises</th><th>Products (unlicensed)</th></tr><tr><td rowspan="2">Global</td><td>In</td><td></td><td></td><td></td></tr><tr><td>Out</td><td></td><td></td><td></td></tr><tr><td rowspan="2">U.S.</td><td>In</td><td></td><td></td><td></td></tr><tr><td>Out</td><td></td><td></td><td></td></tr><tr><td rowspan="2">Japan</td><td>In</td><td></td><td></td><td></td></tr><tr><td>Out</td><td></td><td></td><td></td></tr><tr><td rowspan="2">Developing countries</td><td>In</td><td></td><td></td><td></td></tr><tr><td>Out</td><td></td><td></td><td></td></tr></table>	Locations	In or Out	License agreement ratio		y/y	Merchandises	Products (unlicensed)	Global	In				Out				U.S.	In				Out				Japan	In				Out				Developing countries	In				Out				Provided once a year according to the fiscal term. The contract type must be written.	Sales (In-licensed products sales)	We can plan further sales promotion strategies for corporate/organizational alignment by identifying patent usage in locations where there is no sales channel.
Locations	In or Out	License agreement ratio		y/y																																														
		Merchandises	Products (unlicensed)																																															
Global	In																																																	
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No.	KPI	Description	KPI formula	Practice Example	Application Date	Relation with Financials	Merit/Need																	
13	License-Out Ratios by Contract Object	To understand the utilization of In-house patents and the earnings model by Intellectual properties	Breakdown the number of license-out items by therapeutic areas into developed products and undeveloped products.	Sample Business Case: ABC company <table><tr><th rowspan="2">Therapeutic areas</th><th colspan="2">License agreement ratio</th><th rowspan="2">Gross Interest</th><th rowspan="2">y/y</th></tr><tr><th>Merchandises</th><th>Products (unlicensed)</th></tr><tr><td>Diabetes</td><td>5%</td><td>40%</td><td>% / %</td><td>-2%/-5%</td></tr><tr><td>Nerve</td><td>13%</td><td>50%</td><td>% / %</td><td>+3%/+4%</td></tr></table> Therapeutic areas differs depending on each company.	Therapeutic areas	License agreement ratio		Gross Interest	y/y	Merchandises	Products (unlicensed)	Diabetes	5%	40%	% / %	-2%/-5%	Nerve	13%	50%	% / %	+3%/+4%	Provided once a year according to the fiscal term. The contract type must be written.	Sales (area license-out fees)	We can design further sales promotion strategies or portfolio strategies to use Intellectual assets by recognizing not only product sales but also patent usage.
Therapeutic areas	License agreement ratio		Gross Interest	y/y																				
	Merchandises	Products (unlicensed)																						
Diabetes	5%	40%	% / %	-2%/-5%																				
Nerve	13%	50%	% / %	+3%/+4%																				
14	Number of Accepted Literatures by Therapeutic Area	To understand the quality of researcher	Breakdown the number of accepted literatures for major journals by therapeutic areas.	Sample Business Case: ABC company Sales promotion objectives: total number of products and pipelines = 10 (License-out/(L.O.) = 4) <table><tr><th rowspan="2">Contract type</th><th colspan="3">Number of license agreements</th></tr><tr><th>Merchandises</th><th>Products (unlicensed)</th><th>y/y</th></tr><tr><td>Sales promotion</td><td>10%</td><td>55%</td><td>-2%/5%</td></tr><tr><td></td><td>15%</td><td>40%</td><td>+3%/+4%</td></tr></table>	Contract type	Number of license agreements			Merchandises	Products (unlicensed)	y/y	Sales promotion	10%	55%	-2%/5%		15%	40%	+3%/+4%	Provided once a year according to the fiscal term. The contract type must be written.	Sales (out-licensing revenue)	We can design further sales promotion strategies to use Intellectual assets by recognizing not only product sales but also patent usage.		
Contract type	Number of license agreements																							
	Merchandises	Products (unlicensed)	y/y																					
Sales promotion	10%	55%	-2%/5%																					
	15%	40%	+3%/+4%																					
15	Number of patents due to expire(within next 1 year, 3 years, and 5 years)	To understand the strength of pipeline	Breakdown the number of patents due to expire(within next 1 year, 3 years, and 5 years)	Sample Business Case: ABC company <table><tr><th></th><th>1996-2000</th><th>2000-2004</th></tr><tr><td>Non-clinical research</td><td>2</td><td>1</td></tr><tr><td>Clinical research</td><td>1</td><td>3</td></tr></table>		1996-2000	2000-2004	Non-clinical research	2	1	Clinical research	1	3	Provided data of last five rolling years once a year according to the fiscal term.	None	We can identify good researchers and understand strengths and weaknesses by area.								
	1996-2000	2000-2004																						
Non-clinical research	2	1																						
Clinical research	1	3																						
16	Ratio of MR (generalist) by item	To understand the MR's informative ability and sales negotiation	Breakdown the number of MR Generalists by items. (Define MR generalist as MR who is in charge of more than 10 items for this KPI purpose)	Sample Business Case: ABC company <table><tr><th>items</th><th>Rate of MR (G) for the current year</th><th>3-year average MR (G) rate</th></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table>	items	Rate of MR (G) for the current year	3-year average MR (G) rate							Provided once a year according to the fiscal term.	Sales, Labor costs	We can prove the capability of the information provision as the result of shares gain.								
items	Rate of MR (G) for the current year	3-year average MR (G) rate																						

CONCLUDING REMARKS

Concluding Remarks

- The today's economic environment and the “Conceptual Company” pose new challenges to managers, investors, policy makers
- It is really important to build new methods to visualise the link between intangibles/IPR, management and value creation through a new information set and reporting system ü a new “market standard”
- This innovative information and measures are equally important for internal and external resource allocation decisions
- The WICI Global Network & WICI Europe intends to pursue these objectives and welcomes any collaboration with associations with a shared vision ü natural affiliation



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