



BOSTON - LONDON - ZURICH

IP/Technology Licensing: The Inside-Out Perspective Semaphore Provides Insight to Technical & Organizational Impact

CASE STUDY – CMCY1

Service:

Technology Advisory Services

Client:

Investor funded division of large corporation

Requirement:

Provide independent technology diligence on the target company's IP and technology. In addition, review a proposed licensing deal on behalf of the client, its follow-on implementation plan and the impact on the target company.

Situation:

Counsel for the client contacted Semaphore. The Client desired to license their IP and technology and contract for turnkey product, services and implementation processes using the target company's current solution. The goal of the business model was to initially duplicate the current implementation outside the target company and then replicate to a global scale.

Semaphore's Technology Advisory Practice was requested to perform technology diligence on the target company's people, processes and technology and their capacity to deliver and support a turnkey version of their solution. In addition, it was to determine the viability of the licensing deal, its implementation plan, and the impact on the target company, both short and long term with respect to its technology roadmap, current and future revenue, and internal resource allocation and growth requirements.

Scope:

Staffing: 16 person days

Deliverable: A verbal presentation with follow up written findings in document form.

Discovery:

Semaphore discovered that the target company understood its business proposition and had developed and acquired technology in support of that proposition. The company had valuable experience in successfully developing, deploying and supporting its technologies and demonstrated a combination of technical skills and a pragmatic approach to developing software and hardware products.

The company's development processes were relatively mature and structured. The development processes were thorough and included the proper steps to ensure quality and supportable products were deployed. Areas for improvement existed and Semaphore documented them accordingly.

Semaphore discovered internal management issues and a lack of single leadership. The business development activities, marketing initiatives and engineering directions were not consistently aligned.

Semaphore then reviewed the licensing deal and its implementation plan. From a technology perspective, additional 'productization' features were required to satisfy the turnkey system requested. Additionally, existing project plans (including feature sets necessary for the licensing deal) were not appropriately modified to account for the work effort required to modify the existing solution within the documented timeframes.

Similarly, Semaphore had concerns regarding the allocation of resources targeted for the implementation effort and did not believe the target company was prepared to absorb the necessary additional resources without impacting productivity of existing personnel.

Semaphore did not feel the current licensing agreement contained sufficient detail to successfully implement the plan without potential for misunderstanding leading to a combination of missing features, budget overruns and/or delays in delivery, any of which could harm the relationship between the client and its target company.

Outcome:

1. The client decided to proceed with the project with certain safeguards built into the contract.
2. The target company agreed to address the documented concerns and be more interactive with the implementation activities with the client.
3. Semaphore was asked to periodically review progress during implementation and initial deployment.