

Chapter 2 Business Flowchart for Intellectual Asset-Based Management Evaluation Finance

1. Business Flowchart Outline

Based on the previous chapter's "Way of Thinking for Intellectual Asset-Based Management Evaluation Finance", this chapter provides business tools which suit the practical goals of intellectual asset-based management evaluation finance, and explains how to use these tools. Specifically, it summarizes the flow of business activities in the financing examination process, from understanding intellectual assets information of a company being investigated for financing, through analysis and evaluation of intellectual assets information, to financing examination, then shows examples of business tools corresponding to each business step and how to use these tools.

(1) Business Steps of Intellectual Asset-Based Management Evaluation Finance

As a model case of business activities in intellectual asset-based management evaluation finance, we hypothesize work according to each of the following business steps.

- (1) Simple interview
- (2) Intellectual property search
- (3) Intellectual asset-based management evaluation (business prospects) interview
- (4) Intellectual property evaluation (external institution)
- (5) Prepare checklist for intellectual asset-based management evaluation (profitability)
- (6) Prepare checklist for intellectual asset-based management evaluation finance
- (7) (If there is collateral) Establish collateral
- (8) Follow-up

(2) Interview Goals at Each Business Step

Arranging the main goals at each business step of interviews and preparing the checklist for the customer being investigated for financing, we obtain the following.

Figure 2-1 Business Steps and Interview Goals

Financing process	Business step	Main goal of work
Daily business information, and decide direction of intellectual assets evaluation financing	(1) Simple interview	<ul style="list-style-type: none"> Understand customer's business outline & intellectual assets Confirm link between business & intellectual assets which become earnings source
	(2) Intellectual property search	<ul style="list-style-type: none"> Simple check that customer owns the intellectual property Check intellectual property provided to business
	(3) Intellectual asset-based management evaluation	<ul style="list-style-type: none"> Detailed information and evaluation of prospects for business utilizing intellectual assets
Qualitative & quantitative information analysis for company rating & transaction policy	(4) Intellectual property evaluation	(If third party evaluation judged necessary) <ul style="list-style-type: none"> Intellectual property valuation with probability, by external institution
	(5) Intellectual asset-based management evaluation (profitability) check	<ul style="list-style-type: none"> Profitability analysis by future cash flows Funds repayment possibility analysis
Project examination	(6) Intellectual asset-based management evaluation. Financing check.	<ul style="list-style-type: none"> Summarize & sort out information obtained for project examination Business risks analysis & final credit decision
Quantitative analysis		(7) Establish collateral
Comprehensive credit decision	(8) Follow-up	<ul style="list-style-type: none"> After providing financing, monitor business prospects, profitability, collateral situation

(Handling of Financing Examination Flow in Financial Institution)

The business tools (interview sheet, etc.) described below which handle the above series of steps from (1) to (6) correspond to the financing examination process, and combine to sort out the required intellectual assets information and future cash flows for the investigation in each process.¹

● Decide the Direction of Intellectual Asset Finance, and Daily Business Information

Collection Tools

Obtain an outline of the intellectual assets of the customer being investigated for financing by utilizing the “(1) Simple Interview Sheet” and “(2) Intellectual Property Search Sheet”. In order to link to intellectual asset-based management evaluation finance, it is necessary from an early stage to confirm whether intellectual assets of the customer being investigated for financing will merit evaluation or not. The bank investigates while using business tools (1) and (2), and decides whether it should proceed to the next financing examination process.

Also, utilization in daily communication of “(1) Simple Interview Sheet” and “(2) Intellectual Property Search Sheet” by the financial institution is expected to be a means to efficiently improve understanding of intellectual asset-based management of small and medium companies. These improve understanding of the flow of actions which create business value in the company by combining intellectual assets, and are also good to utilize as tools for sales support and management support. If the bank finds problems and points to improve for each factor of intellectual assets, it can provide advice to the company, etc.

● Qualitative and Quantitative Analysis Tools for Company Rating and Transaction Policy

Use the “(3) Intellectual asset-based management evaluation (business prospects) interview sheet” to obtain detailed information for the company rating and transaction policy. This can improve understanding of information on intellectual assets which become the source of the company’s sustainability and growth prospects, and which is difficult to show in financial information. Utilizing this sheet as supplementary material for the company rating and transaction policy, the bank checks the link between intellectual assets and the company’s future cash flows, and it is hoped this will improve the financial institution’s understanding of the company’s growth potential. Also, if the company rating is reviewed based on an actual situation balance sheet which considers the intellectual assets evaluation, then a “(4) Intellectual Property Evaluation Report”² by a third party agency may also be utilized.

¹ As written in Chapter 1, page 21, especially a “(1) Simple Interview Sheet” and “(3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet” may be useful as information collection tools utilized all or in part in the normal course of business, or as materials for considering interview topics.

² For example, it may utilize an intellectual property evaluation company, engineer, CPA, lawyer, etc.

- Quantitative Analysis for Project Examination

For an individual financing project, the “(5) Intellectual asset-based management evaluation (profitability) checksheet” is utilized with the aim of investigating the financing repayment outlook based on future cash flow analysis and profitability analysis. It is important to do cash flow analysis based on analysis of causal relationships between intellectual assets and future cash flows using the “(1) Simple Interview Sheet” and “(3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet”.

- Comprehensive Credit Decision

Utilize the “(6) Intellectual asset-based management evaluation financing checksheet” to summarize the intellectual asset-based management information which was collected and analyzed, which may enable clarification of the locations of risks in the credit decision. Recheck the content of (1) to (5), and moving towards the financing decision, check that nothing was overlooked in the risk check etc. Complete this checksheet, and combine with other sheet materials, etc. to gather all materials for intellectual asset-based management evaluation finance investigation.

If the company or business being investigated for financing is not utilizing intellectual property rights, then proceed with investigation according to each business goal, based on sheets (1), (3), (5) and (6); For a business utilizing intellectual property rights, add sheets (2) and (4) as required, and investigate as suitable.

(3) Business Tools in Each Business Step

A set of three types of business tools for each business step has been prepared, corresponding the business characteristics and intellectual asset types of the customer being investigated for financing. For a company which has not obtained intellectual property rights - A) Intellectual Property-Based Management General Edition (Manufacturing Business); For a company which has obtained and is utilizing patent rights - B) Patent Rights Edition; For a company which has obtained and is utilizing trademark rights - C) Trademark Rights Edition.

A) Intellectual Property-Based Management General Edition (Manufacturing Business) is a predetermined sheet which hypothesizes an interview and financing investigation of a manufacturing business company with intellectual assets such as know-how and skills not turned into rights as its source of business earnings. It is thought that part of A) will be utilized for these industries which have not specially registered trademark rights: commercial and services industries (retail, wholesale, restaurant industries, etc.) and consumer manufacturing industries (foods, daily goods, apparel, etc.). Also, B) Patent Rights Edition is a sheet which hypothesizes a “Company carrying out a technology development type business which utilizes technology turned into rights (patent rights)”. C) Trademark Rights Edition hypothesizes utilizing it as a business tool for a company which utilizes trademarks and develops brand business.

Figure 2-2 Business Tools in Each Business Step

Business step	Business tools and supplemental materials		
	No intellectual property rights	Has intellectual property rights	
	A) Intellectual Asset-Based Management General Edition	B) Patent Rights Edition	C) Trademark Rights Edition
(1) Simple interview	Simple Interview Sheet (Intellectual Asset-Based Management General Edition)	Same as on left (Patent Rights Edition)	Same as on left (Trademark Rights Edition)
(2) Intellectual property search	/	Intellectual property search (Patent Rights Edition) Same as on left (Patent Rights Edition)	Same as on left (Trademark Rights Edition)
(3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview	Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet (Intellectual Asset-Based Management General Edition)		Same as on left (Trademark Rights Edition)
(4) Intellectual property evaluation	/	Evaluation by third party evaluation agency	
(5) Intellectual Asset-Based Management Evaluation (Profitability) Check	Intellectual Asset-Based Management Evaluation (Profitability) Checksheet (Intellectual Asset-Based Management General Edition)	Same as on left (Patent Rights Edition)	Same as on left (Trademark Rights Edition)
(6) Intellectual Asset-Based Management Evaluation Finance Check	Intellectual Asset-Based Management Evaluation Financing Checksheet (Intellectual Asset-Based Management General Edition)	Same as on left (Patent Rights Edition)	Same as on left (Trademark Rights Edition)
(7) Establish collateral	/	Sample contract for establishing collateral	
(8) Follow-up	Follow-up sheet (same for all 3)		

As shown above, this is composed to enable intellectual asset-based management evaluation corresponding to different business characteristics.

(4) Business Tools Corresponding to Business Types

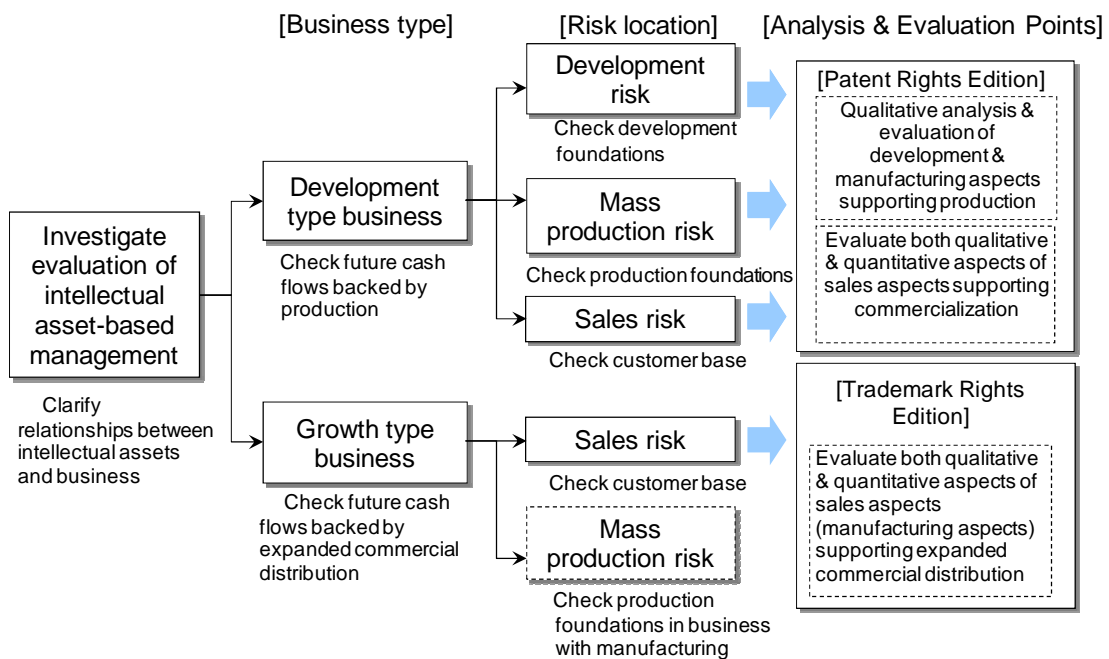
This section explains items which should be kept in mind when investigating financing using intellectual asset-based management evaluation.

Depending on the type of business (development type business making new things based on new technology, or growth type business that develops expanded product distribution business utilizing assets held until now such as brands etc.), the location of risks for business prospects can naturally differ. These business tools consider these points, and interview and checksheet items of business tools are composed corresponding to the types of intellectual assets which are sources of value.

Business tools A) Intellectual Asset-Based Management General Edition (Manufacturing Industry) and B) Patent Rights Edition are composed for making credit decisions by: 1) For development and manufacturing aspects, do qualitative evaluation for each factor of intellectual assets which support development and manufacturing, 2) Properly do qualitative and quantitative evaluation for factors of intellectual assets which become important at the sales stage when developed products are released in the market.

In contrast, the C) Trademark Rights Edition business tool is composed to contribute to credit decisions when expanding distribution of an existing product or business, by doing qualitative and quantitative evaluation for factors of intellectual assets which support sales aspects (manufacturing aspects).

Figure 2-3 Analysis and Evaluation Points of Each Business Type

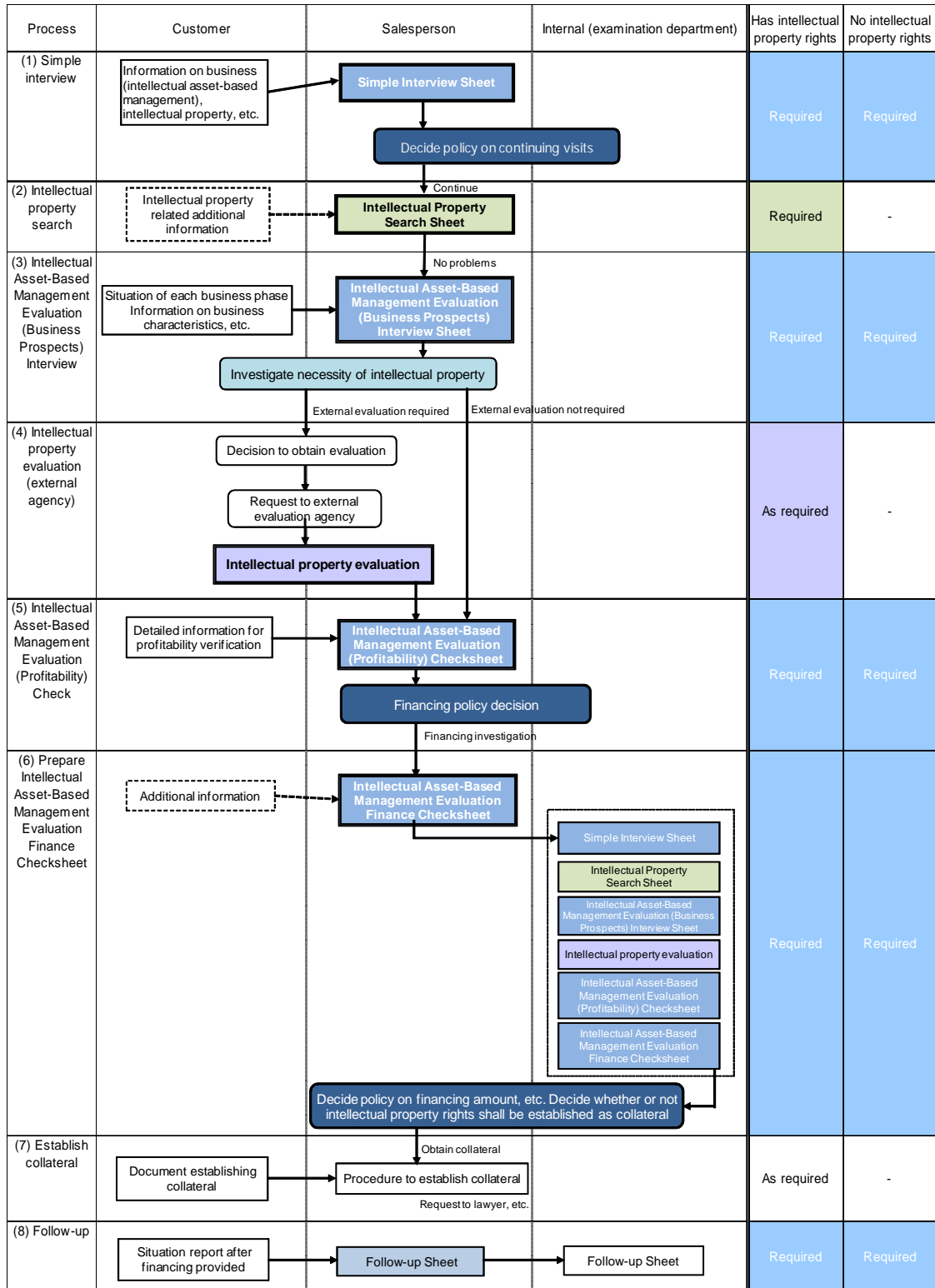


(5) Business Flowchart: Model Case

Below, if the goal is a credit decision for a financing project, the following page illustrates an overall flowchart as one model case of a series of actions concerning intellectual asset-based management evaluation finance work (external activities by salesperson at the customer being investigated for financing, discussion in the bank's examination department, etc.).

This flowchart is only a reference example as a model case. We hope it will be suitably considered based on the financing examination process and practical situation in each financial institution.

Figure 2-4 Business Flowchart Model Case



2. Utilization of Business Tools in each Business Step

(1) How to Utilize Business Tools

This section explains how to utilize these business tools for customers being investigated in each business step, and an outline of interview check items. As explained above, the business tools used differ in each business step (interview sheets, checksheets): A) Intellectual asset-based management General Edition (manufacturing industry), B) Patent Rights Edition, C) Trademark Rights Edition. Refer to each form attached on page 67 onwards.

It is hypothesized that the content which should be in interviews will differ in detailed points, depending on the customer being investigated for financing and local characteristics, size, etc. Therefore, these focus on common basic interview items and interview goals.

(1) Simple Interview

The simple interview aims to collect a company outline and information on manager characteristics, followed by an overall image of the customer being interviewed for financing: business outline, various intellectual assets, etc. (technical abilities, external network, situations of competing companies, etc.) and understanding of their relationships. Use this simple means to understand the intellectual assets which become a core factor in obtaining earnings, and learn about its sales support needs and funds needs, to decide whether one should proceed to later steps.

The significance of the simple interview is, from the initial stage of financing investigation, to focus on whether intellectual assets and intellectual property which are sources of the company's competitive strength are utilized in business, and contribute to value creation, from the perspective of the credit decision and financing. In short, confirm that there is a business which utilized intellectual assets and intellectual property, and that this business is currently generating sales and earnings.

For example, even if a patent held by a customer being investigated for financing has patent value from a scholastic perspective, if it is currently not being utilized nor contributing to business earnings, then it is difficult to recognized value from a financial perspective. Also, even if a customer being investigated for financing has a trademark right, if the customer has low sales and profit levels, the patent's economic value is similarly difficult to recognize.

Therefore in utilizing this Simple Interview Sheet, it is important to collect information focused on the business (intellectual asset-based management), not only from the perspective of intellectual property.

The simple interview is an important opportunity to learn about non-financial aspects such as the perspectives of company managers. This interview can be expected to improve mutual

understanding with managers and engineers, and collect qualitative information on intellectual assets.

● Business Outline

The point of a business outline is to check information narrowed down to intellectual assets which become core factors in obtaining earnings, for example surplus earnings sources such as unique technical abilities, know-how, brand strength, etc. of the customer being investigated for financing. The source of technical abilities is hypothesized to be its engineers' rich experience, imagination, etc.

Next, check the relationship between intellectual assets and the business, and importance of the intellectual assets in the business. If there is no relationship between intellectual assets and the business, then it is difficult to think about intellectual asset value backed by business prospects, and consequently financing based on that value. In the simple interview, it is at least necessary to be able to confirm the relationship between intellectual assets and the business, and confirm that the business becomes the target of the intellectual assets and financing.

An especially important point concerning the relationship between intellectual assets and the business is the relationship between customer needs and the business utilizing intellectual assets. For example in a technology development type business, it is assumed that from the initial stage of development, technology development is done with the aim of fulfilling customer needs. Even if it makes expenditures on development to try and commercialize, if the product is not needed by customers, it will be difficult to meet targets for repayment of financing out of future sales cash flows.

In short, if its business prospects are unclear, the outlook for future cash flows will often be unstable, so regardless of the content of intellectual assets and intellectual property subject to evaluation, one must unavoidably consider terminating the intellectual asset-based management evaluation finance investigation.

● Profitability

Here, we check the outline of the outlook for sales and expenses, only for the business which utilized intellectual assets which become the source of earnings.

It is important that a future sales outlook is not simply expected values, but a forecast based on expected orders of individual customers, etc. If there is a similar business with past results, then verify the future sales outlook based on past results. It may also be important to check that the future sales outlook is consistent with qualitative aspects of the business outline.

There may also be cases where intellectual asset strengths and customer needs are inconsistent with the sales outlook preconditions, so it is important to carefully investigate expected figures for sales and expenses.

- Use of Funds

Finally, do an interview on the funding needs and uses of the customer being investigated for financing. For a technical development type business, funding uses can arise in each stage of development, manufacturing and sales. In contrast, for a growth type business, there is business expansion by extended marketing and sales based on the degree of awareness of existing products, with funding uses expected to mainly originate in manufacturing and sales.

In this way, value creation patterns differ for development type businesses and growth type businesses, so the character of funding uses in the business cycle also differs.

Specifically, in a development type business, the main use of funds is hypothesized to be related to new technology: Operating funds for development costs, facilities investment costs, manufacturing parts and materials, manufacturing staff costs, etc. Also, various uses of funds are hypothesized for a growth type business with its core in trademarks (brands): Growing operating funds corresponding to accounts receivable and inventory which increase with the growth process, and store development funds, etc.

(2) Intellectual Property Search

The goal of intellectual property search is to check ownership of intellectual property rights and the rights' situation, in cases where the customer being investigated for financing has intellectual property rights. Also select the intellectual property rights provided to the business, out of all the intellectual property rights held by the customer being investigated for financing.

By utilizing this sheet and an intellectual property search site (i.e. IPDL Search³), even the person in charge can do a simple survey. Here, do a simple verification by comparing ownership of rights checked in a simple interview and the rights' situation, against intellectual property data published by the Japan Patent Office, and write the search results on the Intellectual Property Search Sheet.

The results of an intellectual property search by IPDL have all published intellectual property rights of a customer being investigated for financing, so there is a need to choose the intellectual property supplied to the business, based on a simple interview (or additional interview). So-called dormant patents and intellectual property rights of other businesses can be removed from the intellectual property evaluation and intellectual asset-based management evaluation finance; Limit it to intellectual property rights with clear relationships between the intellectual property rights and the business, or a clear relationship between fundraising and intellectual assets.

(3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview

The intellectual asset-based management evaluation (business prospects) interview basically does a detailed interview for items similar to the simple interview.

The simple interview aims to obtain an outline focused on business prospects, efficiently in a short time. In contrast, the intellectual asset-based management evaluation (business prospects) interview aims to spend time and do plenty of verification for the financing decision.

Therefore, it collects information to do an examination with comprehensive understanding which is deeper than a simple interview, based on qualitative aspects of intellectual assets which contribute to earnings gained by the customer being interviewed, while also checking business prospects.

According to the intellectual asset-based management evaluation (business prospects) interview, a detailed interview is performed for each item of "business flow" and "business characteristics", as described below. For all items, it is important to understand the intellectual assets with a focus on each of human assets, organizational assets and relationship assets, and the situation of their utilization (intellectual asset-based management).

³ IPDL Search is a free search for patent and trademark rights, provided by The National Center for Industrial Property Information and Training. For how to use IPDL, refer to its Japanese language reference materials: IPDL Search Manual (Patent Rights Edition) and IPDL Search Manual (Trademark Rights Edition).

● Business Flow

Here, the business flow of a business which utilizes intellectual assets is divided into a development phase, manufacturing phase and sales phase.

If it is a development type business which needs technology development, one must check all phases of development, manufacturing and sales. If it is a growth type business with trademark rights (brands) as a source of earnings, an interview focused on the sales phase is hypothesized.

Do an interview on the development situation in the business, and future required expenses, conditions, people involved in manufacturing and sales, locations of risks, etc., and check business achievability.

● Business Characteristics

For business characteristics, check the business environment and strengths from qualitative information such as “customer (market) analysis”, “competing company analysis” and “company analysis (technology, know-how, managers)”.

In “customer analysis”, same as in the simple interview described above, check customer needs and that customer segment. In “competitor company analysis”, learn about strengths and weaknesses of competing companies, and check that the company being investigated for financing has technical abilities and brand strength which meet customer needs, better than those competing companies. In “company analysis”, for example looking at technology analysis, check that the technology and intellectual property give superiority, monopolistic power, etc. to products of the customer being investigated for financing, compared to competing companies.

By checking these qualitative business characteristics, one can check the factors for establishing a business which properly utilizes intellectual assets.

(4) Intellectual Property Evaluation (External Agency)

Concerning intellectual property evaluation, if it is judged necessary for the financing examination to obtain an evaluation with probabilities from a third party, one may also request an evaluation by an external agency. Also, if the customer being investigated for financing judges it necessary for fundraising and other aims, then it is hypothesized that the evaluation will proceed by request of the customer being investigated for financing.

A general composition of an intellectual property evaluation report by an external agency could include rights characteristics evaluation of intellectual property (rights), evaluation of effectiveness in the market and business, and economic valuation of intellectual property (rights) based on these. Also, for the evaluation by an external agency, it would be desirable to have an intellectual property evaluation which can be understood by the person in charge of financing and the financial institution. For example, Case Study (2) (Patent Rights Edition) and Case Study (3) (Trademark Rights Edition) exhibit reference examples of intellectual property evaluation reports, so we recommend referring to those also.

(5) Intellectual Asset-Based Management Evaluation (Profitability) Checklist (Trial Calculation of Future Cashflows)

For business profitability, verification of source of financing repayments based on future cash flows, and verification of intellectual asset values are both important elements, as pillars of intellectual asset-based management evaluation finance. Further dig into profitability details checked in the simple interview, and do a detailed check of expected sales and expenses. Based on conditions of sales and expenses, do trial calculations of business profit under multiple scenarios such as a customer business plan base scenario and standard scenario (conservative scenario for the customer plan), and check the certainty of stability and levels of future cashflows. In the case of a business which requires development, verify that these future cash flows can cover repayments of funding allocated to development funds, etc.

An important point for trial calculation of profitability is that there are no differences between future cash flow preconditions and qualitative information such as business characteristics - Verify both causal factors and consistency. For example, if it has strong technical abilities and brands, meets customer needs, and can also fully compete against other companies, then a growth path outlook with growing revenues and profits is thought reasonable. One must properly and closely examine whether the qualitative evaluation is properly reflected in the profitability outlook, based on a judgment that the qualitative evaluation is reasonable.

● Fundraising

Regarding funding uses, recheck that the plan has funds repayments which match its funding uses and amounts raised, based on trial calculation of profitability, while referring to the simple interview's points.

(6) Prepare the Intellectual Asset-Based Management Evaluation Finance Checksheet

The intellectual asset-based management finance checksheet is hypothesized as a checksheet to summarize interview items and survey details until now, analyze each item's risks, etc., before the final approval circular is submitted to the examiner by the salesperson.

Here, the following two cases are hypothesized as ways to use this checksheet. One case is where the business being investigated for financing differs from the situation of intellectual asset utilization in the company's existing businesses, and the business has new business characteristics. In such a case, do analysis focused on business risks concerning intellectual assets, within the scope of the individual business being investigated for financing. Accordingly, go through the usual examination process for the credit decision and risk check for the overall company, based on its existing businesses. In addition to company examination focused on financial information, at the stage of the

company rating and project examination, we hypothesize use of the interview surveys up until now, the intellectual property evaluation report and this checklist, as supplementary materials for the credit decision. In addition to a traditional company examination, by adding evaluation of the company's intellectual assets and intellectual property, etc., one expects a comprehensive credit decision which better reflects the company's actual situation. A specific example of such a case hypothesized is investigation of financing for a company launching a new business based on new technologies and patents not utilized in the existing business.

One more case is a combination of intellectual assets which become a source of business profits, a case in which they are utilized in both the company's existing business and a business expansion. Examples are the case of a project investigating financing a company to expand distribution for entering new markets and gaining new customers utilizing trademark rights, and the case of utilizing existing know-how, etc. to gain new customers and enter new markets. In such cases, one would evaluate intellectual assets based on the combined growth prospects of the existing business which utilized intellectual assets and the business expansion,

The intellectual asset-based management finance checklist checks the locations of project risks, according to the following items.

● Profitability Check

Profitability is a fundamental item concerning the company rating and possibility of finance repayment, when deciding on a financing. Verify that profitability is reasonable for the preconditions for sales and expenses. Refer to the Simple Interview Sheet and Intellectual Asset-Based Management Evaluation (Business Prospects) Sheet, and check that stable funds repayment can be expected, considering the relationship with intellectual assets information such as human assets, organizational assets and relationship assets.

● Intellectual Property Due Diligence (If the Company has Intellectual Property Rights)

Intellectual property due diligence performs checks on the rights aspects of intellectual property: that there are no flaws in the intellectual property subject to evaluation, and there are no problems with the rights characteristics of the intellectual property. Intellectual property rights are assets which lay the foundation for intellectual asset-based management evaluation finance, and are also assets which can become collateral. Verify asset qualities of the intellectual property rights within the hypothesized scope, and verify liquidity, such as possibility of sale to a third party and hypothetical sale scenarios.

● Verification of Intellectual Property Evaluation Report (If Request Intellectual Property Rights Evaluation by External Agency)

In verification of the intellectual property evaluation report, concerning the content of the intellectual property evaluation, check the evaluator's past performance and evaluation method. The

intellectual property evaluation report is to guarantee objectivity by the external third party agency, and must have content which can assist in the financing decision.

Also, the intellectual property evaluation is not a simple patent survey and technical evaluation. It summarizes a valuation from a financial perspective and contribution to the business, thus it is important that its content can be understood well in the financial institution.

● Related Parties Risks

For related parties risks, verify the credit strength and business performance ability of business related parties such as in manufacturing and sales. A business can also be halted due to bankruptcy of business related parties, so it is important to check risks of related parties which can obstruct continuity of the business.

● Competition

Verify market risks faced by the customer being investigated for financing, due to the existence of competition. Many businesses have competing companies, and customers compare with competing companies when deciding whether or not to buy products of the customer being considered for financing, so it is hypothesized that the customer being considered for financing will compete with other companies on price and quality, and there is always risk that it will be forced out of the market by competing companies. By analysis of and comparisons with competing companies, check the possibility that the customer being considered for financing can continue business in the market by comparative superiority over competing companies.

(7) (If Intellectual Property Rights Used as Collateral) Establish Collateral

According to items of caution concerning establishing collateral, consult with a specialist such as a lawyer, and establish collateral.

(8) Follow-up

Monitor the intellectual asset-based management evaluation finance. According to items on the “(3) Intellectual asset-based management evaluation (business prospects) interview sheet” and “(5) Checklist for intellectual asset-based management evaluation (profitability) checksheet”, periodically do follow-ups, and write clear problems and points to improve on a follow-up sheet. Specifically, it is hypothesized that it is periodically checked for decreased business sales or business termination, loss of the rights of the intellectual property itself due to legal actions, etc.

3. Business Tools Corresponding to Intellectual Asset Type

(1) Business Tool (Intellectual Asset-Based Management General Edition (Manufacturing Industry))

This set of interview sheets was written which hypothesizes the intellectual property which becomes an earnings source of the business is intellectual assets without rights such as know-how, skills and processes, and a manufacturing company developing business which utilized these. Refer to pages 67-75.

(2) Business Tool (Patent Rights Edition)

This set of interview sheets was written which hypothesizes the intellectual assets which become the source of earnings for the business are technology (intellectual assets) turned into rights, and a development type manufacturing company developing a business which utilized patent rights. Refer to pages 76-88.

(3) Business Tool (Trademark Rights Edition)

This set of interview sheets was written which hypothesizes the intellectual assets which become the source of earnings for the business are brand strength, and an asset holding type company developing a business utilizing trademark rights. Refer to pages 89-100.

(1) Business Tools (Intellectual Asset-Based Management General Edition [Manufacturing Business])

(A-1)
(YY/MM/DD)

**(1) Simple Interview Sheet
Intellectual Asset-Based Management General Edition (Manufacturing Business)**

1. Corporate profile

Company name		
Representative		
Contact person		
Contact		
Business description		
Human assets	Manager's career history and	
	Manager's business strategy	
	Manager's marketing expertise	
	Manager's financial management skills	

2. Business summary (core business)

Tangible assets	Core product	
Organizational assets	Product's intended purpose	
	Production system	
	Features of the technology	
	Competitors and their strengths and weaknesses	
	Presence of know-how	
Relationship assets	(Prospective) buyers	
	Advantage to the buyer in adopting the product	

* The "Manager's business strategy" "Manager's marketing expertise" and "Manager's financial management skills" sections can be provided at the time of Interview (3).

3. Profitability

(Unit: million yen)

	Profitability	Term prior to the preceding term	Preceding term	Current term	Next term	Term following the next term
		(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)
Organizational assets	Estimated revenue (Total)					
	Unit price					
	Volume					
	Estimated expenses (Total)					
	Development costs					
	Production costs					
	Unit price					
	Volume					
	Balance					

4. Use of funds

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5. Note

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(3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet
Intellectual Asset-Based Management General Edition (Manufacturing Business)

Company name	
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Business flow

1. Development phase

Interview items			Responses
Organizational assets	Past development efforts	Time frame of past development	
		Past development funds (Labor costs, number of plants, and parts & components)	
	Future development efforts (If in the middle of development or improvement stages)	Time frame for future development	
		Future development funds (Labor costs, number of plants, and components)	
		Existence of a development process chart	
		Future challenges to development (excluding funds)	

2. Manufacturing phase

(1) In-house manufacturing

Interview items		Responses
Organizational assets	Breakdown of production costs (Variable costs such as materials and labor costs)	
	Manufacturing equipment costs (Initial adoption costs, capacity utilization rate, and depreciation period)	
	Production capacity (Plants and equipment)	
	Maintenance system	
Relationship assets	Raw materials suppliers	
	Manufacturing equipment suppliers	

(2) Outsourced manufacturing

Interview items		Responses
Relationship assets	Contract manufacturers	
	Production costs	
	Existence of a manufacturing license agreement (Provision of now-how and product liability)	
	Maintenance system	

3. Sales phase

Interview items		Responses
Relationship assets	Existing buyers	
	Confirmed buyers (Time to start selling)	
	Prospective buyers under negotiation (Time to start selling)	
	(Monthly) sales volume and sales	
	Contract distributors (If any)	
Organizational assets	Selling price	

Business features

1. Customer analysis

Interview items		Responses
Relationship assets	Grounds for product demand (Costs, added value, and substitute demand)	
	Stability of customers' needs (One-time order/periodical order and adoption cycle)	
	Target customers and market size (Fields, sales figures, regions, etc.)	
Organizational assets	Sales system	

2. Competitor analysis

Interview items		Responses
Organizational assets	Company product's advantages	Known competing products
		Competing products' prices
		Competing products' sales and customers
		Competing products' advantages and disadvantages
		Known substitutes
		Company's strengths and weaknesses

3. Self-analysis (Analysis of technology, know-how, and manager)

(1) Analysis of technology

Interview items		Responses
Organizational assets	Reasons for the establishment of the company's proprietary technology	
	Features of the technology (Strengths and weaknesses) (Cost barriers and adoption barriers)	
	Comparison with competing technologies	
Human assets	Primary developer's career outline	

(2) Analysis of know-how

Interview items		Responses
Organizational assets	Unpatented know-how (Trade secrets, etc.)	
Human assets	Unpatented technology	

(3) Analysis of manager

Interview items		Responses
Human assets	Manager's business strategy	
	Manager's marketing expertise	
	Manager's financial management skills	

(5) Intellectual Asset-Based Management Evaluation (Profitability) Checksheet
Intellectual Asset-Based Management General Edition (Manufacturing Business)

Company name	
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1. Future cash flow (trial balance sheet attached)

(1) Company's business plan

Estimated sales	
Estimated expenses	
Other	

(2) Conservative scenario

Estimated sales	
Estimated expenses	
Other	

(3) Common underlying assumptions (based on the company's business plan)

Terms of collection and payment

Interview items		Responses
Organizational assets and relationship assets	Terms of collection from buyers	
	Terms of payment to suppliers	

Use of funds

Interview items	Responses
Use of funds (Development and mass production launch expenses)	
Use of funds (Money for purchasing materials, etc.)	
Use of funds (Promotion expenses)	
Fundraising scale and repayment schedule (Consistency with profitability)	

* Trial balance sheets are not listed here as their formats differ with each company and type of business. See Case Study (1) in Chapter 3 for an example of capital investment by a manufacturer.

(6) Intellectual Asset-Based Management Evaluation Financing Checksheet
Intellectual Asset-Based Management General Edition (Manufacturing Business)

1. Check for profitability

Checked items		Criteria	Judgment and grounds
To examine business profitability (organizational assets) in all aspects	Cash flow stability	<ul style="list-style-type: none"> · Are the buyers stable? · Is the company's sales volume and sales plan appropriate? 	
	Marketability (Customers and their needs)	<ul style="list-style-type: none"> · Does the company have clear customer targets? · Do the company's products match the needs of its customers? · Is the target market size large enough, compared with its sales plan? 	
	Underlying assumptions for income and expenditure plan	<ul style="list-style-type: none"> · Is the company's unit sales price at an adequate level? · Is its manufacturing unit price at an adequate level? · Are development and equipment expenses at an adequate level? · Are promotion expenses at an adequate level? · Are maintenance expenses at an adequate level? 	
	Balance with fundraising efforts	<ul style="list-style-type: none"> · Does the amount of funds raised conform with the amount for use? · Does the company's cash management secure enough financial resources to repay? 	

2. Risk to parties concerned

Checked items		Criteria	Judgment and grounds
Examination of factors stemming from the developers (human assets)	Manager (Management team)	<ul style="list-style-type: none"> · Has he/she drawn up specific business plans and strategies? · Does he/she have marketing expertise and the ability to coordinate people to do business? · Does he/she have the financial management skills to manage cash flow and so on? 	
	Developer (The company)	<ul style="list-style-type: none"> · Do they have development know-how and technological skills? · Do they have the sufficient staff and equipment needed for development ? · Do they have development plans and are they proceeding as planned without delays? · Do they have enough funds to complete development? · Are the funds raised enough for the planned development? 	
Examination of factors underlying the partners (relationship assets)	Manufacturer (Contracted manufacturer)	<ul style="list-style-type: none"> · Do they have enough manufacturing experience and know-how? · Do they have the capacity and staff necessary to produce the projected sales volume? · Do they bear product liability under the contract with the company? · Do they have the capacity to bear financial burdens such as parts inventories and labor costs? 	
	Distributor	<ul style="list-style-type: none"> · Do they have sales channels and marketing expertise? · Do they have a sales commitment under the contract with the company? · Have they presented their sales plan? · Do they have enough credibility? 	

3. Competitors

Checked items		Criteria	Judgment and grounds
Examination of business advantages (organizational assets)	Competing products	<ul style="list-style-type: none"> · Are there any competing products in the market? · Are their prices lower than that of the company's products? · Are their qualities superior to that of the company's products? · Who are their target customers? 	
	Competitors	<ul style="list-style-type: none"> · Are they superior to the company in terms of sales, company size, or name recognition? · Do the company's products or manufacturing technologies infringe patent rights of other companies including competitors? 	
	Substitutes	<ul style="list-style-type: none"> · Are there substitutes or existing products that can serve as alternatives to the company's products available in the market? · Are their prices significantly lower than those of the company's products? · Are there any advantages in shifting from substitutes to the company's products? 	

(8) Follow-up Sheet
Intellectual Asset-Based Management General Edition (Manufacturing Business)

Company name	
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1. Follow-up on business prospects

Checked items		Defects found (×) No defects ()	Comments (Details required if there are any defects or changes)	
Business flow	Development phase			
	Manufacturing phase			
	Sales phase			
Business features	Customer analysis			
	Competitor analysis			
	Self-analysis	Technology		
		Know-how		
Manager				
Judgment of business prospects				

2. Follow-up on profitability

Checked items		Defects found (×) No defects ()	Comments (Details required if there are any defects or changes)
Company's business plan	Estimated sales		
	Estimated expenses		
	Other		
Terms of collection and payment	Terms of collection		
	Terms of payment		
	Other		
Use of funds	Development and mass production launch expenses		
	Money for purchasing materials, etc.		
	Judgment of profitability and ability to repay		
Judgment of profitability and ability to repay			

3. Comprehensive judgment

Checked items	Defects found (×) No defects ()	Comments
Comprehensive judgment		

4. Accompanying materials

Materials for the previous interview: Sheets (3) and (5) created at the time of the previous review on financing are attached.

- (3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet
- (5) Intellectual Asset-Based Management Evaluation (Profitability) Checksheet

Materials for this interview: Sheets (3) and (5) to be created at the time of this periodic follow-up are attached.

- (3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet
- (5) Intellectual Asset-Based Management Evaluation (Profitability) Checksheet

(2) Business Tools (Patent Rights Edition)

(B-1)
(YY/MM/DD)

**(1) Simple Interview Sheet
Patent Rights Edition**

1. Corporate profile

Company name		
Representative		
Contact person		
Contact		
Business description		
Human assets	Manager's career history and qualifications	
	Manager's business strategy	
	Manager's marketing expertise	
	Manager's financial management skills	

2. Business summary (core business)

Tangible assets	Core product	
Organizational assets	Product's intended purpose	
	Production system	
	Features of the technology	
	Competitors and their strengths and weaknesses	
	Advantages of the technology	
	Circumstances surrounding the intellectual property	
	Reason for invention	
Human assets	Inventor's career	
Relationship assets	(Prospective) buyers	
	Advantage to the buyer in adopting the product	

* The "Manager's business strategy" "Manager's marketing expertise" and "Manager's financial management skills" sections can be provided at the time of Interview (3).

3. Profitability

(Unit: million yen)

Profitability	Term prior to the preceding term	Preceding term	Current term	Next term	Term following the next term
	(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)
Organizational assets	Estimated revenue (Total)				
	Unit price				
	Volume				
	Estimated expenses (Total)				
	Development costs				
	Production costs				
	Unit price				
	Volume				
	Balance				

4. Use of funds

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5. Note

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(2) Intellectual Property Search Sheet Patent Rights Edition

1. Search results for patents owned by the company

Conduct IPDL search using as a keyword

Details are shown in the attached search results.

* Conduct IPDL search using as a keyword,
as some patents are registered under the name of representatives.

Details are shown in the attached search results.

* If neither of the above two keywords refines search results,
conduct a search using both the company name and the representative's name.

Conduct IPDL search using as a keyword

Details are shown in the attached search results.

2. Confirmation and list of patents

Confirmation of patents embodied in the products and technologies that were stated by the company
at the time of a simple interview

	Application number		
(Group of) basic patents			
(Group of) related patents			

Confirmation of the above-mentioned details if there are any foreign patents

Related domestic application	Foreign patent		

3. Patent details

Application number	Publication number	Title of the invention	Information on progress	Registration number (if any)

For details, see the attached "publication of unexamined patent applications" and "Patent Gazette."

4. Relation between the patents and the company's products/technologies

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**(3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet
Patent Rights Edition**

Company name	
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Business flow

1. Development phase

Interview items		Responses	
Organizational assets	Past development efforts	Time frame of past development	
		Past development funds (Labor costs, number of plants, and parts & components)	
	Future development efforts (If in the middle of development or improvement stages)	Time frame for future development	
		Future development funds (Labor costs, number of plants, and components)	
		Existence of a development process chart	
		Future challenges to development (excluding funds)	

2. Manufacturing phase

(1) In-house manufacturing

Interview items		Responses
Organizational assets	Breakdown of production costs (Variable costs such as materials and labor costs)	
	Manufacturing equipment costs (Initial adoption costs, capacity utilization rate, and depreciation period)	
	Production capacity (Plants and equipment)	
	Maintenance system	
Relationship assets	Raw materials suppliers	
	Manufacturing equipment suppliers	

(2) Outsourced manufacturing

Interview items		Responses
Relationship assets	Contract manufacturers	
	Production costs	
	Existence of a manufacturing license agreement (Provision of now-how and product liability)	
	Maintenance system	

3. Sales phase

Interview items		Responses
Relationship assets	Existing buyers	
	Confirmed buyers (Time to start selling)	
	Prospective buyers under negotiation (Time to start selling)	
	(Monthly) sales volume and sales	
	Contract distributors (If any)	
Organizational assets	Selling price	

Business features

1. Customer analysis

Interview items		Responses
Relationship assets	Grounds for product demand (Costs, added value, and substitute demand)	
	Stability of customers' needs (One-time order/periodical order and adoption cycle)	
	Target customers and market size (Fields, sales figures, regions, etc.)	
Organizational assets	Sales system	

2. Competitor analysis

Interview items		Responses
Organizational assets	Company product's advantages	Known competing products
		Competing products' prices
		Competing products' sales and customers
		Competing products' advantages and disadvantages
		Known substitutes
		Company's strengths and weaknesses

3. Self-analysis (Analysis of technology/patent, know-how, and manager)

(1) Analysis of technology

Interview items		Responses
Organizational assets	Reasons for the establishment of the company's proprietary technology	
	Features of the technology (Strengths and weaknesses) (Cost barriers and adoption barriers)	
	Comparison with competing technologies	
Human assets	Primary developer's career outline	

(2) Analysis of know-how

Interview items		Responses
Organizational assets	Patent(s) central to business	
	Technical scope covered by the patent(s)	
	Patented technology's versatility	
	Unpatented know-how (Trade secrets, etc.)	
Human assets	Unpatented techniques	

(3) Analysis of manager

Interview items		Responses
Human assets	Manager's business strategy	
	Manager's marketing expertise	
	Manager's financial management skills	

**(5) Intellectual Asset-Based Management Evaluation (Profitability) Checksheet
Patent Rights Edition**

Company name	
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1. Future cash flow (trial balance sheet attached)

(1) Company's business plan

Estimated sales	
Estimated expenses	
Other	

(2) Conservative scenario

Estimated sales	
Estimated expenses	
Other	

(3) Common underlying assumptions (based on the company's business plan)

Terms of collection and payment

Interview items		Responses
Organizational assets and relationship	Terms of collection from buyers	
	Terms of payment to suppliers	

Use of funds

Interview items	Responses
Use of funds (Development and mass production launch expenses)	
Use of funds (Money for purchasing materials, etc.)	
Use of funds (Promotion expenses)	
Fundraising scale and repayment schedule (Consistency with profitability)	

Future Cash Flow Trial Balance (Patent Rights Edition)

(1) Company's business plan

(Unit: 1,000 yen)

	Month/Year	Month/Year	Month/Year	Month/Year	Month/Year	Month/Year	Next year	Third year	Fourth year	Fifth year	Gross total
Accumulated sales volume											
Monthly sales volume											
Sales of presses											
Accumulated sales volume											
Monthly sales volume											
Sales of product B											
Accumulated sales volume											
Monthly sales volume											
Sales of product C											
Net sales											
Suspense receipt of consumption tax											
Cost of presses sold											
Cost of product B sold											
Cost of product C sold											
Cost of sales											
Commissions on presses											
Commissions on product B											
Commissions on product C											
Cash-based profit											
Cost of self-developed parts/cost of materials											
Development outsourcing costs											
Newly introduced equipment costs											
Other development costs											
In-house development costs											
Total development expenses											
Patent filing expenses											
Other initial costs											
Promotion expenses											
Sales staff expenses											
Other expenses											
Suspense consumption tax paid											
Expenses paid (tax included)											
Balance (1)											
Funds raised											
Refunded consumption tax											
Cash receipt (2)											
Cash outlay (consumption tax/income tax paid)											
Repayment of loans payable											
Interest expenses											
Other repayment											
Total cash outlay (3)											
Total cash flow ((1) + (2) - (3)) = Cash balance											
Balance of short-term loans payable											
Balance of long-term loans payable											
Total amount of loans payable											

Future Cash Flow Trial Balance (Patent Rights Edition)

(2) Conservative scenario

(Unit: 1,000 yen)

	Month/Year	Month/Year	Month/Year	Month/Year	Month/Year	Month/Year	Next year	Third year	Fourth year	Fifth year	Gross total
Accumulated sales volume											
Monthly sales volume											
Sales of presses											
Accumulated sales volume											
Monthly sales volume											
Sales of product B											
Accumulated sales volume											
Monthly sales volume											
Sales of product C											
Net sales											
Suspense receipt of consumption tax											
Cost of presses sold											
Cost of product B sold											
Cost of product C sold											
Cost of sales											
Commissions on presses											
Commissions on product B											
Commissions on product C											
Cash-based profit											
Cost of self-developed parts/cost of materials											
Development outsourcing costs											
Newly introduced equipment costs											
Other development costs											
In-house development costs											
Total development expenses											
Patent filing expenses											
Other initial costs											
Promotion expenses											
Sales staff expenses											
Other expenses											
Suspense consumption tax paid											
Expenses paid (tax included)											
Balance (1)											
Funds raised											
Refunded consumption tax											
Cash receipt (2)											
Cash outlay (consumption tax/income tax paid)											
Repayment of loans payable											
Interest expenses											
Other repayment											
Total cash outlay (3)											
Total cash flow ((1) + (2) - (3)) = Cash balance											
Balance of short-term loans payable											
Balance of long-term loans payable											
Total amount of loans payable											

**(6) Intellectual Asset-Based Management Evaluation Financing Checksheet
Patent Rights Edition**

1. Check for profitability

Checked items		Criteria	Judgment and grounds
To examine business profitability (organizational assets) in all aspects	Cash flow stability	<ul style="list-style-type: none"> • Are the buyers stable? • Is the company's sales volume and sales plan appropriate? 	
	Marketability (Customers and their needs)	<ul style="list-style-type: none"> • Does the company have clear customer targets? • Do the company's products match the needs of its customers? • Is the target market size large enough, compared with its sales plan? 	
	Underlying assumptions for income and expenditure plan	<ul style="list-style-type: none"> • Is the company's unit sales price at an adequate level? • Is its manufacturing unit price at an adequate level? • Are development and equipment expenses at an adequate level? • Are promotion expenses at an adequate level? • Are maintenance expenses at an adequate level? 	
	Balance with fundraising efforts	<ul style="list-style-type: none"> • Does the amount of funds raised conform with the amount for use? • Does the company's cash management secure enough 	

2. Intellectual property due diligence

Checked items		Criteria	Judgment and grounds
Examination of intellectual property rights (organizational assets)	Validity of patent rights	<ul style="list-style-type: none"> • Do the patent rights belong to the company? • Have the patent rights been registered? • Has a pledge been established on the patent rights? • Do the patent rights have a long enough period of validity? 	
	Patent litigation	<ul style="list-style-type: none"> • Have any requests for a trial for patent invalidation been filed? • Have any patent infringement lawsuits been filed against the company's products? 	
	Power of patent rights	<ul style="list-style-type: none"> • Does the patent cover core technologies and features of the products? • Has a patent been granted by the patent office of a country (or region) where the products are sold? • Are the patent rights sufficient to suspend the sales of counterfeit goods and similar products? 	
	Liquidity of patent rights	<ul style="list-style-type: none"> • Is it a co-owned patent? • Does the patent comprise most of the know-how that has not been patented? • Are the contract distributors and manufacturers able to sustain their business without the company's technologies and patents? • Are competitors' technologies and patents similar to those of the company? Do the company's technologies and patents have advantages over them? 	

3. Examination of intellectual property evaluation reports

Checked items		Criteria	Judgment and grounds
Examination of third-party valuation of the company's technological and business advantages (organizational assets)	Valuator	<ul style="list-style-type: none"> Does he/she have sufficient ability and enough experience? 	
	Valuation purpose	<ul style="list-style-type: none"> Has the valuation been made in light of a financial institution's viewpoint? 	
	Valuation method	<ul style="list-style-type: none"> Has the DCF method (or equivalent methods) been used? 	
	Patent rights valuation	<ul style="list-style-type: none"> Have the validity of the patent rights been examined? Have competitors' patents been researched? Has information on the progress of the patent rights been checked? Have any comments been made about issues surrounding acquisition of patent rights? 	
	Technology valuation	<ul style="list-style-type: none"> Has the target market for the technology been researched? Has any information on similar technologies been presented? Have the features of the technology been examined? 	
	Valuation	<ul style="list-style-type: none"> Are the estimated sales adequate in light of the company's corporate information and the market size? Is the established discount rate reasonable? Is the amount of royalty at an appropriate level? 	

4. Risk to parties concerned

Checked items		Criteria	Judgment and grounds
Examination of factors stemming from the developers (human assets)	Manager (Management team)	<ul style="list-style-type: none"> Has he/she drawn up specific business plans and strategies? Does he/she have marketing expertise and the ability to coordinate people to do business? Does he/she have the financial management skills to manage cash flow and so on? 	
	Developer (The company)	<ul style="list-style-type: none"> Do they have development know-how and technological skills? Do they have the sufficient staff and equipment needed for development? Do they have development plans and are they proceeding as planned without delays? Do they have enough funds to complete development? Are the funds raised enough for the planned development? 	
Examination of factors underlying the partners (relationship assets)	Manufacturer (Contracted manufacturer)	<ul style="list-style-type: none"> Do they have enough manufacturing experience and know-how? Do they have the capacity and staff necessary to produce the projected sales volume? Do they bear product liability under the contract with the company? Do they have the capacity to bear financial burdens such as parts inventories and labor costs? 	
	Distributor	<ul style="list-style-type: none"> Do they have sales channels and marketing expertise? Do they have a sales commitment under the contract with the company? Have they presented their sales plan? Do they have enough credibility? 	

5. Competitors

Checked items		Criteria	Judgment and grounds
Examination of business advantages (organizational assets)	Competing products	<ul style="list-style-type: none"> • Are there any competing products in the market? • Are their prices lower than that of the company's products? • Are their qualities superior to that of the company's products? • Who are their target customers? 	
	Competitors	<ul style="list-style-type: none"> • Are they superior to the company in terms of sales, company size, or name recognition? • Do the company's products or manufacturing technologies infringe patent rights of other companies including competitors? 	
	Substitutes	<ul style="list-style-type: none"> • Are there substitutes or existing products that can serve as alternatives to the company's products available in the market? • Are their prices significantly lower than those of the company's products? • Are there any advantages in shifting from substitutes to the company's products? 	

**(8) Follow-up Sheet
Patent Rights Edition**

Company name	
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1. Follow-up on business prospects

Checked items		Defects found (×) No defects ()	Comments (Details required if there are any defects or changes)	
Business flow	Development phase			
	Manufacturing phase			
	Sales phase			
Business features	Customer analysis			
	Competitor analysis			
	Self-analysis	Technology		
		Patent		
		Know-how		
Manager				
Judgment of business prospects				

2. Follow-up on profitability

Checked items		Defects found (×) No defects ()	Comments (Details required if there are any defects or changes)
Company's business plan	Estimated sales		
	Estimated expenses		
	Other		
Terms of collection and payment	Terms of collection		
	Terms of payment		
	Other		
Use of funds	Development and mass production launch expenses		
	Money for purchasing materials, etc.		
	Promotion expenses		
Judgment of profitability and ability to repay			

3. Comprehensive judgment

Checked items	Defects found (×) No defects ()	Comments
Comprehensive judgment		

4. Accompanying materials

Materials for the previous interview: Sheets (3) and (5) created at the time of the previous review on financing are attached.

- (3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet
- (5) Intellectual Asset-Based Management Evaluation (Profitability) Checksheet

Materials for this interview: Sheets (3) and (5) to be created at the time of this periodic follow-up are attached.

- (3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet
- (5) Intellectual Asset-Based Management Evaluation (Profitability) Checksheet

(3) Business Tools (Trademark Rights Edition)

(C-1)
(YY/MM/DD)

(1) Simple Interview Sheet Trademark Rights Edition

1. Corporate profile

Company name		
Representative		
Contact person		
Contact		
Business description		
Human assets	Manager's career history and qualifications	
	Manager's business strategy	
	Manager's marketing expertise	
	Manager's financial management skills	

2. Business summary (Overview of brands and trademarks)

1. Product brand

Organizational assets	Brand name (Trademark)	Name of product(s)	Product outline and features	Trademark rights granted or not

2. Corporate brand

Organizational assets	Brand name (Trademark)	Name of product(s)	Product outline and features	Trademark rights granted or not

* This section needs to be filled out if the company has been licensing its trademark rights to other companies

Relationship assets	Brand name (Trademark)	Licensee	Licensed products	Trademark rights granted or not

* The "Manager's business strategy" "Manager's marketing expertise" and "Manager's financial management skills" sections can be provided at the time of Interview (3).

3. Brand strategy

Organizational assets	(Brand building)
Relationship assets	(Target market and primary users)

4. Sales of branded (trademark) products

(Unit: million yen)

		Term prior to the preceding term	Preceding term	Current term	Next term	Term following the next term
		(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)
Organizational assets	Sales of brand 1	0	0	0	0	0
	Product(s)1					
	Product(s)2					
	Sales of brand 2	0	0	0	0	0
	Product(s)1					
	Product(s)2					
	Sales of brand 3	0	0	0	0	0
	Product(s)1					
	Product(s)2					
	Total sales	0	0	0	0	0

* Fill in product sales if the company makes use of its own product brand or corporate brand.

Fill in licensing revenues if the company has been licensing its trademarks to other companies.

5. Profitability rate

(Unit: million yen)

		Term prior to the preceding term	Preceding term	Current term	Next term	Term following the next term
		(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)
Organizational assets	Company-wide sales					
	Company-wide gross profits					
	Company-wide operating profits					
	Company-wide gross margin ratio					
	Company-wide operating margin					

6. Use of funds

--

(2) Intellectual Property Search Sheet Trademark Rights Edition

1. Search results for patents owned by the company

Product brand
Conduct IPDL search using as a keyword

Product brand name	Number of trademarks

Details are shown in the attached search results.

Company or corporate brand name
Conduct IPDL search using as a keyword

Corporate brand name	Number of trademarks

Details are shown in the attached search results.

* If neither of the above two keywords refines search results,

Product or corporate brand name
Conduct IPDL search using as a keyword, and refine search

Company name or representative's name
using applicants: on the advanced settings screen.

Refined search (company name or representative's name

Circle one of the two choices

Product brand name	Number of trademarks

Corporate brand name	Number of trademarks

Details are shown in the attached search results.

2. Confirmation and list of the trademarks

Brand name	Registration number	Trademark title	Information on progress

If there are any trademark applications filed abroad.

Brand name	Domestic registration number	Foreign trademark		

(3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet

Company name	
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Business features

1. Customers

Interview items		Responses
Relationship assets	Target customers (Attributes, market size and regions, etc.)	
	Customers' needs from the company (Quality, safety, expensive looking, etc.)	
	Stability of customer needs (Fashionability)	

2. Sale

Interview items		Responses
Organizational assets and relationship	Product's selling price	
	Past marketing periods and sales volumes (number of outlets)	
	Product life cycle and trends	

3. Competitors

Interview items		Responses
Organizational assets	Known competitors and their share in the market	
	Competitors' prices	
	Competitors' marketing strategies	
	Differences between the company's products and competitors' branded products (Advantages of the company)	

4. Analysis of manager and know-how

Interview items		Responses
Human assets	Manager's business strategy	
	Manager's marketing expertise	
	Manager's financial management skills	
Organizational assets	Know-how such as customer service, recipes, etc.	

5. Licensing to other companies/franchising (if applicable)

Interview items		Responses
Relationship assets	Licensee	
	Licensing conditions (Charges provision for handling know-how, etc.)	

(5) Intellectual Asset-Based Management Evaluation (Profitability) Checksheet
Trademark Rights Edition

Company name	
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1. Sales by product (outlet-by-outlet) and by trademark

(Unit: million yen)

Sales of in-house products and sales through company-owned outlets		Term prior to the preceding term	Preceding term	Current term	Next term	Term following the next term
		(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)
Organizational assets and relationship assets	Product 1 (Outlet 1)					
	Product 2 (Outlet 2)					
	Product 3 (Outlet 3)					
	Subtotal	0	0	0	0	0
	Trademark 1					
	Trademark 2					
	Trademark 3					
Subtotal	0	0	0	0	0	

(Unit: million yen)

Sales through licensing and franchising		Term prior to the preceding term	Preceding term	Current term	Next term	Term following the next term
		(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)
Organizational assets and relationship assets	Product 1 (Outlet 1)					
	Product 2 (Outlet 2)					
	Product 3 (Outlet 3)					
	Subtotal	0	0	0	0	0
	Trademark 1					
	Trademark 2					
	Trademark 3					
Subtotal	0	0	0	0	0	

2. Profitability rate

Company-wide

(Unit: million yen)

		Term prior to the preceding term	Preceding term	Current term	Next term	Term following the next term
		(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)
Organizational assets	Company-wide sales					
	Company-wide gross profits					
	Company-wide operating profits					
	Company-wide gross margin ratio					
	Company-wide operating margin					

Branded products sales (if data available)

(Unit: million yen)

		Term prior to the preceding term	Preceding term	Current term	Next term	Term following the next term
		(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)	(YY/MM)
Organizational assets	Sales of branded products					
	Gross profits from branded products					
	Operating profits from branded products					
	Gross margin ratio for branded products					
	Operating margin for branded products					

3. Future cash flow (trial balance sheet attached)

(1) Company's business plan

Estimated sales	
Estimated expenses	
Other	

(2) Conservative scenario

Estimated sales	
Estimated expenses	
Other	

(3) Common underlying assumptions (based on the company's business plan)

Terms of collection and payment

Interview items		Responses
Organizational assets and relationship	Terms of collection from buyers	
	Terms of payment to suppliers	

Use of funds

Interview items	Responses
Use of funds (Store development costs, etc.)	
Use of funds (Increases in working capital, such as accounts receivable and inventories)	
Use of funds (Promotions expenses)	
Fundraising scale and repayment schedule (Consistency with profitability)	

Future Cash Flow (Trademark Rights Edition)

(1) Company's business plan

(Unit: 1,000 yen)

Items		Month/Year						Next year	Third year	Fourth year	Fifth year	Gross total
		Month/Year	Month/Year	Month/Year	Month/Year	Month/Year	Month/Year					
Amount brought forward (1)												
Balance of current account	Current income	Cash sales										
		Collection of accounts receivable										
		Advance received										
		Miscellaneous income										
		Other non-operating income										
		Other										
	Total current income (2)											
	Current spending	Cost of raw materials										
		Labor costs										
		Selling and administrative expenses										
		Advance payments										
		Temporary payments										
		Other selling and administrative expenses										
		Interest expenses										
Other non-operating expenses												
Total current spending (3)												
1 + 2 + 3 Balance (4)												
Financial balance	Financial income	Withdrawal of fixed deposits										
		Short-term loans payable										
		Long-term loans payable										
		Capital increase										
		Refund of income taxes										
		Other										
	Total financial income (5)											
	Financial spending	Payments into fixed deposits										
		Repayment of short-term loans payable										
		Repayment of long-term loans payable										
		Total repayment of loans payable (of that, amount for the current month)										
		Investment expenses										
		Fixed asset purchases										
		Income taxes										
Other												
Total financial spending (6)												
4 + 5 - 6 Amount carried forward to the following month												
Balance of short-term loans payable												
Balance of long-term loans payable												
Total amount of loans payable												

Future Cash Flow (Trademark Rights Edition)

(2) Conservative scenario

(Unit: 1,000 yen)

Items		Month/Year						Next year	Third year	Fourth year	Fifth year	Gross total
		Month/Year	Month/Year	Month/Year	Month/Year	Month/Year	Month/Year					
Amount brought forward (1)												
Balance of current account	Current income	Cash sales										
		Collection of accounts receivable										
		Advance received										
		Miscellaneous income										
		Other non-operating income										
		Other										
	Total current income (2)											
	Current spending	Cost of raw materials										
		Labor costs										
		Selling and administrative expenses										
		Advance payments										
		Temporary payments										
		Other selling and administrative expenses										
		Interest expenses										
Other non-operating expenses												
Total current spending (3)												
1 + 2 + 3 Balance (4)												
Financial balance	Financial income	Withdrawal of fixed deposits										
		Short-term loans payable										
		Long-term loans payable										
		Capital increase										
		Refund of income taxes										
		Other										
	Total financial income (5)											
	Financial spending	Payments into fixed deposits										
		Repayment of short-term loans payable										
		Repayment of long-term loans payable										
		Total repayment of loans payable (of that amount for the current month)										
		Investment expenses										
		Fixed asset purchases										
		Income taxes										
Other												
Total financial spending (6)												
4 + 5 - 6 Amount carried forward to the following month												
Balance of short-term loans payable												
Balance of long-term loans payable												
Total amount of loans payable												

**(6) Intellectual Asset-Based Management Evaluation Financing Checksheet
Trademark Rights Edition**

1. Check for profitability

Checked items		Criteria	Judgment and grounds
To examine business profitability (organizational assets) in all aspects	Cash flow stability	<ul style="list-style-type: none"> · Are the buyers stable? · Does the company have adequate past performance? 	
	Marketability (Customers and their needs)	<ul style="list-style-type: none"> · Does the company have clear customer targets? · Do the company's products match the needs of its customers? · Is the target market size large enough, compared with its 	
	Underlying assumptions for income and expenditure plan	<ul style="list-style-type: none"> · Is the company's unit sales price at an adequate level? · Is its manufacturing unit price at an adequate level? · Will enough gross profits be secured? · Are promotion expenses at an adequate level? · Will enough operating profits be secured? 	
	Balance with fundraising efforts	<ul style="list-style-type: none"> · Does the amount of funds raised conform with the amount for use? · Does the company's cash management secure enough financial resources to repay? 	

2. Intellectual property due diligence

Checked items		Criteria	Judgment and grounds
Examination of intellectual property rights (organizational assets)	Validity of trademark rights	<ul style="list-style-type: none"> · Do the trademark rights belong to the company? · Have the trademark rights been registered? · Has a pledge been established on the trademark rights? · Do the trademark rights have a long enough validity period? 	
	Trademark litigation	<ul style="list-style-type: none"> · Haven't any requests for trial for cancellation of registered trademark not in use been made? · Have any trademark infringement lawsuits been filed against the company's products? 	
	Power of trademark rights	<ul style="list-style-type: none"> · Does the company make use of the trademark in business? · Does the trademark-driven business generate enough sales? · Do designated goods for the trademark correspond to the company's business? · Has a trademark right been granted by the patent office of a country (or region) where the products are sold? · Does the trademark-driven business have a high profit margin? 	
	Liquidity of trademark rights	<ul style="list-style-type: none"> · Are they co-owned rights? · Does the company's business know-how play a key role, rather than the trademark? · Are the licensees able to sustain their business without the company's trademark (brand)? · Are competitors' goods similar to those of the company? · Does the company have a large share in the market? 	

3. Examination of intellectual property evaluation reports

Checked items		Criteria	Judgment and grounds
Examination of third-party valuation of the company's business advantages (organizational assets)	Valuator	· Does he/she have sufficient ability and enough experience?	
	Valuation purpose	· Has the valuation been made in light of a financial institution's viewpoint?	
	Valuation method	· Has the DCF method (or equivalent methods) been used?	
	Trademark rights valuation	· Has the validity of the trademark rights been examined? · Do designated goods for the trademark rights cover the company's products? · Has information on the progress of the trademark rights been checked? · Have any comments been made about issues surrounding the acquisition of trademark rights?	
	Valuation	· Are the estimated sales adequate in light of the company's corporate information and the market size? · Have competitors' business conditions, sales, and market share been taken into consideration? · Is the established discount rate reasonable? · Is the amount of royalty at an appropriate level? · Do the loyalty rate and profit margin contradict each other?	

4. Risk to parties concerned

Checked items		Criteria	Judgment and grounds
Examination of factors underlying the partners (relationship assets)	Manager (Management team)	· Has he/she drawn up specific business plans and strategies? · Does he/she have marketing expertise and the ability to coordinate people to do business? · Does he/she have the financial management skills to manage cash flow and so on?	
	Manufacturer and distributor	· Does the company have a long enough business history? · Does the company's trademark have strong name recognition? · Are the qualities that sustain the company's trademark based on its original service know-how or recipe? · Does the company have enough funds to finance brand (trademark) development? · Are there any illicit acts that might damage the brand?	
	Licensee	· Do they have sales channels and marketing expertise? · Has the company signed a contract with them? · Is the licensing fee rate in line with the market level? · Are they on a short-term contract (less than five years) ? · Have they presented their sales plan? · Do they have enough credibility?	

5. Competitors

Checked items		Criteria	Judgment and grounds
Examination of business advantages (organizational assets)	Competing products	· Are there any competing products in the market? · Are their prices higher than that of the company's products? · Is the quality of their products superior to that of the company's products? · Do they have a significantly larger share in the market? · Who are their target customers?	
	Competitors	· Are they superior to the company in terms of sales, company size, and name recognition? · Do they plan to release new products? · Do they have superior development and sales know-how?	

(8) Follow-up Sheet
Trademark Rights Edition

Company name	
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1. Follow-up on business prospects

Checked items		Defects found (×) No defects ()	Comments (Details required if there are any defects or changes)
Sales trends	By product		
	By trademark		
	Profitability rate		
Business features	Customers		
	Sales		
	Competitors		
	Manager and know-how		
	Licensing to other companies		
Judgment of business prospects			

2. Follow-up on profitability

Checked items		Defects found (×) No defects ()	Comments (Details required if there are any defects or changes)
Company's business plan	Estimated sales		
	Estimated expenses		
	Other		
Terms of collection and payment	Terms of collection		
	Terms of payment		
	Other		
Use of funds	Development and mass production launch expenses		
	Money for purchasing materials, etc.		
	Promotion expenses		
Judgment of profitability and ability to repay			

3. Comprehensive judgment

Checked items	Defects found (×) No defects ()	Comments
Comprehensive judgment		

4. Accompanying materials

Materials for the previous interview: Sheets (3) and (5) created at the time of the previous review on financing are attached.

- (3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet
- (5) Intellectual Asset-Based Management Evaluation (Profitability) Checksheet

Materials for this interview: Sheets (3) and (5) to be created at the time of this periodic follow-up are attached.

- (3) Intellectual Asset-Based Management Evaluation (Business Prospects) Interview Sheet
- (5) Intellectual Asset-Based Management Evaluation (Profitability) Checksheet