



IP PRAGMATICS

Valuation of a clinical diagnostic

Background & Objectives:

A university technology transfer office (TTO) wanted to value a meningitis diagnostic technology arising from one of their research groups. IP Pragmatics was asked to provide a valuation that could be used to inform the TTO of how the appropriate terms for a commercialisation deal for the Technology (most likely a licence) could be structured.

Approach:

The aim of the valuation exercise was to provide a fair market valuation for the Technology. Information provided by the TTO as well as IPP's knowledge of the market was used to inform and guide the valuation process.

Methodology

The valuation was based upon three methods; an income approach, a market approach and a cost approach.

- The primary method used for the valuation was an income based method based on royalties that would be paid on product sales were the Technology licensed, discounting for risk associated with capital and product development
- The cash flow and comparable deals method for valuation, although not as accurate, were used as reference points for the income based method.

Result:

The TTO was provided with a report that detailed the valuations carried out including the information used to inform the valuation process, along with the assumptions made and the result of the different valuation methods.

The TTO were able to use the valuation to evaluate the terms of a licensing deal they had been offered for the technology.