

OCEAN TOMO

CORPORATE RESTRUCTURING



In response to client inquiry and current conditions, Ocean Tomo has initiated a new Corporate Recovery & Restructuring Advisory (CRRA) Services division, drawing professionals from each of its business units. Ocean Tomo's CRRA division uniquely combines industry leading IP market expertise with decades of traditional financial restructuring experience to serve corporations, financial institutions, and investment managers impacted by credit and economic crises. Additionally, the firm works closely with a limited number of traditional financial restructuring firms to present joint solutions.

CRRA's unique insight into a firm's largest asset base and intangibles, along with its proven proprietary solutions, helps companies to:



Appropriately reduce
operational costs



Further competitive
market positioning



Raise short
term capital



Identify incremental
long-term revenue
streams

Specific services provided by Ocean Tomo's CRRA include IP Portfolio Optimization, IP-Backed Debt Enhancement, IP Litigation "Right-Sizing" & Enforcement Funding, ASC 805 & ASC 350 Purchase Price Allocation & Impairment Valuation, Financial Services Litigation Support & Expert Testimony, and Operational & Financial Advisory or Interim Management.

IP Portfolio Optimization

CRRA professionals work to trim existing patent portfolios, reducing significant maintenance expenses. Clients have targeted savings exceeding \$10 million annually from such reviews. Non-core assets not abandoned may be sold privately, at public auction or via an open voice brokerage network.

Ocean Tomo further assists clients in establishing transfer pricing strategies relating to trademarks, copyrights, patents, and other intangible assets. Such services include establishing royalty rates, and licensing programs that incorporate optimal tax planning strategies.

IP Litigation "Right-Sizing" & Enforcement Funding

An assigned CRRA team will work with Ocean Tomo's Financial Testimony and Valuation divisions to review the client's complete portfolio of pending IP litigation and to advise management on realistic net present value recoveries or exposure, allowing a more rational expenditure of legal budgets. Recognizing that core IP assets remain a source of value creation and competitive differentiation, Ocean Tomo can also present well-funded partners willing to cover legal and other related expenses.

IP-Backed Debt Enhancement

Ocean Tomo's CRRRA team will work with clients' existing lenders as well as tap known IP savvy investors and alternative capital sources to help restructure current debt to expand capacity or reduce borrowing cost. In most cases, a client's IP is positioned as first lien collateral. A commercialization plan is established, wherein Ocean Tomo will work with all stakeholders to capture further value from the IP estate sharing in such incremental revenue.

Ocean Tomo and its financial restructuring partners will jointly advise clients regarding more traditional corporate finance solutions by assisting in executing transactions including in and out-of-court recapitalizations, accretive M&A, and debt or equity financings.

ASC 805 & ASC 350 Purchase Price Allocation & Impairment Valuation

Financial accounting and reporting for acquired intangible assets must be addressed under ASC 805 and 350. ASC 350 governs the subsequent accounting for goodwill and intangible assets acquired either individually, with a group of other assets, or in a business combination. ASC 350 addresses the impairment of goodwill and intangible assets that are not amortized; while ASC 360-10 addresses the impairment of intangible assets that are amortized. Traditionally, goodwill impairment testing has been a two-step process. Under Step 1, if the fair value of the reporting unit is greater than the carrying amount, there is no impairment. If, however, the fair value of the reporting unit is less than the carrying amount, goodwill may be impaired, and a Step 2 analysis is performed to determine the fair value of goodwill and the amount of goodwill impairment. Step 2 is similar to a purchase price allocation where the fair value of goodwill is determined based on the value of the reporting unit less the fair value of reporting unit's assets and liabilities.

In 2017, the FASB offered a simplified approach to goodwill impairment testing under US GAAP. ASC 350-30-35-18B gives companies the option to adopt a simplified approach. Under the simplified approach, instead of performing a calculation of the fair value of a reporting unit, companies may perform a qualitative assessment to determine whether it is more likely than not that the carrying amount is less than the fair value. If the qualitative assessment results in an indication of impairment, instead of completing the traditional Step 2 calculation, companies may elect to apply the simplified approach to determine the level of goodwill impairment. Under this approach, the level of goodwill impairment is simply the amount by which the carrying amount of the reporting unit exceeds its fair value. It is important for companies to understand that the impairment amount between the Step 2 approach and the simplified approach may differ materially.

Financial Services Litigation Support & Expert Testimony

Ocean Tomo's experts have backgrounds in strategy consulting, structured finance, financial exchanges, credit financing, and equity based investments decisions. Ocean Tomo's CRRRA team has unique insight into accounting for losses due to improper or fraudulent lending, borrowing or investment practices, thereby helping clients to achieve a full and accurate recovery. The CRRRA team also has experience in accountant's liability related to proper accounting and auditing standards, as these issues may become important to any claims made.

Operational & Financial Advisory or Interim Management

Working alongside Ocean Tomo professionals, financial restructuring partners will assist management teams in developing and executing comprehensive plans to stabilize operations and restore long term financial viability. In select cases, seasoned professionals are hand selected by Ocean Tomo to assume C-level positions in client companies and take direct responsibility for executing operational turnaround plans and financial restructurings.



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Gregory Campanella is responsible for leading Ocean Tomo's Management Services Group and is a Managing Director in the Valuation practice. Mr. Campanella's work has focused on valuations of intangible, intellectual property and tangible assets for acquisitions and divestitures, bankruptcy and restructuring, establishment of monetization strategies including licensing, mergers and joint venture/partnership formations, litigation support, and financial reporting and tax matters.

Mr. Campanella also has experience performing business enterprise, equity and debt valuations. Industries in which he has experience include telecom, computer hardware and software, entertainment, semiconductors, life sciences/ pharmaceuticals, wireless and wired communication, e-commerce, among others.



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About Ocean Tomo

Ocean Tomo, the Intellectual Capital Merchant Banc™ firm, provides companies with financial services related to intellectual property and intangible assets including financial expert testimony, intellectual property and complex financial instrument valuation, strategy consulting, risk and regulatory compliance, patent analytics, investment advisory, innovation management consulting and transaction brokerage.

Our Opinion, Management, and Advisory Services are built upon more than three decades of experience valuing intellectual property in the most rigorous of venues – State, Federal and international courts. Our financial, market and technical experts provide a unique understanding of the contributory value of proprietary innovation. This is the cornerstone of our business. This insight permeates every practice and client engagement.

Collectively, Ocean Tomo professionals have:

- Completed over 1000 engagements involving IP worth in excess of \$10 billion including over 300 valuation and 500 financial damages expert testimony engagements;
- Successfully closed hundreds of IP sale transactions with a cumulative transaction value well in excess of \$750 million;
- Served as a trusted advisor involving the biggest IP transactions in history;
- Originated more successful IP monetization solutions than any other firm, including creation of the world's oldest and most successful live patent auction.

Our track record of results spans more than 100 different industry segments. Because our past success provides the best indication of our capabilities, we are proud to feature a few representative engagements and encourage potential clients to seek references from past clients.

Headquartered in Chicago, Ocean Tomo has offices in Greenwich, Houston and San Francisco.

Subsidiaries of Ocean Tomo include: Ocean Tomo Investment Group, LLC, a licensed broker-dealer under Federal and State securities law (brokercheck.finra.org Broker Check CRD #: 172912); OTI Data Networks, LLC and Patent Marking, LLC.

Ocean Tomo assists clients – corporations, law firms, governments and institutional investors – in realizing Intellectual Capital Equity[®] value broadly defined.