

it should at least be reliable. This means it should provide a reproducible process which, *ceteris paribus*, brings about comparable results whenever the same asset is repeatedly valued.

Since the SIM is completely transparent, the appraiser is able to ensure that the valuation process can be reproduced as desired. Hence, the high degree of transparency provided by the SIM ensures adequate reliability.

#### 4.2.1.7 An Appropriate Degree of Objectivity

In light of the fact that every proper forecasting valuation tool must involve some degree of subjectivity (an estimate can never be absolutely objective), the crucial question is whether the valuation methodology is able to balance subjectivity and objectivity in a satisfactory way, keeping the degree of subjectivity at a minimum.<sup>598</sup>

In the course of the SIM, subjectivity comes into play both through selection of items to be included in the dimensions of value and by means of their assessment. However, the degree of subjectivity is kept as low as possible.

First of all, this is achieved by the initial selection process of the issues to be included in each dimension. This selection needs to be carried out by an expert in each field (legal, technical, financial and business strategic) and according to practical importance. The influence of subjectivity is mitigated by the fact that there are four experts involved – one for each dimension. Due to this fact, possible subjective tendencies of selection and processing of the dimensions' issues are levelled out. If merely one person was to assess all dimensions, provided he or she was an expert in all four fields, the assessment could for example tend to be relatively strict. If four persons participate, it is very unlikely that they all apply the same degree of rigour within the assessment process. Subjective influences will be compensated and thereby minimised. Hence, they will not come to light as manifestly as if merely one person was involved.

Moreover, the conception of the SIM allows it to become increasingly fine-tuned over time. This is due to the fact that the respective experts will build strong experience in the long run, equipping them with unprecedented

597 Cf. e.g. 1.2.

598 Cf. above at 1.4.1.7.

ability to correctly choose and assess all relevant points. Furthermore, the more often the SIM is applied, the more accurate the respective benchmarks will become, since data from previous valuations can be utilised.<sup>599</sup> Hence, influence of auxiliary calculations and subjectivity will decrease the more often the SIM is applied.

#### 4.2.2 Widespread Acceptance

Given the fact that the SIM is presented in detail here for the first time, it cannot have gained widespread acceptance yet. Time will have to prove whether this will be the case in the future.

In the light of its comprehensive yet systematic and transparent nature, the SIM has the potential to become widely accepted. The fact that it yields end results in monetary terms, is applicable to all types of brands and intellectual property assets and in the course of all forecasting valuations is likely to be beneficial in this regard.

#### 4.2.3 Manageable Output

As a management tool, the SIM needs to bring about manageable output. This means it must meet the requirements of future orientation and comparability of results.

##### 4.2.3.1 Future Orientation

As elaborated above, one can recognise a good strategic valuation methodology in how successfully it is able to, amongst others, deal with future-related uncertainties and risks.<sup>600</sup> For purposes of managerial decision making, which is per se future oriented, it is of central importance to apply a valuation tool which makes allowance for this.

The Systematic Integrated Methodology has been specifically developed as a business tool for forecasting valuations. As already specified, it is suitable for all future-related valuations and therefore meets the requirement of future orientation.

<sup>599</sup> Cf. 4.1.2.2.2.

<sup>600</sup> Cf. e.g. 1.2.