

CASE STUDY

Time Warner AOL



Brief

The Internal Revenue Service of the United States Treasury asked Intangible Business to evaluate the internal management of Time Warner AOL's UK business, how it functioned and integrated into Time Warner AOL's global operations.

The purpose was to evaluate the value of the UK subsidiary taking into account its intangible assets of artists, music and film repertoire and backlog and additionally its substantial distribution operations across film, music and characters.

Issue: Time Warner AOL determined their UK subsidiary was valued at just above net assets only for transfer into a new internal tax structure. The justification was that the subsidiary only had limited rights to distribute and market music and film, and played a low key role within the group.

Approach

Intangible Business conducted a review of the industry initially through desk research and information sourced through Mintel and Euromonitor.

After the initial overview of the industry was conducted and the main competitors identified we contacted through our network some of the prominent players in the sector to discuss key commercial issues and modus operandi within the industry.

We were able to interview an ex Finance Director of EMI and an existing Chief Financial Officer of Telstar Records.

Outcome

Our analysis clearly demonstrated the significant intangible value of the UK subsidiary within the Time Warner AOL structure. It also highlighted how critical a UK subsidiary is in the music industry to be competitive in recruiting new talent into the company. The case was quickly settled before going to court.

Service
Brand Planning and Strategy
Brand and Market Metrics
Valuation

Territory
Global

Sector
Entertainment
Music
Characters
Film

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