



Success Story: Ocean Tomo Revolutionizing IP Auctions

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- Andrew Ramer
President
Ocean Tomo Auctions, LLC


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Ocean Tomo revolutionized intellectual property sales with the first ever multi-lot live patent auction. The groundbreaking event drew international media exposure. Behind the scenes, buyers relied on IntraLinks to facilitate their due diligence on the more than 75 auction lots offered by sellers spread across the globe.

Ocean Tomo is the country’s only intellectual property (IP) merchant bank. The Chicago-based company remains focused on making intellectual property an investable and tradable asset class, and provides products and services aimed at helping its clients realize value from their intangible assets. The innovative firm splashed onto the world financial scene when it created the first ever live multi-lot patent auction in spring 2006.

Individuals and companies often look to monetize patents and other intellectual property they don’t intend to use. Ocean Tomo’s auction broke from the traditional method of selling patents through private transactions or from a single seller at bankruptcy auctions. In Ocean Tomo’s multi-lot live auction, companies such as BellSouth, Kimberly Clark, Siemens, 3Com and others looked to auction their intellectual assets. The auction also included technology developed at Motorola, Clorox, Ford Motor Company, Caterpillar, Dow and DuPont. Patents on the block covered a wide assortment of technologies, including e-commerce, online movie distribution, communications infrastructure, bar codes, smart cards, chemicals and many others.

“The goal was to establish that an auction creates a viable market for the sale of patents — a historically illiquid asset,” notes Andrew T. Ramer, president of Ocean Tomo Auctions, LLC, a wholly owned subsidiary of Ocean Tomo.

The results illustrate resounding support for the idea. Nearly 400 people attended the live auction at The Ritz-Carlton hotel in San Francisco. Underscoring the event’s importance, major news media flocked to attend. More than 200 stories ran in publications such as *BusinessWeek*, *The Wall Street Journal*, and on CNBC, Bloomberg and other international media outlets. A total of 78 auction lots were offered by almost 30 sellers. More than \$3 million worth of intellectual property sold on the floor, with another \$5.5 million transacted in subsequent off-floor deals. Months later, post-auction transactions continue.

Choosing the Best

Before the event, the global representation of buyers spread across the world needed to review information about the assets for sale in order to bid appropriately. Ocean Tomo was quick to recognize that managing the due diligence process on 78 separate auction lots using the traditional paper-based process would be a tremendous administrative hassle, so they began to look for online systems to facilitate the buyers’ research and due diligence.

Ocean Tomo first approached IntraLinks in late 2005. Company executives knew that they didn’t want to build the technology themselves. Instead, they wanted a proven solution they could implement quickly while they focused on building a successful auction.

"We knew it wasn't worth the risk to build it ourselves or go with an unproven company to save a few bucks," explains Ramer. "We couldn't build it fast enough to meet the auction date and provide the high level of functionality needed. Everything about the auction was first-class, from the hotel to well-known British auctioneer Charles Ross. We wanted the online workspace to meet the same standard of excellence. Price and terms were important, of course, but the highest priority was choosing the best solution available."

Ensuring a First-Class Experience

Ocean Tomo selected IntraLinks® On-Demand Workspaces™. Ramer and his team were drawn to IntraLinks' easy-to-use, hosted solution. Buyers, sellers and Ocean Tomo staff would be able to navigate the system without trouble because of its intuitive design. Also, IntraLinks is widely used in the financial services industry.

"IntraLinks is the de facto standard in online workspaces, so our sellers and bidders were already pretty comfortable with it," says Ramer. "That familiarity provided a measure of comfort and made the fact of the auction easier for people to grasp."

Another distinguishing factor was IntraLinks' flexibility. Ocean Tomo could customize the look of the user experience to match its brand, an important feature to the company. "No other vendor could provide this flexibility," says Ramer. "IntraLinks has done it right."

Due Diligence Backbone

IntraLinks provided the backbone for the two-phased due diligence process used by prospective buyers to make educated bids during the auction. In the first phase, Ocean Tomo posted the 315-page auction catalog to a secure workspace. Registered buyers could purchase the catalog and receive it online via IntraLinks or in printed format.

The catalog included basic information about each auction lot, such as patent numbers, descriptions, assignees, inventors and additional information supplied by the seller. IntraLinks automated the processes of managing user names and passwords, providing or increasing buyer access, and updating the catalog.

Qualified buyers interested in more detailed information regarding auction lots entered the second due diligence phase. Here, bidders were given access to thousands of pages of documents detailing the patents and related intellectual property for sale. In some cases, information included chain-of-title documents, background documents, file histories, encumbrances and licenses. The IntraLinks workspaces enabled Ocean Tomo to grant specific access to information for a particular asset or assets to individuals or groups of buyers.

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High Touch, Highly Confidential

IntraLinks proved to be the easy-to-use solution Ramer had hoped it would. "It was a critical part of our auction, yet one of the simplest to set up," he says. "IntraLinks' flexible workspace structure enabled us to present the auction materials in the way that worked best for us and our users."

Along with managing logistics and administration, IntraLinks provided its trademark high-touch customer support.

"I'm a big fan of IntraLinks' people," says Ramer. "Whenever we or one of our buyers or sellers had a question, IntraLinks'

customer service staff got right on the phone and handled it. They even flew to San Francisco and attended the auction. The company did everything they said they were going to do from day one."

In the auction world, keeping a buyer's identity anonymous remains one of the highest tenets. Prospective buyers often do not wish to telegraph their interest in a property; doing so might impact purchase negotiations or disclose valuable information to competitors. As a result, Ocean Tomo does not share bidders' names or who bought what after the sale. In other auction forums, conducting necessary due diligence while maintaining this anonymity often proves difficult. The highly secure design of the IntraLinks system enabled buyers to perform their due diligence while preserving the secrecy of their identities.

Continuing the Revolution

Bidders continue to use Ocean Tomo's workspaces to conduct due diligence on patent lots still available from the auction. The first multi-lot live patent auction was so successful that Ocean Tomo plans to hold at least six more during the next three years. Ocean Tomo will use IntraLinks each time to facilitate the due diligence. Its next auction will be held in October in New York City, and will include other forms of intellectual property including not only patents, but also trademarks, copyrights and domain names. An example of such property will include the lost, never-released Jimi Hendrix song, "Station Break."

"Buying and selling intellectual property, whether patents, trademarks or copyrights, requires a significant amount of due diligence, and it's even more complex in live multi-lot auctions," says Ramer. "IntraLinks makes it possible for us to manage these auctions with participants from around the world."

About Ocean Tomo, LLC

Ocean Tomo, LLC (www.oceantomo.com), the Intellectual Capital Merchant Banc® firm, was established in 2003. The firm specializes in understanding and leveraging intellectual property assets and provides advice in IP-related mergers and acquisitions, valuations, expert services, analytics and IP auctions. Ocean Tomo works closely with IP owners, advisors and investors, and has offices in Chicago, San Francisco, Palm Beach, Orange County and Washington, D.C. Subsidiaries of Ocean Tomo, LLC include: Ocean Tomo Capital Fund, LP — a \$200 million private equity investment fund; and Ocean Tomo Asset Management, LLC, which is awaiting SEC approval to operate as a Registered Investment Advisor to offer hedge funds investing in public equities that capitalize on IP-based strategies.

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