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COMPLEXITY AND EXPERTISE IN THE VALUATION PROCESS OF INTANGIBLE ASSETS

Oriana Helena NEGULESCU[1]

Abstract: *In the management of companies, creating and maintaining a competitive advantage is probably the main strategic goal in market competition. Therefore, periodic business evaluation is necessary not only in situations required by external partners, but also for company management to understand their market position and identify the most appropriate strategic directions for business development. An important part of business evaluation is assessing key intangible assets. In this context, the paper focuses on a more detailed analysis of the process of evaluating these assets to clarify some difficult aspects for companies and expert evaluators, and to propose a model as a working tool.*

Key words: *intangible assets, valuation process model, complexity, expertise, competitive advantage.*

1. Introduction

In general, intangible assets are considered accounting assets and appear on a company's balance sheet. They are subject to the accounting standard IAS 38 "Intangible Assets" – definition and recognition criteria, which specifies the criteria for their identification, grouped into (Rusen, 2026): (1) *internally generated intangible assets* (where the probability of future benefits and the reliable measurement must be demonstrated, having low probability of recognition); (2) *separately acquired intangible assets* (where the probability of future benefits and the reliable measurement generally are met due to the transaction-price paid that reflects expected benefits, having high probability of recognition), and (3) *intangible assets obtained in a business combination* (where the probability of future benefits and the reliable measurement are generally met, fair value incorporates expectations, having very high probability of recognition).

Compared to the accounting approach, the valuation of intangible assets by an authorised appraiser, member of ANEVAR, involves a different vision and approach. As

[1] Transilvania University of Braşov, oriana.negulescu@unitbv.ro, ORCID ID 0000-0001-7937-2066

such, this paper presents an analysis regarding: the difference between the accounting and business approaches, the importance and complexity of the valuation of intangible assets, types of intangible assets, approaches and methods for the valuation of intangible assets, the applicability of methods in the valuation of intangible assets, in order to clarify a series of difficult aspects in the valuation expertise of intangible assets and to propose a model for the valuation process of intangible assets.

2. Literature review

Firms commonly create and maintain resources such as scientific knowledge, production or sales processes, software, databases, product designs, or customer relationships. These resources are not entirely embedded in a specific physical asset, such as equipment or structure. Accordingly, they are commonly referred to as intangible assets or intangible capital. Both academics and practitioners have long recognized the importance of intangible assets for firms.

Intangible assets are defined as all nonphysical resources that are currently controlled by a firm and from which the firm expects to derive private economic benefits in the future, such as unpatented scientific knowledge or open-source software, and which would be referred to as intangible investments (Corrado et al., 2009; Crouzet and Eberly, 2018; Crouzet and Yueran, 2023).

2.1. The Importance and Complexity of Valuing Intangible Assets

Unlike physical assets, such as equipment or real estate, intangible assets are non-physical resources that contribute to a business's success (Vogt, 2025).

Intangible assets play an important role in a company's long-term success. They help a company get and stay ahead of the competition, create new products, and secure a strong market position. For example, in 2006, Google acquired YouTube for $1.65 billion for the brand (Walton, 2025), and in 2024 it valued $455 billion (Bloomberg, 2024); in 2012 Facebook paid $1 billion to acquire Instagram (no fixed assets) (Rusli, 2012), and its brand worth in 2025 $ 80.8 billion (Statista.com).

Globally, the value of intangible assets is 61.9 trillion USD (Walton, 2025). In 2020, 90% of the value of companies in the S&P 500 index was generated by intangible assets (Figure 1).

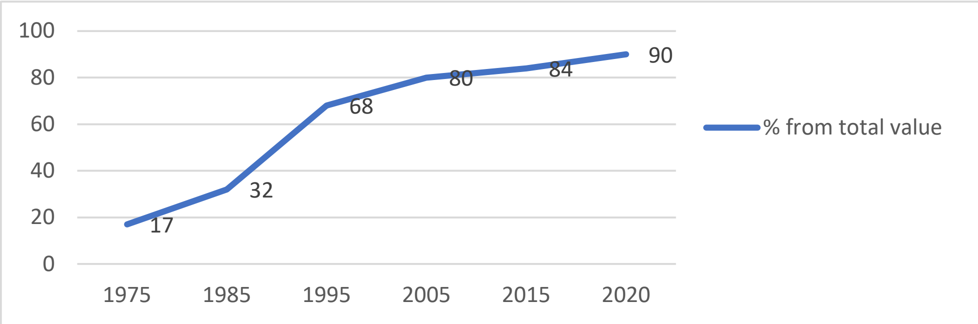

Fig. 1. *Evolution of the value of intangible assets in total business value*
(Source: According to Walton, 2025).

As stated by Crouzet and Yueran (2023), the importance of valuing intangible assets lies in: ownership and rights (well-defined cash flows and control rights), trading (accessibility of separable intangibles, large platforms, transaction contracts), and measurements (ability to finance, cash flows generated).

Intangible assets often hold the greatest value in a company's business, even if they do not appear on a balance sheet in the same way as physical assets. Whether it's your brand, intellectual property, customer relationships, or proprietary technology, these assets can generate revenue, reduce costs, and give you a competitive advantage (Vogt, 2026).

Intangible assets are growing and becoming increasingly important with the digital and technological revolution. Goodwill, research and development, patents, brands, and trademarks, are resources that will bring future economic benefits to firms, especially in an era where the industrial sector is undergoing significant changes, from the modern era driven by tangible assets such as natural resources, land, fields, buildings, machinery, factories to being driven by intangible assets such as brands, know-how, patents, and databases (Intara and Suwansin, 2024).

These days, intangible assets-like brand reputation, organisational culture, intellectual property, and human capital, drive growth and differentiation more than physical ones (Saito, 2025), because a powerful brand fosters customer trust and loyalty; a robust culture attracts talent and boosts productivity. Innovation drives intangible value, and social capital strengthens trust with stakeholders.

Intara and Suwansin (2024) explore the impact of intangible assets on the value and performance of listed companies in Thailand, namely three main components: identifiable intangible assets, research and development, and goodwill, along with the aggregate of intangible assets. The results show that these assets positively affect firm value and performance, especially in firms with high intangible asset-intensive profiles.

Accurate valuation of intangible assets is the basis for correct pricing, royalties, tax compliance, litigation damages, and financial reporting for recognition and impairment.

Different use cases require customized valuation approaches and documented assumptions (Vogt, 2025) such as: Mergers and acquisitions (Ensuring the right purchase price and the right allocation of goodwill); Intellectual property licensing (Determining the right royalty rates royalties for trademarks and patents); Tax Planning and Compliance (Transfer pricing management, succession planning, and tax reporting); Litigation and Disputes (Quantifying damages in contract disputes, trademark infringement, and other legal cases), and Financial Reporting (Compliance with Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards for recognizing intangible assets and testing for impairment).

2.2. Complexity of Valuation

Valuing intangible assets is complex – it requires detailed financial modelling, domain expertise, and strategic insight (Vogt, 2025). The complexity of valuing intangible assets requires expertise in financial analysis, market trends, and industry knowledge to ensure a comprehensive valuation, including (ElSedeik, 2026), considering: Data Analysis (Valuation experts meticulously analyse financial data, market trends, and industry benchmarks to obtain accurate and relevant information for the valuation process); Risk Assessment (understanding the risks associated with an intangible asset is essential. Valuation experts identify and assess potential risks, providing a more holistic perspective on the value of the asset); Legal Considerations (intellectual property and other intangible assets often have legal implications. Valuation experts work closely with legal professionals to ensure that all legal aspects are considered in the valuation process, and Industry Knowledge (intangible asset values are highly industry-specific. Valuation experts possess in-depth knowledge of various industries, enabling them to apply industry-specific metrics and benchmarks to achieve an accurate valuation.

Valuation depends on factors such as economic duration, legal protections, market conditions, competitive advantage, and risk profile, each of which significantly influences expected future benefits. These factors are evaluated together to form a justifiable picture of value and useful life when selecting the best valuation method for the specific asset (Vogt, 2025), such as: economic duration (How long will the asset generate value before becoming obsolete?), legal protections (patents, trademarks, and copyrights can increase value by preventing competition) market conditions (industry trends, competition, and economic factors can increase or decrease the value of an asset), competitive advantage (the stronger the asset's differentiation, the higher its value), and risk factors (uncertainty about future revenues, potential legal disputes or changes in market demand can affect the value).

3. Materials and Methods

This paper aims to present a global picture of the intangible asset valuation process and its role in the competitive advantage of companies, useful to evaluators, managers, and students. Objectives:

O1. To present the difference between the accounting and business approaches.

O2. To underline the importance and complexity of the valuation of intangible assets.

O3. To summarize the types of intangible assets, approaches, and methods for the valuation of intangible assets.

O4. To discuss the applicability of methods in the valuation of intangible assets, in order to clarify a series of difficult aspects in the valuation expertise of intangible assets.

O5. To propose a model for the valuation process of intangible assets.

The research methodology is based on the collection of *secondary data* obtained from journals or Website's opinions and case studies (generally qualitative), using intangible assets valuation as specific subject-specific words, by title and abstract, then by full text, applying the inclusion/exclusion criteria. Nevertheless, the selected sources are assessed for quality to ensure they are credible and fit for purpose*; analysis*, by reading different articles and highlighting their individual concepts, arguments, and methodologies; *narrative synthesi*s by choosing the relevant issues in comparison with standards. Also included are a brief interpretation of the general view of the subject and a *conceptualisation* of a specific model, by integrating separate syntheses of qualitative findings into a single finding, configuring a theoretical framework. Research ethics are ensured. The limitations include the insufficiency of examples from practice in intangible asset valuation, due to page limitations.

4. Results and discussions

4.1. Types of intangible assets

Compared to the accounting approach, the valuation of intangible assets by an authorized appraiser, member of ANEVAR, involves a different vision and approach.

According to the asset valuation standards (ANEVAR, 2025) "An intangible asset is a non-monetary asset that is manifested by its economic properties. It does not have physical substance, but grants economic rights and/or benefits to its owner". The same standard states, "Specific intangible assets are defined and described by their characteristics, such as the type of ownership over them, the function performed, the market position, the image, and the legal protection", summarised in Figure 2.

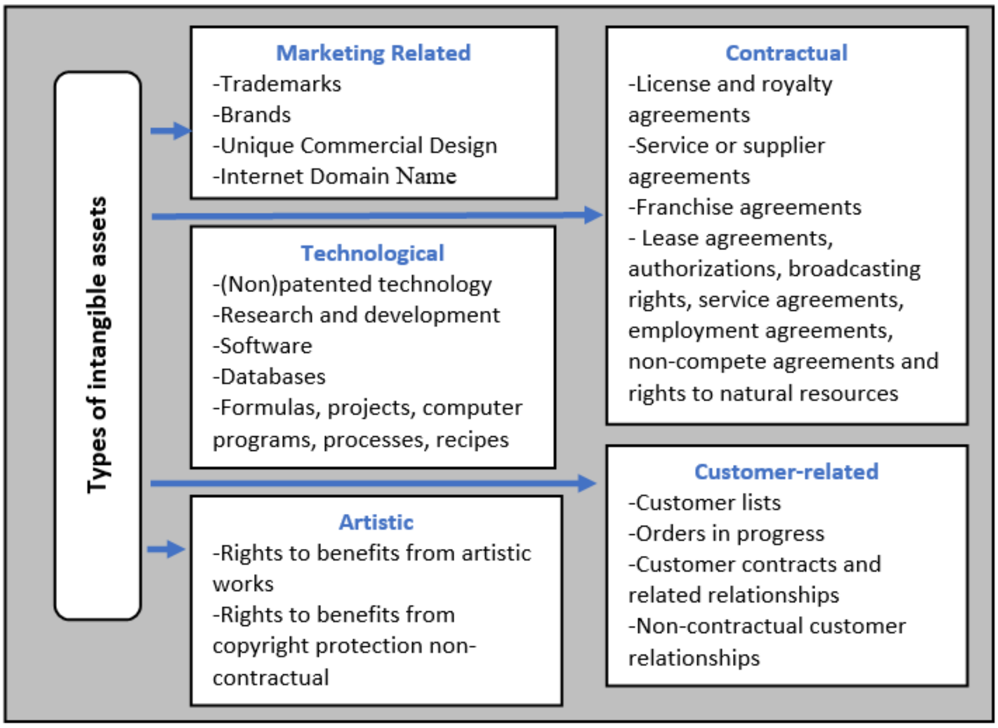

Fig. 2. *Types of intangible assets*

(Source: author's own conception according to ANEVAR Standards, 2025, p.243-244)

Approaches, methods for valuing intangible assets, and applicability

The valuation of intangible assets uses three main approaches - income, market, and cost - each based on different input data and suitability criteria. The selection of the method depends on the characteristics of the assets, the available market data, and the valuation purpose, such as mergers and acquisitions, taxes, or financial reporting (Vogt, 2025).

In *the income approach*, the value of an intangible asset is estimated by reference to the present value of the income, cash flows, or cost savings it generates over its remaining economic life.

Under *the market approach*, the value of an intangible asset is estimated by reference to the market activity (e.g., transactions involving identical or similar assets, but only if criteria are met, such as the availability of information).

In *the cost approach*, the value of an intangible asset is estimated based on the replacement cost of a similar asset or one with similar service potential or utility.

In each of these approaches, different valuation methods are possible, and not all can be used for all types of intangible assets. Table 1 shows the main uses of the methods.

Applicability of methods in the valuation Table 1

	Approach/Method	Applicability
A.	Market approach	
1	Reference transaction method	Broadcast frequency; Internet domain names; Taxi licenses.
2	Comparison of transactions on the capital market	Contingent rights
B.	Income approach	
3	Multi - Period Excess Earnings Method	Customer relations; allocation of the total purchase price of a business between tangible assets, identifiable intangible assets and goodwill
4	Relief-from-Royalty Method	brand; patents, operating licenses (franchise agreements, gambling licenses, for transmission frequency); software; developed product technology
5	With-and-Without Method	labour force; non-compete agreements
6	Initial investment method	franchise agreements and agreements for transmission frequency
7	Distributor method	customer-related intangible assets (backorders, contracts, relationships); trademark, brand
8	Cost savings method	contracts for the supply of crude oil); process or method that saves labour or reduces material costs; employment contract with valuable and experienced employees.
C.	Cost approach	
9	Replacement cost method	trained labour force; computer program purchased from third parties; computer program generated and used internally, not saleable
10	Reconstruction (recreation) cost method	patent, secret process

(source: author's own conception after ANEVAR Standards, 2025)

The reference transaction method is based on market transactions, where there is information on prices or multipliers, and adjustments are applied to address differences.

Comparison of transactions on the capital market is similar to the above-mentioned, but the transactions are made on the stock exchange.

The Multi-Period Excess Earnings method estimates the value of an intangible asset as the present value of the cash flows attributable to the subject intangible asset, after deducting the cash flows that are attributable to the other assets necessary to generate the cash flows ("contributing assets").

Under *the Relief-from-Royalty method*, the value of an intangible asset is estimated as the hypothetical royalty payments that would be avoided by owning the asset rather than obtaining a third-party license.

The With-and-Without method compares two scenarios to estimate the value of an intangible asset: one in which the subject intangible asset is used and the other in which it is not, with all other factors held constant.

The initial investment method is similar to the Multi-Period Excess Earnings method, but assumes that the owner of the subject asset would have to create, purchase, or lease the contributing assets.

The distributor method uses information on distributors' profit margins to estimate the excess economic benefits attributable to customer-related intangible assets.

The cost savings method is used in situations where intangible assets are "responsible" for a measurable cost saving.

The replacement cost method is based on the replacement cost of either a similar asset or an asset with similar service potential or utility, and *the reconstruction (recreation) cost method* is based on the cost of creating a similar intangible asset.

These methods are presented in detail in the standards (ANEVAR, 2025, pp 147-157).

4.1. Intangible Asset Valuation Process

In general, the intangible asset valuation process is a complex one and involves several stages. A process model with 5 steps is proposed in Fig. 3.

Step 1. *Analysis and identification.* This step consists of:

- The definition of the subject of the valuation and the designated use of the valuation usually have very different values from the values of contracts concluded with customers and from the values of customer relationships. The analysis focuses on whether the subject assets are associated with intangible assets and whether these intangible assets directly or indirectly influence the asset subject to valuation. For example, when valuing a hotel using the income approach, the brand's contribution to value may already be reflected in the hotel's profits (ANEVAR, 2025, p. 144-145).
- Identification of intangible assets according to how they are defined and described by their characteristics, such as the type of ownership over them, the function performed, the market position, the image and legal protection, and the classification in the category/categories to which they belong (nature, origin, type).
- Analysis of available information. The analysis focuses on whether information is available about unbiased transactions of identical or similar intangible assets that took place on the valuation date or at a close date, and whether sufficient information is available to allow the valuer to apply adjustments for all significant differences between the subject intangible asset and the intangible assets involved in the transactions.

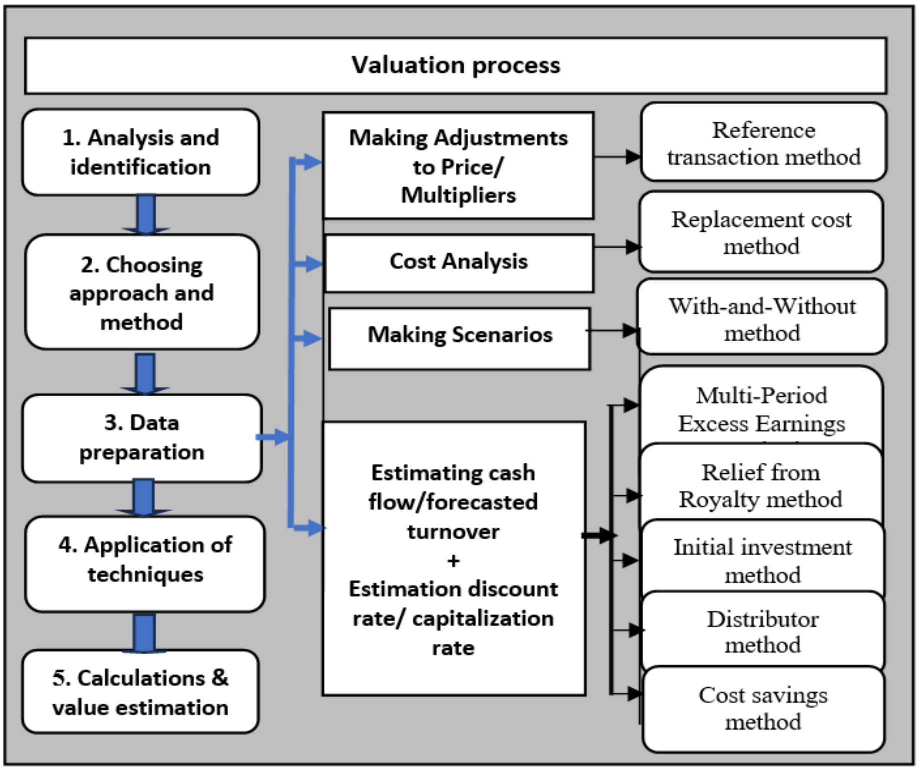

Fig. 3. *The Intangible Asset Valuation Process*
(Source: Own Concept)

Step 2. *Choice of method/methods.* Depending on the valuation object, the type of value, and the available information, a method is selected that best suits the valuation. Sometimes two or even three methods are applied to obtain an estimated value that is as close as possible to reality. The facts and circumstances relevant to the given situation are analysed.

Step 3. *Data preparation.* Data preparation is performed based on the method used. Data is collected from the market for similar assets (prices, licenses, royalty rates) and from the company (specific data of the subject intangible asset and data on contributing assets, regarding income, expenses, rents, etc.), each is compared, analysed, and priorities are established (main or important intangible asset).

Step 4. *Application of techniques.* Depending on the chosen method, specific working techniques are applied:

• Adjustments to reflect differences between the subject asset and the assets involved in the transactions in the reference transaction method, or adjusting expenses to exclude expenses related to the creation of new intangible assets in the excess economic benefits method.

• Forecasting cash flows in the excess economic benefits method and the initial investment method; the amount of future income and the timing of when the subject intangible asset and the contributing assets will generate income (including the profit margin) in the excess economic benefits method, or turnover in the Relief-from-Royalty (since most royalties are calculated based on a percentage of turnover), the initial investment method, the distributor method, or expenses (including capital expenditures and working capital required by the entity) and adjusting expenses to exclude expenses related to the creation of new intangible assets, which are not necessary to generate the revenues and expenses forecasted in the excess economic benefits method.

• Estimating the economic rents of the contributing assets for all current and future tangible, intangible and financial assets that contribute to the generation of the cash flow in the royalty avoidance method, the distributor method, or a synthetic royalty rate, when there are indications that the observable royalty rates do not fully capture the economic potential of the intangible asset in the Relief-from-Royalty method, or costs (direct and indirect costs incurred to replace the asset's utility, including labour, materials and overhead costs) in the replacement cost method and the reconstruction cost method.

• Estimating the discount/capitalisation rate, appropriate for the subject intangible asset and the discounted or capitalized value of the excess benefits. The discount rate is usually estimated in relation to the weighted average cost of capital (which represents the starting point above with a risk premium specific to the intangible is added) in the excess economic benefits method, the royalty avoidance method, the "with and without" method, the initial investment method, and the distributor method.

Step 5. *Estimation of the value of the intangible asset.* This last step focuses on calculations and justification, followed by the valuation report prepared in accordance with the asset valuation standard.

Some aspects regarding the valuation of intangible assets are real challenges for users, such as: the difference between a registered trademark and a brand (Duguleana, 2014; Doval, 2007; Quelch and Harding, 1999; Chernatony and McDonald, 1998), the goodwill, that reflects future economic benefits and cannot be attributed to specific identifiable assets and those assets related to customer relationships (Rusen, 2026).

5. Conclusion

In valuing a company, all productive assets recorded in the accounting statements are important, but some intangible assets are not highlighted, and “their absence from the financial statements makes valuations based on book value misleading. Accurate quantification of intangible assets is essential for assessing the intrinsic value of a company” (Dong and Doukas, 2025).

Valuation of intangible assets is a complex process, which requires the expertise of appraisers authorized to value companies. However, the valuation of these assets is important for estimating the value of a company, listed or unlisted, because it brings that added value necessary in the competition on the market - a competitive advantage.

Therefore, “building intangible assets is key to sustainable success. Whether through a powerful brand, vibrant culture, innovation, or stakeholder trust, these assets ensure long-term relevance “(Saito, 2025).

The paper offers a complex yet clearer picture of intangible assets and their valuation methods. The research objectives are met. The proposed intangible assets valuation process model adds practical value to the ANEVAR standards, as it highlights the specific sequencing of the activities to be carried out and supports the use of professional judgment in choosing calculation techniques according to the method appropriate to the type of intangible assets. It can be a useful tool for accountants, valuation experts, students, and company management when making decisions about intangible investments.

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