



**ISACA Seminar:
Digital Assets and Rights**

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12th July, 2005**

Introduction

Seminar Objectives

- Identify key issues in digital assets and rights using Disney Consumer Products as a case study
- Determine the role of Information Technology in management of digital assets & rights
- Review some available strategies and tools

Agenda

- The importance of Intellectual Property (IP)
- Overview of the Walt Disney Company and Consumer Products division
- How to manage intellectual property
- Digital asset management in DCP
- Protection strategies and countermeasures
- Q&A

The Walt Disney Company



**Why is Intellectual Property
Important?**

The World's 10 Most Valuable Brands

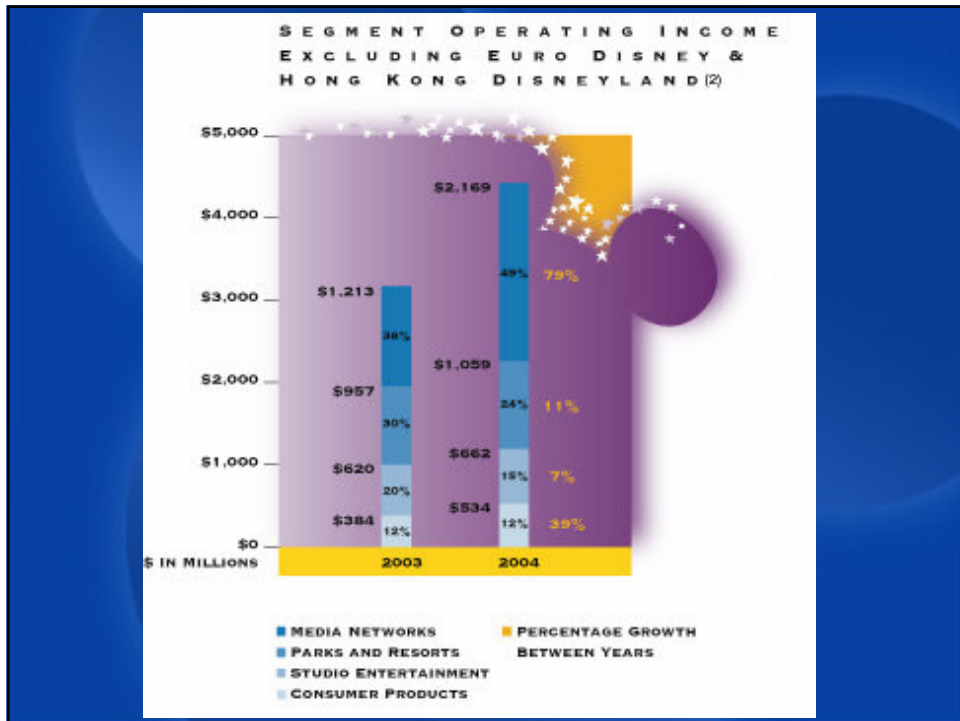
A newcomer, Toyota, breaks into the Top 10, while big-name consumer brands come under attack.

RANK	BRAND	2004 BRAND VALUE (BILLIONS)
1	COCA-COLA	\$67.39
2	MICROSOFT	61.37
3	IBM	53.79
4	GE	44.11
5	INTEL	33.50
6	DISNEY	27.11
7	McDONALD'S	25.00
8	NOKIA	24.04
9	TOYOTA	22.67
10	MARLBORO	22.13

Data: Interbrand Corp., J.P. Chase & Co., Citigroup, Morgan Stanley

Brand = IP

Disney Value: US\$ 27 billion



Disney Consumer Products

- \$2 billion revenue = approx. \$50 billion at retail globally
- Licensing model
 - Products manufactured and sold by 3rd party organizations
 - Licensees pay royalty to Disney as % of sales
 - Some are very large e.g. Coke, Mattel, Gillette, ...
 - Licences governed by contract
 - Disney and licensees collaborate on product design
- Licensed products
 - Homewares, electronics, stationery
 - FMCG
 - Apparel and fashion accessories
 - Toys
 - Books and magazines

Disney Consumer Products

- Franchises
 - Muppets
 - Baby Einstein
 - Power Rangers
 - Wiggles
- Buena Vista Games
 - Licensed and vertical, studio-like production
- Retail / Online
 - Key retailer partnerships
 - Disney Stores
 - Online sales

Consumer Products IT

We will Partner with the Business and be a catalyst for change to enable improved performance and access to critical business information through robust, efficient technology and process design

eBusiness & Creative Tools

- Online Product Approval
- Artwork Catalog
- B2B Website

Business Intelligence

- Management Reporting
- Forecasting
- Retail Analytics (RSM)

Partnering with Business & Shared Services

- Business engagement
- Infrastructure leverage
- Technical skills and support

How To Manage IP

IP Management

- Types of IP:
 - Consumer products
 - Pharmaceuticals
 - Film and video
 - Software
 - Ideas, designs, patents, ...
- Understand the issue
- Identify the components
- Determine objectives
- Formulate and implement strategy for the whole organization

IP Issues

- “Brand” is an intangible asset
 - Intellectual Property law is the main source of protection
- Copyright Law
 - protects work not source
 - can be based on specific version instead of concept
 - examples: Surfer Mickey, soundtrack dubbing
- Copyright Expiry
 - 50 years after work is created
 - 50 years after death of author (Walt Disney: d1966)
- Trademarks
 - stronger protection but more restrictions

IP Issues

- China
 - source of counterfeit
 - legal challenges: non-WTO-compliant
 - DCP regional HQ moving to Shanghai
 - no BVHE operations
- Ownership of products
 - brand is Disney but specific product is licensee
 - complications with global distribution limit revenue
 - parallel importation
 - examples: mobile phones from Indonesia, clothes from Thailand
- Counterfeiting
 - mainly high-margin items where IP is major component of value
 - examples: clothing, accessories, video, music

Roles in Creation, Storage and Protection of IP

- General Management
 - Strategic coordination of players
 - Select business partners with care
 - Promote collaboration and IP awareness in organization
- Legal
 - Contract drafting
 - Trademark registration
 - Proactive copyright protection
 - Investigation
 - Prosecution: need v. strong case to avoid creating bad precedent
- Creative / Product Development
 - Design with copyright in mind (original content, dubbing etc)

Roles in Creation, Storage and Protection of IP

- External Business Partners (Licensees)
 - Respect security of online resources
 - Partner with trusted manufacturers
 - What's good for them is good for us....
- Information Technology
 - Provide development and collaboration tools for IP Creatives
 - Enable access to IP resources for Creatives and product developers
 - Design and implement collaborative processes to leverage systems
 - Maintain and audit system access logs
 - Raise stakeholder awareness of technology opportunities
- **Objective: maximize business value of IP**

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Digital Asset Management

- Types of Digital Asset in DCP
 - Artwork (2D and 3D)
 - Product designs
 - Marketing tools, franchise information
 - (Film, Music, Video)
- Technical Components
 - Storage and backup: very large volumes
 - Retrieval and searching: needle in a global haystack!
 - Networks: intranet and internet
 - Transfers and downloads of large files
 - Reporting and audit
 - Security

Protection Strategies and Countermeasures

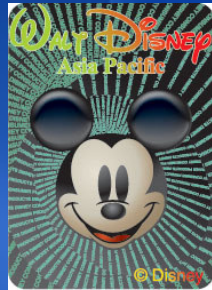
IP Protection Approach

- Objective: maximize business value of IP
 - What kind of IP violation are we trying to prevent?
 - Who are the potential offenders?
 - What is their motivation?
 - Option 1: remove motivation
 - Option 2: remove opportunity
- Who to target?
 - High-quality counterfeit: manufacturers, consumers
 - Low-quality counterfeit: retailers, distributors
 - Parallel import: distributors
- Overt vs Covert Labelling
 - Overt: consumer is also a victim and wants to prevent
 - Covert: easy detection by enforcement agents and retailers

Protection Strategies

- Business strategies
 - Define and resource appropriately
 - Manage your supply chain
- Government / law enforcement collaboration
- Technologies
 - Covert labelling: RFID, hidden tags, induction strands etc
 - Overt labelling: holograms

DCP Holograms Program



Regional
(Silver)



HK
(Black)



PRC
(Red)



Taiwan
(Gold)



Thailand
(Blue)

Phase One Countries

Key Take-Away Points

- Digital assets are a form of intellectual property, which is a major global economic force today.
- Intellectual property must be strategically managed from the top of an organization.
- The role of I.T. is to provide solutions supporting the business strategy (NOT to take ownership of IP protection).
- Technology provides many opportunities but must be backed up by appropriate processes.

Q & A

Thank You