

## E-Commerce and the Rise of the Online Business: The Identification and Valuation of Cyber Assets

*Jose Justin T. Santos*

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In this Article, the Author acknowledges the rise in companies which use the internet as their primary medium of doing business. While this development has made setting up businesses cheaper and more convenient, it presents its own set of challenges, specifically with regard to asset valuation.

Unlike traditional brick and mortar businesses, online businesses typically get most of their value from intangible assets, as they usually have minimal physical assets. And just like any business, there is always a danger of financial failure. In this case, bankruptcy proceedings, whether liquidation or rehabilitation, can become even more problematic, as the inherent difficulty in properly valuing the company's intangible assets manifests itself.

The Author then discusses the different intangible assets which a company may value, as well as the different methods of valuing them. The first step involves the identification of the intangible assets of the online company, which are usually in the form of intellectual properties, domain names and websites, and data and customer lists.

Finally, the Author discusses the two general methods of valuation, being the discrete method and the collective method, as well as the three types of evaluations typically employed for intellectual property valuations, namely the cost approach, the market approach, and the income approach. The approaches are analyzed to see their particular advantages and disadvantages.

