

# PUSHING THE FRONTIER OF THE POSSIBLE: VALUING TECHNOLOGY AND DATA

International Valuation Standards Council

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The IVSC's mission is to build trust in valuation by:

1. Establishing and promulgating the International Valuation Standards (IVS)
2. Encouraging high-quality professionalism in valuation, through VPOs



# Paradoxes of Valuing Technology

- the valuation of a technology for a certain intended use must come to terms that it is **not the estimation of the benefits of a technology**
- a given technology is often **only a point in an evolution**
- the **technology being valued should not be conflated** with other intangible assets

## Two Characteristics of Technology

Given these constraints the valuation of technology has two salient characteristics:

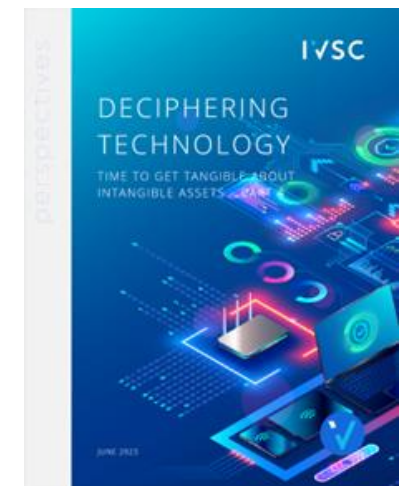
- The **investment itself influences the path of the technology's development** and, to some extent, its success.
- An **investment into technology generates highly dispersed returns**. These range from a high probability of failure to extraordinary returns reflecting the “winner takes most” structure of some markets.

[Mauboussin, M. \(2020, April 14\). Dispersion and Alpha conversion.](#)

## Valuation of a Dynamic, Path-Dependent Asset

The valuation of a technology is still contingent on several key variables, including:

- What remaining useful life (RUL) or rate of attrition does the technology have?
- What outlays, whether as ongoing capital expenditures or expenses, are required?
- What premium pricing or cost savings will the technology allow?
- How does the technology integrate with and separate from other assets?





# The Transformation of Data

“observations that have been converted into a digital form that can be stored, transmitted or processed and from which knowledge can be drawn.”

Statistics Canada, “Measuring investment in data, databases, and data science: Conceptual framework”, 24 June 2019.



IVSC

“Data is the New Oil”



Data acquire value within a business through the improvement of its operations. These improvements fall into four broad categories:

- Data allow a business to raise profits by optimising operations.
- Data allow the accumulation of market power, whereby the “winners take most”.
- Data enable innovation and in doing so, generates more data.
- Since data improves decision-making, they reduce risk.

The future of data:  
Higher recovery rates, on larger reserves?



Veldkamp, ibid.

# Next Steps for the IVSC

## Ongoing Series on Intangible Assets

1. The Case for Realigning Reporting Standards with Modern Value Creation
2. Human Capital Introspective
3. Rethinking Brand Value
4. Deciphering Technology
5. Valuing Data as an Asset
6. Customer-Related Assets and Conclusion (Forthcoming)

## Possible Topics for Agenda Consultation (Q3 2024)

- Valuation risk
- Valuation uncertainty and proportionality
- Expansion of requirements for sustainability/ESG
- Listed vs. unlisted assets divergence
- Consideration of impact of new technology on valuation, including:
  - AI and Automated Valuation Models (AVM)
  - Smart contracts
  - Blockchain
- Expansion for new types of assets, such as digital assets



Thank you

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