

TikTok

Intangibles Disclosure Framework Example Report

This is a brief analysis of TikTok's Intangible Assets (IA) using the Intangibles Disclosure Framework (IDF).

The IDF outlines principles for businesses to disclose and communicate their IA such as brand value, patents or registered designs in a systematic and comprehensive way.

The disclosure principles in the IDF are anchored in four pillars: Strategy, Identification, Measurement, and Management (SIMM).

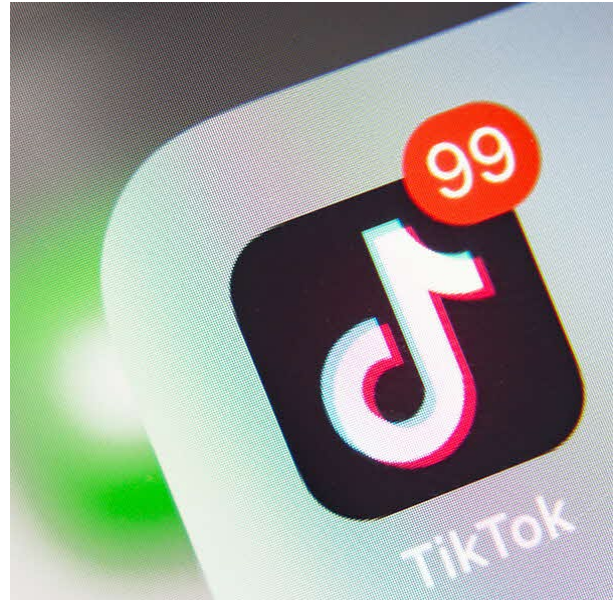
August 2024

An Overview of TikTok

TikTok is the leading destination for short-form mobile video. Their mission is to inspire creativity and bring joy.

Its global headquarters are in Los Angeles and Singapore, and its offices include New York, London, Dublin, Paris, Berlin, Dubai, Jakarta, Seoul, and Tokyo.

In 2021, TikTok launched their TikTok Shop, a built-in e-commerce feature enabling in-app purchases. TikTok Shop allows users interested in starting a business and generating income to upload their curated products on TikTok for others to discover and purchase. It is available in markets across SEA, UK, and the US.





STRATEGY

Key Competitive Advantage

TikTok's intangible assets provide a distinct competitive advantage by enabling rapid innovation and adaptation in a fast-paced market. Their advanced algorithms and data analytics capabilities allow them to quickly respond to changing user tastes and trends, setting them apart from competitors. Additionally, their robust IP management ensures that their creative content and brand are well-protected, enhancing their reputation and user trust. This strategic management of intangible assets enables TikTok to maintain a leading edge in technology and content creation, crucial for staying ahead in the dynamic digital media industry.

Alignment of IA and Business Strategies for Value Creation

At TikTok, their intangible assets are the cornerstone of their strategic operations and are fundamental to their value-creation process. Their innovative algorithms, which are a key technological asset, not only enhance content discoverability but also personalise the user experience by predicting user preferences. This technology allows the company to retain users longer and engage them more deeply, thereby increasing ad revenue and partnerships. Moreover, TikTok's brand strength, built through strategic marketing and IP management, fosters trust and loyalty among users and creators, enhancing their market value and competitive positioning.



Creating Sustainable Value

Value Creation Past to Present:

Historically, TikTok's intangible assets have been pivotal in establishing their dominance in the social media landscape. Their proprietary technology, which includes unique data processing and content curation algorithms, has allowed them to offer a better user experience, leading to rapid global expansion.

Additionally, their brand identity, protected and enhanced through rigorous trade mark and copyright strategies, has helped them mitigate risks associated with digital content and IP infringement. These intangible assets have not only driven user growth but have also attracted substantial investment, fueling their global expansion and technological advancements.

Value Creation Present to Future:

Looking forward, TikTok's intangible assets will continue to be at the forefront of their growth strategy. The company plans to further invest in AI technologies to enhance content personalisation and user engagement, keeping them at the technological cutting edge.

Expanding their IP portfolio is also a priority, as they enter new markets and develop new features that meet diverse consumer demands. By continuously innovating and protecting their creative and technological assets, TikTok aims to sustain their market leadership and drive future profitability.



IDENTIFICATION	MEASUREMENT
----------------	-------------

Key Intangibles	Metrics and Drivers
-----------------	---------------------

Technology –

- **Algorithms and Data Analytics:** TikTok’s core technology includes sophisticated machine learning algorithms that curate personalised content feeds. These algorithms analyse user interactions, preferences, and behaviours to predict what content will be most engaging to each user.
- **Software:** These include the proprietary software that powers TikTok’s platform, enabling video editing, data management, and user interface functions that are crucial for providing a seamless user experience.
- **IP Protection for Users:** TikTok has developed tools such as the IP Protection Centre for TikTok Shop, which enable third party rights holders to monitor and protect their IP in relation to their business presence on TikTok.

Innovation Success Rate:

- Measures the effectiveness of new features and algorithms in enhancing user engagement and satisfaction. Daily users and app download rates also indicate activity, demand, and value.

Technology Efficiency:

- Includes metrics like algorithm accuracy, data throughput, and the speed of content delivery systems.

Marketing –

- **Brand Recognition:** TikTok's brand is highly recognised globally, associated with innovation and vibrant digital culture. Their branding efforts have cultivated a unique market identity that appeals to a young, dynamic audience.
- **Trade marks:** This includes registered trademarks protecting the TikTok name, logo, and any other distinctive brand elements that differentiate their services in the marketplace.

Brand Equity:

- Assessed through brand recognition surveys, brand sentiment surveys, social media sentiment analysis, and market share comparisons.



MANAGEMENT

Integrated Risk Management: Their approach to managing intangible assets-related opportunities and risks is integrated into their overall corporate governance framework. This involves:

- **Strategic Planning:** Aligning intangible asset management with TikTok's long-term strategic goals.
- **Operational Controls:** Implementing robust internal controls to manage and protect their intangible assets.
- **Compliance and Legal Oversight:** Ensuring all intangible asset management practices comply with applicable laws and regulations, particularly in terms of IP.

Opportunity Management:

- **Market Expansion:** Identifying opportunities for leveraging their intangible assets to enter new markets or introduce new product offerings.
- **Partnership and Collaboration:** Exploring strategic alliances that can enhance their technological capabilities or extend their brand reach.
- **Opportunity Creation:** Their innovative platform also facilitates users to foster their own creativity when it comes to content, brand building, and accessing new markets for their own businesses and products.
- The platform provides for the building of partnerships for their users, at scale through the creator marketplace.

Risk Identification and Assessment:

- **Regulatory Risks:** Involves changes in IP rules. TikTok constantly monitors legislative developments in markets where the company operates.
- **Reputational Risks:** Associated with user content and platform governance. Managed through proactive content moderation and user engagement strategies.

Reporting and Monitoring:

- **Regular reporting to senior management** and stakeholders on the status of intangible assets, including their value, associated risks, and the effectiveness of management strategies.
- **Continuous improvement initiatives** are undertaken based on feedback and performance monitoring, ensuring that their management of intangible assets remains dynamic and aligned with changing market and regulatory conditions.



Find out more about the Intangibles Disclosure Framework [here](#).

Published by Intellectual Property Office of Singapore

This report was prepared with reference to the Intangibles Disclosure Framework, as part of the [WIPO-IPOS IP for Innovation Awards 2024](#).