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Joint Law-Business Case Study Competition

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CANADA-UNITED STATES LAW INSTITUTE JOINT LAW-BUSINESS CASE STUDY COMPETITION PROGRAM

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I. CASE COMPETITION DESCRIPTION

A. Statement of Purpose

Following the termination of the Niagara International Moot Court Competition in 2015 due to declining interest, a Joint Law-Business Case Study Competition was inaugurated in 2016. This project provides the Canada-United States Law Institute ("CUSLI") and its supporting institutions with a unique student competition experience that allows for continued student exchange and participation, as well as the growth of interdisciplinary learning. Hosting the competition in conjunction with the CUSLI Annual Conference also increases CUSLI's academic presence to its many practitioner constituents, which is beneficial both to CUSLI Conference attendees (who consistently request greater student involvement) and students from participating schools (who are often underrepresented and benefit from its networking opportunity). As the centerpiece of the competition the students are our participants and partners; we hope that they will learn from this innovative program and contribute to its current and future success.

B. Competition Summary

Concept: This is an interdisciplinary case study competition that will bring together students from graduate law and business faculties to jointly problem-solve a given real-world issue.

Case: The case presents two companies (one American, one Canadian) looking to achieve a mutually beneficial business transaction.

Teams: Each company will be represented by interdisciplinary teams of four (4), consisting of two (2) Law and two (2) Business graduate students.

Format: The competition will have three general phases: negotiation preparation, negotiation practice, and negotiation agreement submission.

Assessment: Teams will be measured according to their ability to successfully navigate the complexities of a transactional situation. This will require advocating for their company's priorities while at the same time acknowledging the need for compromise with their negotiation counterparts to create an agreement acceptable to both parties.

Prize: The team that is found to have most successfully accomplished the above goals will be awarded a prize valued at $400 (shared equally among the team's four participants).

C. Competition Background

General Concept: This project was proposed by Dean Ken Jones of Ryerson University School of Business at CUSLI's 2015 Executive Committee meeting. He proposed that CUSLI launch a law-business case study competition that will bring together students from graduate law and business faculties at participating schools to jointly problem-solve a given real-world issue. The problem will be a transactional situation requiring negotiation teams to move forward a proposed business deal.

Case Competition Model: The case format is not new since it has been used for many years in business schools, analogous to the way that Moot Court competitions function in the law school setting. In the business case model, students are placed in teams of two to four students and are given a fact pattern to consider. After discussion and planning, the teams then present their findings and recommendations to a panel of experts in the given field. The experts then rank teams based on their work product and presentation, and give constructive feedback.

Law-Business Case Competition: While the case model is common in business schools, a joint case model bringing together Law and Business graduate students responding to both business and law cases is a new concept. The case competition model will be modified in this instance to incorporate some elements of the law school Moot Court model, specifically the team vs. team aspect. However, unlike the traditionally adversarial Moot Court model, this case competition will recreate a transactional situation, with both sides trying to "win" by creating a mutually valuable agreement, rather than "win" through legal argumentation. Importantly, this exercise will require Business and Law students to work together as partners to build an information picture, define priorities, and come up with workable strategies that are sound from both a business and legal perspective.

D. Competition Details

The CUSLI Joint Law-Business Case Competition coincided with the opening of 2018's 42nd Anniversary CUSLI Conference on April 12th, 2018. *The participating Law and Business graduate students were the centerpiece of this process*. The competition featured teams of graduate Law and Business students from University of Buffalo Law School and the University of Windsor Faculty of Law. The following are the core pieces of the competition's form and substance.

- *The Teams*: each team was composed of two (2) law and two (2) business students).
- *The Case*: The case presented two companies (one American, one Canadian) looking to achieve a mutually beneficial business transaction. Each team, representing one company received a fact pattern detailing each business, negotiation instructions describing the proposed deal's background and requirements from company leadership, and a template agreement for teams to use as a model for their final product.
- *Competition Format*
    - *Negotiation Preparation*: Teams received their materials approximately one month before the competition. Students were expected to carry out background legal and business research to inform their negotiation positions, and meet to discuss proposed strategy. Each team, representing one company as its negotiation team, had to determine the company's desired outcomes and negotiation strategy. Preparation was estimated to require eight to ten hours.
    - *Negotiation Practice*: Teams were then assigned a negotiation counterpart, with whom they would engage in negotiations to hopefully come to an agreement. Students were given an allotted time on April 12th, of no more than one hour and a half, to negotiate and come up with a proposed agreement.
    - *Agreement Draft/Recommendation*: Out of the negotiations, teams created a proposed agreement, along with recommendations to corporate leadership as to whether the proposed agreement was acceptable, and if not, what further changes could be possible to make them so. Importantly, it was not an absolute necessity to come to an agreement; if there were insurmountable business and legal hurdles for a particular party, it was the team's responsibility to identify and communicate this possibility to company leadership.
- *Assessment*: Teams were measured according to their ability to successfully navigate the complexities of the transactional situation, advocating for their company's priorities while at the same time acknowledging the need for compromise with their negotiation counterparts to create an agreement acceptable to both parties. Teams were not measured solely on their ability to extract "wins" on every desired business/legal goal, nor were they measured

by the mere existence or absence of a proposed agreement at the conclusion of negotiations. The team that was found to have most successfully accomplished the above goals – from the University of Windsor Faculty of Law - was be awarded a prize valued at $400 (shared equally among the team's participants).

II. CASE FRAMEWORK BUSINESS BACKGROUND

A. Canadian Entity

Business Name – RedVue Inc. (RVI), based in Waterloo, ON.

Business Overview – An established Canadian tech company, RVI is a mobile device hardware and software development and manufacturing company.

Market Participation – Started as a mobile device company, RVI continues to produce mobile devices and software primarily for the general consumer marker. RVI has recently re-focused its mobile device software unit, developing innovative software and hardware for interfacing mobile devices and emerging accessories like wearable tech and smarthome applications.

Business Profile – Started in the mid-1990's, RVI first built a reputation for innovative and reliable mobile device hardware and software in the early years of the smartphone era. While RVI has in many ways been eclipsed by major mobile device makers like Samsung and Apple, RVI maintains a reputation for reliable devices and software. In particular, RVI has consistently shown an ability to create systems with greater security resilience in both its hardware and software. In seeking to grow its business, RVI has applied its strengths to developing hardware and software for wearable and installed tech, with a particular emphasis on the future growth area of wearable medical devices, as well as developing hardware and software for smart-infrastructure uses, including for home, office, and industry. RVI's greatest assets are its software and hardware research and development personnel, and its proprietary device and software intellectual property.

- *Size*: RVI is a mid-sized company with estimated annual revenue of $1.4 billion.
- *Employees*: approx. 3,500.
- *Assets*: approx. $3.2 billion.
- *Ownership*: Publicly traded company with a current share price of $21.50. There is no majority shareholder.
- *Issues*: RVI is currently faced with a transition from an atrophying mobile device and software business model to a business focused on connected devices in a broader range of applications. While the company retains knowledge and expertise in wireless and broadband capable devices, it is still searching for its next major revenue source.

Financials – The below are drawn from the Company's 2017 financial disclosures. Complete statements are included in the materials packet.

RVI Balance Sheet Summary		
(in USD Millions)	*Dec. 2017*	*Dec. 2016*
Total Assets	3220	3720
- Total Liabilities	1000	1600
- Total Equity	2220	2120
Total Liabilities and Equity	3220	3720

RVI Income Summary		
(in USD Millions)	*Dec. 2017*	*Dec. 2016*
Revenue	1450	2050
Cost of Sales	450	800
Operating Expenses	1020	1280
Net Income	-20	-30

B. United States Entity

Business Name – Major Motors Company (MMC), based in Detroit, MI

Business Operations – MMC is a large multinational industry-leading automotive manufacturer and servicer.

Market Participation – Currently, MMC has large market shares in consumer vehicles of all sizes across major auto markets. MMC anticipates a market shift and growth area in broadband connected and self-driving vehicles, and has publicly indicated it aims to be at the forefront of this emerging trend.

Business Profile – While MMC remains one of the world's leading car manufacturers, it is currently expanding its effort to gain pole position in self-driving vehicle development. While the company has a dedicated team working on core operating systems and data systems for the project, it sees a need to increase its implementation and scalability capabilities once the technology is road-ready. MMC has top-notch design personnel, as well as strong market placement.

- *Size*: NMI is a large multi-national company with an annual revenue of approx. $120 billion.
- *Employees*: approx. 150,000
- *Capital Expenditures*: NMI's operations are capital intensive, with high production costs, and needs to ensure continued stable revenues.
- *Assets*: approx. $133 billion
- *Net Income*: approx. $7 billion
- *Leadership/Ownership*: MMC is a publicly traded company with a share price of approx. $12.50. There is no majority shareholder.

- *Issues*: the auto industry faces major disruption from self-driving vehicles over the medium and long term. In order to address this challenge, MMC must at least keep pace with other industry leaders, if not set the bar for innovation and new products.

Financials – The below are drawn from the Company's 2017 financial disclosures. Complete statements are included in the materials packet.

MMC Balance Sheet Summary		
(in USD Millions)	*Dec. 2017*	*Dec. 2016*
Total Assets	133700	12270
- Total Liabilities	98000	88700
- Total Equity	35700	34000
Total Liabilities and Equity	133700	133700

MMC Income Summary		
(in USD Millions)	*Dec. 2017*	*Dec. 2016*
Revenue	120000	124700
Cost of Sales	101000	108000
Operating Expenses	12000	11100
Net Income	7000	5600

III. EVALUATOR MATERIALS

General Evaluation Approach: As evaluators, we would ask that you keep the following points in mind when measuring each team's performance.

In designing the problem, we worked to create a situation requiring the participating teams to address two fundamental issues:

1. Identify points of synergy between the two companies; and
2. Compromise on sticking points wherever possible.

In addressing the above two issues, teams will need to balance the following priorities:

- The need to realize maximum value for their company (given their priorities) while allowing the same for their prospective partner; and
- Protecting the team's company assets while offering tangible benefits to the other party.

- *Clarifications*: It is also important to note what we are not expecting the teams to achieve in this exercise, given the limited time, resources, and expertise.
- *Efficiency*: Team success should not be measured solely by the number of

items covered in the allotted time. For example, a negotiation outcome that only produces one major point of agreement is not necessarily a failure, so long as the teams effectively managed the above issues and priorities.

- *Detail*: This exercise is not asking teams to determine discrete product orders, merger timelines, employee compensation, or other contract deliverables. Rather, it is asking the teams to agree on a set of a half-dozen general principles that will underpin the proposed collaboration (see below for a model agreement).
- *Disagreement and Final Outcome*: If there are aspects that prove more difficult for the teams to problem solve at this juncture, it is acceptable for teams to bookmark those items and move on to other important pieces of the proposed collaboration, so long as both sides agree and commit to further discussion at a later date.

Negotiation Goals: The teams have been asked to negotiate general terms on the topics below.

- *Technology*: What technology assets or capabilities will the two parties be transacting in some fashion?
- *Format*: What form will the proposed collaboration take? For example, a merger, joint venture, licensing agreement, product/system sale, etc.
- *Funding*: What sources will be used to fund any capital investment in the collaboration, if applicable? For example, stock issuance, capital contribution from partner company, etc.
- *Risk Allocation*: What arrangements will be made for covering financial and legal risks that might arise from the proposed collaboration? In terms of financial risks, this could include operating losses; for legal risks, it could be product liability, among others.
- *Follow-On Services*: How will later installation, service, and repair of possible new systems produced by the collaboration be addressed, if applicable?
- *Exclusivity*: What is the company's ability to market related products and systems outside of the proposed agreement?

Specific Evaluation Criteria: Based on the above two issues and priorities, meshed with the assigned negotiation points, the following criteria should prove useful in assessing each team's performance. As the competition only features two teams, evaluation of each point can be made on a binary comparison; as otherwise stated, which team more effectively dealt with the above defined issues, balanced the competing priorities, and achieved a beneficial outcome for their company?

Business Students:

1. Ability to Determine Synergies: Which team was more effective at identifying ways to create opportunities with existing technologies and needs?

2. Ability to Identify Formats Advantageous to Company Needs: Which team advocated for a resolution that would most fully fulfill their company's goals?
3. Funding: Which team was best able to identify an advantageous funding arrangement?
4. Risk: Which team was best able to identify methods to protect their proposed investment?
5. Services: Which team was able to identify a more advantageous follow-up arrangement?
6. Exclusivity: Which team was able to preserve a more advantageous freedom to market outside the agreement?

Law Students:
1. Ability to identify legal issues that affect each major negotiation goal (technology, format, etc.).
2. Ability to communicate those issues to their business partners and incorporate preferred legal positions into the negotiation.

Both Law and Business Students:
1. Ability to advocate for their position in a measured and reasonable way.
2. Ability to incorporate both legal and business principles into negotiation approach.
3. Ability to compromise when needed, yet leverage compromise to gain other concessions.
4. Ability to be flexible and think creatively.

Model Agreement: The model agreement below is an illustration of a possible arrangement in a similar situation.

- *Technology/Product Basis*: Company *A* has product *X* and technology *Y* that have promising applications for Company *B*. *B* proposes that product *X* could be incorporated directly into their supply chain as-is, with significant cost reduction to *B*. *A* proposes that technology *Y*, while not a plug-and-play asset for *B* at this time, could be a key component to a new product similar to those already produced by *B*.
- *Format of Proposed Collaboration*: Regarding product *X*, Company *B* plans to buy product *X* from Company *A* for incorporation into its supply chain. Regarding technology *Y*, *B* plans to license technology *Y* from *A* to create a new product based on existing *B* products.
    - Legal: Within this proposed collaboration, there are several legal principles that may inform the parties' approaches. These principles then also implicate business priorities as well.
    - Intellectual Property Rights: What rights will *A* and *B* have in the new product created by *B* using *A*'s tech?
    - Management Structure: Will *A* have any quality control oversight of *B*'s use of its technology *Y*? Will *A* have recourse if standards are not maintained?

- *Funding/Capital investment*: Etc.

IV. NEGOTIATION PREPARATION

The following information will serve as a tool for student teams in forming their approaches to negotiation. The concepts and guidelines are not mandatory requirements for team preparation, but serve as useful starting points in conducting adequate planning and preparation for a successful negotiation.

A. Planning For Your Negotiation

Type of Negotiation: Before entering a negotiation, your team must determine the type of negotiation with which you are engaging.

- Distributive Negotiation: Also known as “claiming value,” “zero-sum,” or “win-lose” bargaining, this is a competitive negotiation strategy used in deciding how to distribute a fixed resource.
- Integrative Negotiation: Also known as “interest-based” bargaining, or “win-win” bargaining, this is a negotiation strategy that emphasizes collaboration to maximize beneficial outcomes for both parties.
- Subordinative Negotiation

Goals: Your team must also determine your company’s specific goals, as well as anticipate the goals of the other party.

- Your Goals: Determine your party’s short term and long term goals, and how they fit into your negotiation strategy. Determine which goals are most significant to the success of the overall negotiation.
    - Ideal Outcome: Once you have determined your overall goals, consider the ideal outcome for your company.
- Other Party’s Goals: Determine what you anticipate to be the other party’s short and long term goals, and how you might be able to work with/around those points to create synergies.

Agreement Thresholds: With your negotiation goals in mind, you must determine a bottom line threshold of what you are willing to compromise. This allows your team to anticipate situations that could kill a possible deal.

- Your Threshold: Determine the minimum value that is acceptable for a deal (type and value of goals achieved, for example).
- Other Party’s Threshold: You should also forecast what possible minimum value is acceptable for a deal from the other party’s perspective.

Negotiation Strategy: You should have prepared tools to help you achieve your goals defined above. These may take many forms, including those based on your strengths, and those that appeal to the other party’s needs.

- Opening Offers: Have a defined and specific proposal that will set the framework of the discussions around your interests and goals. It is generally useful to reach an agreement quickly on low-hanging fruit before moving on to more difficult or complex issues.
- Possible Counter-Offers: Anticipate and prepare possible proposals in

response to the other party's opening positions, if they will likely be substantially different from your own.

- Possible Compromises: Identify areas where your company is willing to compromise if needed in order to reach an agreement on more pressing issues.

Negotiation Agenda: Draft a document incorporating the above information, forming it into a roadmap that will help guide your team's discussions during the session. This document will also likely prove to be a helpful basis for your final negotiation outline.

B. Conducting the Negotiation

Please keep in mind the following while you conduct the actual negotiation exercise.

Evaluation and Measuring Success: The primary factors on which you will be evaluated are those that demonstrate your team's ability to identify points of synergy between the two companies and compromise on sticking points.

- In general, your team should be balancing the following priorities in achieving your goals:
    - realizing maximum value for your company while allowing the same for your prospective partner; and
    - protecting your company's assets while offering tangible benefit to the other party.
- Your success will not be measured solely by the number of items you can cover in the time that you have. Rather, you will be evaluated on your ability to identify synergies and create solutions by balancing the above priorities, even if your negotiation only produces such a result on a single aspect of the proposed collaboration.
- Detail: This exercise is not asking teams to determine discrete product orders, merger timelines, employee compensation, or other contract deliverables. Rather, it is asking the teams to agree on a set of a half-dozen or so general principles that will underpin the proposed collaboration. A model agreement might mimic the following:

Technology/Product Basis: Company *A* has product *X* and technology *Y* that have promising applications for Company *B*. Company *B* proposes that product *X* could be incorporated directly into their supply chain as-is, with significant cost reduction to Company *B*. Company *A* proposes that technology *Y*, while not a plug-and-play asset for Company *B* at this time, could be a key component to a new product similar to those already produced by Company *B*.

Format of Proposed Collaboration: Company *B* plans to buy product *X* from Company *A* to incorporate into its supply chain. Regarding technology *Y*, Company *B* plans to license technology *Y* from Company *A* to create a new product based on existing Company *B* products.

- Legal: within this proposed collaboration, there are several legal principles that may respectively inform the parties' approaches. These principles then also implicate business priorities.
    - Intellectual Property Rights: What rights will *A* and *B* hold in the new product created by *B* using *A*'s technology?
    - Liability: What liability will *A* and *B* have in the new product?
    - Management Structure: Will *A* have any quality control oversight of *B*'s use of *A*'s technology? Will *A* have recourse if standards are not maintained?

Funding/Capital investment: Etc.

Disagreement and Final Outcome: If there are any aspects that prove more difficult to problem-solve at this juncture, it is acceptable to bookmark those items and move on to other important pieces of the proposed collaboration, so long as both sides agree and commit to further discussion at a later date.

V. Negotiation Instructions

A. RedVue, Inc.: Confidential Materials

You, as RedVue, Inc.'s lead negotiation team, have come to learn that:

a. RedVue, Inc. (RVI) CEO has identified expansion and diversification of its products and product placement for RVI's broadband-capable hardware and software;
b. This need is due to the fact that RVI is still working to recover from a collapse in its mobile device sales and servicing since roughly 2013, and such a recovery will be anchored on new applications of RVI's capabilities in mobile device software and hardware;
c. RVI currently has IP and top-notch personnel underpinning mobile device hardware and software innovation, but has not begun to implement any of its test software outside of the trial phase involving limited device availability;
d. RVI is engaged in developing and producing hardware and software for "smart" applications usable in wide range of industrial and residential applications, for example "smart" home devices, "smart" grid components, and "smart" warehousing systems;
e. RVI is currently scaling down its team dedicated to developing operating systems for mobile devices, as the company is looking to transition away from its mobile device business model;
f. RVI is seeking to find a partner in the Auto industry where these technologies may also be applicable to grow its revenue and regain its market footprint.

As you keep in close contact with your colleagues in Operations, you are aware that:

a. In the hardware division, RVI possesses several capabilities that can form the basis for any new expansion to achieve the CEO's goal, including that DGA has:
    1. Flexible broad-band connected hardware components to link smart devices across an integrated wireless network,
    2. Broadband hardware to support a variety of wirelessly connected devices on such an integrated network,
    3. Implemented test networks of such smart devices in residential and industrial applications, increasing efficiency and reducing waste; and
b. The software division also has developed the necessary code and programing to make the above hardware links possible, as well as developed industry leading security protocols for these devices including end-to-end encryption and active threat monitoring;
c. Both divisions have products and services that can be implemented in most every phase of a self-driving vehicle's AI process, including;
    1. Wireless linkages between sensors and onboard computing,
    2. Wireless linkages between onboard computing and external navigation systems (GPS, traffic signal networks, etc.),
    3. Wireless linkages between onboard computing and onboard vehicle control systems,
    4. Wireless linkages between onboard computing and MMC's "mainframe" data system (responsible for real-time monitoring, firmware and software updates, etc.),
    5. Wireless linkages between customer devices and onboard computing and sensors, and
    6. Industry leading network security tools and services to guard against system intrusion.

As you have been informed by the CEO, it is RVI's goal to use the above capabilities to create business partnerships in the Auto industry to underpin the company's recovery and long-term stability.

Based on your prior work and collaboration with RVI's upper management, you know that:

a. RVI's leadership, with your help, has identified three potential partners in the Autos sector;
b. You have conducted exploratory talks with the three potential partners, and have identified MMC as an ideal partner, given MMC's desire to grow its mobile hardware and software capabilities related to its autonomous vehicle program;

c. RVI's leadership desires a business arrangement with MMC to create growth for RVI's products and services; and,
d. You have been tasked with conducting follow-up negotiations with MMC's team to come up with an outline of what a proposed deal will look like.

In order to prepare for this stage of negotiations, your team has been asked to:

a. research on the current and future state of the relevant markets;
b. research the current status of competitors' efforts in the area;
c. research into the legal principles that affect the core pieces of the proposed agreement; and,
d. prepare a negotiation strategy for achieving the desired goals, including forecasting projected goals of the other negotiating party.

In approaching this particular stage of the negotiation, your team has been given the following directives. Any proposed deal *must* seek to:

- Create a development and implementation opportunity for RVI's mobile hardware and software products in the autonomous vehicle market;
- Keep control over existing NVI IP as NVI is NOT interested in transferring existing IP;
- Maintain maximum ability to leverage existing NVI IP in other applications for other industries, most importantly "smart" applications for home and industrial uses;
- Keep RVI's hardware and software teams intact, as RVI is NOT interested in selling any of its core business units;
- Assert maximum possible control over rights and revenue potential from new IP possibly created due to a proposed agreement;
- Maintain RVI's ability to continue to develop and service its hardware and software initiatives related to "smart" application for home and industrial uses; and,
- Make RVI the exclusive provider for MMC's hardware and software in the product classes to be covered under a proposed agreement.

At the same time, the executive suite has left open the following points to be dealt with at your discretion:

- The format of any expansion (merger, joint venture, product/system sale, licensing agreement, etc.);
- Funding of/capital investment in any expansion program, if applicable;
- Risk allocation, both in terms of capital and legal risks;
- The format of any marketing agreement (joint venture, services agreement, etc.);
- The duration and cost of any agreement proposed;
- Whether you will work RVI's "smart" industrial components and capabilities into a deal; and,

- MMC's ability to solicit and develop autonomous vehicle hardware and software outside of the product classes covered under a proposed agreement.

At this juncture, your negotiations, and the marketing agreement that you hope to create based on those negotiations, will be:

a. a major part of RVI's business development plan for rapid growth;
b. used to determine if working with NMI is viable from a services and revenue standpoint; and
c. the basis for DGA's negotiation strategy to reach a final agreement.

B. Major Motors Corp.: Confidential Materials

You, as Major Motors Corporation'**s** lead negotiation team, have come to learn that:

a. Major Motors Corporation (MMC) CEO has identified self-driving vehicles as a key emerging market and as such an urgent business priority;
b. This need is driven by the rapid increase in capabilities both of Artificial Intelligence (AI) and hardware that can be used to make vehicles essentially autonomous;
c. This capability is being aggressively pursued across the vehicle manufacturing market and MMC needs to ensure its future viability should this technology flourish;
d. To address this need, MMC CEO desires to increase MMC's ability to develop vehicles capable of autonomous function.

As you keep in close contact with your colleagues in Operations, you are aware that:

a. MMC has begun to develop a core AI operating system to control individual vehicles, as well as an overarching AI data system to aggregate environment data and interact with the vehicle's operating system, consisting of;

1. Vehicle On-board systems, including:
   a. External sensor arrays that collect and process environment data,
   b. AI computing systems that analyze and interpret this data and make control decisions accordingly, and
   c. Vehicle control systems;
2. "Mainframe" server-based system(s), including
   a. Data monitoring systems (to monitor product status and performance),
   b. Software and Firmware update systems,
   c. Metadata monitoring and update services (to collect and update onboard information related to navigation, usage, etc.)

b. MMC currently possesses production capabilities for mass produced vehicles of all sizes and purposes, as well as some capabilities and supply chain links for "smart" vehicle hardware and software. These capabilities have been augmented by recent capital investments, however, will need to be developed further if and when full-scale production of autonomous vehicles is achieved.

As you have been informed by the CEO, ultimately, it is MMC's goal to use the above capabilities to develop industry-leading autonomous vehicle products that will ensure MMC's market strength in the intermediate and long-term.

Based on your prior work and collaboration with MMC's management, you know that:

a. MMC's leadership, with your help, has identified three potential partners to develop hardware and software for the autonomous vehicle market;
b. You have conducted exploratory talks with the three potential partners, and have identified RVI as a possible expansion opportunity, given their expertise in developing broadband-connected hardware and software;
c. MMC's leadership desires a business expansion involving RVI to enhance MMC's ability to develop and produce these vehicles, ideally by bringing expertise in-house in both hardware and software development, production, and servicing through an acquisition if possible;
d. MMC is looking to develop hardware and software to allow smooth and reliable interfaces between vehicles' AI operating systems and (1) the vehicle's sensor systems/surroundings, and (2) its aggregate data system;
e. MMC's leadership, as excited as it is about this emerging tech, is concerned about the security of these emerging systems given the current prevalence of cyber threats and possible liability involved and is therefore looking to acquire electronic security capabilities to minimize this risk;
f. MMC's leadership has allocated approx. half of its $1.2 billion R&D budget to the autonomous vehicle unit; and
g. You have been tasked to conduct follow-up negotiations with RVI's team to come up with an outline of what a proposed deal will look like.

In order to prepare for this stage of negotiations, your team has been asked to:

1. research the current state of the autonomous vehicle market;
2. research the current status of competitors' efforts in the area;
3. research the legal principles that may affect a proposed agreement; and,
4. prepare a negotiation strategy for achieving the desired goals, including forecasting projected goals of the other negotiating party.

In approaching this particular stage of the negotiation, your team has been given the following directives. Any proposed deal *must* seek to:

a. Augment existing in-house capacity to support design and production of autonomous vehicles, in particular the on-board AI systems to be used in the vehicle and aggregate data system;
b. Keep rights to any newly-created IP related to the AI systems for the vehicles and data systems;
c. Obtain exclusive licensing to any IP and/or software related to interfaces between vehicle and data AI systems;
d. Limit MMC's exposure to system flaws and security issues, both from a technical and legal perspective;
e. Project actionable timelines for agreement implementation; and,
f. Shield MMC from potential exposure to financial loss-making due to a potential partner's revenue issues.

At the same time, the executive suite has left open the following points to be dealt with at your discretion:

a. The exact form of any agreement to design and produce hardware as well as market those product lines (acquisition, joint venture, services agreement);
b. Funding of/capital investment in any expansion program, if applicable;
c. What exact hardware/software products and/or services will be included;
d. Risk allocation, both in terms of capital and legal risks;
e. The duration and cost of any agreement proposed; and,
f. RVI's and MMC's ability to design, produce, and market other products and systems outside of the proposed agreement.

At this juncture, your negotiations, and the agreement that you hope to create based on those negotiations, will be:

a. a major part of MMC's long term plan for producing autonomous vehicles;
b. used to determine if RVI is a viable partner based on cost and capability; and
c. the basis for MMC's negotiation strategy to reach a final agreement.