

# Benchmark<sub>CPM</sub>

ECS' Benchmark<sub>CPM</sub> provides a standardized set of profit level indicators (PLIs) for use in CPM analyses. In providing this service, ECS uses its specialized expertise in data development to select a sample of companies based on financial and descriptive information provided by its clients. Time consuming functional analyses, and the evaluation of alternative approaches, are the responsibility of the client. Benchmark<sub>CPM</sub> also can be used to update samples from previous analyses, to evaluate the impact of different PLIs and working capital adjustments on samples developed by the IRS, and to examine the sensitivity of results to different screening criteria.

## 1. Key features of Benchmark<sub>CPM</sub>

- An initial sample of companies is selected using primary SIC codes, based on a functional description provided by the client, and quantitative screens.
- This sample is screened based on information about the companies' business operations contained in the databases used by ECS. Companies that obviously do not fit based on these descriptions of business operations are eliminated in order to select the final sample.
- Frequency distributions are generated for a standard set of PLIs, both with and without adjustments for differences in working capital requirements.
- Firms identified by the client (possibly because they have been used by the IRS in past audits) can be included in the sample, provided they are included in the databases used by ECS.
- Special runs can be carried out for just those firms that the client wants to be included in the sample.
- The client can specify specific quantitative filters, time periods, and other factors that affect sample selection.

## 2. Disclaimer

Benchmark<sub>CPM</sub> is a data product that is designed to help clients in their own evaluation of transfer pricing issues. ECS does not carry out any functional analysis of its own, and therefore cannot attest to the suitability of the method or any specific PLI. Because no analytical work is carried out by ECS, the provision of Benchmark<sub>CPM</sub> to a client does not imply any judgement by ECS concerning the appropriate transfer pricing method, and is not viewed as creating a conflict of interest with respect to ECS' evaluative work.

### **3. Pricing**

- Standard sample with firms identified using the Compustat database: \$5,000. Disclosure/Worldscope can also be used for an additional fee.
- Additional runs that do not require a new review of business descriptions, such as runs that are limited to firms specified by the client, runs in which alternative interest rates or screens are used: \$500 each.
- Searches for additional information about the companies in the sample, such as Form 10-Ks and corporate Internet sites: \$70/hour. The results of this search will be provided to the client on an optical disc.