
NLU DELHI – HSF INTERNATIONAL NEGOTIATION COMPETITION 2016

National Law University, Delhi

In the matter of:

Space Research and Exploration plc (“Space Rex”)

&

Rickety Martin plc (“Rickety Martin”)

NEGOTIATION PLAN

Rickety Martin plc

Strategic strong points

Rickety Martin

- Reputation: Rickety Martin is a leading player in the international defence sector, and has a strong reputation with clients around the world.
- Financial position: Rickety Martin has large cash reserves and is ranked among the top 100 companies in the world based on market capital.
- Materials and Design division: Rickety Martin has a dedicated Materials and Design division, which manufactures raw materials for the defence sector, and can be used to transform production in the aerospace sector.
- Client base: Rickety Martin has additional clients, such as Blasts Inc., which would be willing to purchase FANGS.
- Munraya incident: Rickety Martin is certain that no exports to Munraya have occurred.

Space Rex

- Value of FANGS: FANGS is rumoured to be worth £1 billion, once operational.
- Expertise and reputation: Space Rex enjoys a strong brand image, and is renowned for being a responsible company. Its expertise and reputation in the aerospace sector will be vital to FANGS' success.
- Munraya incident: with Rickety Martin weapons being found in a rebel camp in Munraya, Space Rex may be able to negotiate a better deal in light of any negative effect on Rickety Martin's reputation.

Strategic weak points

Rickety Martin

- Competitors: Rickety Martin's competitors are also looking to acquire or collaborate with aerospace manufacturers, providing competition.
- Munraya incident: The Munraya incident may decrease Rickety Martin's reputation.
- Revenue figures: Rickety Martin's revenue figures have fallen by 12% in the past year.
- Expertise and reputation: Rickety Martin lacks expertise and reputation in the aerospace sector.

Space Rex

- High costs: The high costs of research and development (R&D) and unexpected production challenges means Space Rex requires financial assistance from a large strategic investor in order to commercially deploy FANGS.
- Previous miscalculations: Rickety Martin believes that Space Rex has made some miscalculations in the past regarding project management and have failed to exploit opportunities in the market.

Needs and interests

Rickety Martin

- Diversification: Rickety Martin wishes to diversify, and would like to collaborate with Space Rex as part of its diversification strategy. Such a seasoned player would enable faster growth.
- Offsetting poor results: Rickety Martin wishes to announce the JV transaction and the same time as releasing its year-end results, to offset poor results.
- Improvement and developing expertise: Any collaboration with Space Rex should allow Rickety Martin to improve its internal aerospace know-how and its employees

to develop aerospace sector-specific expertise.

Space Rex

- Joint venture: Space Rex requires a cash injection and R&D support from its JV partner through the JV arrangement.
- Intellectual property: Space Rex will wish to safeguard its intellectual property, as the aerospace industry is extremely competitive and any leak of confidential information could prove fatal to Space Rex's long-term success.
- Reputation: Space Rex wants to ensure its reputation is not adversely affected by an investor.

BATNA

Rickety Martin

- Negotiate an agreement with another seasoned player in the aerospace sector.

Space Rex

- Negotiate an agreement with one of Rickety Martins' key competitors, who are also looking to acquire or collaborate with aerospace manufacturers.

Objectives and goals

Rickety Martin

- Investment: Rickety Martin would like to keep its initial investment below £120 million. It is happy however to put in similar cash injection each year until the product is launched.
- Control over FANGS: Rickety Martin wishes to ensure it acquires as much control over the development of FANGS as possible.
- In the case of a deadlock: Rickety Martin would like to be able to buy out Space Rex's interest in the JV in the case of a deadlock in decision making between the parties.
- Ensuring a market for FANGS: Rickety Martin wants to ensure there is a ready market for FANGS and would like assurance from Space Rex that there are possible interested buyers.
- FANGS sale date: Rickety Martin wants assurance that FANGS will be ready for commercial sale within the next four years, so they can pitch FANGS to Blasts Inc.
- Further cash injection: Rickety Martin would like the option to inject further cash into the JVC beyond the Initial Capital of £120 million if required.
- Supply agreement: Rickety Martin is open to entering into a supply agreement with the JV for its Materials and Design division, however this would need to be an exclusive arrangement.

Space Rex

- Joint venture requirements: negotiate a joint venture which enables a cash injection and R&D support from its JV partner. This should not dilute each investor's shareholdings. Any financing needs of the JVC beyond the capital supplied by shareholders should be sourced from third party financing providers.