CEEM Royalty Rate and Deal Terms Survey

September 27, 2010
Survey Highlights:
Key Deal Statistics

• The majority of deals (approx. 70%) contained flat running royalties as opposed to tiered royalties or other structures

• Most deals were entered by the Licensor or Licensor’s adviser

• Respondent Organization Composition: 34% Academic Institutions; 39% Operating Companies, 17% Law Firms, 10% Other

• Where reported, approximately 40% of the deals estimated peak annual global sales of less than $50 million

• Most deals involved commercialized or soon to be commercialized products/technologies

• 80% of deals were in the Chemicals and Energy sectors
Survey Highlights: Key Deal Statistics, continued

- Most royalties were based on Net Sales
- The majority of the deals were for exclusive licenses
- Most deals were world-wide and not limited to a geographic territory
- Over 50% of the deals contained Other Financial Components, primarily Upfront and Milestone Payments
- Many licenses included audit (44%) or grant back provisions (32%)
- Profit margins on licensed products / technologies varied
- Most valuation methods were used; varied by industry, stage of development, organization
- Licensees appear to capture ~2/3rds of deal value