LES High Tech Sector
Royalty Rate & Deal Terms
Survey

Executive Summary

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Bob Held, CLP and Joel Parker, CLP
Survey Co-Chairs
Survey Highlights: Goal & Methodology

Goal

“To provide valuable specifics on negotiation trends and benchmarks for deal-making across the industry.”

- Allen Vaughn, LES (USA & Canada) High Technology Sector Chair

Methodology

• Focus on deals completed for the period 2008 through 2011
• Core LES Survey Team assembled from the HTS membership to provide industry context
• Survey questions developed by the Core LES Survey Team
• Conducted by independent research firm, Veris Consulting to ensure confidentiality
  – ONLY Veris was privy to the respondents’ submittals received May thru August 2011
Survey Highlights: Participant Profile

• The Survey received responses from 52 companies for the period from 2008 through 2011, with a total of 228 complete deals being submitted.

• The following major high technology fields were reported:
  – Aerospace
  – Software
  – clean technology
  – Communication
  – Semiconductor
  – consumer products and electronics

• 86% of respondents were licensors, with more than half of them entering the deal for monetary gain in addition to a strategic relationship.
Survey Highlights: Key Deal Statistics

Average Royalty Rate by Major Markets and Industries
Survey Highlights: Key Deal Statistics

- Deals with flat percentage rate royalties were weighted more towards licensees with annual sales revenue <$25M.
- Deals containing lump sum payments were heavily weighted towards licensees with annual sales revenue >$500M.
- Almost an equal split between exclusive and non-exclusive deals.
- Average sales-based flat percentage rate was 6%, but, the average rate within specific industries varied widely.