

## **Typical IP Licensing Process & Milestones**

*Step 1* --- Customer and VPT personnel identify target processor or board, available databook and other design compatibility requirements, and agree to a preferred schedule and acceptance tests for the emulation project. NDAs are also executed with respect to the technologies utilized and the definition of the project.

*Step 2* --- VPT proposes a statement of work (SOW), price structure, schedule and deliverables (usually nonexclusive, limited, and nontransferable license to customer use of the synthesizable processor model in VHDL, or its emulations as FPGAs or ASICs). Foundry and other manufacturing costs depend on third party DSCC-certified and QML contractors.

*Step 3* --- Contract/Purchase Order awarded; project kicked off with bi-weekly progress reports, and optional monthly contract status reviews at our site. Delivery as per agreed schedule and SOW.

Available price structures (depending on annual component sales volume and complexity of the project) include a combination of NRE, a core licensing fee, and royalty per part. The license fees are payable in 40/30/30 percent instalments linked to three milestones - kickoff, on successful FPGA emulation, and on final insertion into the target system. Insertion into the target system and subsequent system tests are usually handled by the customer, with full support from VPT.

Non-typical licensing arrangements may also be negotiated for special emulations, where modifications are needed on the original component (e.g., JTAG insertion), or incomplete design information and implementation anomalies surface (for instance), or where specific IP licensing arrangements are desired.