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CASE STUDY

IP Royalty Rates in Smartphones and Tablets

Landscape

With more than 250 issued patents and another 100+ pending global, this digital rights management (DRM) company is involved in all aspects of the value chain—from product development research to setting industry standards.

Key Business Issues and Challenges

Because the company shares intellectual capital across the industry via licensing programs, it wanted to gather market research to benchmark and analyze existing royalty rates for certain consumer-electronics products, specifically smartphones and tablets. The company wanted to better understand the current market to help it set royalty rates relative to the rest of the market.

DTC Customized Solution

To identify intellectual property royalty rates for DRM technology in smartphones and tablets, DTC conducted a thorough review of public documents, including SEC documents, patent litigation, industry surveys, and trade and business publications. As further market research, DTC conducted phone interviews with industry executives involved in owning, managing and defending IP in these products.

Specifically, DTC evaluated IP royalty rates in the following areas:

- Cellular transmission technology
- Display technologies
- Audio compression
- Video compression
- Internet access technology
- Messaging technology
- Optical imaging technology
- Content-protection and/or conditional access
- Transport and container technologies
- Operating systems

Where it was impossible to identify all IP royalty rates, DTC gathered enough intelligence to provide educated estimates and corresponding analysis. Because not all licensing terms are made public, DTC provided contextual analysis and “best-educated” estimates to deliver a holistic analysis of overall royalty costs for these products.

Client Benefit

DTC identified the exact primary components in these devices and any fees associated with each component’s use. The client received a solid estimate of the royalty rates for principle intellectual property commonly found in smartphone and tablet devices.

ABOUT DTC

DTC was founded in 1997 by Myra Moore. Today, the global DTC research team has become highly sought after for both the depth of knowledge and practical know-how they bring to the industry. From the United States to Europe and Asia, DTC analysts provide clients with the most up-to- date intelligence on consumer digital markets, making the company one of the most trusted industry resources for its extensive expertise and experience.