

Sample Product Development Agreement

Date

Name
Company
Address
City/State/Zip

Dear

1. This letter shall serve as an agreement between _____ (CLIENT) and _____ (CONSULTANT) governing the provision of professional consulting services by CONSULTANT for CLIENT relative to the development, marketing and licensing or similar distribution of CLIENT information and technology. CLIENT has developed and will continue to develop unique and highly regarded proprietary information and concepts on _____. CONSULTANT has developed and will continue to develop unique and highly regarded proprietary information and concepts on the marketing and licensing of such information. It is the mutual intent of the parties to combine their unique information and capabilities through a professional consulting relationship in which CONSULTANT shall receive professional fees and commission income in exchange for the synergy, which is created by the combining of efforts and knowledge.

2 The purpose of this agreement is to spell out the working and financial relationship between CLIENT and CONSULTANT regarding the development and marketing of certain proprietary products and services of CLIENT designed to assist third parties (LICENSEES) with _____ on their own behalf or on the behalf of others, such as the LICENSEES clients employees of organizations in which the LICENSEES have management responsibility.

3. These proprietary products and services would be based on technology already developed by CLIENT as augmented by proprietary concepts developed by CONSULTANT relative to the marketing of this type of technology and new proprietary concepts that might be developed by CLIENT or CONSULTANT alone or in combination as they relate to the development and marketing of information on

4 The intent of this working relationship is to provide the LICENSEES with a subscription and/or license service that would provide LICENSEES with a limited right to use such technology on terms and conditions to be determined by CLIENT.

5. It is the objective of the parties to this agreement to package and sell the above referenced technology to the LICENSEES and to profit, as described herein, in doing so.

6. While the specific nature and description of the offerings to be made to the LICENSEES is subject to broad change and interpretation based upon analysis and market research/response, it is intended that LICENSEES would be charged a subscription and/or license fee to use and be trained in the use of the technology so as to enable its use with and resale to parties who might become the clients or customers of the LICENSEES.

7. CLIENT shall undertake the development, modification, packaging and promotion of the technology and *marketing* strategies for this proprietary concept with the professional consulting assistance of CONSULTANT at such times and places as determined appropriate. Each party shall provide the highest and best state of the art known in the execution of this agreement and shall provide best efforts to insure the success of this venture. Both parties acknowledge that this agreement relates to a speculative venture and that no assurances of success, sales levels or profits can be assumed or predicted.

- All direct expenses and investment capital required for this venture shall be contributed by CLIENT

and all revenues and profits earned from the venture shall accrue to CLIENT, except as noted in paragraph 9. In this regard, all charges for licenses, training fees, license renewal fees, related rights and sales of services and products provided shall be paid to CLIENT under such names and business entities as CLIENT shall direct or establish.

9 • CLIENT agrees to pay CONSULTMTP for professional consulting services and efforts in connection with this venture as follows~

- a. A sum equal to _____ dollars (\$XXX) per hour, which is equal to one—third of CONSULT It's customary hourly consulting fee, said sum to be provided on an advance retainer basis as required by progress made; plus
- b. A sum equal to five (5) percent of gross sales to LICENSEES to include license fees, training fees, license renewal fees, subscription fees, related rights, products and services; to be paid monthly on the fifteenth (15th) day of the month for the prior month; for a period of five (5) years from the receipt of the first revenue from LICENSEES; plus
- c. Reimbursement for direct expenses incurred by CONSULTANT in connection with the provision of services to include travel and communication expenses, but not routine overhead expenses that CONSULTANT would normally incur in the operation of his business. Travel expenses are taken to include automobile mileage at (XX) cents per mile, Standard coach air travel, ground transportation, rental car expense, and daily travel per diem of _____ (\$XXX) per day or the cost of hotel lodging plus _____ (\$XX) per day, whichever is greater, whenever responsibilities require that CONSULTANT travel in excess of one— hundred (100) miles from _____. • Such sums to be paid within ten (10) days of the receipt of an invoice for such expenses.
- d. CONSULTANT has estimated that the planned scope of work on the part of CONSULTANT shall not exceed one—hundred forty—six hours of CONSULTANT professional time during the first ninety days of this agreement. Zn the event that the activities included within the planned scope of work (as evidenced by a plan submitted to CLIENT on _____) should exceed this amount, additional hours expended by CONSULTANT shall be deducted from the commission payments due CONSULTANT under the terms of paragraph 9 .b., above. Additional hours may be expended by CONSULTANT and not subject to such deduction from commission income due to an expansion in the scope. of work requested by CLIENT or within the defined scope of work when expressly authorized or requested by CLIENT. CLIENT shall have the right to notify CONSULTANT in writing, at any time, that such authorization or request must be in writing from CLIENT to CONSULTANT.

10. This agreement shall remain in effect for a period of five (5) years from the date on which the first revenues are received from **LICENSEES** or six (6) years from its execution, whichever is greater, and may be terminated by either party upon thirty (30) days written notice at any time commencing with the sixth (6th) month following the provision of the first fifteen (15) hours of professional consulting services by CONSULTANT. In the event of termination of this agreement, CLIENT agrees to continue to pay CONSULTANT commission income due for a period of time equal to the number of months from the date of execution of this agreement until its termination or six (6) months following the receipt of the first five—thousand dollars of gross receipts from the LICENSEES, whichever £0 greater.

11. CONSULTANT shall have a reasonable right to inspect the books of account and records of CLIENT, at CONSULTANT expense, as they pertain to the payment of commissions due under the terms of paragraph 9.b., above. In the event that a discrepancy of one—thousand dollars or more is determined as a result of such inspection, if any, CLIENT agrees to pay for the costs incurred for such inspection of records.

12 This agreement pertains only to activities and revenues related to the licensing or subscription sales of licenses, training, license and subscription renewal fees, products and services to the LICENSEES, as herein defined. CONSULTANT shall not receive a percentage commission on sales of CLIENT that are obtained through the regular and ongoing activities of

13. This agreement shall be binding upon and inure to the benefits of the parties hereto and their respective heirs, assigns, successors, executors, administrators and personal representatives.

14. This agreement shall be governed by the laws of the State of _____.

15 • No waiver of any of the provisions herein shall be deemed or shall constitute a waiver of other provisions of this agreement.

16. In the event of a dispute between the parties hereto On any matter governed by this agreement, either party shall have the right to request that a resolution of the dispute and a determination of rights and remedies of the parties shall be determined by a process of binding arbitration under the rules and regulations of the American Arbitration Association.

17. Should CLIENT not sign and deliver a copy of the signed agreement to CONSULTANT on or before _____ this agreement shall become. void able at the Option of CONSULTANT.

Sincerely,

Name of Consultant

Accepted for _____

Date _____