

Schmied Enterprises LLC

hq@schmied.us
(669) 946 4687
5703 Meridian Avenue,
San Jose, California, 95118, USA



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To whom it may concern,

Our Company is placing a preliminary offer to license the use of US Patent 11,638,040 B2. Patent title is CO-FRIENDLY CODEC-BASED SYSTEM FOR LOW LATENCY TRANSMISSION.

Summary

Licensing services using patents is sales tax and use tax exempt in many jurisdictions.

An example is the rental of data center services that is considered as rental of tangible equipment rental, which is usually requires paying sales tax.

Our patent has a notable and established competitor base, namely H.264, H.265 based remote desktop services like Microsoft Remote Desktop, or Linux VNC, and Chrome browser.

Our patent offers value add "services" differentiating from the competition mentioned above. The services lower engineering costs increasing reliability for the benefit of customers.

Our preliminary offer for 2023 is the licensing of the above mentioned patent for 1% of pre-tax net income of the project. This licensing construct requires disclosing only the net income of a project keeping any revenue, supply chain, pricing information confidential.

Details

This is an example calculation. A a corporation realizes \$350 million in revenue and \$32 million in net income in 2023. A datacenter project of this corporation has \$80 million revenue in by December 31 2023 of paying 6.4% sales tax of \$5.12 million. The Client realizes a net income of \$5 million after interest and depreciation. The company pays 1% of the project net income of \$50 thousands in patent licensing fee. The company can charge a patent license fee for the updated service with our solution. This saves the sales tax of \$5.12 million for the licensing fee of \$0.05 million resulting in a cost savings of \$5.07 million excluding the extra benefit of growth.

Sincerely yours,

Miklos Szegedi, MBA
CEO - Schmied Enterprises LLC

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