



EDA & IP Funding and Valuation in Today's Market

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Who Are We?

■ **Improv History**

- Configurable VLIW architecture to create application-specific processors
- \$30M in overall funding; angels and customers; no traditional VC
- Started 1997, survived downturn, profitability
- ‘Big’ customers (Philips, ST), ‘Little’ customers (startups), strategic customers (ASIC houses)

■ **Is Improv an IP company?**

- RTL IP – Configurable DSP processors, integration IP, RTL Generators
- Tool Suite – ‘Composer’ Tool, Software Chain (compiler, ISS, Debugger, ...)
- Application Solutions – application software, firmware, application-specific RTL and processors
- Evaluation Boards

■ **What is an IP company?**

- Business Model – Design Seats? Design Starts? Chip Volume?
- Value – Time To Market? Lower Development Costs? Product Differentiation?
- Technology – RTL? Domain Expertise? Tools? Verification?

EDA Doesn't Get IP

Myth	Reality
All IP is created equal (okay, maybe there is commodity IP and 'star' IP)	Many types including configurable, programmable, application-specific, software, verification, interface, commodity, ...
The best EDA IP strategy is to use IP to help sell more EDA tools	IP drives today's design methodology and adds significantly more value than EDA tools to design teams
A couple of good IC designers and you have an IP company	Developing, selling and supporting today's IP is as (or more) complex than EDA tools
Arm is a good model for IP companies	The IP market has changed significantly since ARM started
Verification IP is hot!	Verification is a crisis issue but compliance to protocol standards isn't the crisis

- **There is a new design methodology for chips combining IP, embedded software, application-specific customization and rapid integration that is just not well supported by EDA today**

Funding, Valuation and Exit

- **Choosing the Best Path to Money**
 - Who can create more value in a chip
 - Who solves the real problems in design today (differentiation, performance/power, chip cost)
 - Who is hard to ‘design out’ with other solutions
- **Challenges in Valuation of IP Companies**
 - Today the only real exit strategy is into semiconductor companies
 - There really is no IP industry: no multi-product companies, fragmentation of players, little standardization
 - Investment community overly focused on royalties; royalties are high-risk (low percentage of designs succeed in market) and increase time-to-revenue
- **EDA and IP Belong Together**
 - The chip market is changing – self-contained projects that have ‘development’ budgets that include tools, IP and services
 - EDA is no longer innovating in design (only implementation); the new design methodology is IP-centric, software-centric and application-specific
 - Business models in transition – balance between upfront fees, support/service, tool subscriptions and royalties