

LOI Sample Format

This is not legal advice. Seek out professional legal advice before using the following.

Letter of Intent: [Startup Name] & [Customer Name]

[Date]

Parties

This Letter of Intent ("LOI") is entered into on [Date] between:

- **[Startup Name]**, a [State/Country] corporation with its principal place of business at [Startup Address] ("Startup"), and
- **[Customer Name]**, a [State/Country] corporation with its principal place of business at [Customer Address] ("Customer").

Purpose

The purpose of this LOI is to outline the preliminary agreement for [Startup Name] to provide [hardware product or solution, e.g., "a custom robotics system"] to [Customer Name] for [specific use case, e.g., "automating warehouse operations"] and to establish a framework for negotiating a formal purchase agreement.

Scope of Collaboration

- **Product Description:** [Brief description of the hardware product, e.g., "A modular robotic arm with XYZ specifications designed for high-precision tasks."]
- **Project Objective:** [Specific goal, e.g., "To deploy a pilot of 5 robotic arms in Customer's warehouse to increase picking efficiency by 25%."]
- **Key Deliverables:** [List deliverables, e.g., "Delivery of 5 units, installation support, and 3 months of technical training."]

Performance Metrics

To ensure alignment, the following performance metrics must be met for conversion to a purchase order:

- [Metric 1, e.g., "Robotic arm achieves a cycle time of under 10 seconds for 95% of tasks."]
- [Metric 2, e.g., "System uptime of at least 98% during a 30-day pilot period."]
- [Metric 3, e.g., "Integration with Customer's existing warehouse management software."]

Timeline

- **Pilot/Delivery Start Date:** [e.g., "Q2 2026"]
- **Performance Evaluation Period:** [e.g., "30 days post-installation"]
- **Purchase Order Conversion Date:** [e.g., "No later than Q3 2026, contingent on meeting performance metrics"]

Commercial Terms

- **Volume:** [e.g., "Customer intends to purchase 50 units upon successful pilot."]
- **Pricing:** [e.g., "\$10,000 per unit, with a 10% discount for early commitment."]
- **Payment Terms:** [e.g., "50% upon signing of purchase order, 50% upon delivery."]

Mutual Commitments

- **Startup Obligations:** [e.g., "Deliver 5 units by [date], provide on-site support, and meet performance metrics."]
- **Customer Obligations:** [e.g., "Provide access to facilities, allocate staff for training, and issue purchase order upon metric satisfaction."]

Repercussions for Non-Performance

- **Startup Non-Performance:** [e.g., "If Startup fails to meet performance metrics by [date], Customer may terminate this LOI without penalty."]
- **Customer Non-Performance:** [e.g., "If Customer fails to meet the Customer Obligations, the Performance Evaluation Period is extended by a period equal to any delays"]

Exclusivity and Benefits

- [e.g., "Customer receives 6 months of exclusivity in [industry/sector] for early adoption."]
- [e.g., "Customer gains priority technical support during the pilot phase."]
- [e.g., "Startup will not engage in a commercial agreement with any of the following x, y, z competitors during the period of this agreement"]
- [e.g., "Customer reserves the right to increase the Volume of their order by up to X% at the same agreed upon Pricing"]

Confidentiality

Both parties agree to maintain confidentiality of proprietary information shared during this collaboration and not disclose it to third parties without written consent, except as required by law.

Non-Binding Nature

This LOI is non-binding except for the Confidentiality and Repercussions for Non-Performance sections. It serves as a framework for negotiating a formal agreement and does not constitute a legal obligation to enter into a contract unless specified.

Termination

Either party may terminate this LOI with [e.g., "30 days' written notice"] if negotiations for a formal agreement stall or if mutual obligations are not met.

Signatures

By signing below, both parties acknowledge their intent to pursue this collaboration in good faith.

[Startup Name]

Name: [Startup Representative]

Title: [Title]

Date: [Date]

[Customer Name]

Name: [Customer Representative]

Title: [Title]

Date: [Date]