

## Where does the money go?

- Component costs: raw material costs.
- Direct costs: costs incurred to actually make a single item (usually 20% to 40% of component costs)
- Gross margin: overhead not associated with a single item R&D, plant equipment, profit, taxes, etc. (typically 20% to 55% of average selling price)
- Average selling price: direct cost + gross margin.
- List price: ASP + reseller's margin







Focus on CPU performance (exclude OS effects...)







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- The CPU with FP hardware will run the program 1.54x faster





