Axiomtek
Business Development

YT Yang
March 21st, 2014
Agenda

✓ New Era: Industry 4.0, M2M and IoT
✓ Global Organization
✓ Business Leadership
✓ Business Strategy
  ✓ Business integration
  ✓ Amoeba BU
✓ Product and Technology Strategy
✓ Business Models
✓ Performance Overview
Industry 4.0

From Industry 1.0 to Industry 4.0: Towards the 4th Industrial Revolution

Industry is on the threshold of the fourth industrial revolution. Driven by the Internet, the real and virtual worlds are growing closer and closer together to form the Internet of Things.

1. Industrial Revolution though introduction of mechanical production facilities powered by water and steam
   - End of 18th Century

2. Industrial Revolution though introduction of mass production based on the division of labor powered by electrical energy
   - Start of 20th Century

3. Industrial Revolution though introduction of electronics and IT for a further automation of production
   - Start of 70ies

4. Industrial Revolution based on Cyber-Physical production systems
   - Today

Degree of Complexity
## Industrial and Technology Trend

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media Tablet and Beyond</td>
<td>Mobile Device Battles</td>
</tr>
<tr>
<td>Mobile-Centric Applications and Interfaces</td>
<td>Mobile Applications and HTML5</td>
</tr>
<tr>
<td>Social &amp; Contextual User Experience</td>
<td>Personal Cloud</td>
</tr>
<tr>
<td>Application Stores and Marketplace</td>
<td>Enterprise App Store</td>
</tr>
<tr>
<td><strong>Top 5</strong></td>
<td><strong>Top 5</strong></td>
</tr>
<tr>
<td><strong>The Internet of Everything</strong></td>
<td><strong>The Internet of Things</strong></td>
</tr>
<tr>
<td>Next-Generation Analytics</td>
<td>Hybrid IT and Cloud Computing</td>
</tr>
<tr>
<td>Big Data</td>
<td>Strategic Big Data</td>
</tr>
<tr>
<td>In-memory Computing</td>
<td>Actionable Analytics</td>
</tr>
<tr>
<td>Extreme Low-Energy Servers</td>
<td>In Memory Computing</td>
</tr>
<tr>
<td>Cloud Computing</td>
<td>Integrated Ecosystems</td>
</tr>
</tbody>
</table>

*Source: Gartner 2013*
Internal Of Things

Connected! All the time! Everywhere!
Growth of Population vs. Devices

<table>
<thead>
<tr>
<th>World Population</th>
<th>Connected Devices</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3 Billion</td>
<td>500 Million</td>
</tr>
<tr>
<td>6.8 Billion</td>
<td>12.5 Billion</td>
</tr>
<tr>
<td>7.2 Billion</td>
<td>25 Billion</td>
</tr>
<tr>
<td>7.6 Billion</td>
<td>50 Billion</td>
</tr>
</tbody>
</table>

More connected devices than people

Source: Cisco IBSG, April 2011
By 2015 the number of networked devices will be double the entire global population. All sensor data has uncertainty.

The total number of social media accounts exceeds the entire global population. This data is highly uncertain in both its expression and content.

Data quality solutions exist for enterprise data like customer, product, and address data, but this is only a fraction of the total enterprise data.

source: IBM, 2012
### Opportunities of Connected Devices

#### Billions of Smart Connected Devices, 2020

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCs</td>
<td>1.9 billion</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>2.6 billion</td>
</tr>
<tr>
<td>CE Devices</td>
<td>2.0+ billion</td>
</tr>
<tr>
<td>Embedded</td>
<td>25 billion</td>
</tr>
</tbody>
</table>

#### Market Opportunities
- Smart grid
- Smart appliances
- Home networks
- M2M & industrial
- POS and Kiosks
- Health
- Transportation and logistics
- Networks and Infrastructure
- Automotive
- Video surveillance
- Sensors
- Other
Market Projection for Smart World

2013 – 22 10yrs NPV($bn)

- Smart Factories: 1950
- Connected Marketing and ads.: 1950
- Smart Grid: 757
- Connected Gaming and Entertainment: 635
- Smart Building: 349
- Connected commercial ground vehicles: 347
- Connected health care: 106
- Connected private college education: 78

Source: CISCO IBSG / GBI Research
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Group Organization

AXHQ
Taiwan

AXUS
AXGM
AXSZ
AXDG
EtherWAN
ADS

AXCA
AXBJ
AXMA
AXSH
EtherWAN USA

Taipei, Taiwan (Headquarters)
California, America
Langenfeld, Germany
Beijing, China
## Global Operation and Location

<table>
<thead>
<tr>
<th>Company</th>
<th>Axiomtek</th>
<th>EtherWAN</th>
<th>ADS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>China</td>
<td>Taiwan</td>
<td>USA</td>
<td>Europe</td>
</tr>
<tr>
<td>Sales Offices</td>
<td>3</td>
<td>2</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Engineering</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Logistics Hubs</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Employee</td>
<td>106</td>
<td>400</td>
<td>68</td>
<td>21</td>
</tr>
</tbody>
</table>
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Business Leadership

Vision:

✓ Global leader in vertical channel development, focusing on embedded computing and industrial networking solutions

Mission:

✓ Provides technology and valued services to support our partners in the lead of vertical domains
Business Leadership

Trusting Partnership and Valued Services

- We respect partners and expect long-term mutual success
- Core competency on differentiation and innovation
- Innovative new business models in vertical markets
- Leading position of technologies in each of our target fields
- Global channel development on value-added service business
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Group Business Integration

Networking
- EtherWAN
- Security
- ITS
- Automation
- Transportation

Computing
- Axiomtek
- Digital Signage
- HMI
- Energy
- POS
- Gaming

Display & Power
- ADS
- POS
- Gaming
- Medical

Vertical Markets

Channel Development for Embedded World
Product Strategy
Deeply Embedded Solutions in Vertical Markets

Utility, Transportation, Digital Signage, Healthcare, Gaming

Embedded Boards
System on Modules
Slot CPU Cards

Industrial PCs
Embedded Systems
Network Appliance

Touch Panel PCs
Fanless HMI
Digital Signage

Industrial Ethernet
Switch & Converters

Cloud
Intelligent
Energy-saving
Modular Design
Customization

Logo: Intel, AMD, American Megatrends, Freescale
## Technology Approach

<table>
<thead>
<tr>
<th>Embedded Board &amp; SoM</th>
<th>Embedded Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>High density design with tiny solutions</td>
<td>Thermal, temp. managed solutions</td>
</tr>
<tr>
<td>Thermal and temp. managed solutions</td>
<td>AXView software utility to support remote monitoring and management, security and connectivity</td>
</tr>
<tr>
<td>Ability to support EOS of WinCE/XP/7, Linux and Android</td>
<td>IP66 water-proof, dust-proof, anti-vibration, EMC/EMI and surge protection</td>
</tr>
<tr>
<td>Design-in services to support customized solutions of X86 and RISC platforms</td>
<td>Experienced in certificates of vertical markets; transportation, energy, marine and hazardous location</td>
</tr>
<tr>
<td>Battery backup solutions</td>
<td>Video mixer with PIP solutions</td>
</tr>
<tr>
<td>Design-in services for peripheral integration of LCD, T/S, SSD, and SPS</td>
<td>Integrated rich digital and analog I/O for automation solutions</td>
</tr>
<tr>
<td></td>
<td>EtherCAT and Zigbee wireless technology</td>
</tr>
</tbody>
</table>
Three Business Models

Vertical Partners

Innovation

Value-added

Vertical Domains

Design-in

DMS

Consulting, Configuration, Customization

Harden, Connectivity, Intelligence

Time-to-Market, Cost-to-Volume

Vertical Domain

Design-in Services:
Embedded Board & SoM, Industrial Display

DMS for Gaming, NA, Retail, Industrial Network

Vertical Domain

Transportation, Energy, and Digital Signage
**Design-in Service Model**

*Deliver high valued and custom services*

1) Dedicated FAE to support high value technical services
2) Technical portal and e-configuration to speed up customer’s design cycle
3) Software services of custom BIOS and EOS support of Windows, Linux and Android
Embedded Systems and Connectivity for Vertical markets Development

*Integrated rich IO and Ethernet-base technology to be a solution providers*

1) Integrated industrial network technology toward IoT/M2M smart industries
2) Synergy with vertical partners/suppliers to enrich our products on target industries
3) Emphasize on certificates of transportation, energy, Marine and Hazardous location
Customer and Markets

Future Internet

Internet of Things

Smart Cities
Connected Communities

Smart Planet
Green Environment

Smart Buildings
Buildings, Smart Homes

Smart Industry
Industrial Environments

Smart Energy
Electric Grid

Smart Transport
ITS, HEVs, EVs

Smart Living
Entertaining, Leisure

Smart Health
Healthcare System
**Design to Manufacture Services**

*Focus on large accounts and specific vertical markets*

1) Design of complex customer platforms that mix COTS, custom boards, displays and I/O components
2) handles all aspects of supply-chain management to ensure flawless, on-time product build and delivery
3) Offers its customers comprehensive and on-going support throughout their product life cycle
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2010 to ‘13 Sales Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H1</td>
<td>H2</td>
<td>H1</td>
<td>H2</td>
</tr>
<tr>
<td>Revenue ( K USD)</td>
<td>45,258</td>
<td>52,987</td>
<td>49,670</td>
<td>45,568</td>
</tr>
</tbody>
</table>
OBM/ODM Ratio

OBM: Original Brand Manufacturer
ODM: Original Design Manufacturer
100% consolidated revenue
**Product Segment**

- **Embedded Systems**: 53.0%
- **Panel PC and Display**: 12.0%
- **Industrial Network**: 21.5%
- **Embedded Boards and SoMs**: 13.5%

100% consolidated revenue
OBM - Sales Region

- America, 44.0%
- Europe, 24.0%
- Asia, 12.5%
- Emerging, 5.5%
- Greater China, 14.0%

65% of the consolidated revenue
ODM - Application Industry

35% of the consolidated revenue
Axiomtek's Seven Products Won the "Taiwan Excellence 2014" Award
Thank You

2013 Global Conference in Prague