

What is needed to grow M2M Market?

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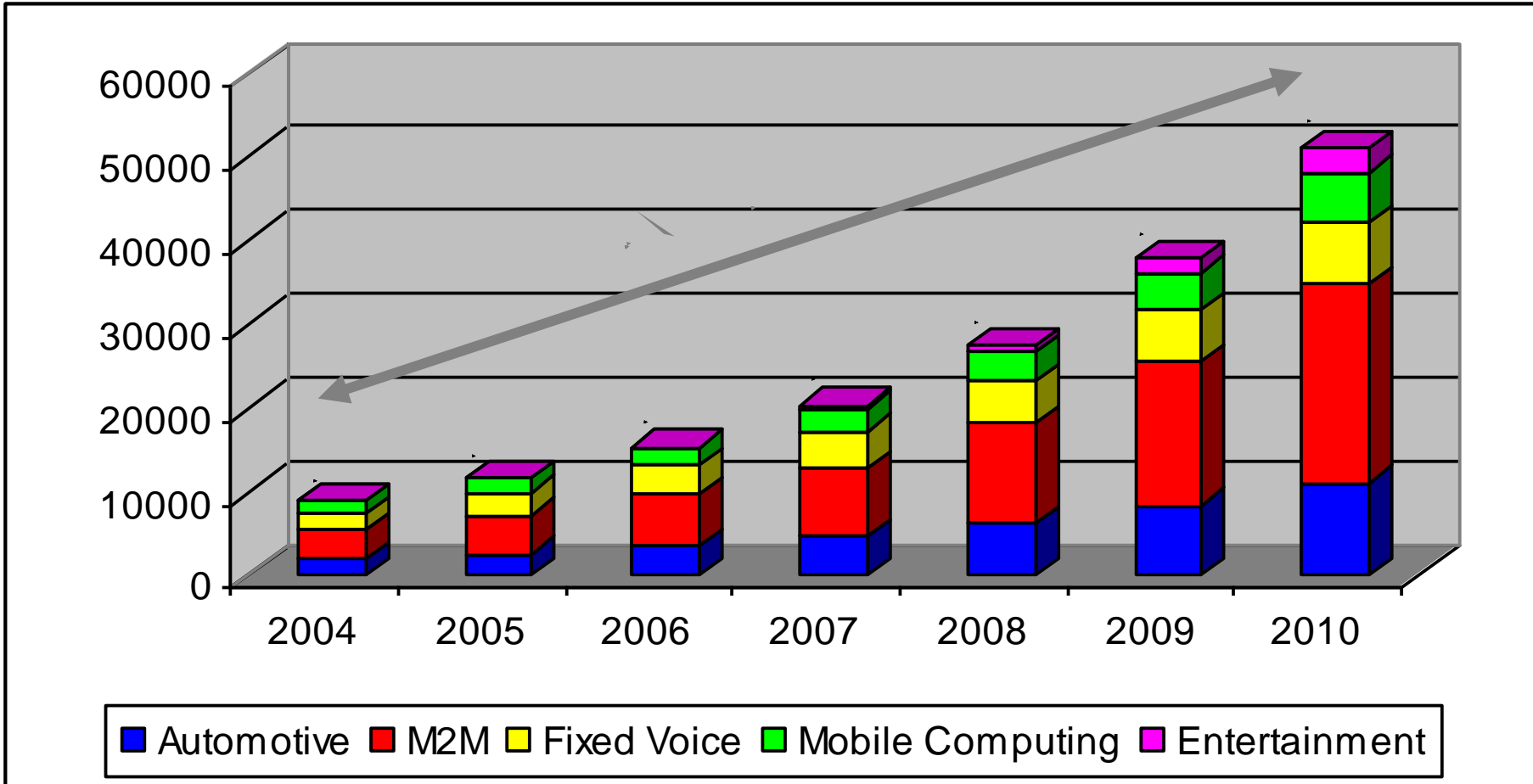
Highly fragmented market

“Hundreds of niche applications”

- Control & Monitoring: Industrial Automation, Facility Management, Traffic signals, Display...
- Home & Security: Alarms (Domestic & Pro), Telemedicine, Home Automation, Video surveillance...
- Sales & Payment: Vending, Cash Registers, EPOS, Copiers/Printers, Parking Meters, Gambling Machines...
- Automatic Meter Management: Water, Gas, Electricity
- Vehicle Remote Management: Fleet, Toll Collect, Vehicle Recovery, Pay-As-You-Drive...
- Fixed Voice: Desktop phones, Payphone/Public Call Office, LCR / PABX / VoIP Gateways...
- Mobile Computing: PDAs, PC Cards, PC Modems, PC Embedded...
- Entertainment: Gaming Machines, Digital Media Payers, Set Top Boxes...
- Automotive OEM: Telematics, Infotainment, Navigation built-in, Hands-free built-in, Emergency call, Remote diagnostics...
- Automotive Aftermarket: Radio add on, Hands-free add on, Info traffic, Navigation add on, Alarm add on

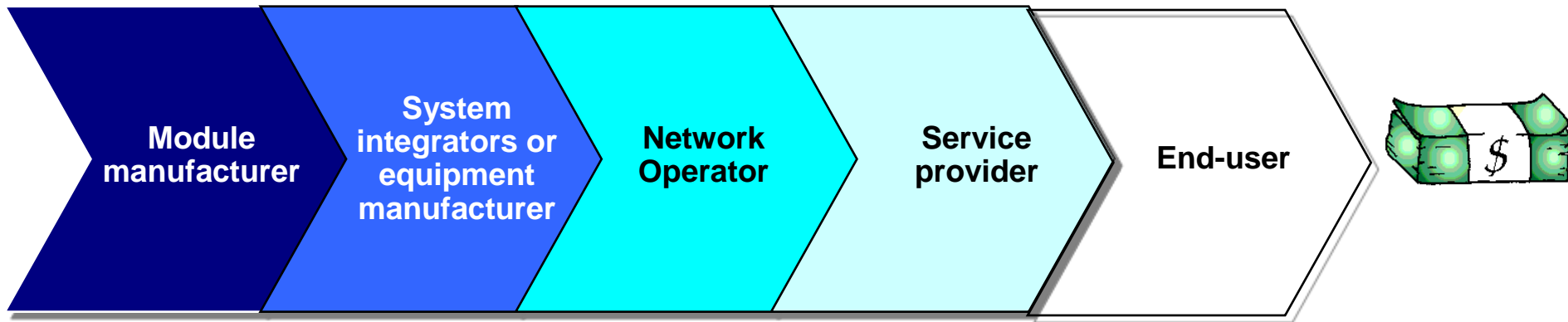
Worldwide Growth Projections

Cellular Technologies - (in KUnits)



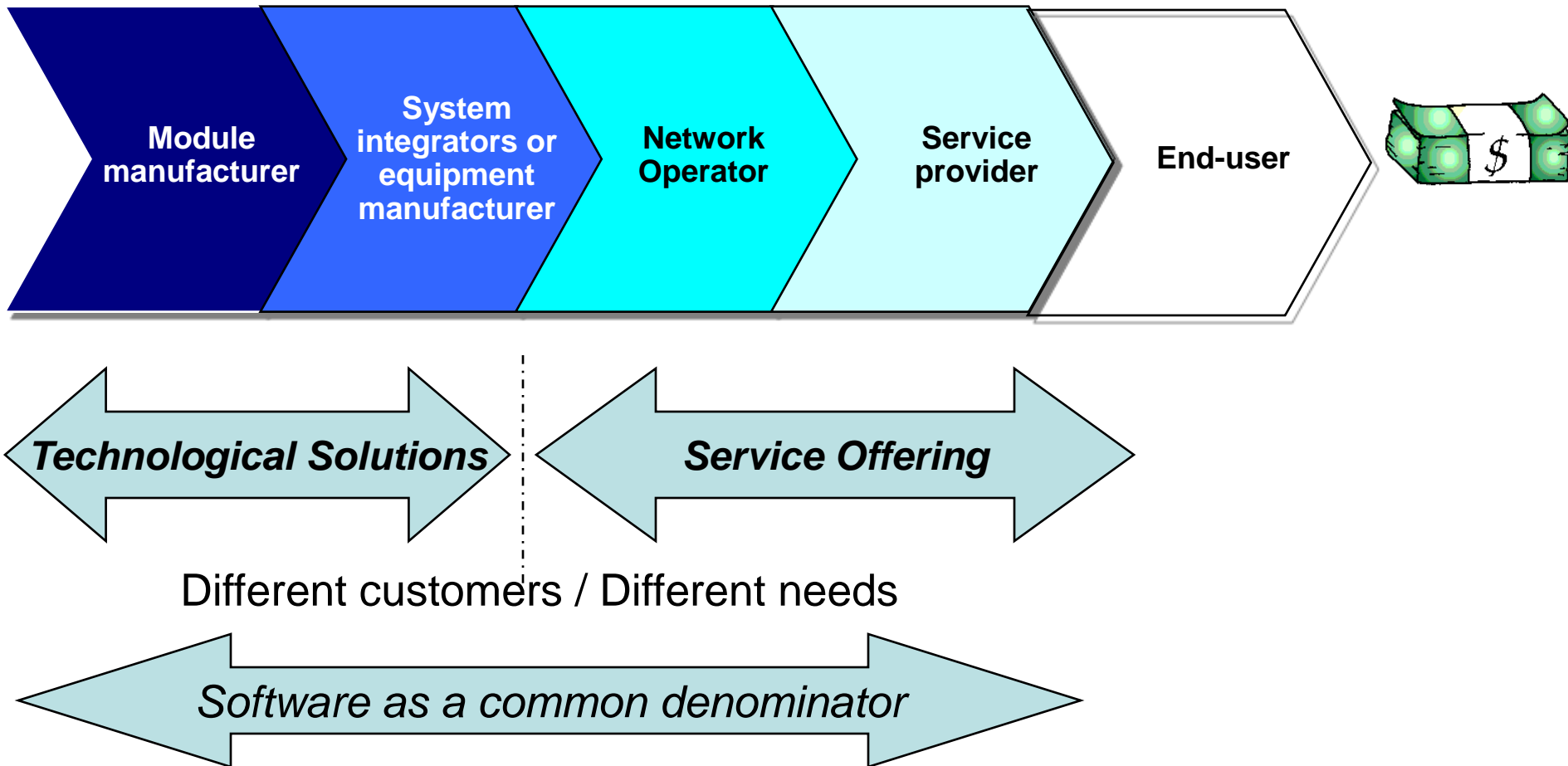
Wavecom Estimates

A Generic Value Chain



- **Most players have to benefit from the business...**
- **End-user is usually far from the technology...**
- **Convergence of two-worlds : Services and Products...**

A Generic Value Chain



What is needed to grow?

- More Machines connected
- More revenue per machines

More Machines Connected

- Decrease cost of adding Wireless
 - **Optimize TCO and design wireless from the beginning** → Open AT® programmable platform allows you to have only one single central CPU for your application & wireless
 - **Reduce certification costs through pre-certified partners** → Wavecom's Wireless CPU are certified
- Ease Wireless integration
 - **Use a reliable pre-packaged wireless solution with services & support** → all Wavecom's Wireless CPU family is certified and we perform design, IOT and manufacturing and integration support
- Decrease IT integration efforts
 - **Use natively IT-specific, latest, protocols** → on top of TCP/IP, Wavecom provides M2M Connect, MQTT and any other protocol can be added later through Open AT® plug-ins
- Secure devices & data
 - **Use embedded & validated security protocols** → Wavecom provides SSL in 2006 and IPv6 in 2007
 - **Manage devices per OTA for upgrades and updates** → Wavecom provides DOTA of customer application and of our *own firmware*
- Reduce logistic costs & efforts
 - **Ease field installation efforts with M2M-specific SIM profile**

More Revenue per Machines

- Increase application data volume
 - **Enable new applications or services through support of (e.g.) Web Services**
→ use Open AT® to create new embedded and validated software building blocks
- Add management & control data
 - **Make machines upgradable on the field** → every Open AT® designed application can be upgraded on the field as well as our own firmware through DOTA
 - **Make machines manageable on the field** → we provide embedded agents to ease device managements. Specific or new agents can be download on the field though DOTA
 - **Provide always-on feature on a fixed-IP, secured network** → certified VPN-based solution can be added on our programmable plateform
- Provide application-specific tariff
 - **Build an ASP system with access to differentiated billing to enable value-added services** → we'd like to partner to define the embedded part

Accelerators and Inhibitors



Accelerators

Large market opportunity

- Product differentiation

- More accurate and reliable data

- New market opportunity

- Unique benefits
- No substitute quite as good

Creation of standards

Inhibitors

Tough requirements

- Strong bargaining power of auto manufacturers

- New technology

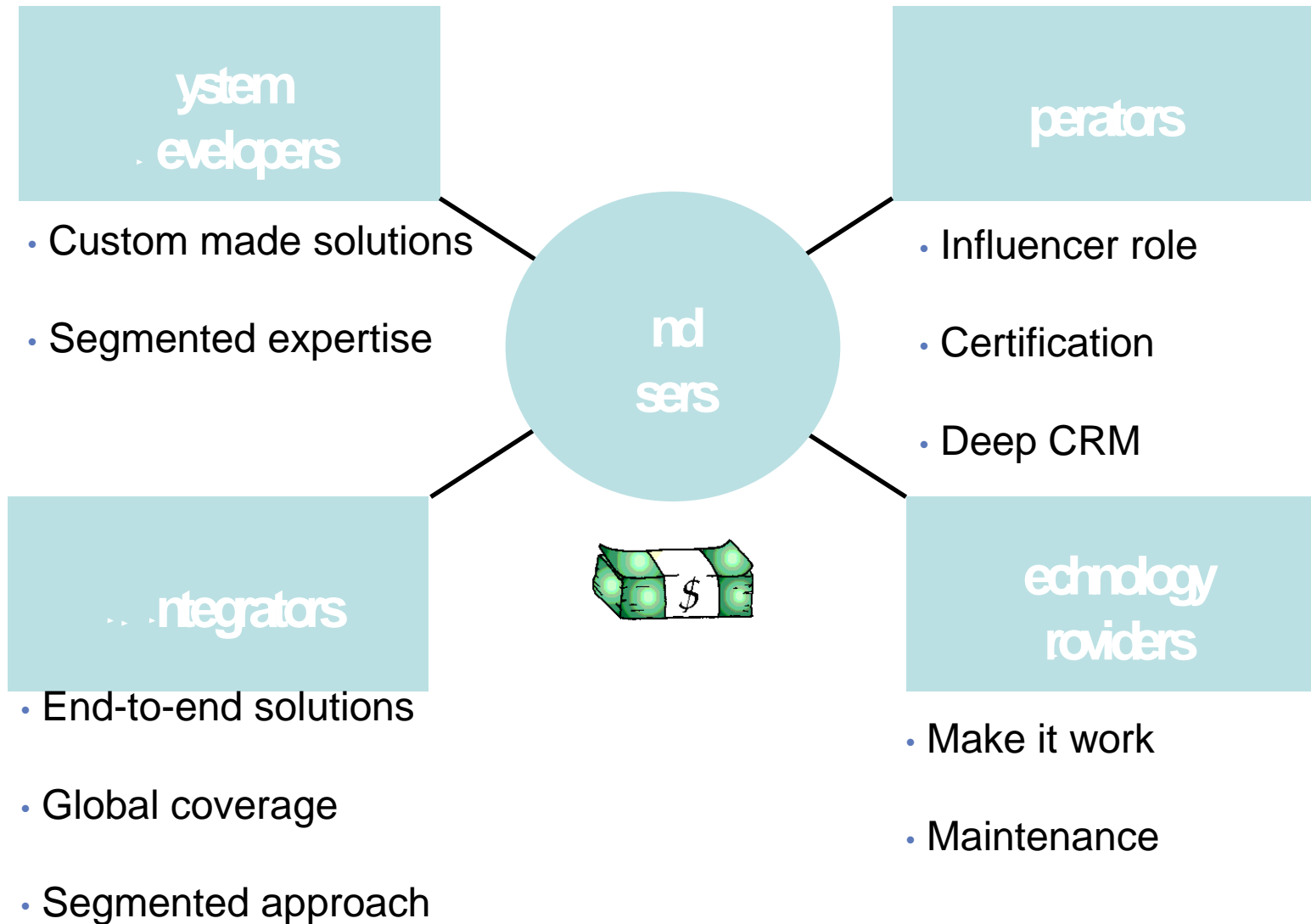
- Content providers need to develop service

- Regionally unreliable network

- Costs

Lack of standards

An ecosystem of partners



A successful consolidation

April 2006 Wavecom acquired Sony Ericsson's M2M Communication Business Unit

- Combination of Wavecom and former Sony Ericsson M2M delivers:
 - #1 global market share in automotive wireless CPUs
 - Leadership in M2M across fleet/asset tracking & remote control/monitoring, sales/payments and home security segments
 - Unrivalled North American sales presence
 - Largest global R&D team with full capabilities across GSM and CDMA communications protocols
 - #1 dedicated sales force in M2M globally
- Opportunity to reinforce Open AT[®] software suite as standard for automotive and industrial wireless solutions



Industry musts 2006-2010

- Drive to a lowest total cost of ownership (not necessarily low price)
 - Consolidate redundant hardware, and use increasing processor performance to do more in software
 - Adopt standard platforms that enable the above
 - Rationalize the value chain, consolidating players with little value
- Make developing products easy, and easy to use
 - Standard development environment
 - Open systems
- Protect customers' investment
 - Ensure that devices can be remotely managed and updated
 - Download-over-the-air, or DOTA



Conclusion

- “Five years ago I wouldn’t have invested in this sector. And the reason was simple, despite the forecasts of high take-up rates, the basic infrastructure and the cost of the solution was prohibitive for anything other than early adopters..
- “Today, however, things are completely different, the basic cost of technology has decreased, ‘ease-of-use’ has escalated and the tariffs on data services have come down dramatically over the last couple of years. Operators are now supporting this technology making it a perfect time to invest and create new business models.”

Ron Black – Wavecom CEO

Thank you!

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Make it wireless
