

Securing internal buy-in and external alliances to implement M2M solutions

Business Re-Engineering

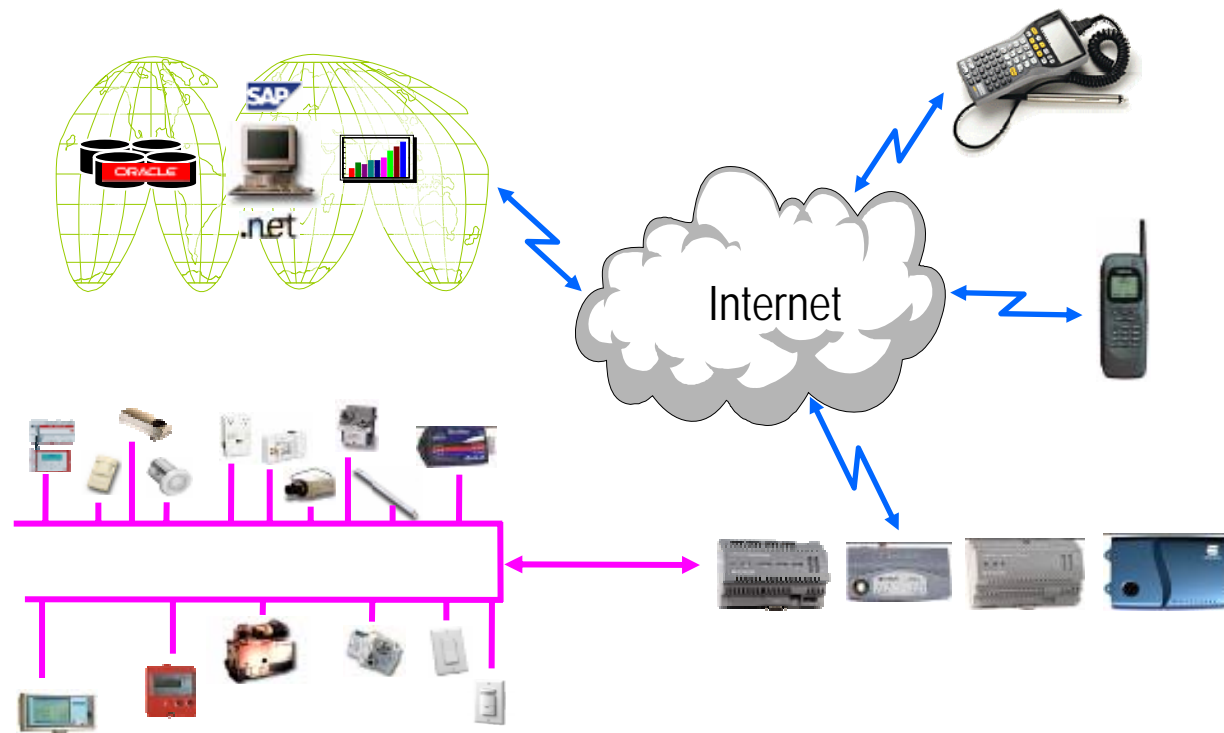
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Who is Echelon?



Echelon: Global Leader in Control Networking

- Data networks interconnect computers, servers, and printers
- Control networks connect sensors, actuators, displays, and other machines to each other, to remote monitoring sites, and to the Internet
 - All control networks perform a common set of functions: they sense, process, actuate, and communicate





Echelon: Global Leader in Control Networking

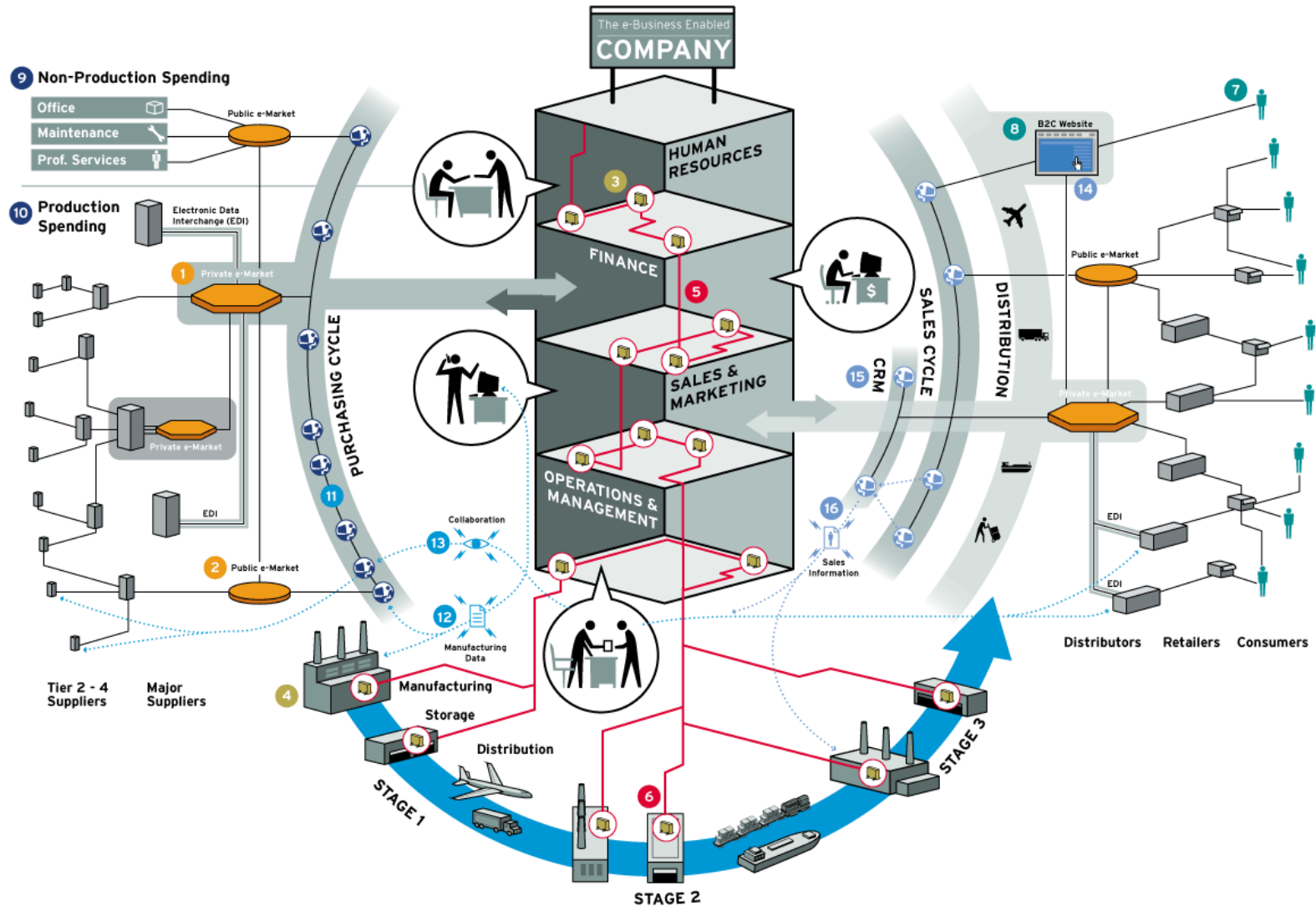
- Echelon invented the dominant open, interoperable controls platform - LONWORKS®
 - World's leading control networking technology
 - >60 million devices shipped
 - Thousands companies support the platform
 - Open standard: ANSI, CEN, IEEE, SEMI
- ~100 patents or pending patents associated with control networks
- Leading supplier of LONWORKS infrastructure products
- Technology partner for the world's largest smart metering implementation in 27.2 million Italian homes
- Creator of the NES System for smart metering
 - 700,000 Swedish homes
 - 25,000 Dutch homes





M2M Is Driving Business Re-Engineering

M2M Universe Touches Everything



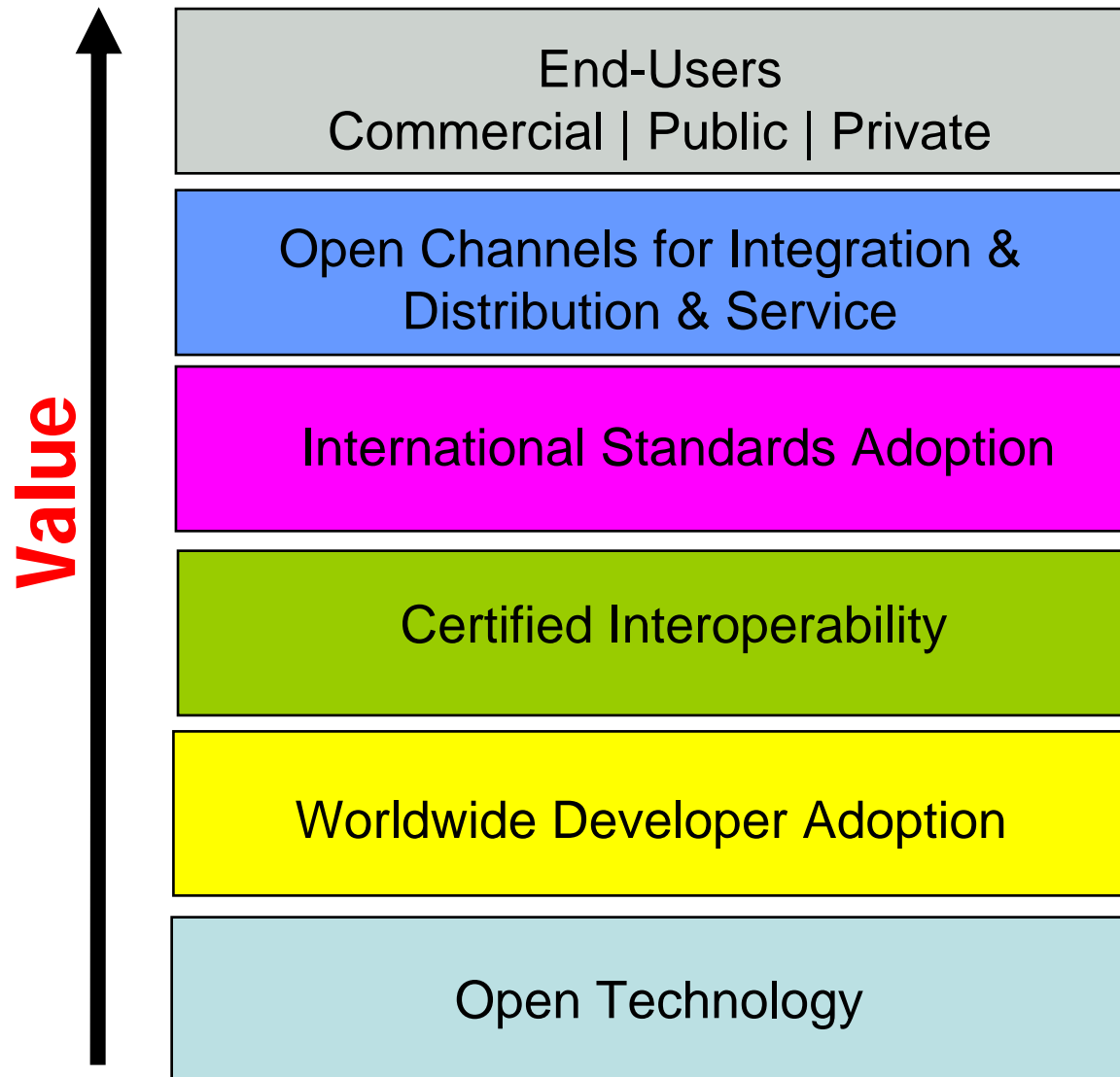


In an M2M World, the Application IS the Network

- With each additional sub-system or integrated application, systems
 - Dramatically increase in overall value
 - Create opportunities for further convergence & integration
 - Enriches customers



Customers Have Begun to Understand the M2M Value Chain





No Single Entity Can Own the Entire Value Chain

- Coopetition is the Key to Survival
- M2M applications enforce business and technology partnering
 - Seek out neutral technology
 - Standards
 - Local and global codes and regulations
 - Seek out complimentary business partners
 - Local and global service
 - Sales partners
 - Infrastructure partners
- The Network IS the Application



Reengineering Internal Mindsets

- Address both the emotional and rational
 - Emotional
 - Risk of customer erosion to competitors
 - Quality of service ensures repeat customers
 - M2M applications are better able to deliver on customer needs
 - NIH Syndrome
 - No company can create the entire M2M solution
 - Consider: smart metering
 - Tips the true balance of supplier/customer relationship to the customer
 - Savvy customers recognize this
 - Embracing this builds trust and loyalty



Reengineering Internal Mindsets

- Address both the emotional and rational
 - Rational
 - Revenue uncertainty
 - M2M applications connect devices across their defined functions
 - Increased value of your products through greater convergence and integration
 - Margin erosion
 - Remain the same
 - Customer defection to competitors
 - Only relevant if your value is marginal to begin with

Conclusion



Ecosystems Play a Critical Role in M2M Success

- It's all about the network
 - Driving internal and external technical and business evolution
- Pervasiveness and ubiquity empower the network
- **Convergence is an Opportunity for Growth**



Thank You!

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