2007 Wavecom Distributor Conference

Proactive Selling in today's competitive market
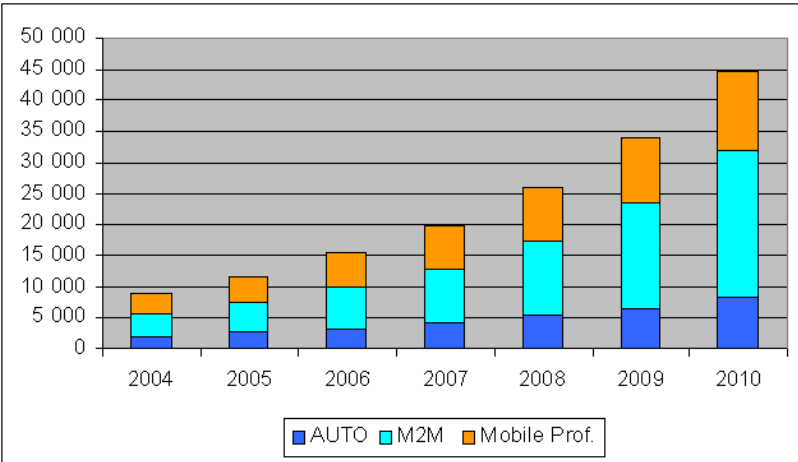
Andrew SUTTLE
Director, Indirect Sales, EMEA

www.sendsms.cn
2009.04.12

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Our opportunities to grow

	CAGR
	27, 5%
	36, 5%
	26, 6%

Chart: Stacked bar chart showing values from 2004 to 2010 with categories AUTO, M2M, Mobile Prof. Y-axis from 0 to 50 000.

➔ **5M additional module sales in 2007**

– Growth from existing successful customers selling more products or new projects at existing customers

– New entrants and

– our competitors' customers
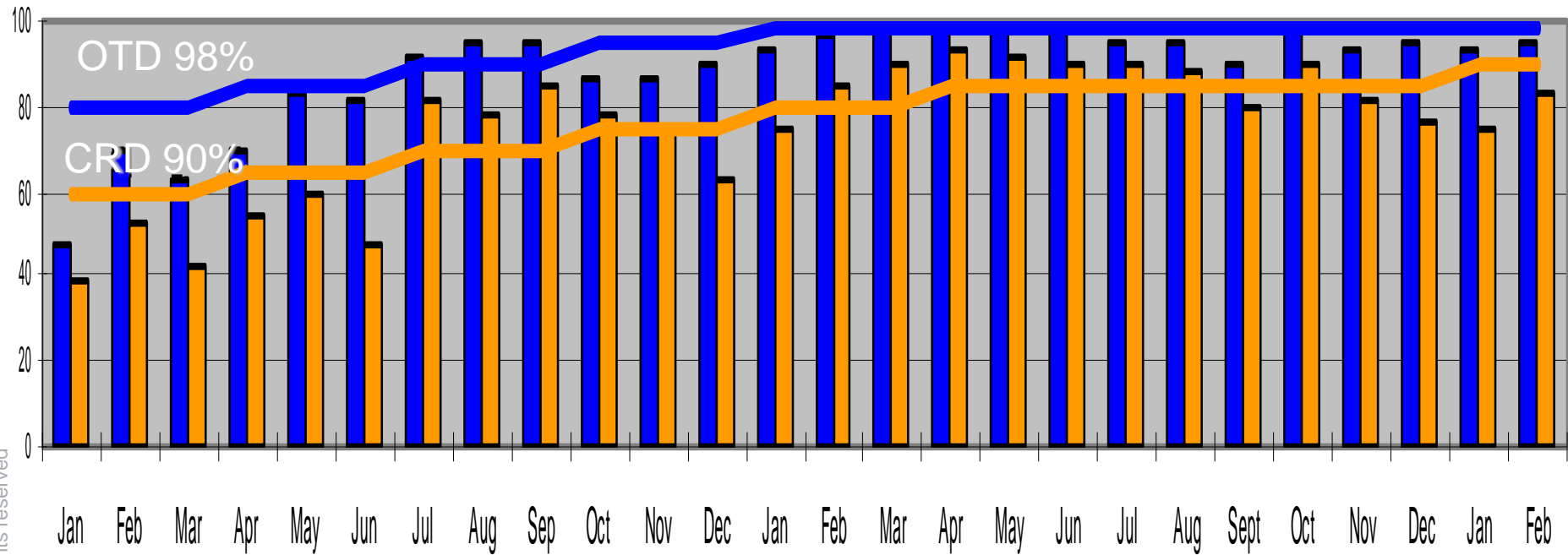
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But first.........

➔ We need to keep our existing customers satisfied and coming back for more time and time again.

➔ Value for money

- On time deliveries

- High quality, reliable product
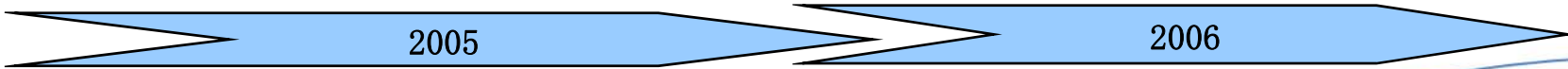
- Responsive support

- Continuity of product

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DELIVERY PERFORMANCE – Direct Flow

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Product Reliability Quality

return rate evolution

Legend:
- global data (ppm cumulated)(without Px and major incidents)
- New Wavecom (ppm cumulated) without incidents
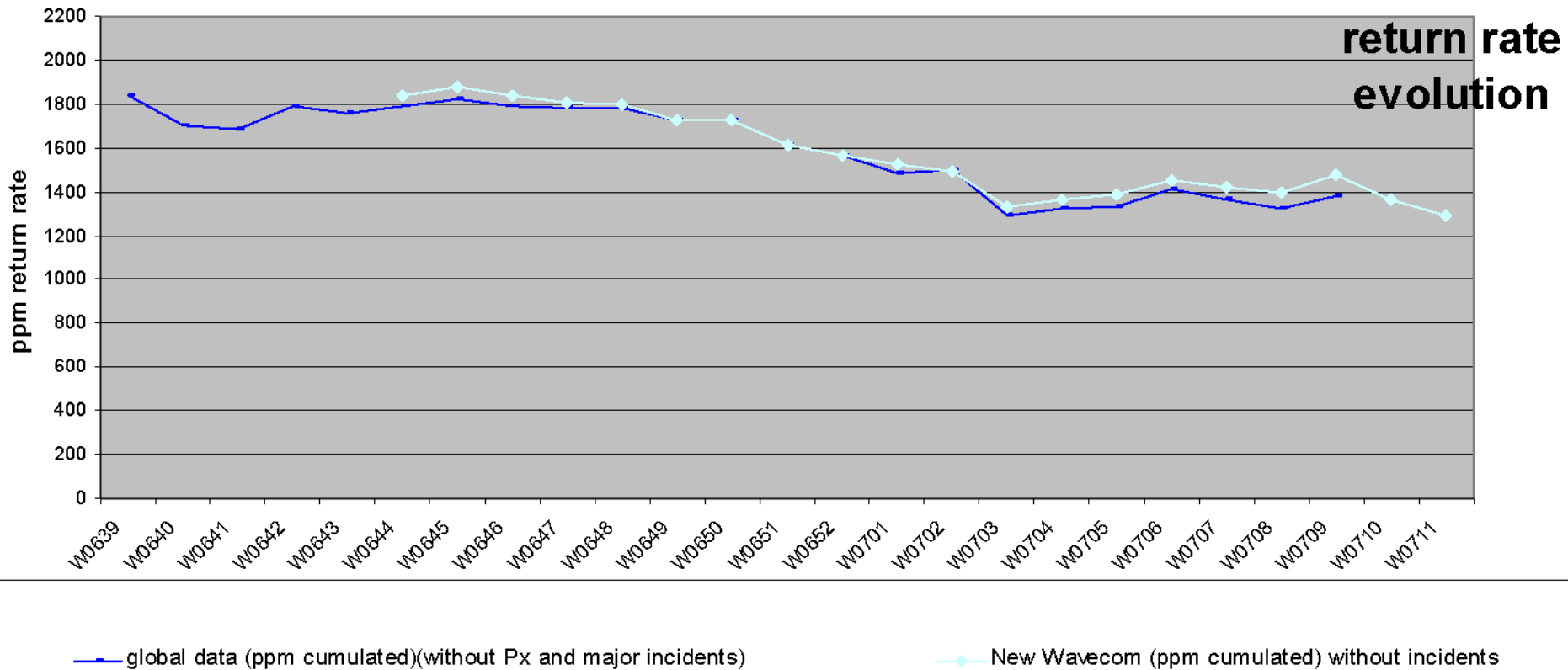
Overall, we achieved product reliability to be at less than 1500PPM for all products

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Certification Status

➔ Certification ISO9001 V2000

  – Certificate obtained in November 2005

  – Follow up audit in September & October 2006

  – Closing meeting : 24st of October – No non conformities

  - **Wavecom is ISO9001:2000 certified by SGS**
    - **Registration number : FR05/1246QU**

➔ In regards of ISO/TS16949

  – Wavecom is not eligible to ISO/TS as we are fab-less (according to IATF rules 2004),

  – nevertheless

    - SOLECTRON , our contract manufacturer has been certified ISO/TS in SUZHOU on our product line

    - Auditors for our certification audit were all ISO/TS to look at the specifics that concerned our activities

6

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Extended Warranty Professional Service

Standard   Extended Warranty

➔ **Terms:** same as the Standards Sales Terms and Conditions (Replace / Repair or Credit pieces falling under warranty)

➔ **Products:**

New Q24 Series

Q26 Series

➔ **Ordering:** add one extra line on your order for extension period

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Continuity of Product ....Migration..

➔ Continuity evolves with Q24, Q26 and GR64

➔ Different reasons for forcing migration
- RoHS compliance
  - GR47 to GR64
- End of Life of Chipsets and components
  - Q24 to Q24Classic, Plus and Extended
  - Integra M2106 to M2106+
  - Fastrack to Fastrack Supreme 10 and 20
  - Q2438F to Q2438J
- Third party software
  - E-device to WIPSoft

➔ The loyalty shown by our customers is a testament to your strong customer relationships, your skills and perseverance.

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Migration: Has benefits for the future.

→ **New functionalities and services**
  - Intelligent Device Services

→ **Own software inside WM product**
  - Control of our own destiny, not that of our suppliers
    - No more complaints of not enough volume to maintain or add features
    - I would love to use your product but WM has a feature that does x.
  - Migration path from Fastrack to WMP all based on the same software and development platform
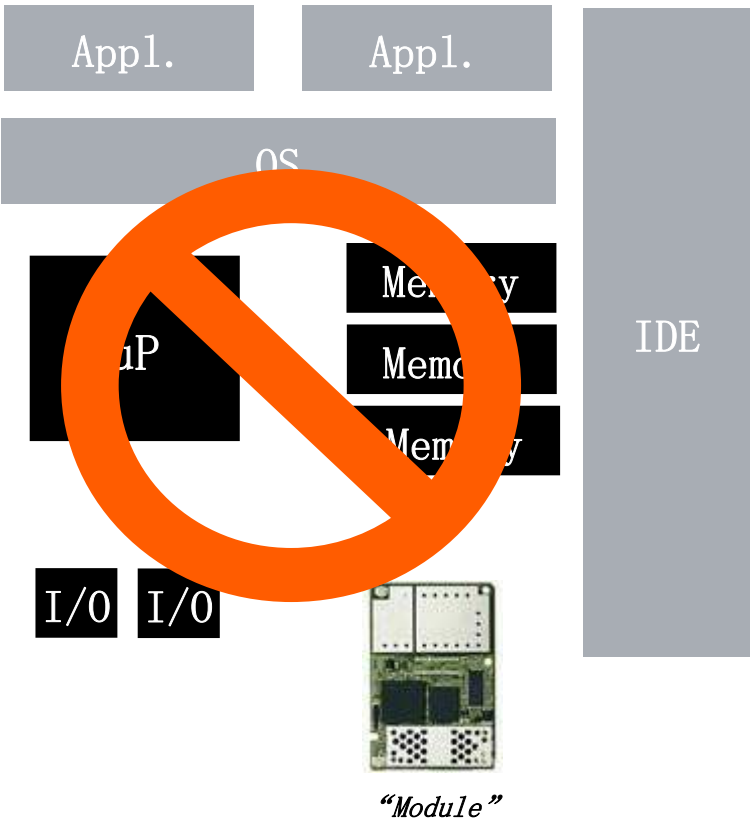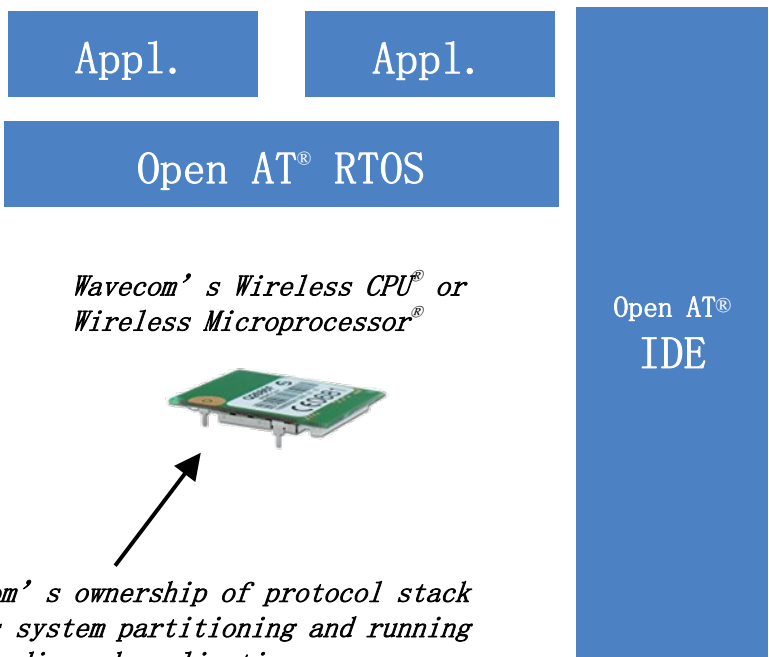
Same Open AT® Software Suite

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Selling to New Entrants

Conventional Approach

Appl.	Appl.

OS

uP

Memory

Memory

Memory

IDE

I/O   I/O

"Module"

Wavecom Approach

Appl.	Appl.

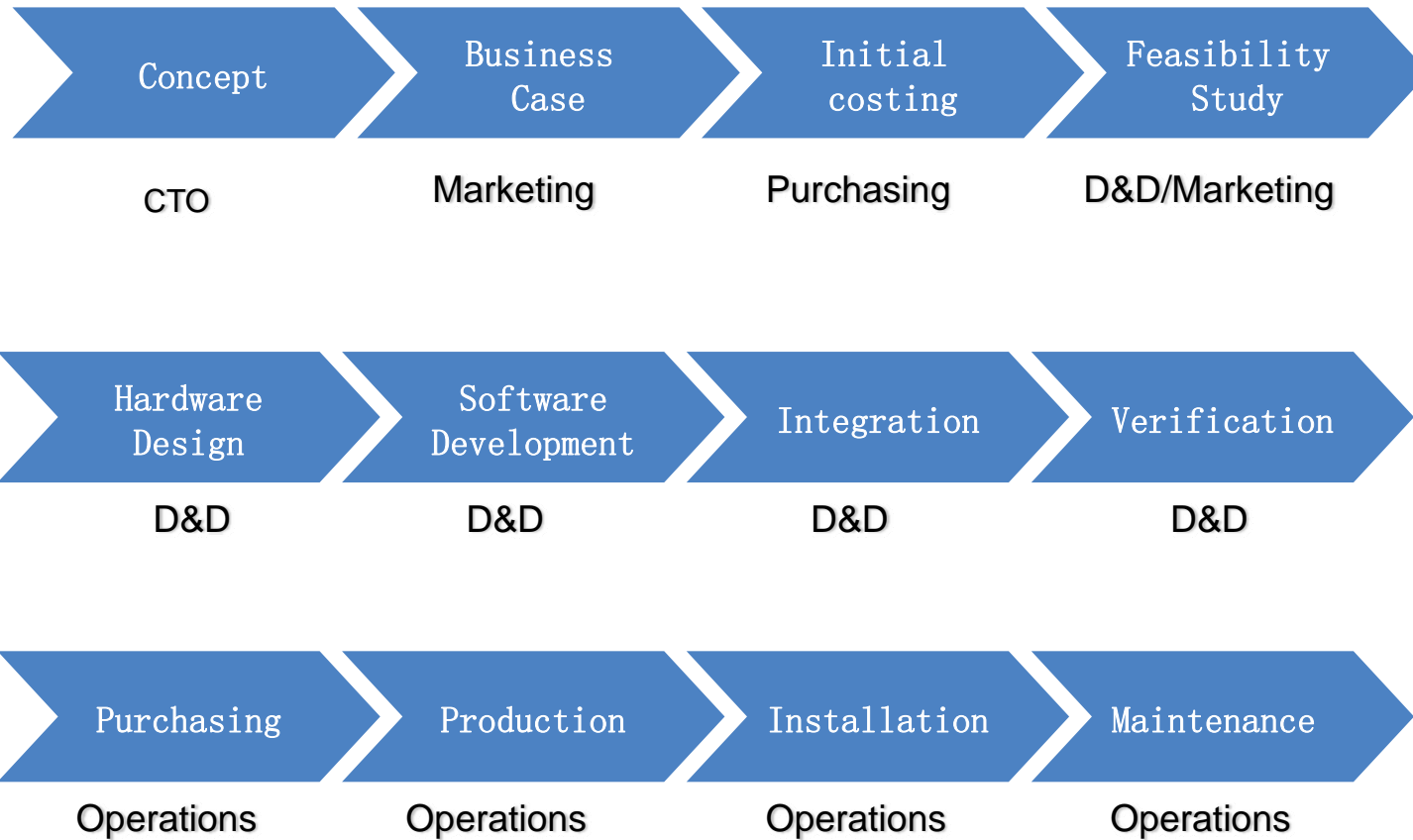Open AT® RTOS

Wavecom's Wireless CPU® or Wireless Microprocessor®

Open AT®
IDE

Wavecom's ownership of protocol stack allows system partitioning and running both radio and applications simultaneously, thus eliminating excess hardware and reducing cost. By the way, the "module," or Wireless CPU®, has the performance of a c. 1995 PC.

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New projects – project/sales lifecycle

Concept	Business Case	Initial costing	Feasibility Study
CTO	Marketing	Purchasing	D&D/Marketing

Hardware Design	Software Development	Integration	Verification
D&D	D&D	D&D	D&D

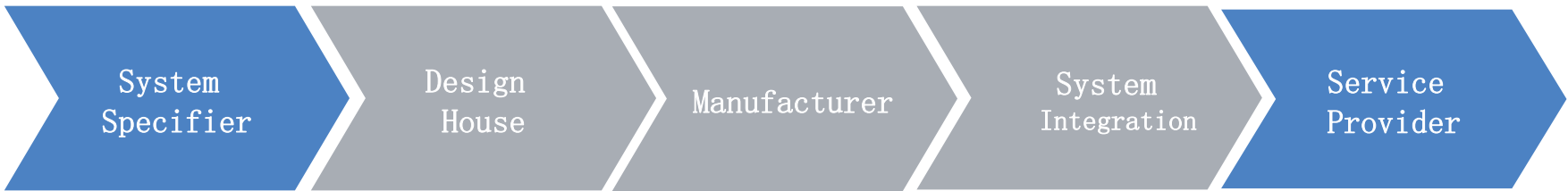| Purchasing	Production	Installation	Maintenance
Operations	Operations	Operations	Operations

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Deliver the right speech to the right people

➔ All messages will not be of interest to everyone at your customer

Customer Contacts	Purchasing	Operations	Management
	Engineer	Architect	Marketing
Preferred Topics	Price & Performance	Cost & Integration	Value & Roadmap
TCO Components	Visible Costs (BOM)		
		Hidden Costs	

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Typical Value Chain – M2M Industry

System Specifier	Design House	Manufacturer	System Integration	Service Provider
Electricity Generator	*Wavecom's target?*	*Distributor's customer*	*Legacy supplier of metering equipment*	*Billing company*
Product Lifetime IDS	Open AT Training APIs	OTD, Pick & Place	WISIM Protocol specific plug ins	IDS, Quality IPR

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Well structured Go To Market

Our competitors customers

Market Share by Quantity

2006 estimation

- Enfora 2%
- Motorola 2%
- Telit 3%
- Spreadtrum (PIML) 6%
- SonyE (Jan-Apr) 3%
- Simcom 17%
- Motorola Onstar 3%
- Siemens 32%
- Wavecom 32%

Legend:
- ■ Wavecom
- ■ Siemens
- □ Motorola Onstar
- □ Simcom
- ■ SonyE (Jan-Apr)
- ■ Spreadtrum (PIML)
- ■ Telit
- □ Enfora
- ■ Motorola
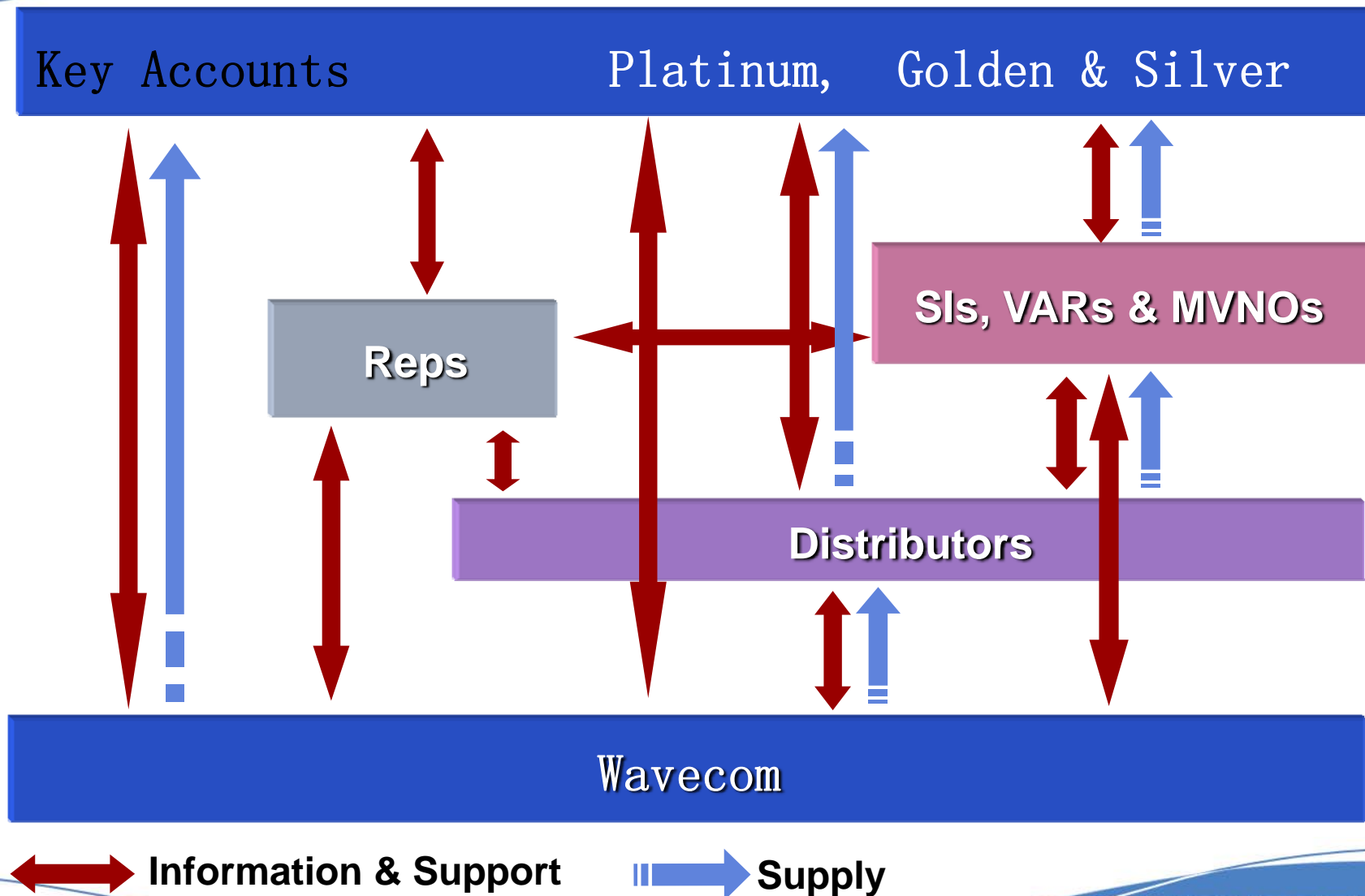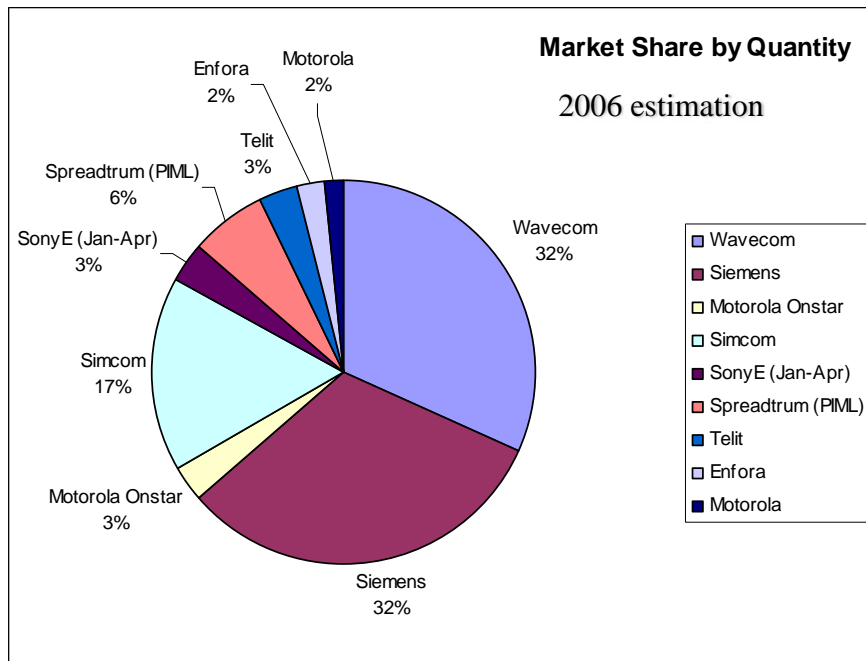
➔ 5M new modules sales in 2007 but what about the non WM market?

➔ 9M devices in 2006 or 11.5M in 2007?

➔ Ready made volumes, business cases coherent, quicker TTR

➔ Customers may be restricted by limitations of resource, they may have just finished their designs and may not want to take the risk of changing.

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When does the low cost integrator model work?

Wireless WAN 2006
TAM: 15M units

Competitor A: Discount Price
Hypothetically gets 50% share

Revenue	$	175.0
ASP	$	25.0
Volume		7
Gross Margin	$	35.0
%		20%
Expenses	$	**17.5**
%		10%
OI	$	17.5
%		10%

Competitor B: Value Price
Has 40% share

Revenue	$	240.0
ASP	$	40.0
Volume		6
Gross Margin	$	120.0
%		50%
Expenses	$	**96.0**
%		40%
OI	$	24.0
%		10%

400 h/c @ $200k pp
= $80M

100 h/c @ $200k pp
= $20M

400 h/c @ $50k pp
= $20M

➔ The low cost model works if almost all of the people in the company are in a low cost region (e.g. China), and/or the volumes are extremely high

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Features of Wavecom allowing you to sell Value

➔ IPR

➔ Software ownership

➔ Product Continuity

➔ Patent ownership

➔ Own 3G stack

➔ IDS

➔ Open AT

➔ Reliability

➔ Technical support

➔ Financial stability

➔ SMT Wireless Microprocessor

➔ Lowest TCO

➔ TTM

➔ Eclipse Development tools

➔ Best Quality

➔ Best in class manufacture

➔ Future/Roadmap

➔ Certification

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**Innovation.
Not imitation!**

Thank You

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