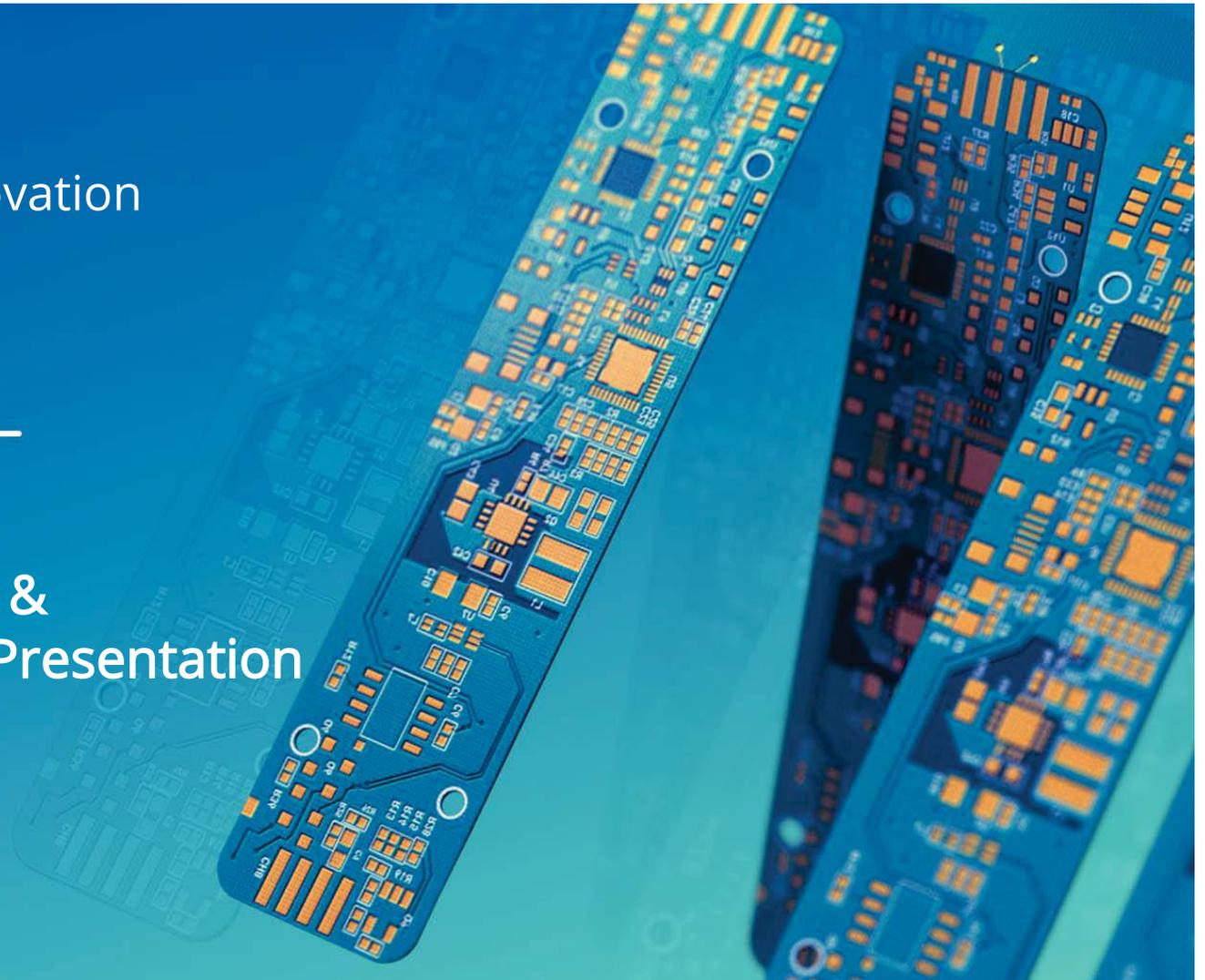


Altium®

Altium Enabling Innovation
in the Age of IOT

Altium Technology & Business Strategy Presentation

18 November 2016
Sydney





Driving Innovation & Capitalizing on Opportunities in the Age of IOT

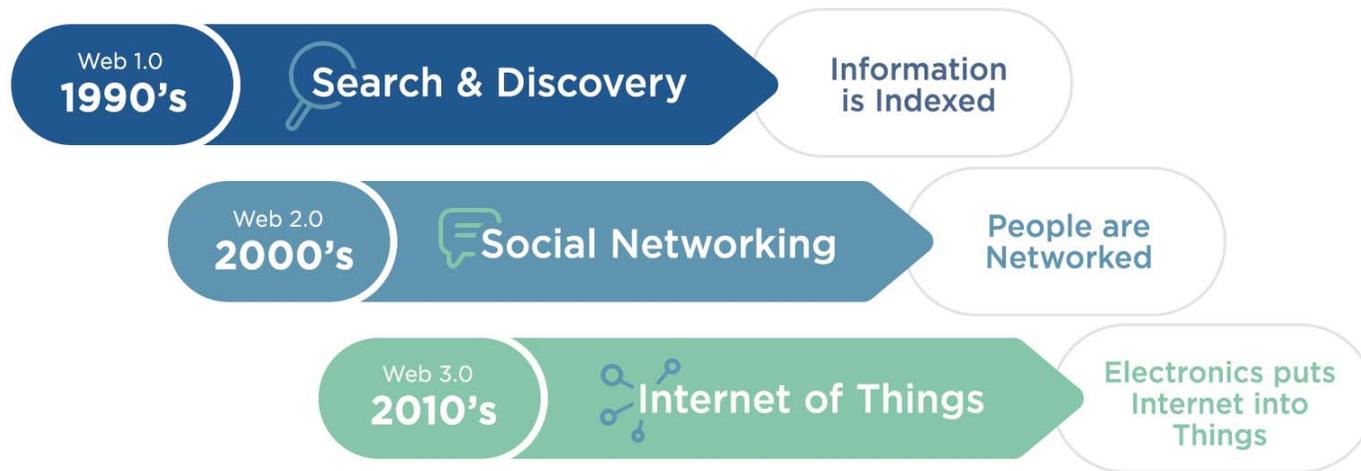
Electronics at the Heart of Enabling Innovation

Aram Mirkazemi – Chief Executive Officer



The Web and the Waves of Innovation...

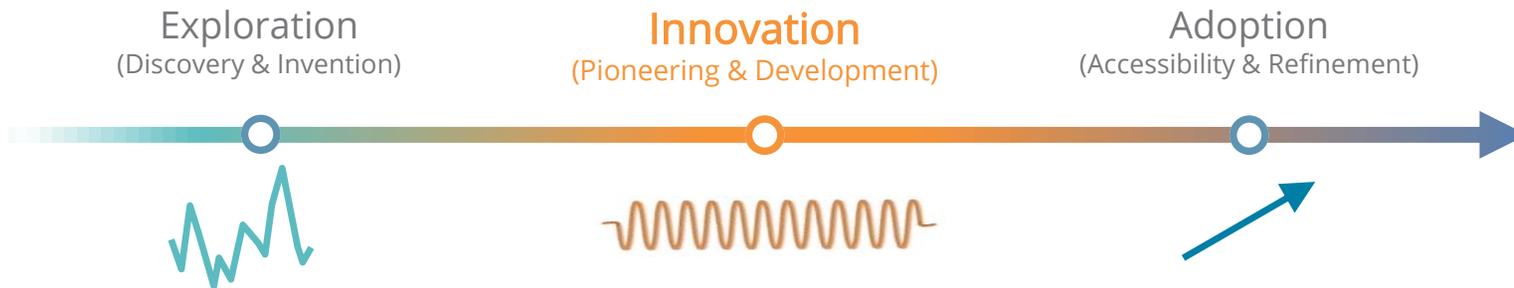
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The three waves form the three axes of innovation around which all future products will pivot

Innovation in the Age of Internet of Things

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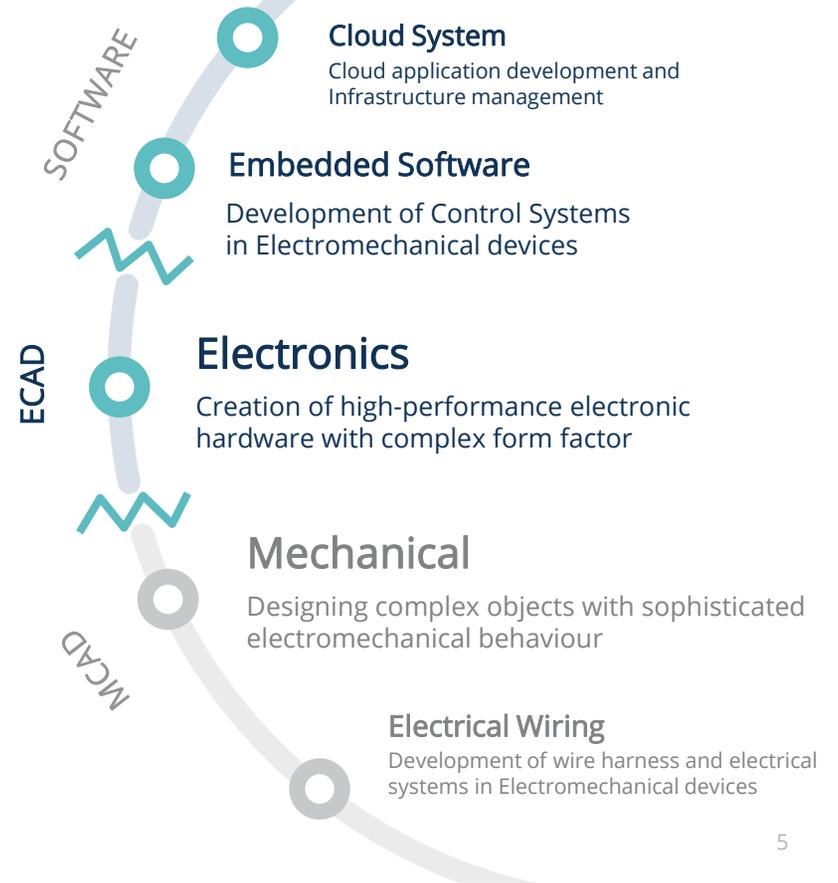
Modelling, digitalizing and integrating all objects and processes associated with the creation, adoption & evolution of smart products is critical for increasing the speed of innovation

The Multi-Disciplinary Challenges of Innovation in the Age of IoT

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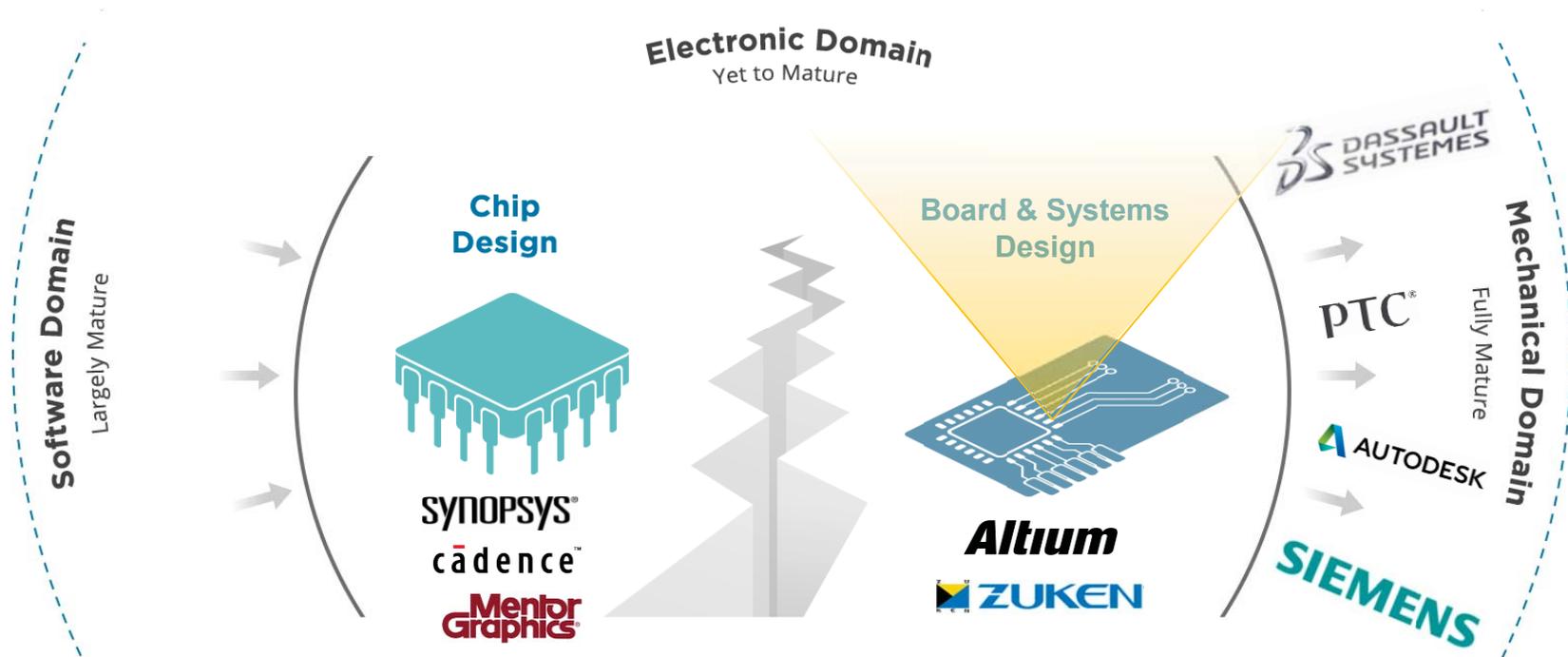


Outdated practices related to electronic design are at the heart of multi-disciplinary challenges in designing smart products



Transformation of the EDA Industry and Opportunities for Altium to Lead...

Altium

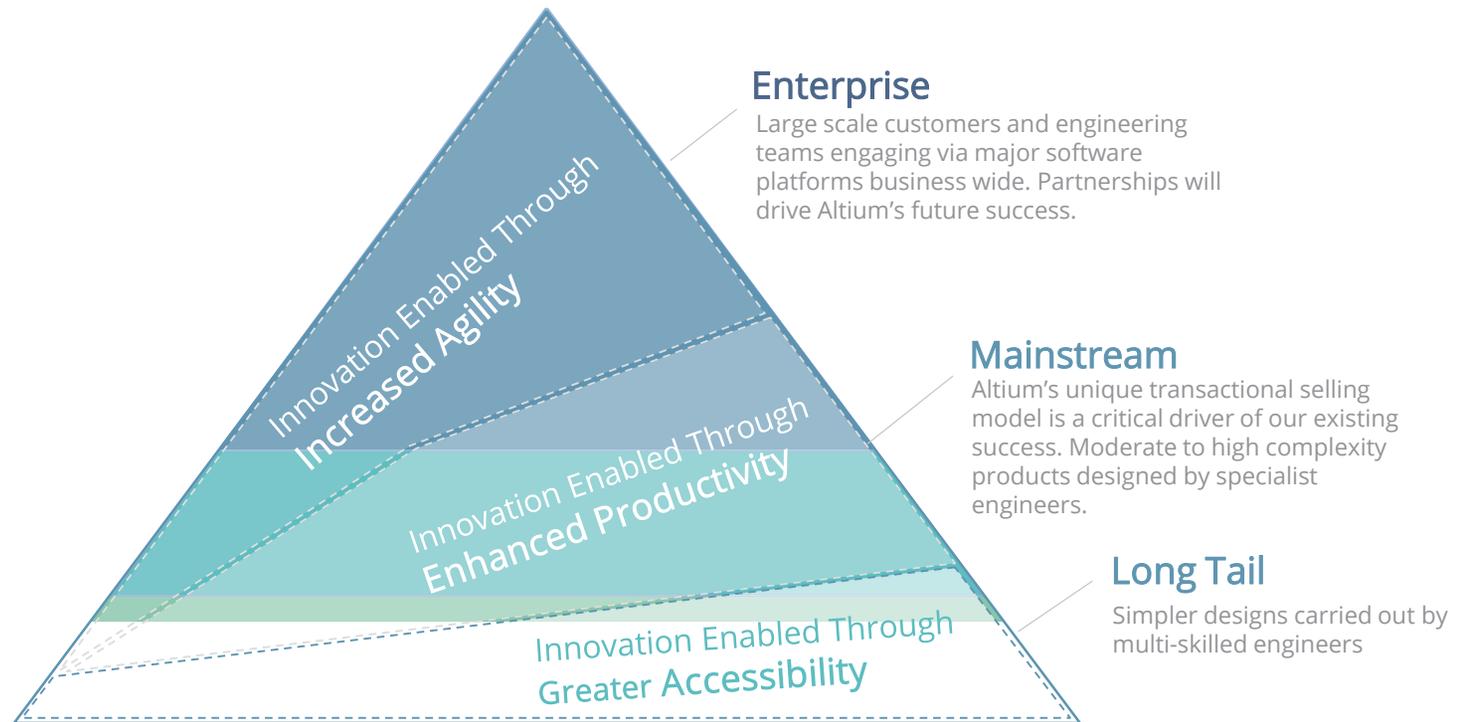


The rise of smart connected devices is driving a deep transformation in the EDA industry with the Board & Systems Design going mainstream while Chip Design is becoming highly specialized

Enabling Innovation in Different Segments of the Market



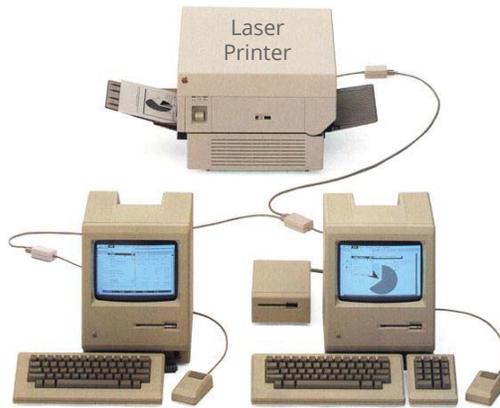
Altium®



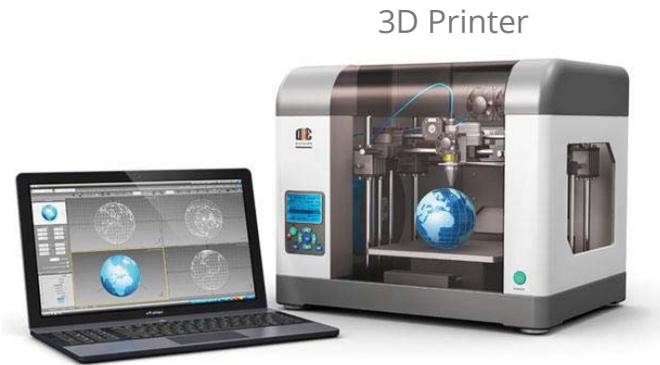
Altium Strategy will differ by market segment but will focus on the same goal of enabling innovation

Enabling Innovation in the Long Tail Segment...

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Democratization of Publishing
(Desktop Publishing 1980's)

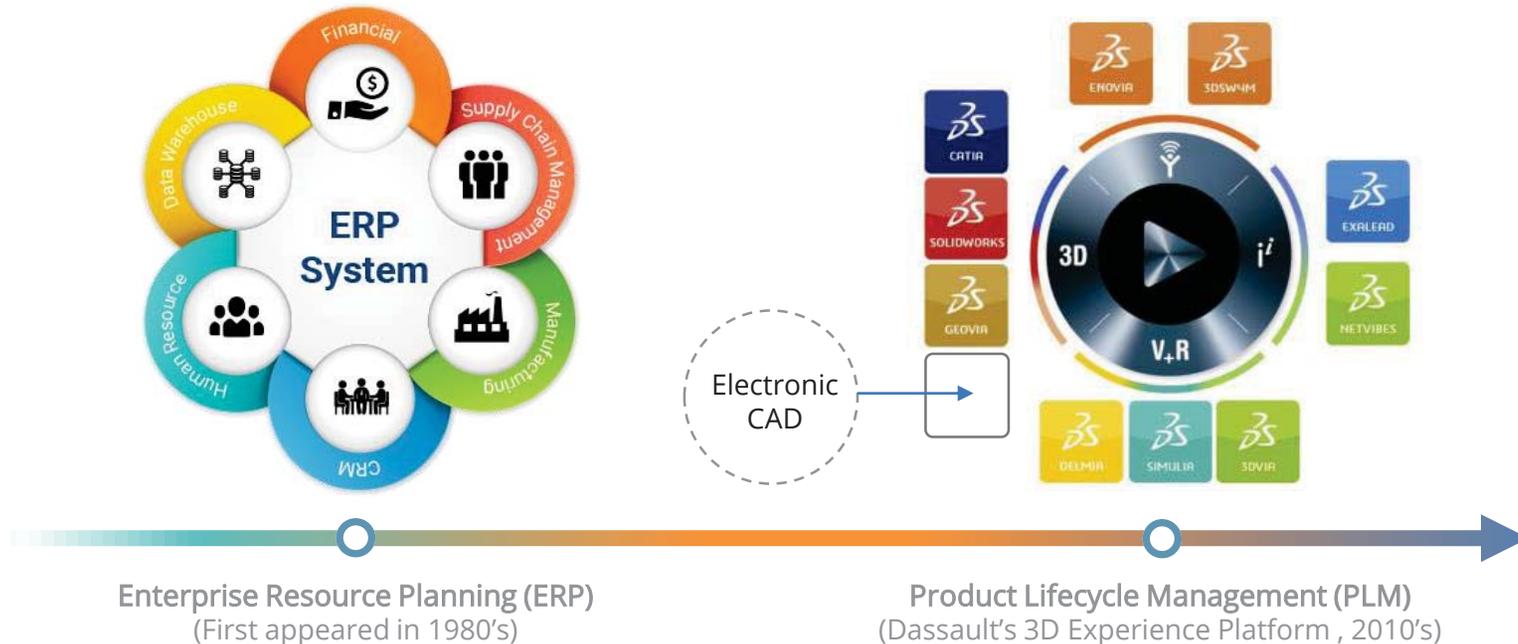


Democratization of Engineering
(Makers Movement 2010's)

IoT has created a mass market for professional engineering tools.
Indirect monetization is key to enabling and sustaining innovation in the long-tail segment

Enabling Innovation in the Enterprise Segment...

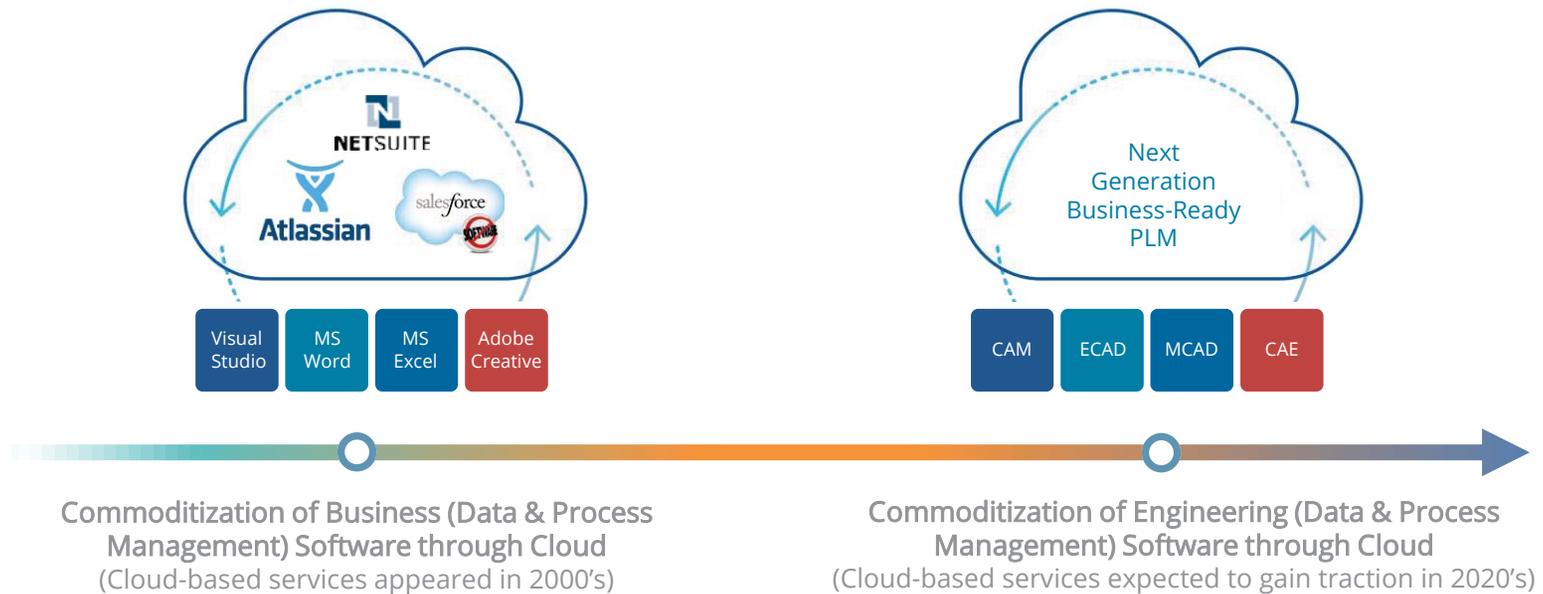
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To speed up innovation in the enterprise segment, Electronic CAD and Product Lifecycle Management (PLM) must come together

Enabling Innovation in the Mainstream Segment...

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Mainstream evolution will eventually mirror the high-end with the enterprise engineering software evolving from the current delivery model



Transformation & Deregulation of Enterprise Solutions and Practices

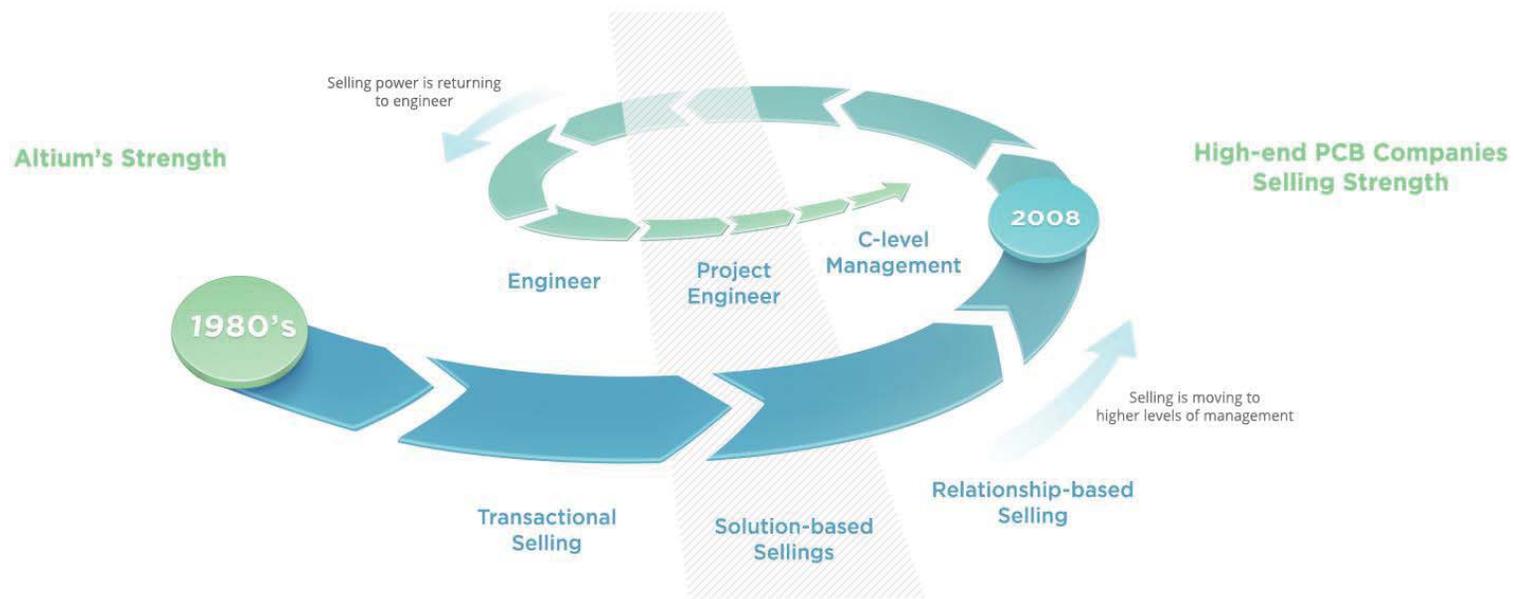
Agile Enterprise and the Emergence of Systems Design

Henry Potts – Chief Products & Operations Officer



The Evolution of Enterprise Solutions & Practices

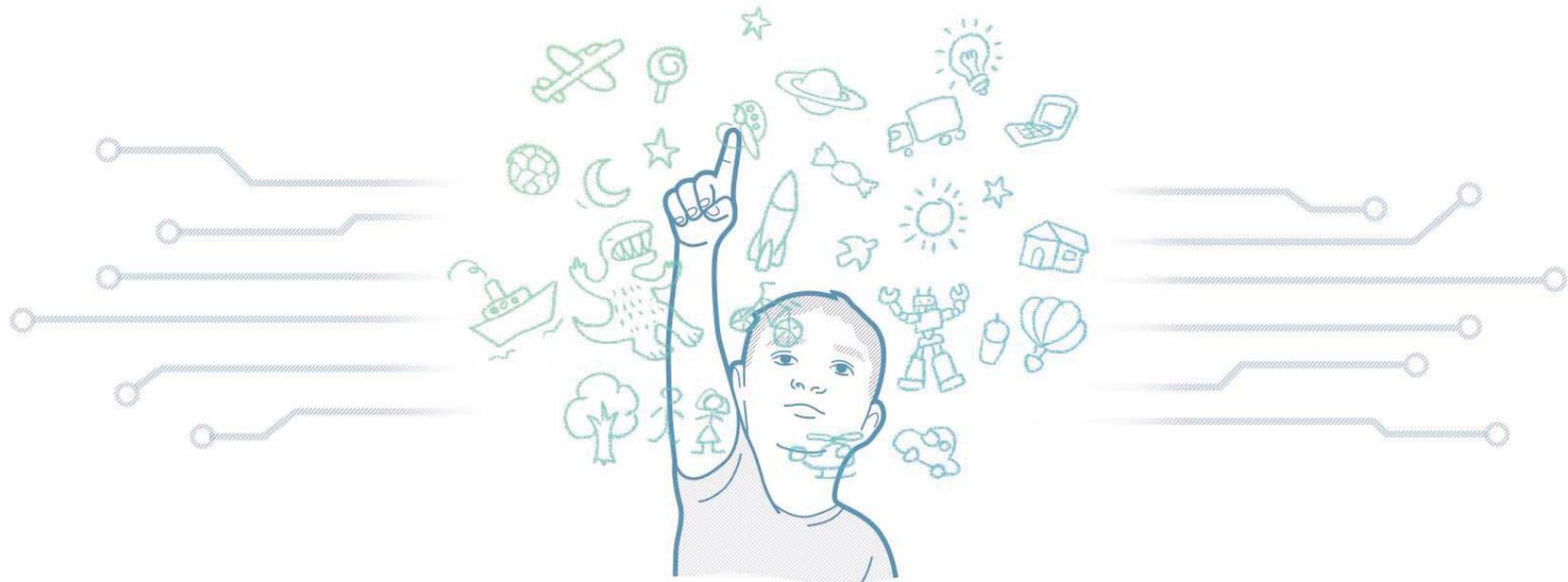
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Since the 1980's the selling motion gradually moved to the higher levels of management. Global Financial Crisis in 2008 returned purchasing power back to the hands of engineers.

The Rise of Electronics & Proliferation of Systems Design

Altium

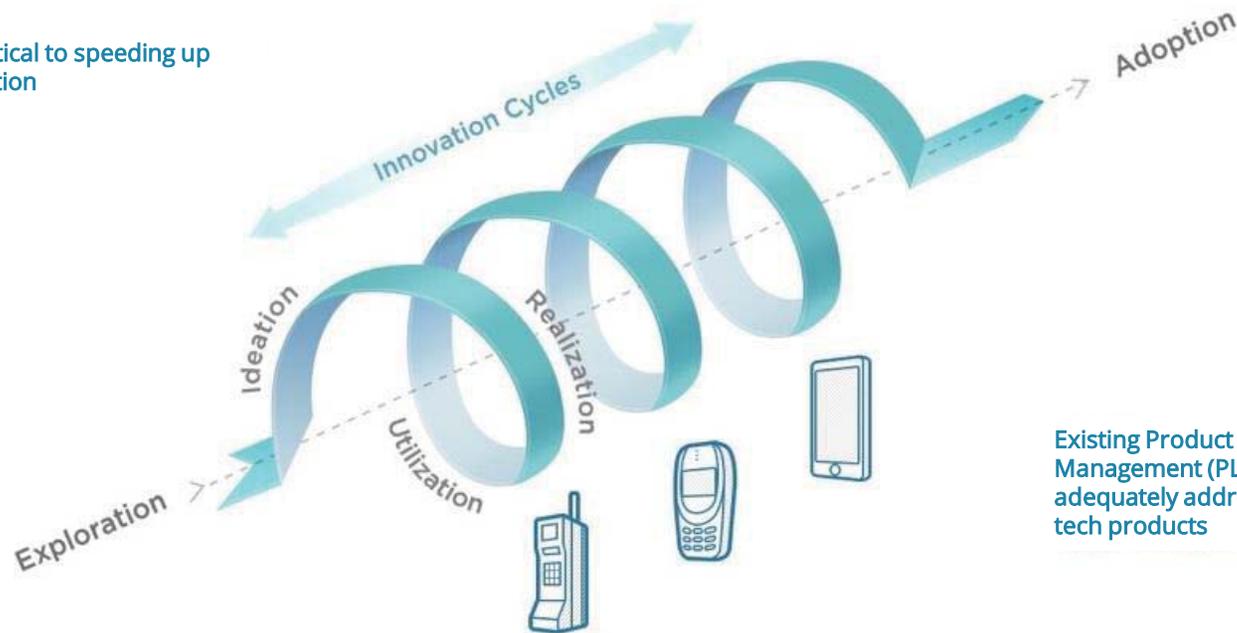


The proliferation of electronics and the importance of safety in modern products are causing a shift of focus to system-level engineering and data management

Agile Enterprise – Speeding up the Pace of Innovation

Altium®

Electronics is critical to speeding up cycles of innovation

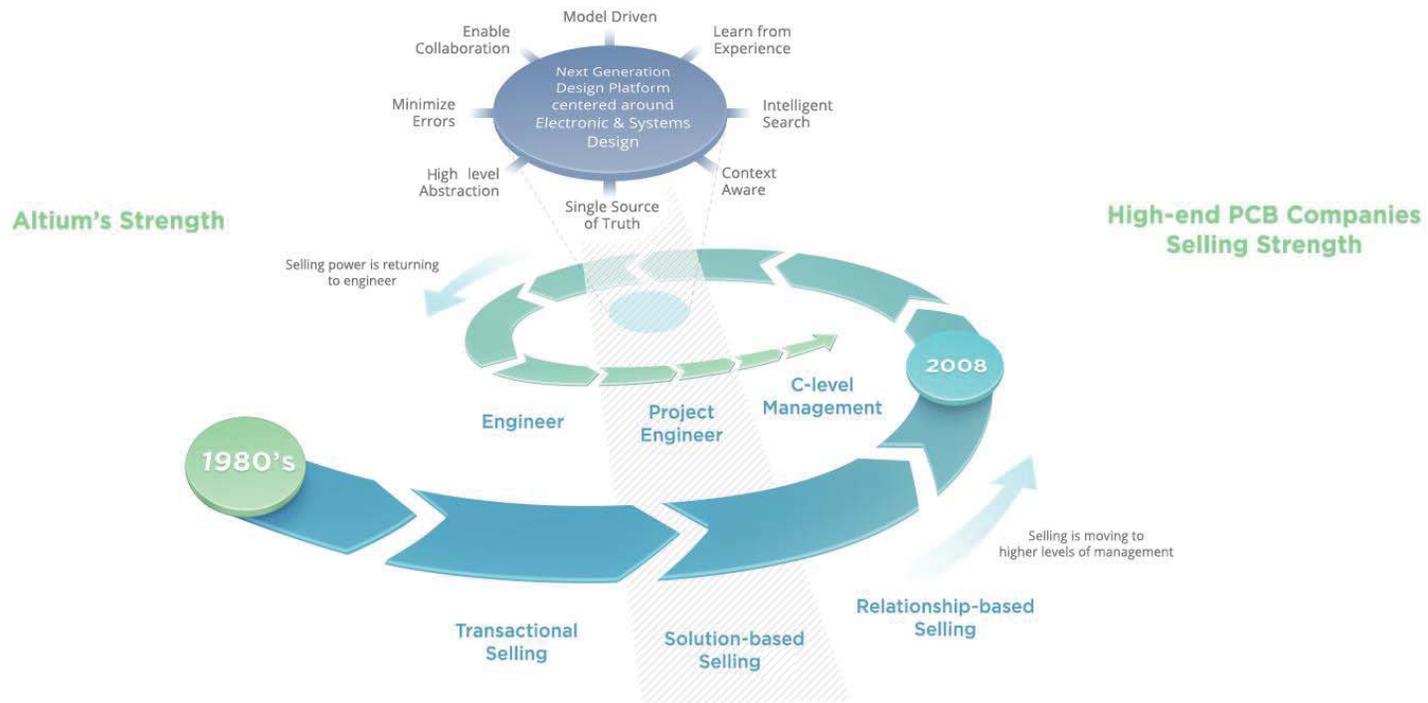


Existing Product Lifecycle Management (PLM) tools do not adequately address the need of high-tech products

Success depends on the ability of the enterprise to move through innovation cycles faster than its competitors

The Next Generation Product Design Platform...

Altium®

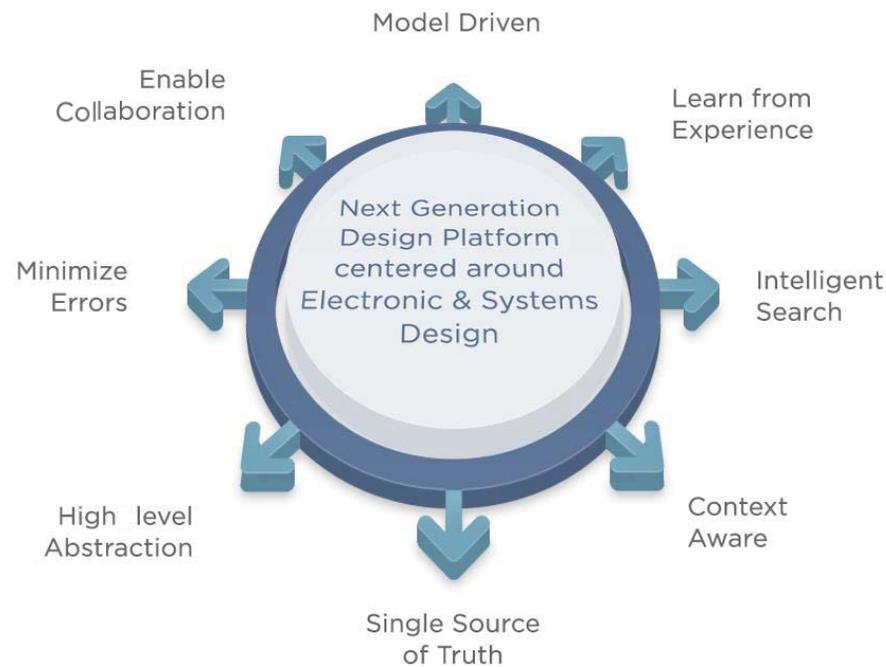


Altium is Uniquely Positioned to Deliver the Next Generation Design Platform for High-tech Products

Smart Products Need Smart Tools

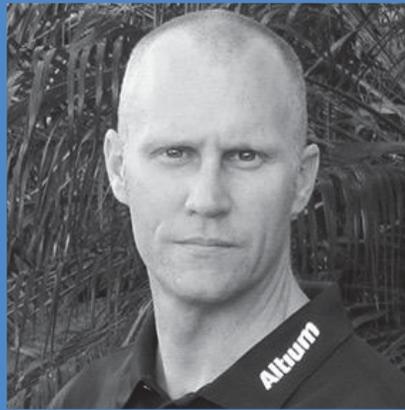


Current generation of CAD tools come from drafting background. This limits their level of smartness



Engineering tools need to coalesce and operate at higher level of abstraction

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The Art of Creating and Selling Technology to Mainstream Engineers

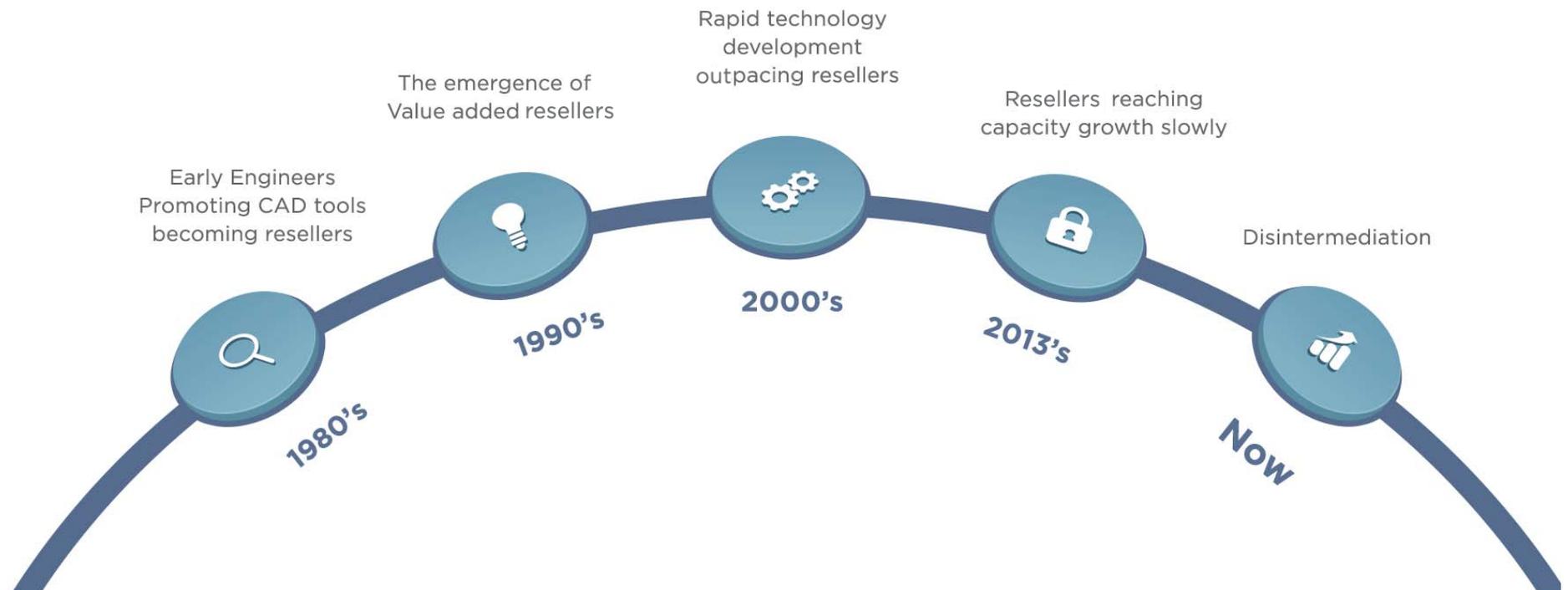
Disintermediation & the Commoditization of Technology

Lawrence Romine – Head of Global Field Marketing



The Evolution of Selling Software to Engineers

Altium®



Information Asymmetry and Disintermediation

Altium

60% of all pipelined sales opportunities end in a Status Quo decision



Chance of making contact with a lead decreases 1000% after the first hour

67% OF A BUYER'S JOURNEY IS NOW DONE DIGITALLY!!!!

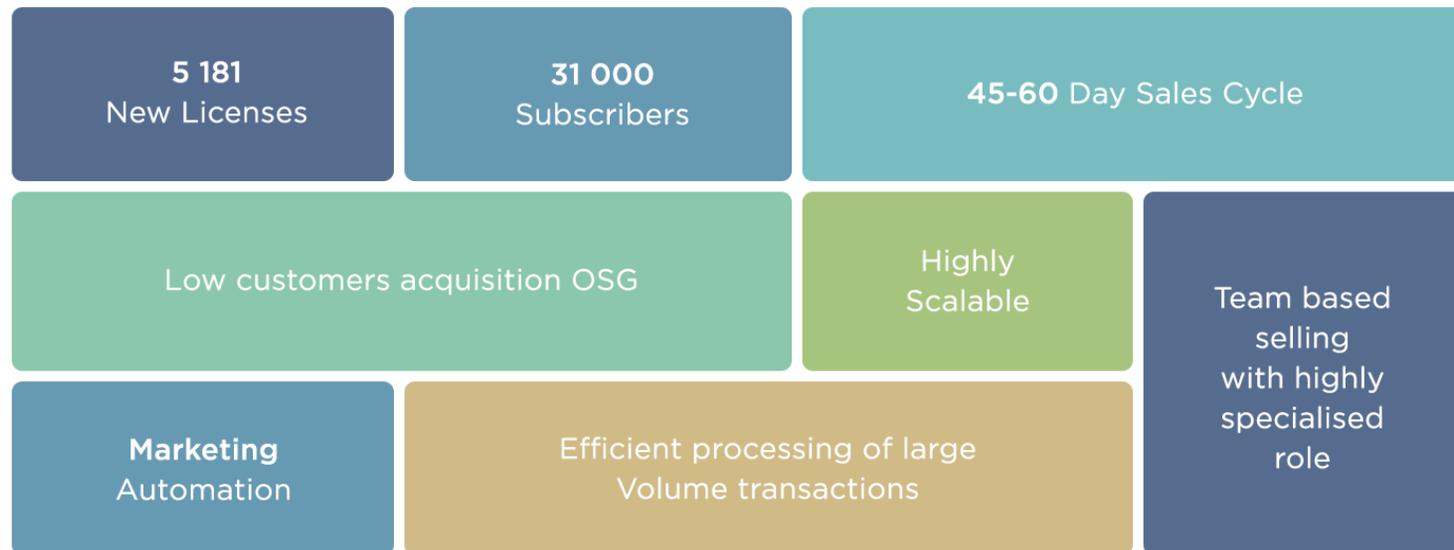
The Web Revolution - Information Asymmetry & Disintermediation

Altium®



Sales have changed more in the past 10 years than in the previous 100. Whereas in the past buyers needed to beware, today buyers are informed and sellers need to beware

Altium's Unique Transactional Sales Model

The Altium logo is displayed in white text on a blue background, positioned in the top right corner of the slide. The background of the slide features a close-up image of a blue printed circuit board (PCB) with various components and traces.

Every Seat, Every Deal, Every Transaction Counts!

Leveraging Altium's Unique Transactional Sales...

Altium

Altium going direct in key markets globally



Altium's unique sales will be leveraged through M&A

Altium's unique transactional sales capability is the most powerful competitive advantage in the age of IoT

Altium[®]



Indirect Monetization & Democratization of Engineering

Octopart's Journey and Business Model

Sam Wurzel – Octopart Co-founder



Octopart's Journey

Altium®



Early
2000's



Doing
PHD Research



Birth of
Octopart in 2006



Early Day's
doing the
hard work



Hitting the
growth phase

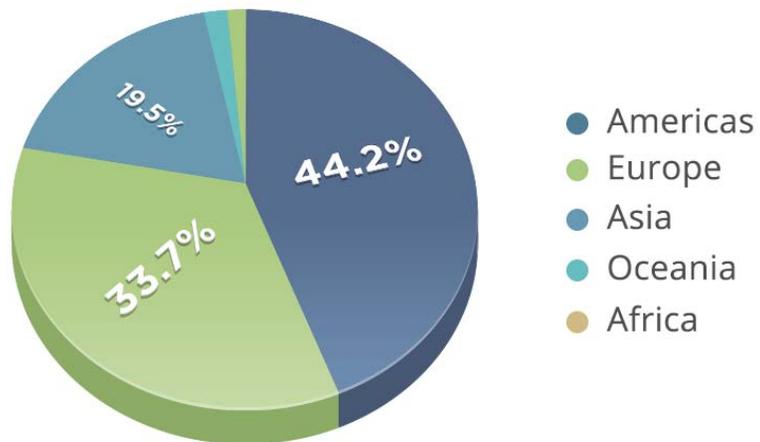
A Journey Towards Democratization of Electronic Design through Passion, Perseverance & Self-belief

Octopart's Users

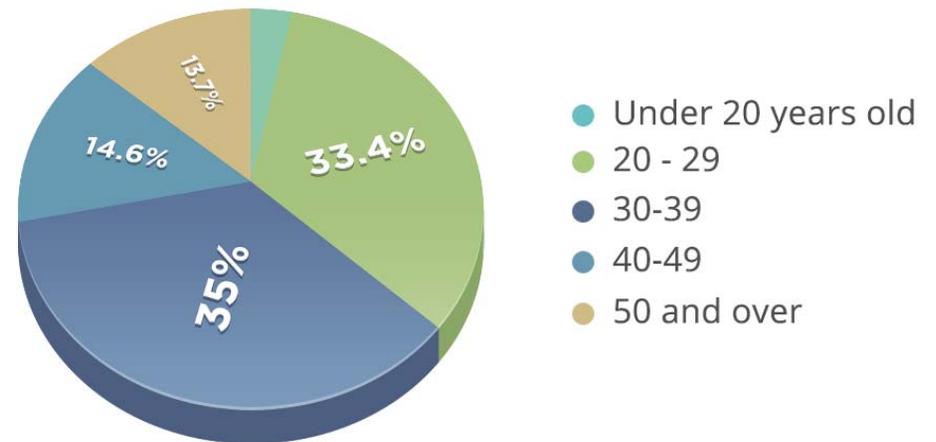


- Octopart is free. No registration required
- 500k Users per Month
- 2M Page views per Month

Geographical Breakdown of Octopart Users



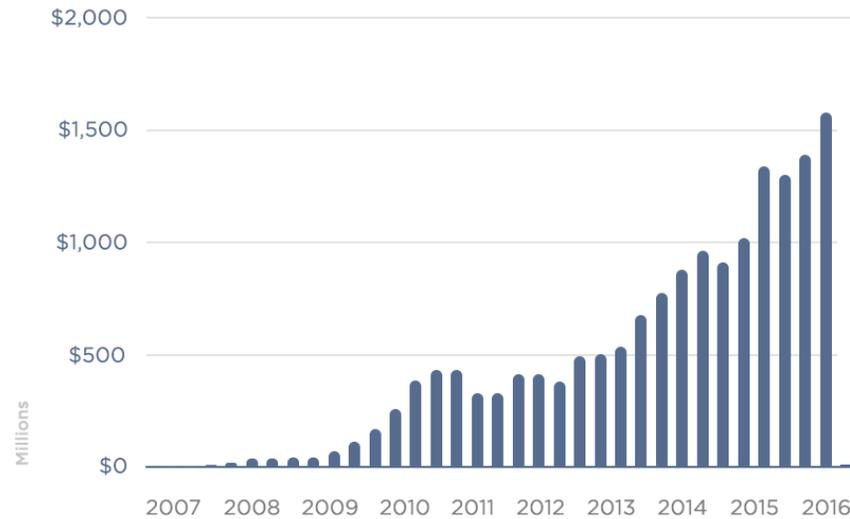
Age Breakdown of Octopart Users



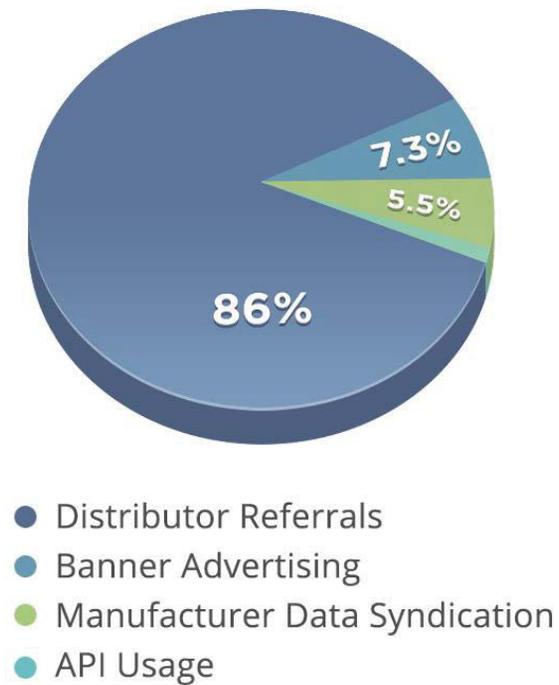
How Octopart Underwrites the Democratization of Engineering



Octopart Quarterly Revenue



2016 YTD Revenue Breakdown by Service



Octopart's Business Model: Seller Pays



Engineers

The screenshot shows the Octopart website interface. On the left is a navigation menu with categories like Discrete Semiconductors, Integrated Circuits (ICs), and various manufacturers. The main content area displays search results for 'Exar SP202ECP-L'. It includes a table of distributors with columns for Distributor, SKU, Stock, MOQ, Pkg, and prices. Below the table, there are details for a specific component, 'Texas Instruments DAC7800KP', including its manufacturer page link.

Distributor	SKU	Stock	MOQ	Pkg	1	10	100	1,000	10,000
Digi-Key	1016-1006-S-ND	1,138	1	Tube	USD 1.05	1.05	0.732	0.388	0.388
Arrow	SP202ECP-L	445	1		USD 0.580	0.580	0.576	0.407	0.407
Verical	SP202ECP-L	445	63		USD		0.576	0.576	0.576
Chip One Stop Japan	C15221500031025	445	5		*USD	0.525	0.439	0.439	0.439
Newark	98K078	56	1		USD 1.41	1.41	1.27	0.953	0.953

Electronic Parts Distributors

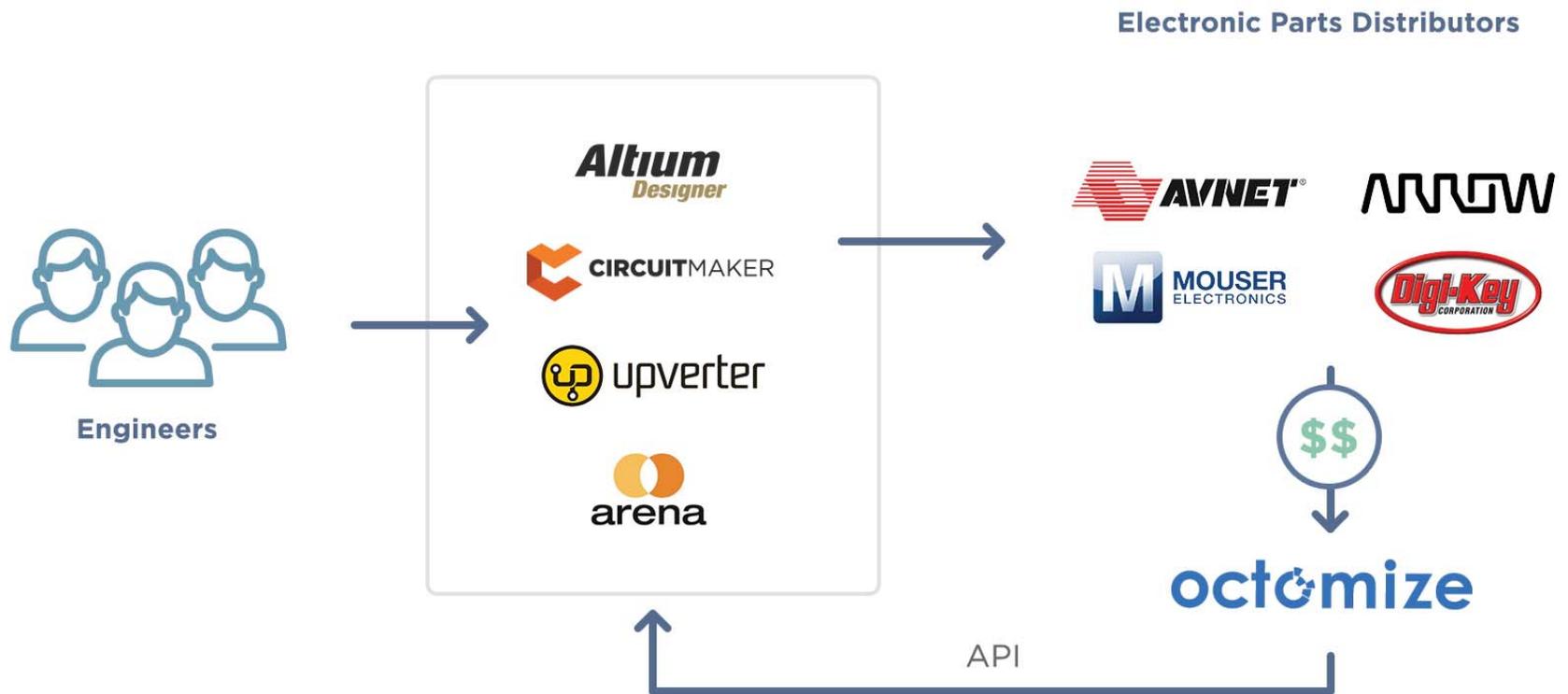


+ 200 Others



Octopart

Octopart's Future Direction.....





The Right Financial Strategy for Successful Execution

Financial Capacity is Critical to Success

Joe Bedewi – Chief Financial Officer



Enterprise Segment Financial Strategy...



Altium[®]

Business Drivers

- Growing demand for electronics in a PLM/MCAD centric world
- Enable systems-level innovation through and based on ECAD

Challenges & Opportunities

- To fully enable innovation in the age of IoT
- Ability to deliver on expectations to do good on partnership & integration with high-end brands
- Stay true to partnership and execute faithfully to Altium's *Switzerland Strategy*

Relevant M&A Strategies

- Improve the target company's performance
- Enter into a transformational merger
- Get skills or technologies faster or at lower cost than they can be built

Target Areas

- Companies with ECAD enterprise know-how
- Companies with product and/or skills that enhance high end capability

Altium Completed M&A:



Mainstream Segment Financial Strategy...



Altium

Business Drivers

- Leverage Altium's unique transactional selling Model
- Cash Generation to support investments
- Demand by high-end customers for mainstream tools

Challenges & Opportunities

- To bring high-end enterprise capability to mainstream engineering
- To bring about mass adoption
- Reaching the tipping point for mass adoption
- Altium transactional selling model enables incredible reach and a distribution network for new products

Relevant M&A Strategies

- Accelerate market access for the target's (or buyer's) product
- Improve the target company's performance
- Get skills or technologies faster or at lower cost than they can be built
- Consolidate to remove excess capacity in the industry

Target Areas

Companies with relevant cloud-based offerings that can sell transactionally

Cash generating companies that can provide funding for enterprise and long-tail acquisitions

Cloud-based, pure SaaS companies with established revenue and strong growth potential / profile

Altium Completed M&A:  Ciiva

Long Tail Segment Financial Strategy...



Altium

Business Drivers

- Growing need to promote electronic parts within a larger population
- Provide effective engineering tools for the masses
- Build a strong and loyal future customer base

Challenges & Opportunities

- Monetization scheme to go beyond what has traditionally been possible
- To reach critical mass to get a seat around the table in electronic parts supply chain industry

Relevant M&A Strategies

- Pick winners early and help them develop their businesses
- Get skills or technologies faster or at lower cost than they can be built

Target Areas

- Companies that enhance Web presence and drive traffic with indirect monetization
- Companies with existing advertising-based revenue
- Technology, talent-rich, media companies with capability for indirect monetization

Altium Completed M&A: **Octopart**

Looking Ahead...

The Altium logo is positioned in the top right corner of the blue header bar. It features the word "Altium" in a white, bold, sans-serif font, with a registered trademark symbol (®) to its upper right. The background of the header bar is a teal-to-blue gradient with a faint, high-resolution image of a printed circuit board (PCB) showing various components and traces.

- ✓ We are confident of achieving our US\$100 million revenue goal this financial year
- ✓ We are on track to achieve US\$150 million in PCB revenue by 2020 and US\$200 million in total revenue by 2020
- ✓ We are committed to delivering double digit sales and revenue growth this year
- ✓ We are committed to increasing our operating margin to 30% or more
- ✓ We will continue to implement strategic partnerships that can meet converging market demands and needs of our customers
- ✓ We will pursue acquisitions that can further expand or enhance our product offering to accelerate our drive for market leadership

Altium[®]

Thank You