Asia
Opportunities & Threats
Our Mission Statement

“Leading Strategic Supplier of VoIP Solutions for Service Providers and Enterprises Worldwide.”
Quick Reminder About Us…

- 2008 will mark 15 years of Operations
  - Global, successful and balanced operation
  - Deployed in over 100 Countries in wireline, wireless, broadband
  - Strong brand for Quality & Performance
  - Partner to with major market players
  - Global distribution network
  - Almost 700 employees with revenues of $160M in 2007
Product History & Evolution

1993
Established, speech coders & DSP algorithm R&D

1995
Introduced VoIP Chips, became #1 worldwide by 1997

1997
Introduced VoIP Blades, became #1 worldwide by 1999

2002-2003
Analog & Digital Media Gateways

2004
Media Servers

2005
CPE & Access Media Gateways

2006
Session Border Controllers, Cable

2007
Growing focus on CPE & Mid-Density Media Gateways

2008
Multi-Service Business Gateways
Telecom Market Trends

Carrier VoIP and 3G, 4G Fastest Growing Sectors in Telecom

Communications Equipment Growth (2005 – 2006) (2)

- Enterprise: 8.0%
- Wireless: 6.0%
- Wireless: 7.0%

-28.60%
VoIP market about $3B, grows 25% - 30% annually

Trends

- NGN & Class 5 (Local Exchange) replacement with VoIP enabled solutions becomes mainstream
- Voice over Broadband is ramping up (xDSL & xPON)
- Fixed-Mobile-Convergence (Mobility), WiMAX ramp up
- Session Border Controller (IP-IP Gateways) market grows
- VoIP integration into Multi-service devices
Asia – few facts…

- Asia is the world's largest and most populous continent
- It covers 8.6% of the Earth's total surface, almost 4 billion people (60% of the world's current human population).
- Two out of four “BRIC” countries belongs to Asia.
- Asia has the third largest nominal GDP (Gross Domestic Product) of all continents, but the largest when measured in PPP (Purchasing Power Parity)
The integration of China and India into global economy is one of the major economic events of history.

- 2.5 billion people
- With significantly lower incomes
- Owing lower cost infrastructure
- And different factor ratios
  - Contributing to markedly different factor prices
China

- Leading the “new world” technology by “catching up” on world markets with improving quality products at lower cost
- Considered as major OEM / sub contractor country for reduced cost
- Quality is still under the companies QA
- Engineering resources are used by foreign companies when Cost of local SW engineer owing 5 years experience is in range of 12,000RMB (6,000 NIS) per month
- Firms are trying to perform joint venture with Chinese companies
- Chinese are well known as owing good skills of “reverse engineering” and “work around” which enable them copying and overcome various issues
• The domestic market still struggles to catch up with the “21st century”
• The foreign investment in the Software engineering resources is Hugh
• In Bangalore there are over 3,000 firms which are doing Software design using India Software engineering resources
• Each year 300,000 Software engineers are graduated from local universities and many of them are considered high skills / level engineers.
• Local Software engineer owing 5 years experience earn 20,000IR (1,800 NIS) per month so many companies open a daughter company in India mainly for Software design
• Companies are using India human software resources by opening local company or as ODM / sub contracting companies for Software design
• Engineering is considered loyal and using India Software resources is not “dangerous” for companies
Japan

- One of the strongest economics world wide
- Very special and unique country / people
- Companies struggles and sometimes fail doing business with Japanese mainly due to lack of knowledge of the Japanese culture, way of thinking and way of doing business
- Sophisticated and high level engineering resources in all fields
- All Japanese products considered high quality, high level and high cost products
- Israeli companies that succeeds to penetrate and have business in Japan usually “publish” it
Korea & Taiwan

Korea

• Strong economy involved in all different market areas
• Very similar to “Israelis” in their culture and business way but owns “Asian” patience…
• Korea is considered the “Japanese Test Bed”…
• Israeli companies are mainly trading with Korea

Taiwan

• Strong in ODM & OEM and considered one of the world’s main supplier used by various companies
• Any company that would like to have Taiwanese local made product can approach Taiwan and they welcome any opportunity
• Product quality considered better than Chinese but still behind Japanese and Korean
• Product cost is average in the market
• Considered as the “Door to Asia”
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<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
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<tr>
<td>• Almost unlimited population count</td>
<td>• Lack of quality proved products and track record</td>
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<td>• Number of university graduates</td>
<td>• Late entrant</td>
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<td>• Low cost base employment</td>
<td>• Lack of management &amp; professional skills</td>
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<td>• Low cost infrastructure</td>
<td>• Missing industry specific expertise &amp; know how</td>
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<td>• Multi lingual</td>
<td>• Availability of capital investment</td>
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<td>• Government vision and support for cooperation with multi national companies world wide</td>
<td>• General business climate and environment</td>
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<td>• Telecom &amp; Datacom High End infrastructure</td>
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Opportunities

• MFG Offshore & Outsourcing
• High End application capability
• Strategic partnership with various companies worldwide
• Good & Stable relationship with different nations
• Excellent competition for price sensitive markets
• Variety of business lines
• Geographically alternate MFG site

Threats

• Lack of required skills
• Regional stability
• Competition with Eastern Europe and Latin America
• Complex Go-To-Market models with partners
• Difficult to maintain utilization levels
• Perception of “Asian” work ethics & quality
To summarize…

Asia market is high potential, unique and owns its “different and special” way of penetration, cooperation and implementation…

In order to achieve that we should have…

• Diverse Product Offering using Leading Edge Technology
• Clear Product Roadmap
• Promote from top down and bottom up
• Increase our presence
• Adopt the “Asian” way of doing business
• Manage our agent / representative closely
• Keep an eye on our partners activities
• Negotiate hard
• Enjoy it!
Thank you