

## 2009 European Smart Meter Product Innovation Award

### Frost & Sullivan's Global Research Platform

Frost & Sullivan is entering its 48<sup>th</sup> year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The Company's research philosophy originates with the CEO's 360 Degree Perspective,\* which in turn serves as the foundation of its TEAM Research\*\* methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Our research team is proud to present the 2009 European New Product Innovation Award in Smart Meters to Xemtec



### Significance of the New Product Innovation Award

#### Key Industry Challenges Addressed by New Product Innovation

The European smart meters market is in a nascent stage and expected to achieve commercialization by 2012. The industry at the moment is in the field trial phase with manufacturers and utilities testing waters for an ideal business case. Installation of new smart meters would mean replacing the old traditional mechanical meters. Most of the traditional meters are expected to have around 10 years of remaining life and replacing them would mean replacement of working assets, thus being faced with the issue of 'stranded assets'. Stranded asset arises when value of the asset diminishes in the market and becomes worthless due to

the fact that it has become outdated, in advance of its complete depreciation. This is a prime concern for some of the market participants, especially utilities as writing off assets that still has around 10 years of life left would result in a huge financial setback. Moreover, the installation of smart meters in itself requires massive investment. Due to the current economic slowdown and tighter credit situation, utilities are certain to contemplate delaying the installation of smart meters, thus impeding large scale roll out.

Another challenge is that the technology for smart metering traverses beyond the meter itself. The efficacy of a smart meter depends on its features like communication capabilities with the gateways, storage of information and logging of the values to enable load profiling and certain value added services like Time of Usage programming (TOU), outage detection and remote switch on/off. A brand new smart meter may have a plethora of capabilities. However, if the grid and the network do not support these functions then the features are bound to become redundant. Smart meters ideally act as enablers in helping the grid go on-line and thus its functionality should be focused towards total grid automation.

### **Impact of New Product Innovation Award on Key Stakeholders**

The Technology Leadership Award is a prestigious recognition of Xemtec' accomplishments in the smart meters sector. It is our firm belief that such recognition can have a profound impact in enhancing the brand value and thereby accelerating the growth of Xemtec As captured in Figure 1 below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, we hope to inspire, influence, and impact three specific constituencies:

- **Investors**

Xemtec's current investors will be pleased to gain favorable press from an impartial third party with high industry credibility. Similarly, prospective investors are likely to favor companies with a well-established reputation for excellence. In either case, a best-practice award from Frost & Sullivan can only bolster the case for Xemtec as a worthy investment.

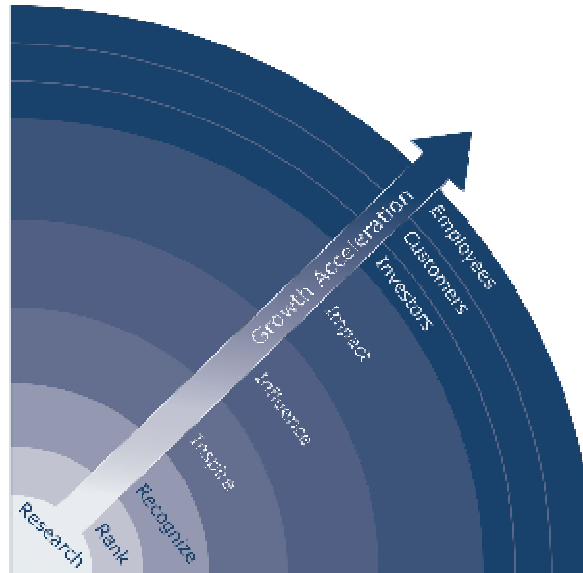
- **Customers**

A best-practice award will reassure customers that they are allied with an organization unmatched in its field. They may in turn reward your organization with greater loyalty and increased share of wallet.

- **Employees**

This award represents the creativity and dedication of Xemtec's executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit towards excellence in product innovation for Xemtec.

**Figure 1: Best Practices Leverage for Growth Acceleration**



### **Key Benchmarking Criteria for New Product Innovation Award**

For the New Product Innovation Award, the following criteria were used to benchmark Xemtec's performance against key competitors:

- Innovative Element of the Product
- Leverage of Leading Edge Technologies
- Value Added Features/Benefits
- Increased Customer Value
- Customer Acquisition/Penetration Potential