

ACQUISITION CRITERIA MEMO

Project Name: Telematics consolidation

Executive: Christopher

Date: September 2010

Industry Description	<ul style="list-style-type: none"> • Wireless telematics firms delivering vital information for vehicles or machine to machine (M2M) • Focus on regional commercial service vehicles
Size and Growth	<ul style="list-style-type: none"> • \$700 mil. estimate • New lower cost h/w leading to higher than average growth
Key Industry Trends	<ul style="list-style-type: none"> • With lower cost h/w and ubiquitous application suites new markets are exploding in Insurance, service fleets, remote medical reporting, M2M, construction equipment, used car sales for subprime loans etc
Key Product Descriptions (prioritized)	<ul style="list-style-type: none"> • GPS/cell based telematics products for commercial vehicles • GPS and performance based products for local service delivery trucks • M2M telematics applications • Car fleet monitoring products • Patient medical monitoring
Key Segments	<ul style="list-style-type: none"> • Local service van fleets • Hybrid electric commercial truck monitoring • Construction equipment leasing/rental • Vocational trucks like snowplows and municipal garbage haulers • Usage based insurance companies (UBI)
Manufacturing tech/processes (prioritized)	<ul style="list-style-type: none"> • Light assembly, but most components outsourced • Software and application development critical • Service capability and process back-end essential and scaled
Acquisition Thesis	<ul style="list-style-type: none"> • Very large, fragmented market; geographic distribution and or application specific focus required. • Critical is accessing sales channel; reps, direct sales etc. • Responsive customer training and support essential
Key Challenges	<ul style="list-style-type: none"> • External: Fragmented competitive non differentiated product • External: Superior sales/delivery capability • External: Low cost structure • External: Customer service support, 24/7 uptime
Top 5 Acquisition Targets	<ul style="list-style-type: none"> • Qualcomm Enterprise Services • Peoplenet • Teletrac • Trimble/@road • GPS Insight • Sky Biz
Geographic Preferences	<ul style="list-style-type: none"> • North America
Size Preferences	<ul style="list-style-type: none"> • Platform = \$20-35 mil • Add-ons = Minimum 12mil – important to target specific geographic needs

DISCUSSION LOG

Conversation Log	<ul style="list-style-type: none">• 8/25 – introduction to SMC; discussion of initial thoughts around motion controls and build-up opportunity
Follow-up	<ul style="list-style-type: none">• 9/25 at the latest