

# NetComm<sup>®</sup> insight

Your source for NetComm news

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# From the Managing Director



Dear Shareholders,

Welcome to the third edition of Insight.

There is a significant amount of exciting activity going on in the telecommunications market at the moment. At NetComm we are working hard to keep focused on the key opportunities that will lead to growth for shareholders.

In Australia, NetComm is keenly focused on the National Broadband Network (NBN). The NBN offers some great opportunities for NetComm, irrespective of the type of technology deployed. Developing, manufacturing and supplying carriers with devices that allow access to their high speed networks is the foundation of NetComm's business model. NetComm's core gateway products are flexible enough to be customized for FTTH (Fibre To The Home), 3G, WiMAX, VDSL (very high speed DSL) and if required we can even work with satellite delivery systems.

Internationally, we are observing unprecedented investment in 3G broadband networks, in spite of the prevailing global economic conditions. Specifically you will see some of our key global 3G success stories for NetComm with Rogers and Telus in Canada.

I hope this edition of Insight provides you with useful information on the NetComm Business.

Regards,

David Stewart



NEWS

## MyZone hits Apple Stores

The highly-anticipated launch of NetComm's MyZone pocket 3G WiFi router went ahead at the end of May. In a first for NetComm, the MyZone went on sale exclusively through Apple Stores in a launch timed to capitalise on the debut of the iPad in Australia.

The MyZone is a Mobile 3G WiFi Router positioned between a 3G USB Modem and a 3G Router. Similar to a 3G USB Modem, the MyZone is compact and portable yet has the ability to connect multiple devices, combining the best of both worlds into one unit.

Backed by a concerted advertising and public relations plan, the MyZone attracted a great deal of interest from the technology media, who recommended it as a more flexible and cost-effective alternative to the 3G enabled iPad. For example, the MyZone can connect a basic WiFi iPad to the Internet but still allow that connection to be shared with other devices as well. Since the MyZone can be used with a SIM card from any carrier, this allowed owners to choose the plan that suits them.

After the first eight weeks of the MyZone being available exclusively though Apple, the units are now on sale through other retail channels.

NEWS

## Home networking equipment gets a sales boost



NetComm has signed a deal with the tech2home, the national provider of home entertainment installation services for Harvey Norman. The tech2home staff come out to people's homes to install new televisions and so forth that people have purchased from Harvey Norman.

Given the increasingly complicated nature of networking this equipment, many customers opt for the tech2home service, especially if they are trying to link their new purchases to the Internet or to stream a media signal throughout their home. As part of the visit, technicians can recommend additional networking equipment to help customers get the most out of their home entertainment experience.

The tech2home technicians will now be carrying some NetComm devices as part of their routine stock and be able to provide these on the spot. This NetComm gear includes the NP121 Wireless Network link, the NP201AV Ethernet over power plugs and the NP804n wireless router.

## NetComm products available through tech2home



NP121 Wireless Network link



NP201AV Ethernet over power plugs



NP804n wireless router

NEWS

# NetComm goes global

NetComm has employed several new sales and marketing staff to develop and consolidate its expanding global business. The firm's increasingly successful penetration of the North American and Middle Eastern markets now requires permanent representation in these areas as well as personnel with expert local knowledge.

The new roles include teams based in the Americas, the Europe/Middle East/Africa zones and a strengthening of capability in the Asia-Pacific area. The expanded global team now comprises:

- **Paul Hanton:** VP Sales, Wireless Devices USA & Canada (based in San Diego)
- **Phil Gorsuch:** VP Engineering North America (Vancouver)
- **Paul Over:** VP Sales Europe/Middle East/Africa (London/Cyprus)
- **Mohammed Awad:** Technical Director Europe/Middle East/Africa (Dubai)
- **Stephen Lander:** Business Development Manager NZ
- **Ruling Hou:** VP for Vendor Relationships (Taiwan)
- **Karen McCrum:** International Sales & Operations Manager
- **Saifi Ismail:** Manager - Product Sales (MEA and S/E Asia)



FEATURE

# NBN - National Broadband Network

The exact nature of the proposed National Broadband Network (NBN) is still not known. How this infrastructure will be built, managed, priced and what technologies it will use are all questions that are subject to an immense amount of political sensitivity. This obviously means there will be continuing debate and the possibility of decisions being made and changed at the last minute. Nevertheless, the implementation of the NBN represents significant business opportunities for those companies that operate in the broadband technology market. NetComm is one of these and the roll-out of the NBN is something that we are preparing for in the medium term.

Fortunately NetComm is extremely well placed to deal with all the twists and turns that the NBN program may entail. Our experience with all the possible technologies that could be involved as well as our thorough understanding of the Australian market mean that we expect to realise strong demand from NBN stakeholders. This includes service providers and end-users who are seeking well-designed and reliable equipment, as well as sales and support services that suit local conditions. In terms of our history and understanding of the broadband communications industry in Australia, few of our competitors have as strong a pedigree as NetComm.



NEWS

# NetComm debuts on Canadian Market

The first NetComm devices to be sold in Canada went on sale through TELUS on 28th June. Badged as the TELUS Smart Hub, the device is a 3G gateway router with Voice capability and is based upon the NetComm 3G10WVT model. The launch represents the first deliveries by NetComm to TELUS under a supply agreement signed earlier in the year. At the time, this was NetComm's first business with a North American carrier, a region that was being targeted as part of a concerted overseas marketing drive.

Shortly after the launch of the TELUS Smart Hub, NetComm announced the supply of its mobile broadband gateway to Rogers Communications, representing its second delivery to the North American market. Rogers is Canada's largest provider of voice and data communications services. The device is an HSPA (3G) WiFi Gateway that supplies data and voice over Rogers HSPA network and is marketed as the Rogers Rocket Hub.

NetComm are excited to be working with such high calibre North American mobile operators who are at the forefront of mobile broadband and look forward to continuing the supply of new HSPA products in the year to come.



# Wayne Trattles



## NetComm adopts best practice forecasting

We've always had a solid budgeting system at NetComm, however there is always room for improvement. As a CFO I've been keeping across the developments of budgeting approaches. Given its importance both internally and externally we undertook to review our budget approach for the 2011 year.

Part of a CFO's responsibility is to help the business execute:

- Strategies that increase shareholder value; and
- Tactical projects to reduce costs.

One of the key tools employed to plan and monitor the success in these areas is the budget and forecasting system.

We have a comprehensive approach which starts with conversion of the NetComm Strategic Plan into a business driver based model. It's a relatively time consuming process. And as most CFO's will attest, by the end of the first month many of the assumptions are no longer valid. Moreover, we wanted a process that maximized the information available to the business today.

This year we made a decision to move away from an annual budget process in favour of a Rolling forecast approach. According to

the ICAA just over 50% of Australian top 100 companies have moved to Rolling forecasts and dropped budgets completely. Appropriate use of technology allows us to keep the driver based approach, but we are able to update it on a more frequent basis.

At NetComm we have adopted the following:

- Rolling monthly forecast that extends over a constant horizon of 4 quarters. In other words, every month the senior management team looks out over the next year to re-assess the assumptions in the forecast and make any necessary changes
- Rolling quarterly 3 year horizon forecast. Every quarter the senior management team looks out over the next 3 years and adjusts the long term forecast of the business. This is sometimes referred to as "Horizon 2" focus.

The most exciting benefit has been the constant forward looking nature of the process. Target setting at NetComm is about beating the competition and not beating the budget. We have some very challenging objectives and they are not going to be achieved with incremental thinking.

Forecasting is not merely about 'keeping on track'... it's about managing strategy and making decisions.



### Tech Talk

## Wireless N

The 'N' in 'Wireless N' indicates the standard of wireless technology that is used. There have been various improvements to wireless technologies over the years and each standard is expressed by a different letter. Most people who have bought a wireless router in the last five years will have a Wireless G device, which operates at a peak rate of 54 Mbps.

Wireless N is the latest standard and offers superior wireless speeds, theoretically up to 300Mbps, plus much greater signal strength, which is important in penetrating walls. There is also a less powerful version of Wireless N called 'N150'.



**Wireless G  
54Mbps**



**Wireless N  
150Mbps**



**Wireless N  
300Mbps**

### FEEDBACK

- As part of our ongoing commitment to **NetComm insight**, We encourage your comments or suggestions to improve future issues.

### ELECTRONIC NEWSLETTER

- It is our intention to go paperless with this newsletter in 2011. If you would like to continue receiving **NetComm insight** please advise us of your email.

Feedback and details can be sent to [shareholders@netcomm.com.au](mailto:shareholders@netcomm.com.au)



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