

A photograph of vibrant red maple leaves in the upper right corner, set against a clear blue sky. The leaves are in sharp focus, showing their characteristic five-lobed shape and serrated edges. The background sky is a soft, pale blue, and some blurred red leaves are visible in the lower right corner.

# **Birdstep Capital Markets Day**

**October 8, 2009**

A photograph of vibrant red maple leaves in the upper right corner, set against a clear blue sky. The leaves are in sharp focus, showing their characteristic palmate shape and serrated edges. The sky is a pale, uniform blue, providing a clean background for the text.

# **Birdstep Capital Markets Day**

**Torbjörn Sandberg**

**President & CEO**

# Agenda

## **10.00 Welcome & Introduction**

Torbjörn Sandberg, CEO & President

## **10.15 EasyConnect**

Stephen Morris, EVP and General Manager  
Business Units EasyConnect and Orbyte

## **11.00 Break**

## **11.20 SafeMove**

Matti Mujunen, EVP and General Manager Business Unit SafeMove  
CEO Birdstep Enterprise Oy

## **11.40 Orbyte**

Stephen Morris, Head of BU Operator

## **12.00 Raima**

Steinar Sande, EVP and General Manager Business Unit Raima  
CEO, Birdstep Technology Inc

## **12.15 Summary and Q&A**

Torbjörn Sandberg, CEO & President

## **12.30 Lunch**



# Birdstep Technology ASA

- **Headquartered in Oslo**
- **Listed on Oslo Stock Exchange since 2002 (BIRD)**
- **100 employees**
- **Offices in Norway, Sweden, Finland and the United States**
- **Four Business Areas**
  - EasyConnect, SafeMove, Orbyte and Raima
- **Turnover 2008 NOK 104 million**

# Birdstep corporate history

|      |   |
|------|---|
| 1996 | Founded in Oslo   |
| 2000 | Acquisition of Advanced Communication Technology  |
| 2001 | Acquired former Raima assets from Centura Software. Alice Systems was created as a spin-off from Northstream. |
| 2002 | Listed as a Public Company in Norway (BIRD)   |
| 2004 | IP Zone Technology sold to Aptilo Networks AB   |
| 2005 | Acquired Alice Systems AB   |
| 2006 | Established VoiceRoaming Technology AS, a JV with TeleVenture AS  |
| 2007 | Acquired ServiceFactory AB, Secgo Software Oy, Aramova Inc. and VoiceRoaming Technology AS                    |
| 2008 | Transition from Product/Project Developer to Software Vendor  |
| 2009 | Enhancing growth in the mobile broadband market   |

# Customers and partners

*More than 40 successful operator deployments, 30 Enterprise customers and close to 10 OEM partners around the world.*



## Q2 2009 in brief

- **Revenues of NOK 28,4 million (NOK 23,5 million)**
- **140% YoY revenue growth for EasyConnect**
  - 6,2% sequential revenue growth
  - 458K EasyConnect activations (148K Q2 2008)
- **EBITDA of NOK -7,2 million (NOK -11,3 million)**



# What did we communicate at CMD 2008?

- Birdstep is taking the next step moving from a product/project developer to a software vendor
- The next step towards the long term target is taken, gaining group synergies between Birdstep's four segments
- EasyConnect Go and Advanced licence activation growth, from 58K in July to 98,4K per month in August, proves the strategy so far



# What has happened since then?

## Software vendor & focused portfolio

- Four segments for transparency and focus
- Product portfolio focused within EasyConnect
- Marketplace understands better what Birdstep does
- EasyConnect successful growth, proven strategy

EasyConnect™

SafeMove™

Orbyte™

Raima™

## Financial crisis & economic downturn

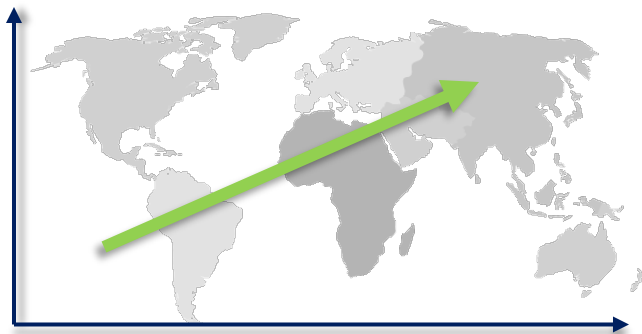
- Slowed down SafeMove growth & internationalization
- Impacted top line on Orbyte and Raima
- Impacted EasyConnect growth
- Forced us to contain, and postpone work with synergies



# Strategy for growth

## EasyConnect

Geographical expansion & product development



## SafeMove

Pursuing internationalization strategy



## Orbyte

Mobile Broadband WiFi off-load



## Raima

Focus on selected market segments

Aerospace & Defence

Industrial Automation

Telecommunication

The background of the slide features a clear blue sky with a soft, warm light source in the upper left corner. In the upper right and bottom right corners, there are branches with vibrant red maple leaves, some in sharp focus and others blurred.

**Thank you!**

**Any questions?**

A decorative background featuring vibrant red maple leaves in the upper right corner, set against a clear blue sky. The leaves are detailed with visible veins and serrated edges.

# **Birdstep EasyConnect**

**Stephen Morris**

**General Manager Business Units  
EasyConnect and Orbyte**



# EasyConnect in brief

- **Product offering:** EasyConnect Go and Advanced and EasyConnect Inside
  - A leading connection tool for mobile broadband services
  - Sold to network operators
  - Sold to notebook manufacturers
  - Delivered on USB Modems, Notebooks and Netbooks
- **Vision for the software:** To be the leading connectivity software in mobile broadband globally regardless of platform or distribution mechanism
- **Revenue:** 2008 24 MNOK, Q2 2009 10,3 MNOK
- **Number of employees:** 43
- **Business locations:** Stockholm and San Francisco
- **Brief history:** A combined group formed with the Birdstep aquisition of Alice Systems (Stockholm) and Aramova (San Francisco)
- **Customer examples:** EasyConnect Go; Three, T-Mobile, KPN and for EasyConnect Inside; HP, Acer

# The mobile broadband market

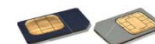
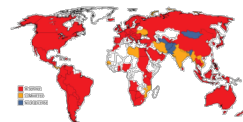
**Mass market introduction 2007**



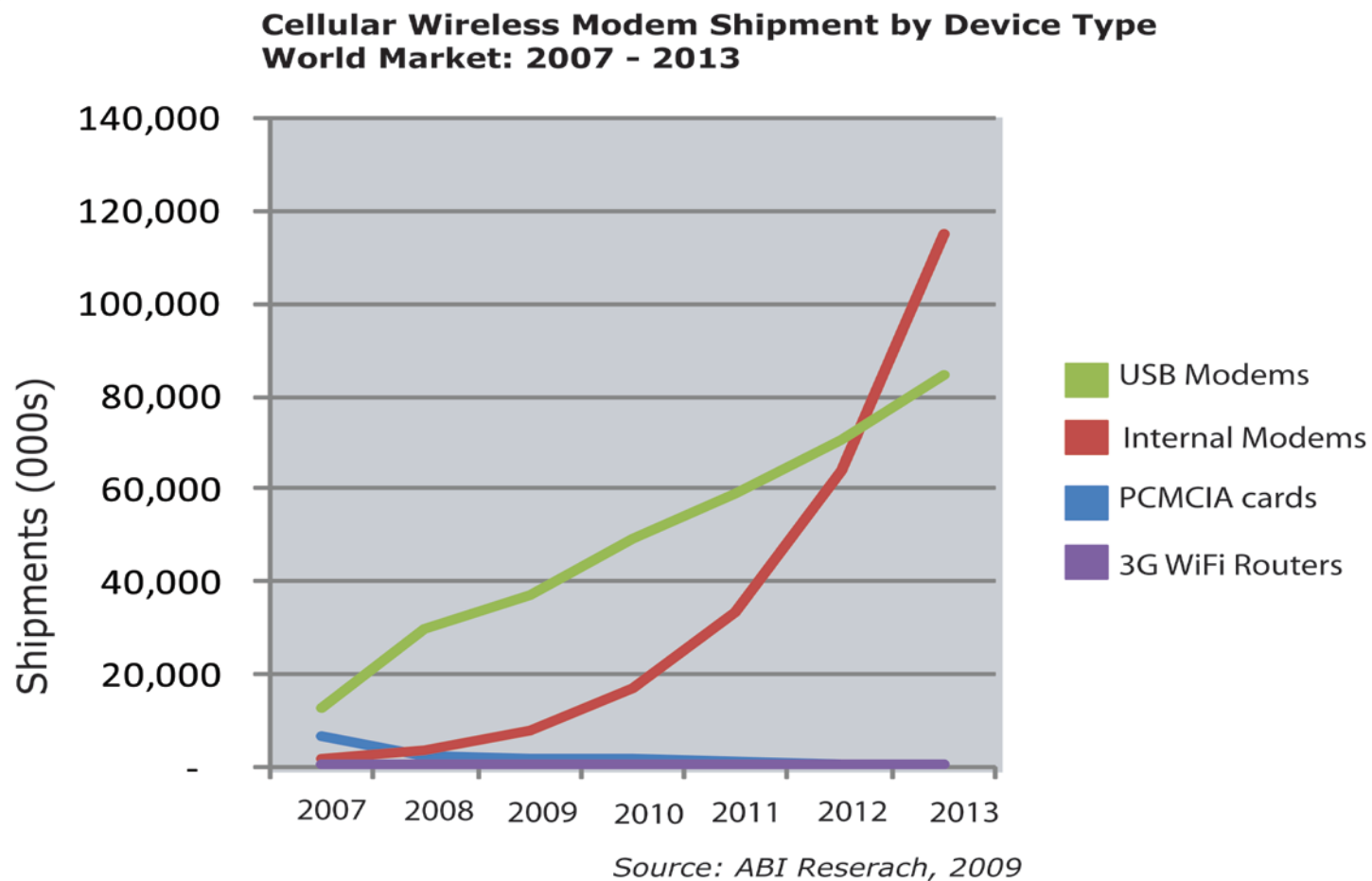
**Market expansion 2008/09**



**2010 and forward**

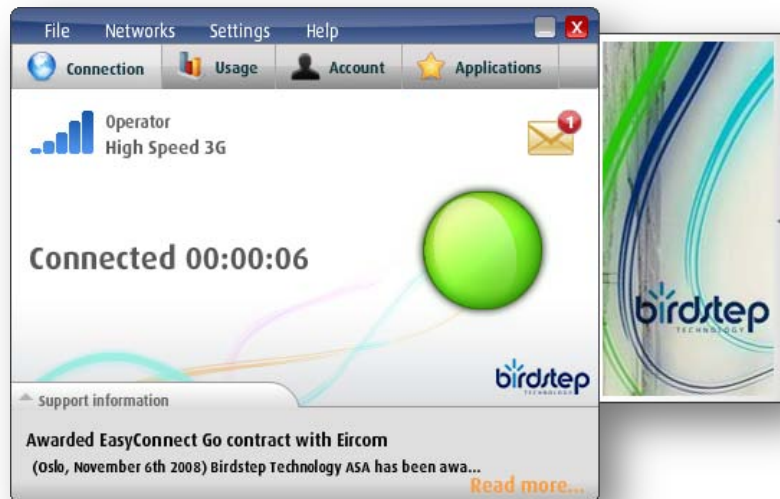


## Market outlook

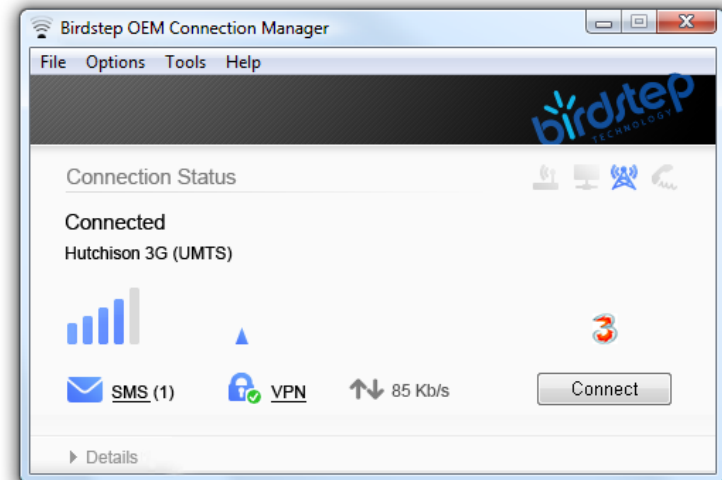


# Birdstep EasyConnect product brands

EasyConnect Go™  
EasyConnect Advanced™



EasyConnect Inside™

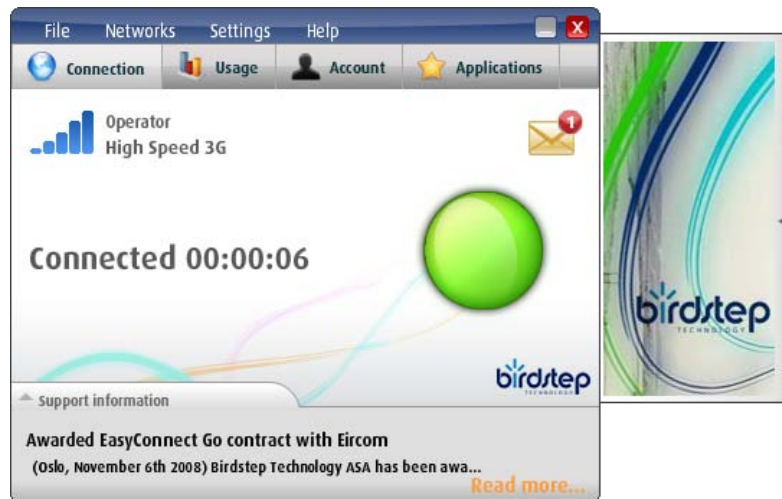


birdstep  
TECHNOLOGY



# Birdstep solution for Mobile Network Operators

EasyConnect | Go™  
EasyConnect | Advanced™



**birdstep**  
TECHNOLOGY

# EasyConnect Go

- **The Software developed for and sold to Network Operators**
  - Go is for Operators with pure 3G offerings
  - Advanced version is for Operators with 3G & WiFi offerings
- **Network operators deliver our solution to their mobile broadband subscribers on**
  - USB Modems and/or
  - Netbooks
- **It is designed to allow simplified connections for end users while**
  - Providing ease of support through a common client
  - Delivering a controlled service management environment
  - Giving future revenue and service delivery opportunities
  - Allowing cross usage of WiFi services

# Current positioning with Mobile Network Operators

- Launches with 15 operators
- Over 2 million active users on current product core
- Largely European & Asian market base



## In the market with 3 (Hutchison)

- 3 Swedens award for best mobile broadband service
- Expansion of service from 3 Sweden, to Denmark, United Kingdom, and most recently Ireland



# EasyConnect Go competition

## Modem Manufacturers

---



- USB Manufacturer. Market leader. Providing simple free software.



- USB Manufacturer. Providing simple free software.



- USB Manufacturer. Providing combined advanced software offering.

## Independent Software Vendors

---



- Head to head software competitor.



- Head to head software competitor.



- Head to head software competitor.

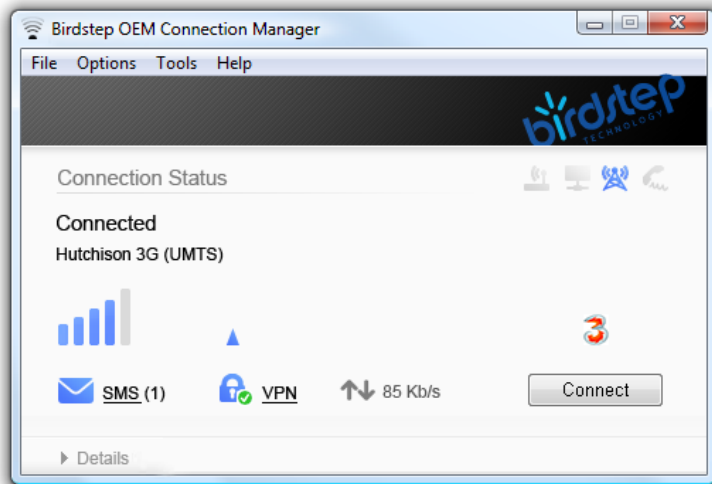


- Head to head software competitor.

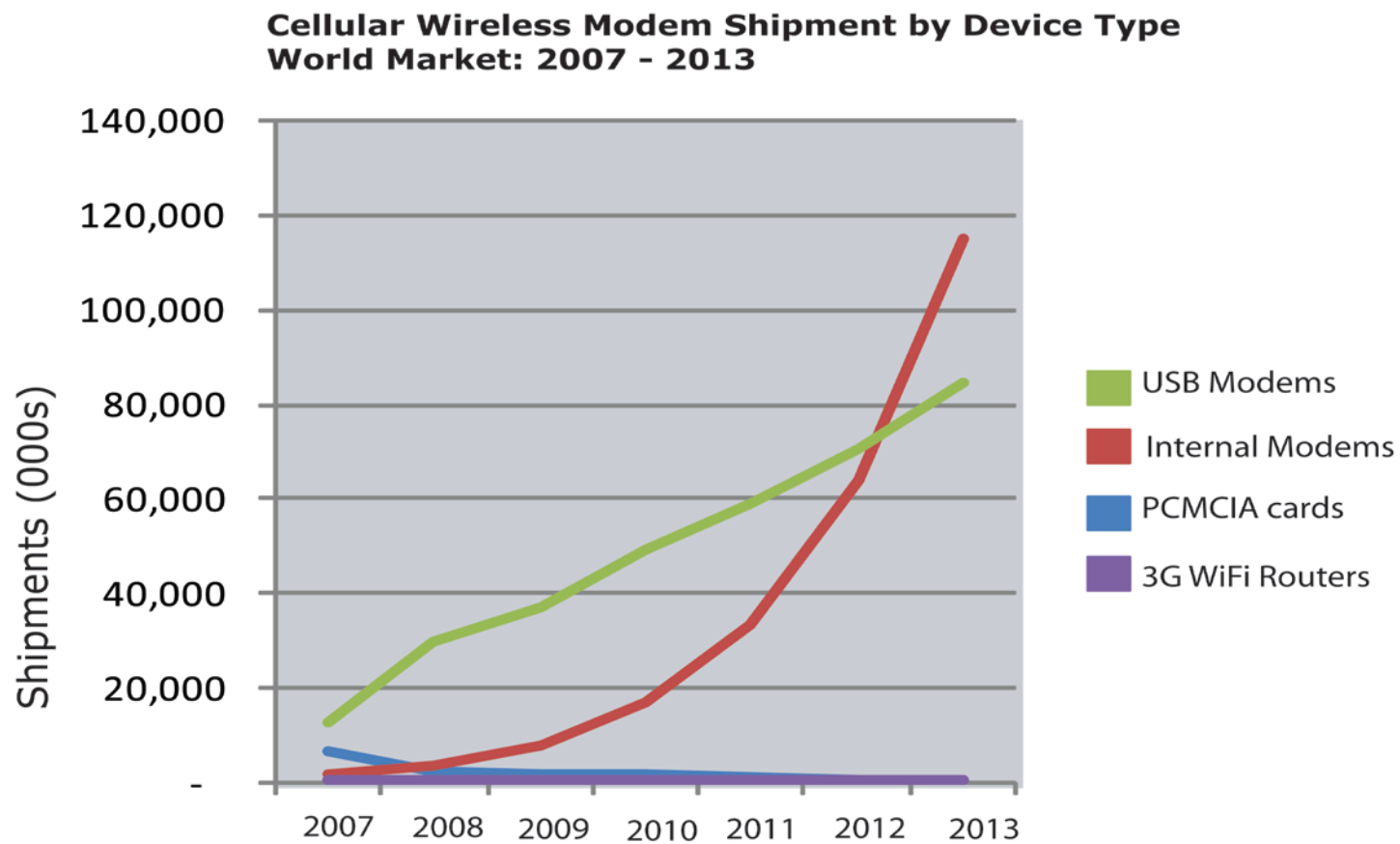


# Birdstep solution for OEMs

EasyConnect | Inside™



## Market outlook



Source: ABI Reserach, 2009

# EasyConnect Inside

- **Software developed for and sold to Notebook/Notebook Manufacturers who**
  - Need a connectivity client
  - Need Birdsteps 10 years practical experience
  - Need Birdsteps understanding of the operator market
- **Notebook Manufacturers deliver our solution on their computers to**
  - Operators
  - Retail channels
- **It is designed to allow succesful consumer use of embedded modems and provide**
  - A central interface for wireless connectivity
  - Subscription Activation services
  - Support of operator services
  - One click access

## Current positioning with OEMs

- Birdstep software chosen to run on HP, Sony, Acer and Toshiba Windows notebooks with embedded modems

The Acer logo, featuring the word "acer" in a green, lowercase, sans-serif font.The Toshiba logo, featuring the word "TOSHIBA" in a bold, red, uppercase, sans-serif font.The Sony logo, featuring the word "SONY" in a bold, black, uppercase, sans-serif font.

- Strategic relationship on the Qualcomm Gobi platform

The Qualcomm logo, featuring the word "QUALCOMM" in a blue, uppercase, sans-serif font, with a stylized "Q" that has a vertical line extending downwards.The Birdstep Technology logo, featuring the word "birdstep" in a blue, lowercase, sans-serif font, with a stylized bird icon above the "i". Below the word, the word "TECHNOLOGY" is written in a small, black, uppercase, sans-serif font.



# BEC Inside competition



- Embedded modem manufacturer. Provides bundled software.



- Head to head software competitor



- Head to head software competitor



- Incorporating functionality into base operating system



- Head to head software competitor



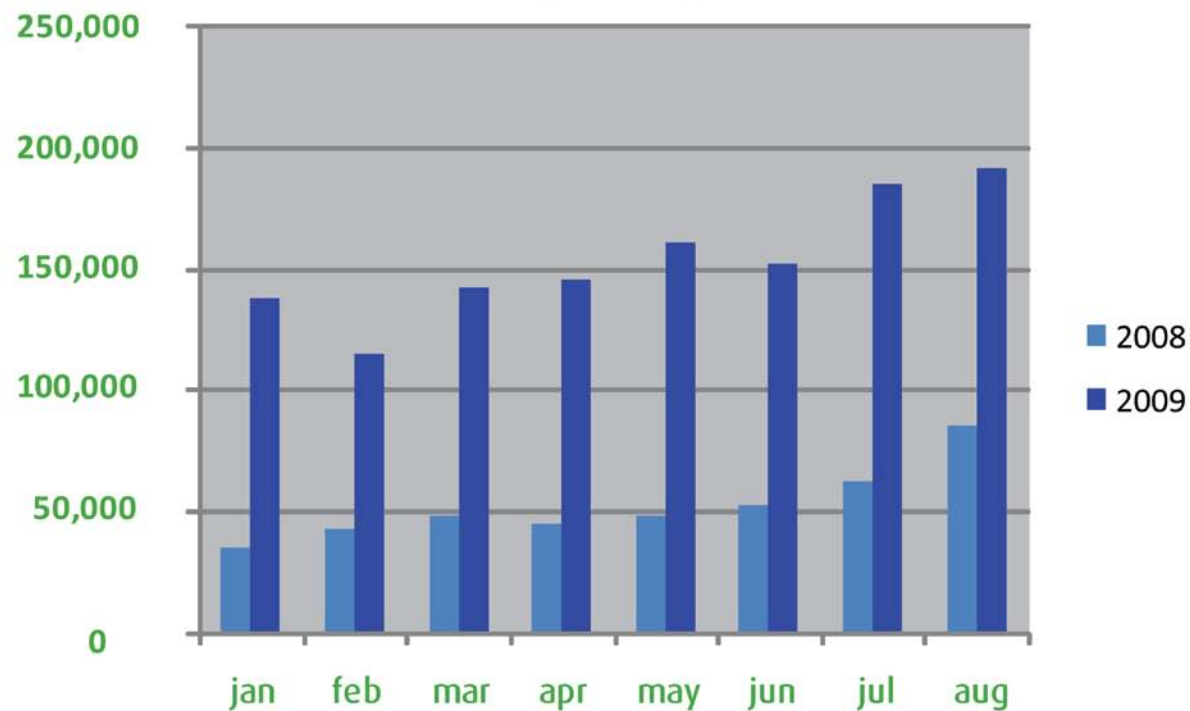
## 12 Month progress

# Annual review

- **Re-structured with cost efficiencies as communicated at CMD 2008**
- **A product company with 92% returns derived from license revenue**
- **Proven delivery capabilities in fast paced and challenging market**
  - nearly 200,000 new device activations a month
- **A leading market player with**
  - 15 Operators on core products code
  - 4 Notebook manufacturers in live service
- **109% Year on Year Revenue growth (1H2008 – 1H2009)**
- **188% Year on Year activation growth (1H2008 – 1H2009)**

## Activation trends

### EasyConnect Go & Advanced Activations Jan-Aug 2008 and 2009



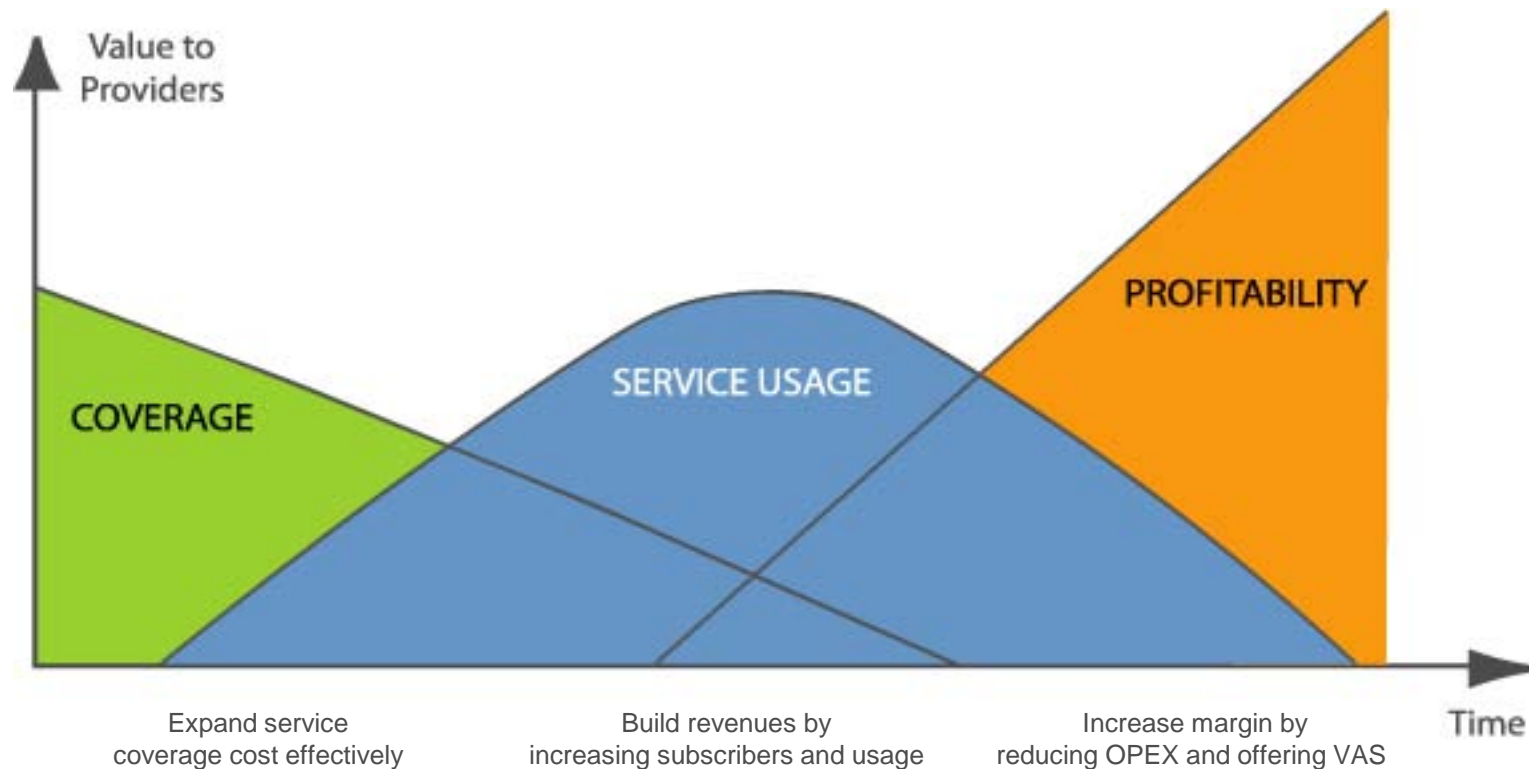
Source: Birdstep Activations Server, August 2009



**Looking forward**



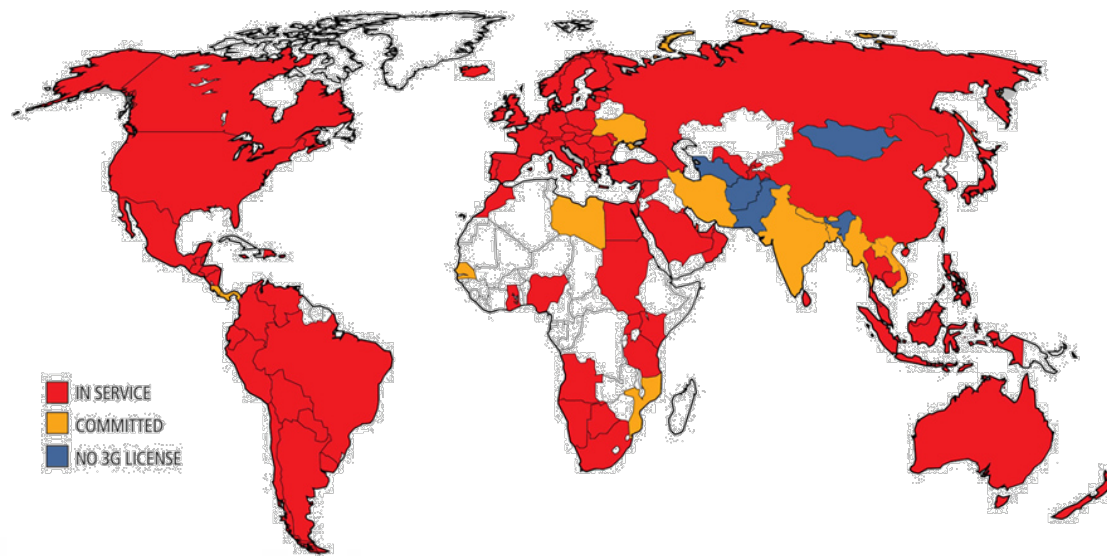
# The mobile broadband lifecycle



**Efficient service management needing to be coupled with intelligent market exploitation**

# The global growth equation

- HSPA is the fastest adopted mobile technology ever
- 253 commercially live HSPA networks in 109 countries today
- 46 million new modems shipping 2009
- 94 million new modems in 2011



**15 HSPA networks - 11 Countries - 2+ million subscribers**

# Market concerns

## ***“Network Costs Threaten Mobile Broadband Growth”***

Omnitele Report: Mobile Broadband, Ensuring sustained profitability. May 2008

## ***“more expensive to support than any other wireless service”***

Wdsglobal Mobile Broadband report “Maintaining end-user profitability in the mobile broadband market.

## ***“could cost operators €1000 per subscriber”***

Luke Collins, Communications Sector editor, MWC

## ***“data traffic growing faster than revenues”***

Dan Locke, Analyst Insight, 4/2008

## ***“Supporting 3G Mobile Broadband is Eroding Subscriber Profitability”***

Wdsglobal Mobile Broadband report “Maintaining end-user profitability in the mobile broadband market.

**Clear challenges for service providers**

# The Evolving market needs



2008

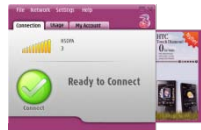


2009



2011

Increasing complexity, diversity and cost



2008



2009



2011

Increasing Service requirements



2008



2009



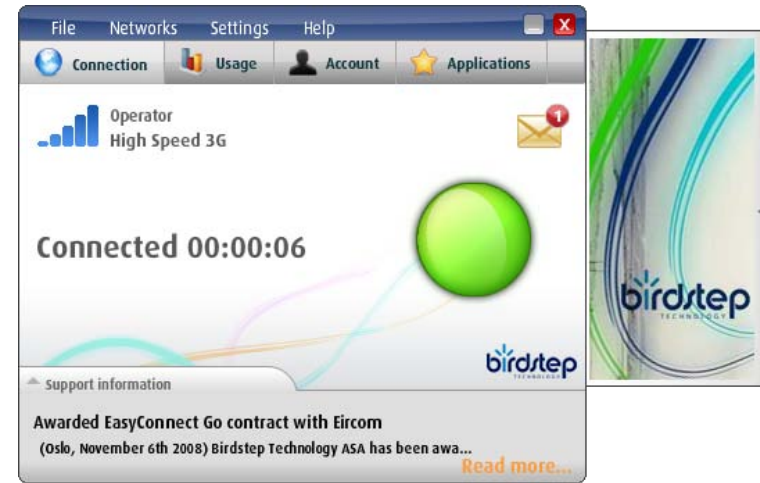
2011

Increasing service revenue opportunities

**Product alignment towards new growth opportunities**

# Examples of latest updates in EasyConnect 2.8

- **Roaming control**
  - Informative price notification before connecting to roaming network
  - Recurring roaming threshold notifications
  - EU regulatory individual monthly limit notification (€50 by default)
- **Advertising**
  - Dedicated Marketing window for operator up-sell, cross-sell, and 3rd party advertising
  - Segmentation of customer base
- **Usage control**
  - Individual usage control based on exact billing information
- **Pre-paid integration**
- **Future proof platform support**
- **Secure update management for end-users (with and) without administrator rights**





# Gearing up to meet a global market place

- **Historical focus primarily within Europe**
- **High Speed networks gaining pace globally**
- **Mobile broadband a trusted technology world wide**
- **Doing business globally now a must to ensure growth**
- **Regional activities now centred on**
  - Europe
  - Latin and South America
  - Middle East
  - North America



# Summary

- **A growing business weathering the global financial downturn**
- **Strong year on year returns without seasonal fluctuations**
- **Innovation aligning our product with changing market needs**
- **Regional expansion in focus to tackle a global opportunity**
- **Operationally efficient and geared for growth**



The background of the slide features a clear blue sky with a soft, warm glow from the sun in the upper left. In the upper right and bottom right corners, there are branches with vibrant red maple leaves, some in sharp focus and others blurred.

**Thank you!**

**Any questions?**



A decorative background featuring vibrant red maple leaves in the upper right corner, set against a clear blue sky. The leaves are detailed with visible veins and serrated edges.

# **Birdstep SafeMove**

**Matti Mujunen**

**General Manager Business Unit SafeMove  
CEO Birdstep Enterprise Oy**



# SafeMove in brief

- **Product offering:** SafeMove Mobile VPN
- **Revenue:** NOK 28.1 million in 2008, NOK 6.3 million in Q2 2009
- **Number of employees:** Appr. 20
- **Business locations:** Tampere (FI), Espoo (FI), Stockholm (SE), Walnut Creek (US)
- **Brief history:** Established in 2004 (as a spin-off from Secgo Group), acquired by Birdstep in 2007
- **Customer examples:** Nordea Bank, Finnish Defence Forces, 9 out of 12 Finnish Ministries, University Hospitals and Healthcare Districts, Cities and Municipal
- **Mission statement:** SafeMove enables enterprises to achieve a high return on investment by maximizing mobile workforce productivity while minimizing wireless access costs.

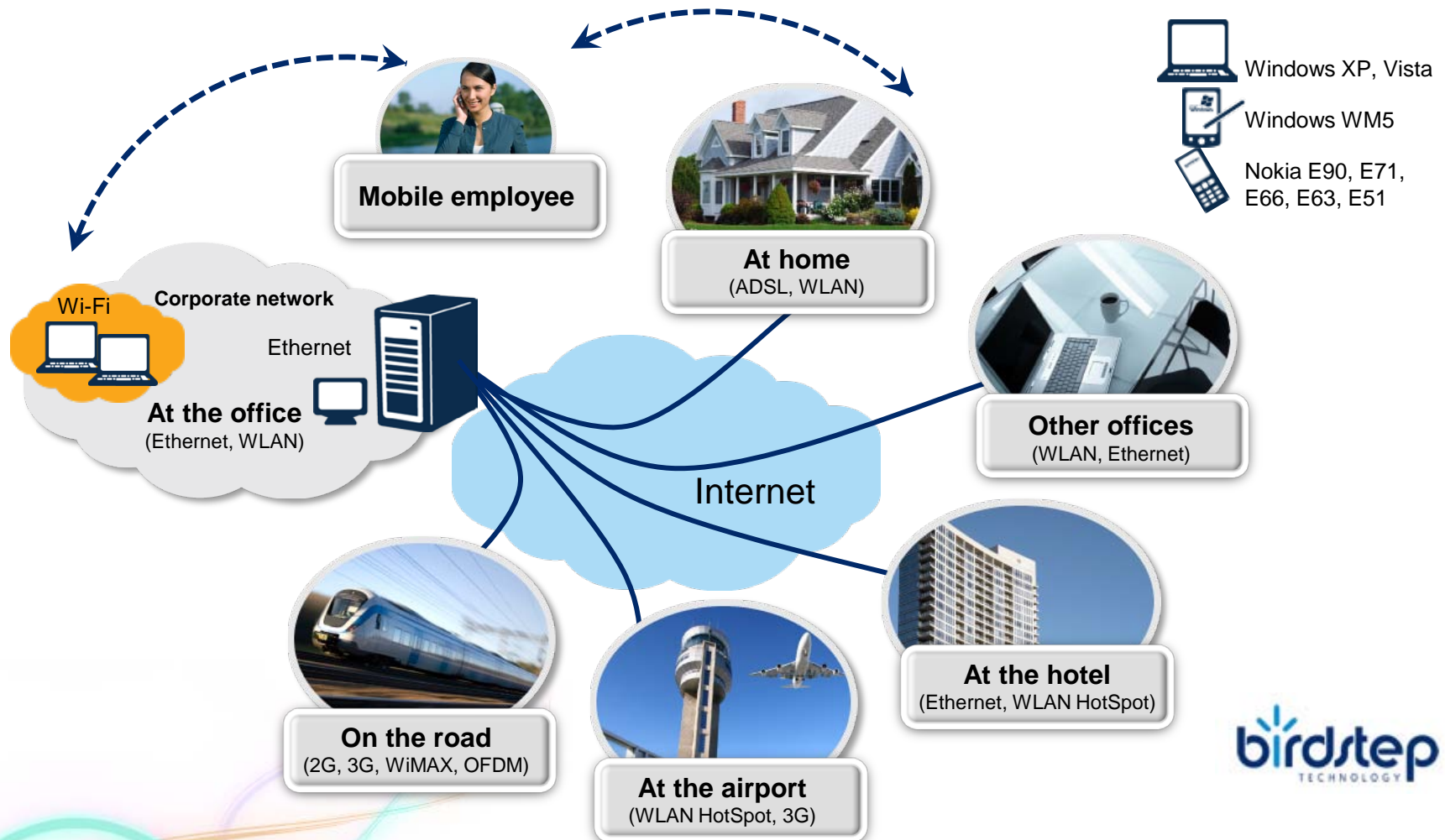
# What is SafeMove?

- **Mobile VPN software solution**
  - Seamless “zero-click connectivity”
  - IETF standards based solution
  - Industrial/Defense level security
- **Supports**
  - Laptops
  - Smartphones
  - PDAs



# How does SafeMove work?

- *Mobile VPN as an ENABLING technology*



# Traditional VPN vs SafeMove

## Traditional VPN

**Static**  
**Manual**  
**Slow to work with**

- Selection between 3G and WiFi networks is left to the end user
- More complicated and time consuming for end user
- Reachability is occasional
- VoIP sessions break – no mobile seamless VoIP

## SafeMove



**Dynamic**  
**Automated**  
**Fast**

- + Automated and cost effective connectivity
- + Minimal end user training
- + Reachable employees
- + Natively supports seamless VoIP

# Examples of our key customers



Samlink

Sampo

Pankki

Danske

Bank



The Finnish  
DEFENCE FORCES



VALTIOVARAINMINISTERIÖ  
FINANSMINISTERIET  
MINISTRY OF FINANCE



ULKOASIAINMINISTERIÖ  
UTRIKESMINISTERIET



TYÖ- JA ELINKEINOMINISTERIÖ  
ARBETS- OCH INRÄTNINGSMINISTERIET  
MINISTRY OF EMPLOYMENT AND THE ECONOMY



Puolustusministeriö  
Försvarsministeriet  
Ministry of Defence



MAANMITTAUSLAITOS  
NATIONAL LAND SURVEY OF FINLAND

OIKEUSMINISTERIÖ JUSTITIEMINISTERIET



LAHTI  
LAHDEN KAUPUNKI

Tampere



Helsingin kaupungin pelastuslaitos



PIRKANMAAN  
SAIRAANHOITOPIIRIN  
KUNTAYHTYMÄ



HELSINGIN JA UUDENMAAN SAIRAANHOITOPIIRI



Vasa centralsjukhus  
Vaasan keskussairaala

birdstep  
TECHNOLOGY

***“70% of US workforce to be mobile  
by 2011”***

*IDC Whitepaper, July 2009*

***“Majority of companies are not adequately  
managing their mobile users or services”***

*Phil Redman, VP Gartner, July 2009*



# Market Drivers

## Business drivers

- More efficient and flexible business processes
- New working models
- Carbon footprint
- Cost-savings

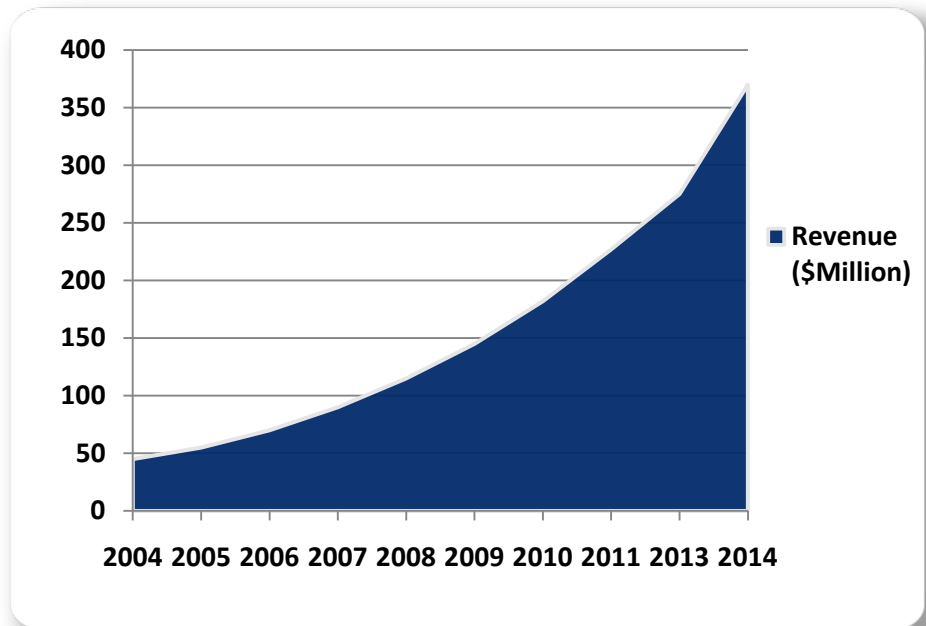
## IT drivers

- Security
- Increasing complexity
- Wireless broadband services booming
- Software as a Service (SaaS)
- Management of mobile users and services

### Emerging services:

- Mobile VoIP
- Streamed video

## Mobile Virtual Private Network (VPN) Products Market: Revenue Forecasts (World), 2004-2014



Compound Annual Growth Rate (2007-2014): 22.3%

Note: All figures are rounded; the base year is 2008. Source: Frost & Sullivan

# Competition

## Head to head software competitors

---



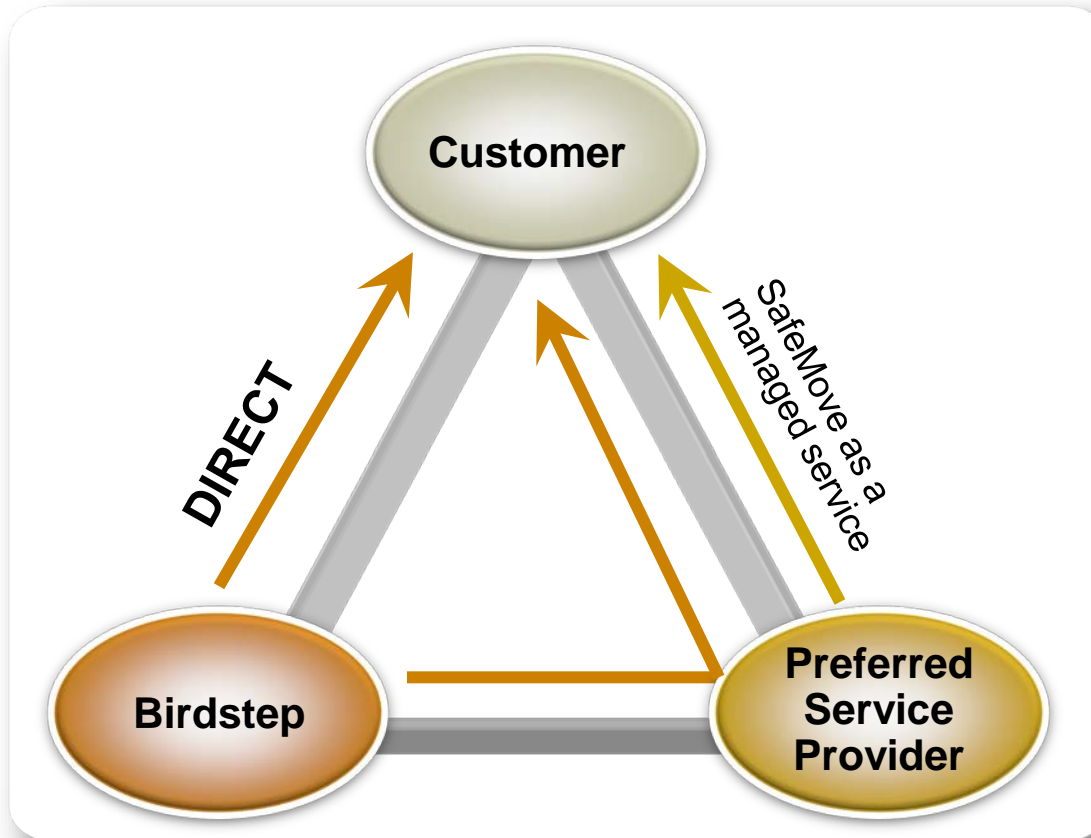
## Classic VPNs (IPsec, SSL)

---



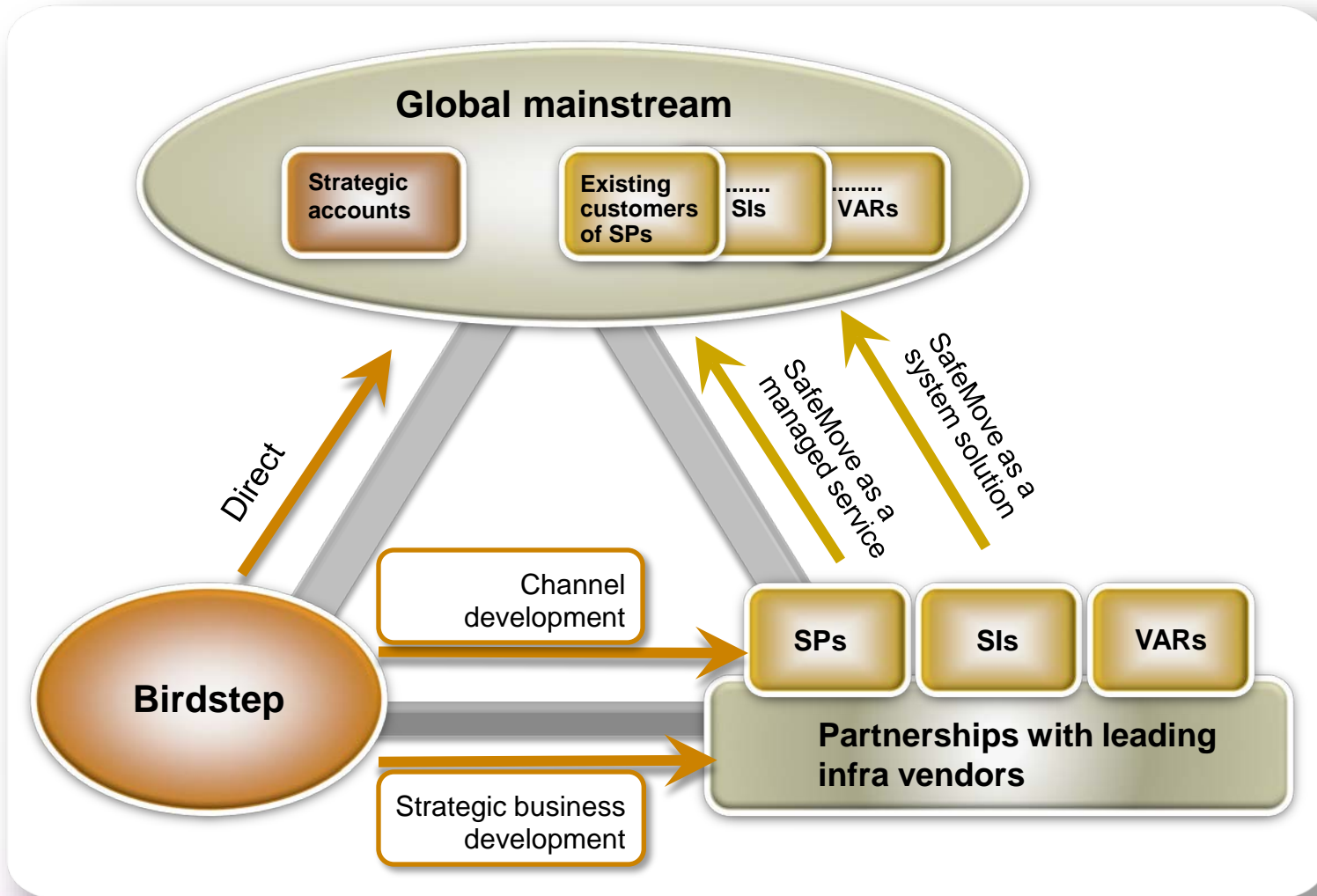
# Go to Market

- Local, early market



# Go to Market

- *Global growth model*



# Internationalization

**INSTA**  
DefSec

**FUJITSU**

**logica**

**THALES**

**LAYER**

**WI-TRONIX**

**Insight**



**Finland**  
**Sweden**  
**UK**  
**US**

**birdstep**  
TECHNOLOGY

# Summary

- **Mobile VPN market is a high-growth market segment - yet on early adoption stage**
- **Proven track record with large, demanding customers in governmental, defence, healthcare and finance sectors**
- **Fundamentals for business scalability**
  - Pure play Software license business model
  - Improving Channel readiness
- **Standards based technology allows for creating combined offerings with leading infrastructure vendors**
- **Focus on international channel development for increased volumes**



A photograph of vibrant red maple leaves in the upper right corner, set against a clear blue sky. The leaves are in sharp focus, showing their characteristic palmate shape and serrated edges. The rest of the image is a soft, out-of-focus blue sky.

**Thank you!**

**Any questions?**

A decorative background featuring vibrant red maple leaves in the upper right corner, set against a clear blue sky. The leaves are in sharp focus, while the sky is a soft, uniform blue.

# **Birdstep Orbyte**

**Stephen Morris**

**General Manager Business Units  
EasyConnect and Orbyte**

# Orbyte in brief

- **Product offering:** Orbyte is a highly scalable WiFi service and access management system
  - That allows for rapid service deployment
  - Controls access and authentication
  - Is sold to network operators
  - Includes Hardware and Software license sales
- **Vision for the software:** To enable the access independent Mobile Broadband convergence
- **Revenue:** 31,8 MNOK 2008 and 7,5 MNOK Q2 2009
- **Number of employees:** 13
- **Business location:** Stockholm
- **Brief history:** Aquired by Birdstep in May 2007
- **Customer examples:** TeliaSonera, DU, 3 Sweden, Eircom, RomTelecom

# The Public WiFi market

**1999-2005**

**Market originated from the needs of Nomadic Business users**

**2005-2007**

**Market Shift to meet Consumers and Multi Terminal Access**

**2007 and forward**

**New markets evolved – increasing mobility & broadband convergence**

# The Orbyte solution

- **The Software is developed for and sold to Network Operators**
  - Orbyte 5.1 is sold for regional/country wide WiFi service deployment
- **Network operators deliver our solution to their WiFi subscribers with**
  - Multiple payment mechanisms
  - Multi Device access
  - Mobile broadband offerings
- **It is designed to allow simplified WiFi connectivity for end users whilst**
  - Allowing centralised authentication
  - Enabling businesses to on-sell connectivity
  - Taking advantage of existing infrastructure deployments

# Business model for Network Operators

- **How do we make money?**
  - Appliances
  - Licenses
  - Consulting
  - Support & Maintenance
- **When do we sell Appliances?**
  - Appliances are sold to allow for new WiFi access points to be deployed in the market.  
The more Access points, the more Orbyte Appliances required
- **How do we measure licenses?**
  - Licenses are measure against the number of active users  
on the Orbyte platforms



## Customer references

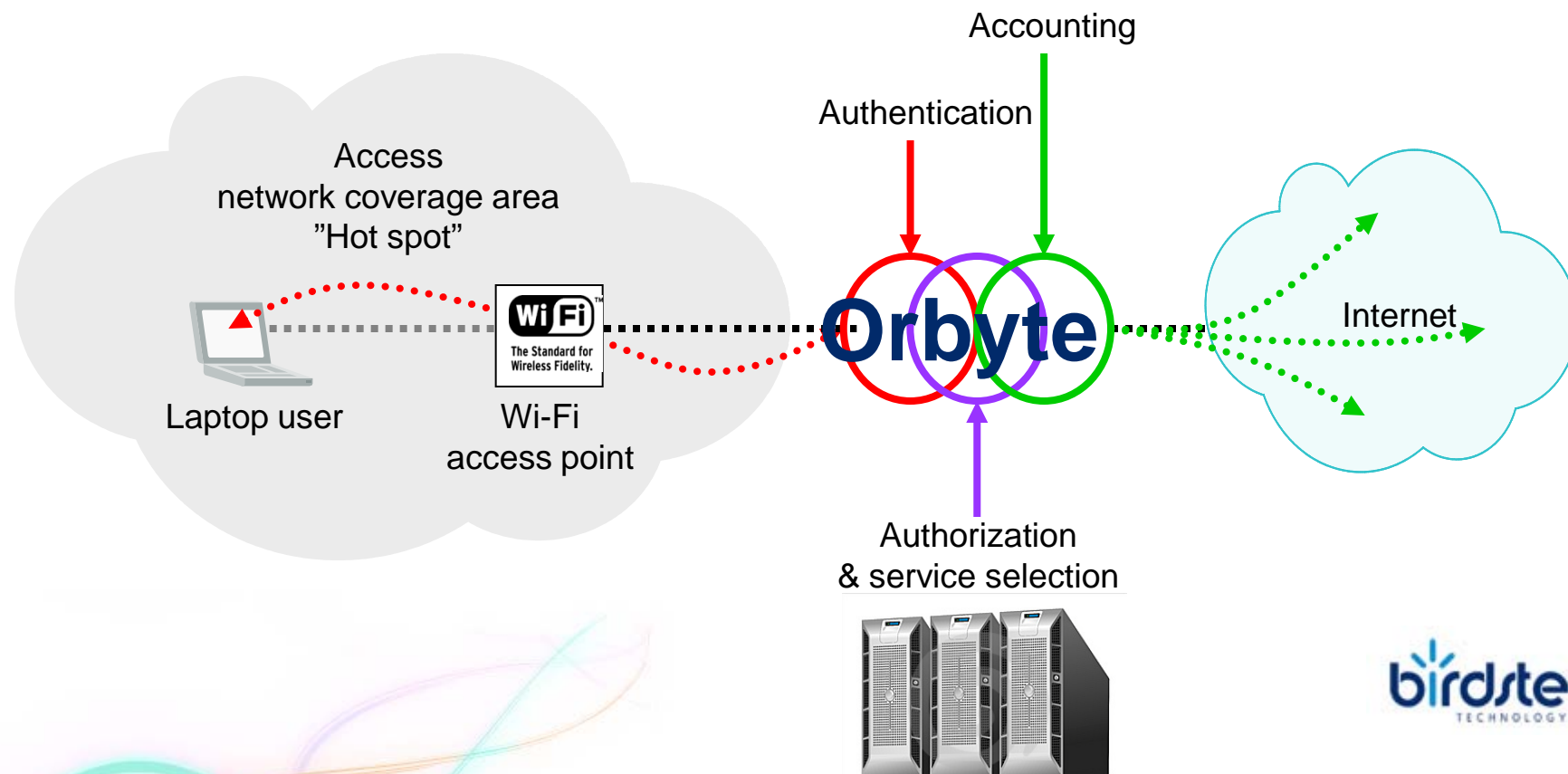
TELIA



CHOICE HOTELS SCANDINAVIA™



# Orbyte in practice - End customer WiFi access



# A deployment example



## 12 Month progress

# Financial impacts of global slow down 2009

- **A succesful 2008 result 31,8 MNOK leading to a positive outlook for 2009**
- **Global Financial downturn however, has seen operators**
  - Implement infrastructure spending freezes
  - Reduce staff numbers across all departments
  - Increase control and process monitoring of all purchases

# Key Orbyte achievements 2009

Despite the impacts of the economic crisis, in 2009 Orbyte has:

- Successfully delivered and launched a new platform with DU, UAE
- Signed an expanded delivery contract with Eircom Ireland
- Received formal acceptance of new mobile data policy control services to 3 Scandinavia
- Expanded existing Svenska Spel Deployments with Telia Sonera
- Seen all-time licenses highs throughout the year



# Orbyte competition



Alcatel-Lucent

- Deliver competitive solutions as part of network infrastructure



- Head to head service management competitor

- In-house development by Operators



# Future challenges & opportunities

- **Increase Enterprise sales with existing operator partners**
- **Implement increased coverage to assist convergence of Wifi and Mobile Broadband**
- **Work through new purchasing and budget control processes with existing customer to ensure 2010 investments**

# Summary

- **Solid financial performance in 2008**
- **Weakened economic climate affecting returns in 2009**
- **Enterprise expansion continues to show positive results**
- **New deployments showing promise for 2010**
- **Increase usage of mobile broadband will assist WiFi relevance**

The background of the slide features a clear blue sky with a soft, warm light source in the upper left corner. In the upper right and bottom right corners, there are branches with vibrant red maple leaves, some in sharp focus and others blurred.

**Thank you!**

**Any questions?**



# **Birdstep Raima**

**Steinar Sande**

**General Manager Business Unit Raima  
CEO, Birdstep Technology Inc**

# Raima in brief

- **Product offering:** RDM Server and RDM Embedded
  - An embedded database is deployed to customers as a part of another software application. The database will not be visible to the end user.
- **Revenue:** NOK 18.9 million in 2008 NOK and 4.2 million in Q2 2009
- **Number of employees:** 20
- **Business locations:** Headquarter in Seattle (US) and local representation in Europe and US
- **Brief history:** Raima Corporation, founded in 1984 and Birdstep acquired IP rights to Raima products September 2001
- **Customers:** 200+ customers with 6,000+ licenses
- **Statement:** We are committed to achieve superior performance and total customer satisfaction in every goal we set and every target we undertake.



# What is an embedded database?

**An embedded database is deployed to customers as a part of another software application. The database will not be visible to the end user.**

## **Business critical systems**

- Network management
- Document management
- Office automation / CRM



## **Embedded computing systems**

- Aerospace/Defence
- Telecom
- Industrial automation

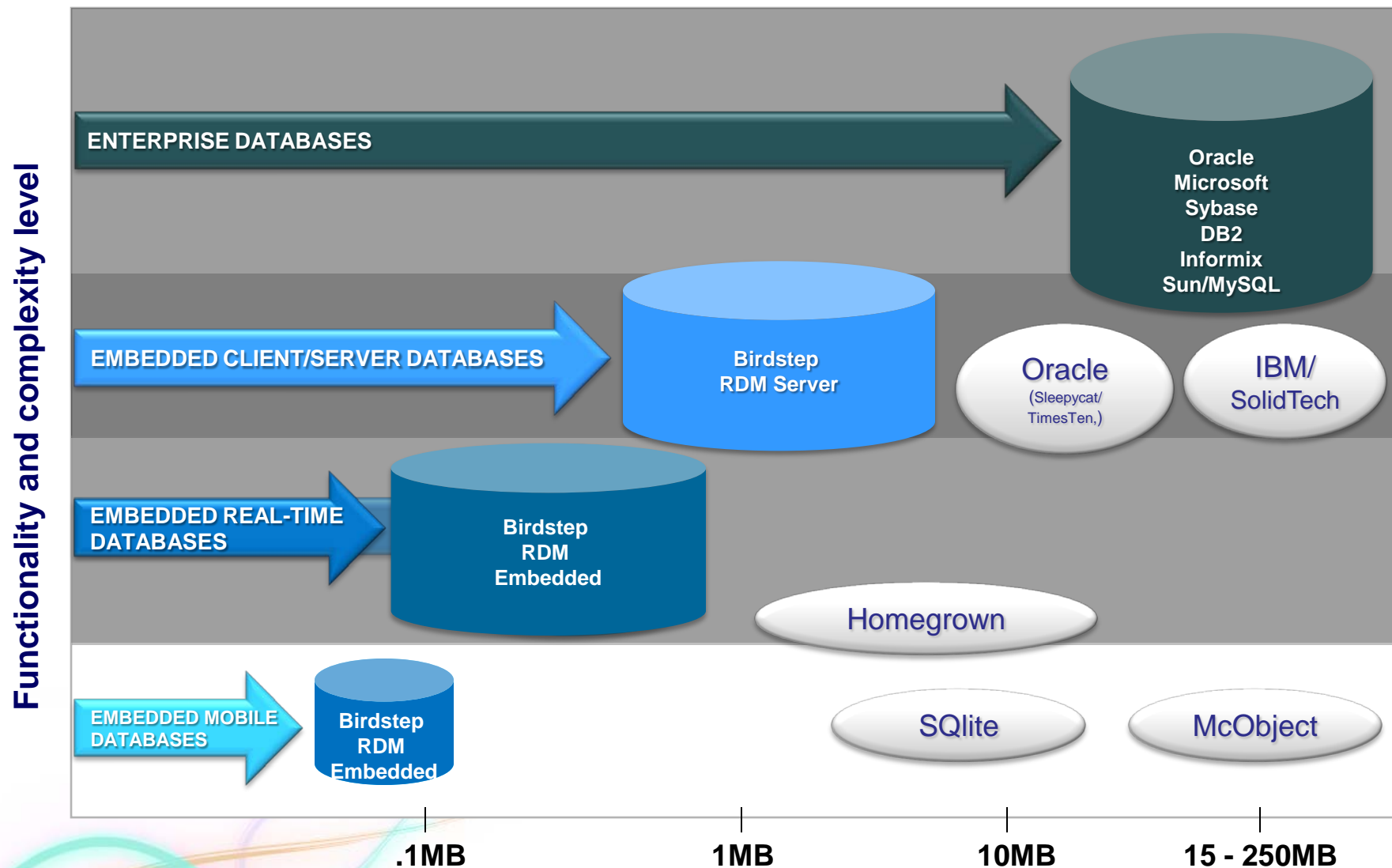


## **Mobile computing systems**

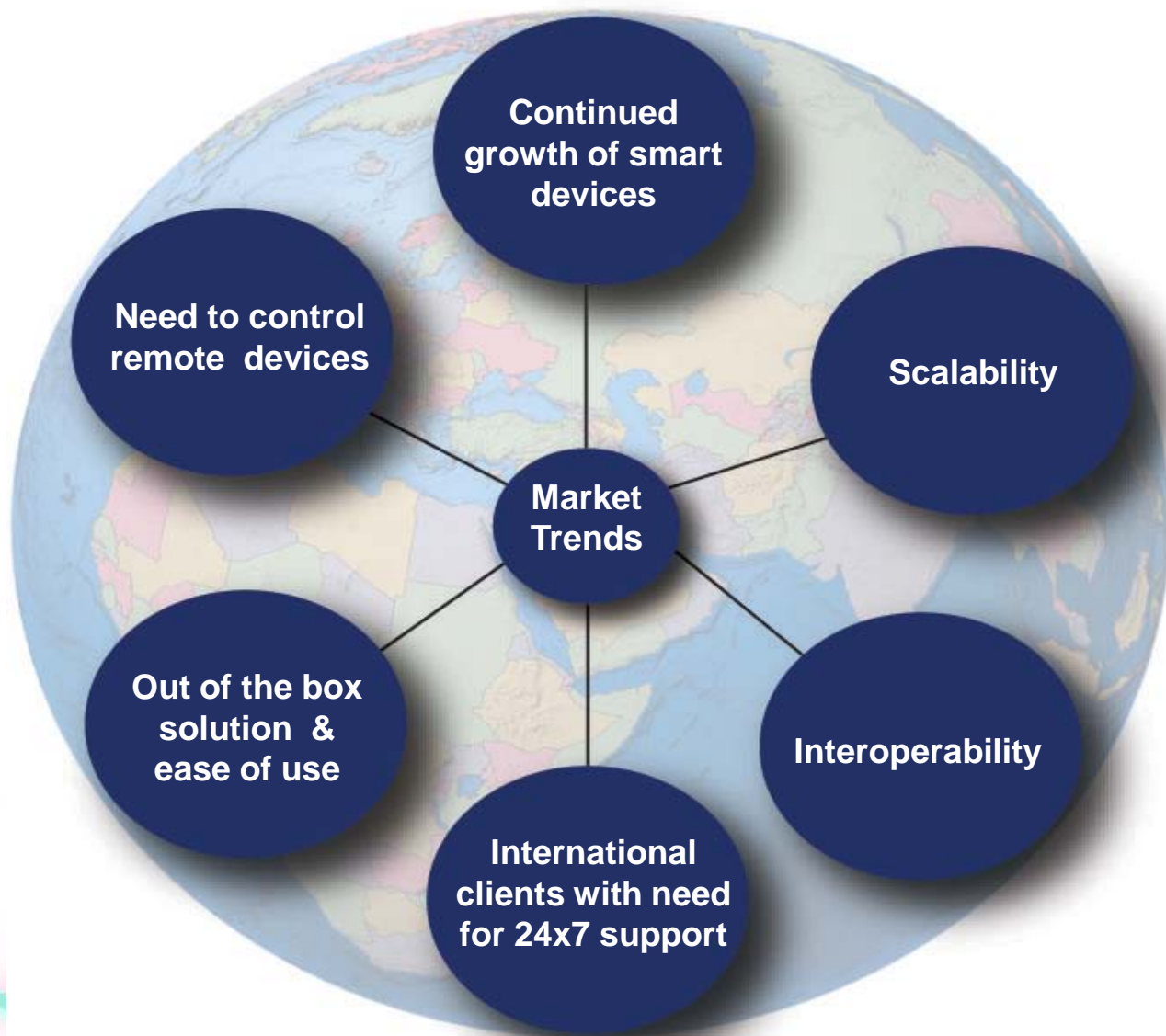
- Consumer electronics
- Automotive/Telematics
- Mobile phones



# Value chain and product offering

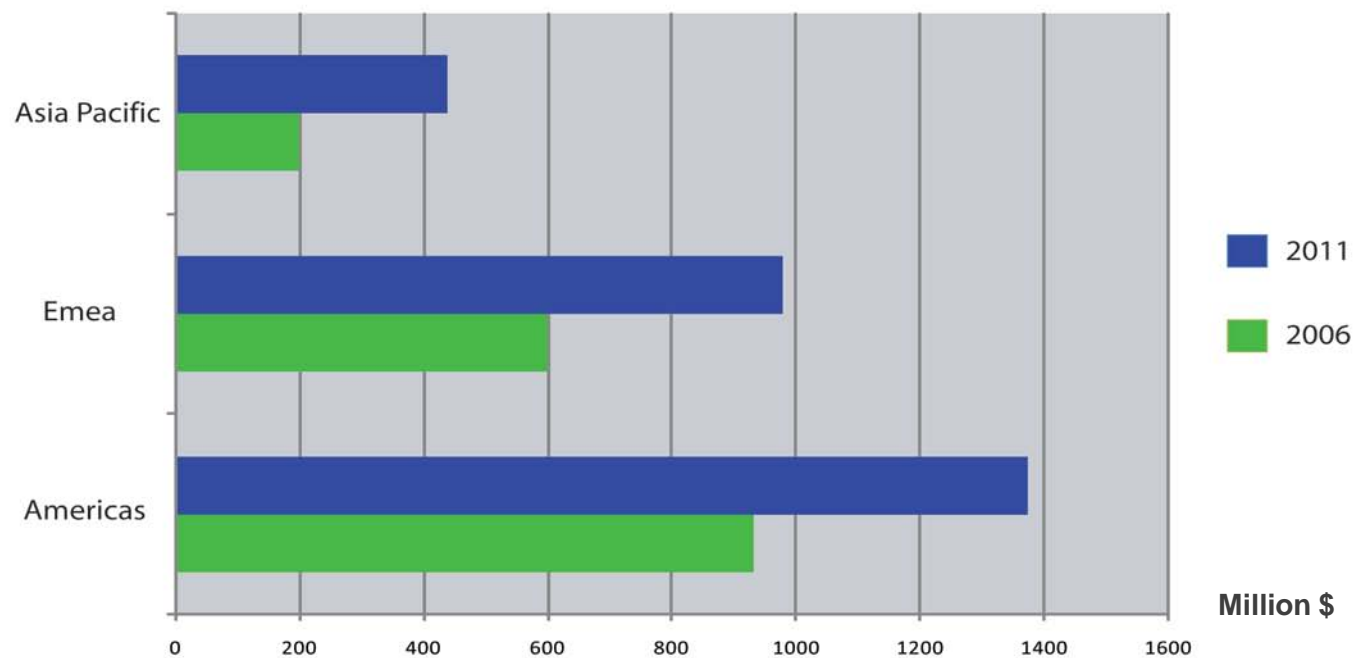


# Market trends – embedded databases



# Embedded market development

**Worldwide Embedded DMBS Revenue by Region  
2006 and 2011**



Source: IDC, 2008

# Customer cases and verticals

## Aerospace & Defence



## Industrial Automation



## Telecommunication



## Business Automation



# Market opportunity

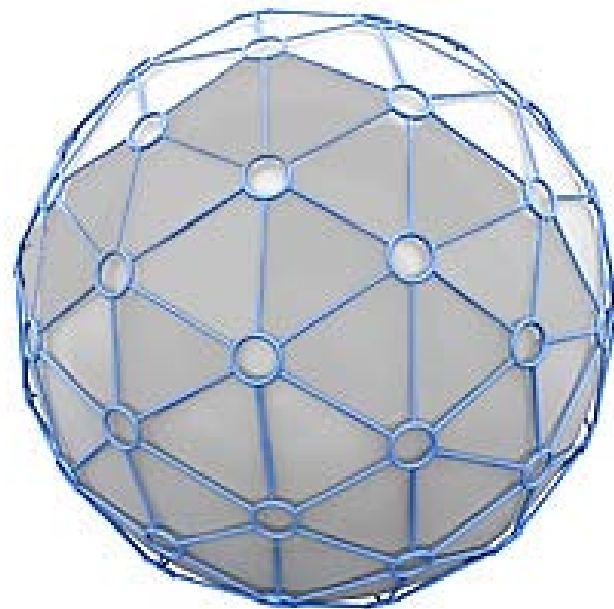
- Applications no longer run on a single system
- Pressure to build and deploy better systems to preserve clients subscriber base and grow revenue
- System design more complex
- Bottom line





# Raima competitive edge

- Solving complex problems
- Fast
- Small
- High-availability
- Dual DB models
- Secure
- Interoperability



# Summary

- **A strong player in the embedded market space**
  - Well established and proven product portfolio
  - Stable customer base
  - Continues to deliver enhanced functionality to our clients with high quality
- **Focus on three verticals**
  - Aerospace & Defense, Industrial automation and Telecommunication
- **Focus on ease of use experience and “out of the box” developer experience**
- **Continue to support our client “faster time to market” requirements**

The background of the slide features a clear blue sky with a soft, warm glow from the sun in the upper left. In the upper right corner, there are several vibrant red maple leaves, some in sharp focus and others blurred, creating a seasonal autumn feel.

**Thank you!**

**Any questions?**

A photograph of vibrant red maple leaves in the upper right corner, set against a clear blue sky. The leaves are in sharp focus, showing their characteristic palmate shape and serrated edges. The background is a soft, out-of-focus blue sky.

# Summary

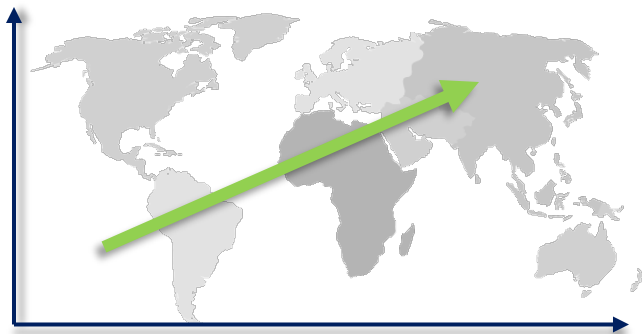
**Torbjörn Sandberg**

**President & CEO**

# Strategy for growth

## EasyConnect

Geographical expansion & product development



## SafeMove

Pursuing internationalization strategy



## Orbyte

Mobile Broadband WiFi off-load



## Raima

Focus on selected market segments

Aerospace & Defence

Industrial Automation

Telecommunication



A photograph of vibrant red maple leaves in the upper right corner, set against a clear blue sky. The leaves are in sharp focus, showing their characteristic palmate shape and serrated edges. The rest of the image is a soft, out-of-focus blue sky.

**Thank you!**

**Any questions?**