

## 1981-2001: The First Twenty Years A Message from Carter Alexander, President

This edition of the Eurogram is a bit special as EMS celebrated its 20<sup>th</sup> year this May. I would like to recognize a few folks who helped us get our start. When we began, of course we had none of the excellent client references we have earned over the last 20 years.

Back in 1981, I had to rely upon the kind words of support in letters provided by Mike Grimes, Don Middleton, Al Guzzetti, Ed Harrel and Gary Liebl. They were vitally important in securing our first clients, 3Com, Piiceon and Emulog. At least one of them (3Com) went on to be a major player in the global market. I would wish to thank David Coggeshall and William Diggins who served as our first board members providing much needed advice and support when we began the adventure. Many thanks to Philip Perry who offered us our first European offices until we were firmly established in London. Finally, I wish to thank my wife Roberta, with whom I started RoCart Ltd. which in turn morphed into EMS. It simply would not have happened without her support. Its been a long road, but a fascinating one.

When Rocart, Ltd. became EMS Limited in 1984, joining us were Don Smith who is today our Director of Finance, Patrick Giles our Chairman and Helen Majerus who looks after our executive recruitment activities. Along the way an array of great characters came along including Tom Lawrence, Pip Smith, Howard Sidorsky, Mike Florio, Eric Christenson, Bob Critchlow and Martin Ward. We had a lot of fun and success while they were with us and I am pleased that we all remain good friends to this day.

The EMS Group today takes pride in owning our headquarters building outside London, having now served over 320 clients since our founding and being recognized as being the longest operational and most successful business development service in Europe for technology based companies.

We are equally proud of our key members of the EMS Group Team: Simon Meighan, EMS veteran, Mike Kanter, Robin Phillips, Alan Taylor, Nadine Barou, Mandy Griffies, Hayley Bird, Carolyn Whistlecraft, Caragh Elder and Roger Fisher and Kelley Sodergren in our San Francisco office as well as Harold Nevin who looks after our new client development in Southern California out of San Diego.

As we move forward towards the next twenty years we remain excited about the opportunities for our clients in Europe. During our company's tenure we have seen Europe move from less than 20% of the world market for information technology to over 31% and currently growing faster than the US market.

On the back page of this edition of the Eurogram you will find some of the highlights of our client activities. We wish to sincerely thank our clients who have chosen to use the services of the EMS Group to enter or expand their markets in Europe.

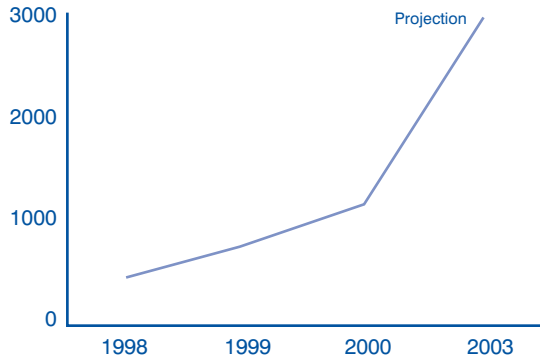
## Ericsson Takes The Number One Spot

**Gartner Dataquest reports that in 2000 Ericsson of Sweden took over as number one in provision of telecommunications equipment world wide having shipped \$31.3 in product.**

In doing so, Ericsson not only displaced Lucent but pushed the American firm down to fourth place behind Nortel (\$30.3 billion) and Nokia (\$27.2). Lucent's fall is attributed to its decision to spin out Avaya, its networking equipment unit. If Avaya were still part of Lucent, the company would have retained its top spot with \$33.2 in revenues. Cisco Systems came in 5<sup>th</sup> with \$23.9 billion in telecom equipment followed by Siemens at \$22.8 billion, Motorola also with \$22.8 billion and Alcatel at \$21.6 billion. Thus four out of the top 8 vendors are European which underlines the strength of the telecommunications equipment market by European vendors. With the massive growth of wireless communications playing into the strengths of Ericsson, Nokia and Siemens it looks like their dominance will continue. However, Dataquest reckons that Cisco is the fastest growing of all of the telecom equipment vendors, showing a 59 percent growth over 1999.

## BANKING GOES ON-LINE IN EUROPE

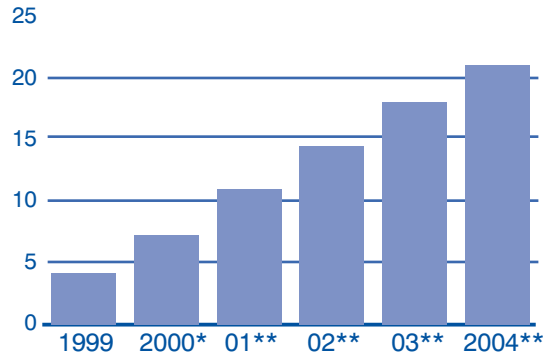
Online brokerage accounts  
\$billion



Sources: Jupiter Financial Services; FT

European Internet Banking Customers

Number of Customers  
Million



Source: Datamonitor

\* Estimated \*\* Forecast

While the B to C dot.com meltdown in Europe has shadowed the US, on-line banking in Europe continues to show dramatic growth.

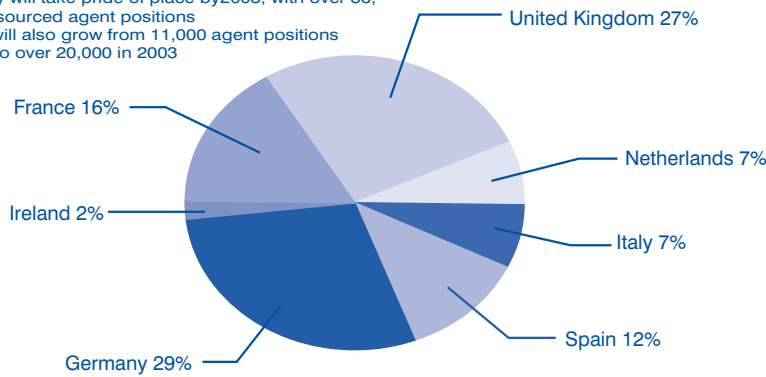
New players such as Prudential's highly successful Egg in the UK have staked out the

early adopter market. Every major bank in Europe either has an on-line service in operation or will shortly be initiating it. Datamonitor is predicting that by 2004 over 20 million Europeans will be doing their banking on the Internet. The number of online brokerage accounts, according to

Jupiter Financial Services, will continue their nearly vertical growth. Any bank or brokerage that does not have an on-line strategy will be highly vulnerable.

### Agent Positions in Service Bureaus in Europe by 2003

Germany will take pride of place by 2003, with over 36,000 outsourced agent positions. France will also grow from 11,000 agent positions in 1999 to over 20,000 in 2003.



Datamonitor predicts there will be 126,500 call centre seats in service bureau in Europe by 2003. Here are the projected percentages of these seats in different EU countries  
Source: Datamonitors report, European Call Centre Market in 2003

## GERMANY TO LEAD EUROPE IN OUTSOURCE CALL CENTERS

Often we receive questions about location in Europe for outsource call centers.

While the Netherlands holds the most attractive population of multi-lingual agents for call centers, Germany, by 2003, will hold the most number of agent seats according to Datamonitor. Not far behind is the United Kingdom, but this may be more of a reflection upon the adoption rate of the Internet rather than the language skill base.

## M-COMMERCE BOOM: EUROPE LEADS THE WAY

Datamonitor Group predicts that the US will lose its telecommunications technology lead in Europe during the next five years due to

the increased growth of computer systems and professional services for mobile commerce.

The m-commerce market will grow to \$4.7 billion by 2005. The study concludes that the current number of m-commerce systems, now at 280 will soar to 12,720 by 2005. The software portion will be valued at \$2.33 billion, the systems integration will represent \$1.05 billion with the remaining \$570 million to be spent on professional

services. This will be a bonanza for our friends in systems integration in Europe. The authors of the report believe that the acceptance of wireless standards (GSM and 3G) in Europe has contributed to the U.S. falling 18 months to 22 months behind in mobile commerce. Datamonitor estimates that by 2005, the m-commerce wireless infrastructure market in the US will be valued at \$1.2 billion compared to \$1.9 billion in Europe.



## WAP BEGINS TO TAKE HOLD

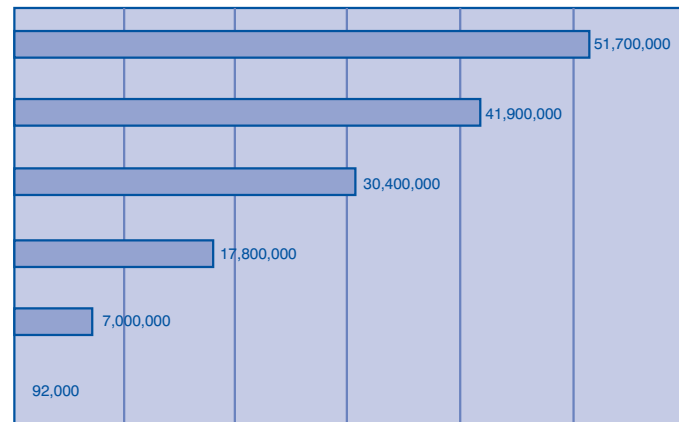
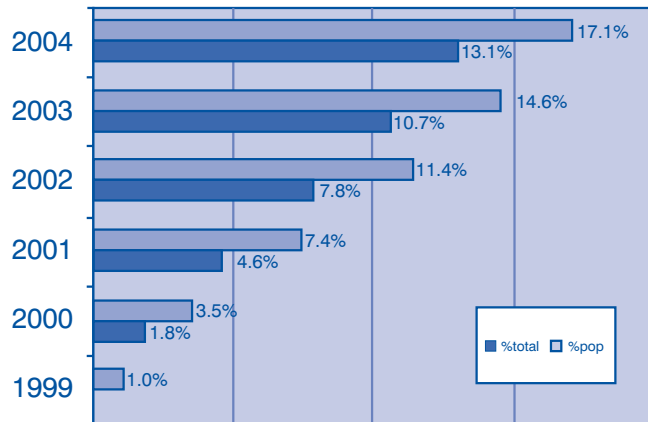
**According to IDC, the mobile data market in Western Europe is finally ready for widespread deployment.**

As GPRS (General Packet Radio Services), WAP (Wireless Application Protocol) and unified messaging are now being launched aggressively in Europe the opportunity for high-

speed mobile data services is set to explode.

Beginning with financial applications, the use of WAP, after a rocky start due to limited supply of handsets and crude early implementations, is expected to have some 51.7 million users in Europe by 2004. The market for wireless data is expected to reach \$82.4 billion by 2010 with

Finish Sonera Corp, British Telecom and Telecom Italia Mobile best placed to exploit it according to Accenture.



## MULTI LINGUAL WEBSITES ON THE WAY

**Approximately 75% of the web pages on the Internet are in English. Yet only 5% of the world's population have English as their mother tongue.**

The majority of these are Americans. A further 7 percent of the world's population are proficient in English. Therefore only about 1/8 of the world utilize English in a comfortable manner. The rest have either no ability to access English websites unless the designers provide for optional language versions. The largest block of a given language is Chinese at 20.7 percent of the world population and Mandarin makes up 3/4 of that population. Next comes Spanish with around

18% of the world's population. Companies of any size seeking to become global players need to offer versions of their websites in each of the languages of their target markets. Sony, which operates websites in 14 languages to market and sell its consumer products such as laptops and memory sticks, is applying technology to automate some of this unwieldy problem. But putting multiple languages on the website is only the start as Sony has discovered. It must also provide multi-lingual email response and call center support. Plus, products must be priced in multiple currencies and have provisions for rapid changes in exchange rates on a dynamic basis.

## HALF OF WESTERN EUROPE TO BE ONLINE BY 2003

**Internet usage is soaring in Western Europe with 215 million people, or more than half of the region's population, expected to be online by 2003 according to IDC.**

This will mean that Europe will hold more Internet users than the US which would have to achieve 80% of its population to match Europe; an unlikely event. On line spending in Europe is expected to grow even faster to \$118 billion in 2003 compared to only \$10.3 billion in 1999. From

EMS's perspective only two issues could affect this optimistic projection – personal security concerns and adoption of credit cards for online purchases. EMS client Arcot Systems is attacking the first issue. The recently announced relationship between EMS client MIPS Technologies and Gemplus, which EMS established to produce the next generation smart card, should also help offset these barriers.

## SIEMENS 'GETS IT'

**In an effort to reduce internal costs as well as to endorse its own e-business technology, German electronics giant, Siemens AG has declared itself to become an Internet driven global company.**

The first step is the launch of a building site, Center of E-Excellence, in Munich to be the central platform for all Siemens' e-business activities. The company will initially invest \$1 billion in the project, which includes two additional centers for e-excellence in Atlanta and Singapore. These centers will serve as a platform for all e-business related activities to be coordinated and integrated in a global e-business network linking its 440,000 employees in over 190 countries. Siemens' president and CEO, Heinrich v. Pierer has stated that "all processes will run electronically – from procurement to marketing, from development to controlling." Already 70 percent of all Siemens' activities are networked electronically, but now they will be integrated into a total system.

## EMS GROUP - 20 YEARS OF CLIENT SUCCESS

### First EMS Client – 3Com

Founder, Bob Metcalfe had only 18 people in 1981, when we established 3Com's first distribution partners in Europe.

### Richest EMS Client From Start-Up– Michael Dell

Michael Dell, at the age of 19 doing \$40m in sales in 1986, thought they would one day become a \$1 billion company. Now he holds a personal net worth in excess of \$10 billion.

### Best Start-up – Sequent Computer Systems

Founded by Casey Powell and Scott Gibson and a team out of Intel, this Portland vendor of Multi-processor Unix systems had all the pieces together from the start to become a winner.

### Largest Client at Time of Engaging EMS – Xerox

EMS was chosen by Xerox four times for launching products into Europe

### Smallest EMS Client at Time of Engaging EMS – Orcad

Just 5 employees in Oregon when EMS brought what became the world's largest vendor of schematic capture (CAE) software into Europe.

### Largest Client From Start-Up utilizing

### EMS in Europe – Compaq

We still have one of the "luggable" Compaq PCs we obtained as part of our payment for helping Ben Rosen bring the Houston start-up into Europe in 1982.

### Longest gestation to choosing to utilize EMS's Services – Corollary

George White pondered Europe for some five years after our first meeting before he asked us to bring his multi-port adapters for PCs into Europe by setting up a network of value added distributors.

### Shortest gestation to choosing to utilize EMS's Services - Dell Computer

It took Michael Dell only 30 minutes to ask EMS to help him set up shop in the UK, for what was then called PC's Limited. When we brought them into England, long time EMS friend and marketing whizzo Jan Stannard of Marbles convinced Michael to change the name to Dell Computer, as we couldn't have PC's Limited, Ltd. in England.

### Largest Result – Tandem Computers (now part of Compaq)

OEM contract with Ericsson valued in excess of \$180 million and counting. Every Ericsson AXE public switch is shipped with a Tandem fault tolerant Unix system for adjunct processing.

### Strangest Product – OnLive! Technologies

The OnLive! chat room Avatar software would allow individuals entering a chat room to speak on-line over the Internet. You would see others in the room as fish, foxes or birds with the mouths

moving in sync with the speech. A very, very weird experience but ultimately a commercial failure.

### Most Fascinating Product – Lanxide

A joint venture between DuPont and Lanxide, the product was a metal matrix composite material for electronics packaging: weighed less than aluminum, better conductivity than copper, stronger than steel and extremely high heat dissipation. Should have been called Unobtainium as it was too expensive to utilize in high volume electronics manufacturing, but the technology lives on in exotic applications such as brake disks used on formula one cars.

### Funniest Situation - Mike Kanter's loss of a notebook computer at Cebit

While attending the world's largest trade show, EMS Director, Mike Kanter was in the Gent's at the far end of a row of urinals, with his leg pressed against his notebook computer bag for security. He felt a tug and turned to see a scoundrel running out into the show floor. Being a British gentleman, Mike completed his activity properly rather than chasing out unzipped, but it was too late as the thief had blended into the Cebit mob.

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