

Market Penetration Leadership, Industrial Automation and Process Control Central and Eastern Europe, 2010

Frost & Sullivan's Global Research Platform

Frost & Sullivan is entering its 49th 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. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2010 Central and Eastern Europe Market Penetration Leadership Award in SCADA market to MICROSYS, spol. S r.o. (Microsys).



Significance of the Market Penetration Leadership Award

Key Industry Challenges Addressed by Increased Market Penetration

The highly competitive Central and Eastern European SCADA market, with the continuous emergence of new SCADA vendors with new SCADA products, as well as market consolidation, is witnessing increased competition among the SCADA vendors. To sustain a strong position in such a competitive market, SCADA manufacturers are constantly introducing new technologies and adding new functionalities to the existing SCADA systems. Furthermore, the global economic recession has resulted in increase in the end users' demand for low-price solutions with the same high functionality.

In such an environment, competitive pricing strategies are of paramount importance, as they better position SCADA vendors to meet the market needs. The ability to provide SCADA systems with high functionality at a lower price is likely to increase its salability to the end users, especially during the economic recession.

Other important challenges on the Central and Eastern Europe SCADA market are the need to increase cyber security threat and the need of internet for SCADA to provide access to real-time data.

Impact of Market Penetration Leadership Award on Key Stakeholders

The Market Penetration Leadership Award is a prestigious recognition of Microsys' accomplishments in the SCADA Market. An unbiased, 3rd party recognition can provide a profound impact in enhancing the brand value and thereby accelerating the Microsys' growth. As captured in Chart 1 below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**

Investors and shareholders always welcome unbiased and impartial third party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.

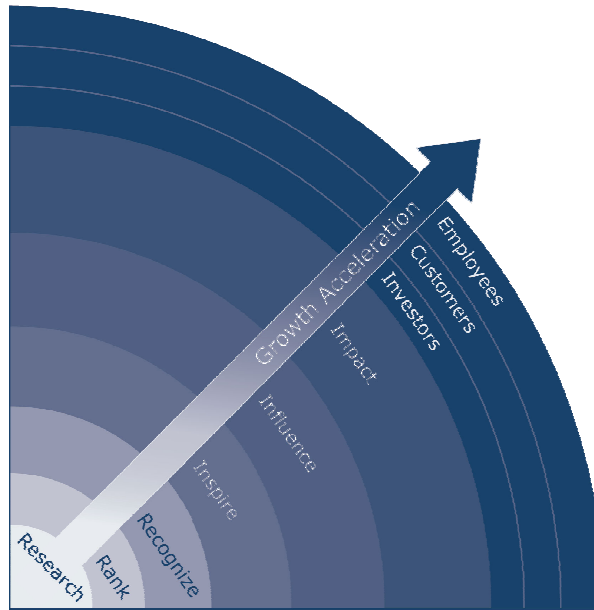
- **Customers**

3rd party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.

- **Employees**

This Award represents the creativity and dedication of Microsys' executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of a strong competitive position for Microsys.

Chart 1: Best Practices Leverage for Growth Acceleration



Best Practice Award Analysis for Microsys

The Frost & Sullivan Award for Market Penetration Leadership Award is presented each year to the company that has demonstrated excellence in capturing the fastest measured rate of change of market share within its industry. This Award recognizes how fast a company increases its penetration of a market, in terms of revenues or units as specified.

Microsys' Performance in the SCADA market

Microsys' developed the first version of its visualisation and control system, PROMOTIC in 1991 in the form of PROMOTIC for MS-DOS that was successfully implemented in hundreds of applications in the industry (steel works, chemical industry, mines, food processing industry, power engineering, ecology and others).

Currently, PROMOTIC version 8 for the Windows operating system, launched in 2009, is available in the market. It has been already successfully implemented in numerous applications, such as power engineering, cars movement monitoring, steelworks, ecology, telemetric and control systems, measuring and regulation of energy consumption, control of food processing technologies, heating plants, education and research, and in chemical and manufacturing industries.

The developers at Microsys are still working on further system improvements, which are in line with its customers' needs. The feedback from the customers is continuously implemented for improving the PROMOTIC system. Each year, Microsys presents about four new versions of the system to provide better comfort in applications development, greater work efficiency, closer integration with other software products and permanent satisfaction from working with quality professional tools for its customers.

Key Performance Drivers for Microsys

Factor 1: Highly Competitive Pricing Strategy

The PROMOTIC system, since version 8, allows developing and running PROMOTIC applications, for free. The competitive advantage of PROMOTIC is that this system with similar functionality as that of its major SCADA competitors is available as a freeware. All communication drivers and interfaces available in the full version are also available in this freeware mode.

Microsys offers free development environment (PmDevelopFree) and runtime license (PmRuntimeFree). It enables freeware for creating and running applications up to 30 variables (no time limit and no hardware key required). It also contains all PROMOTIC communication drivers and all standard interfaces (ActiveX, DLL, OPC, DDE, SQL, ODBC, DAO, OLE, XML, TCP/IP, HTTP). It comprehends fully functional Web Server for 2 Web clients (for remote monitoring and control of the application via Internet Explorer) and

incorporates complete electronic PROMOTIC system documentation. It is widely multilingual (English, German, Russian, Polish, etc.) and is very easily upgradeable to higher commercial versions of the PROMOTIC system. PMDevelopFree can also be used for creating applications up to 100 variables (for PmRuntimeLite – basic runtime license with hardware key).

Factor 2: Highly Functional and User-Friendly SCADA System

PROMOTIC is an object-based software tool for creating applications that monitor, control and display technological processes in a wide range of industrial areas. The main features of PROMOTIC are Windows 7/ Vista/ XP/ 2000/ 2003-2008 Server/ XP embedded as an operating system; effective creation of distributed and open applications for a wide variety of industries; user-friendly environment for application designers; built-in all necessary components for both extensive and simple visualisation and control systems and comprehensive graphic item, image and symbol library in Scalable Vector Graphics format.

Moreover, integrated into the PROMOTIC system, on the basic level, is Web Technology, which enables easy remote monitoring and control of the application via Internet Explorer. The graphic interface of the Web application is generated automatically as dynamic HTML page and all transmissions are based on HTTP protocol utilising the XML and AJAX technologies. This technology enables very simple viewing in any Web browser and creation of Web pages without any knowledge of HTML programming.

PROMOTIC is also an open system that includes standard software interfaces XML, ActiveX, ODBC, DAO, OLE, DLL, OPC, DDE, TCP/IP and HTTP. It also provides full-scale integration of the system with additional software products – enterprise database (MS SQL, Oracle, SAP, Dbase, Access and so on.) – connectivity to communication servers and other systems.

Additionally, PROMOTIC has a wide spectrum of communication drivers such as Simatic, Saia, Omron, Mitsubishi, Allen Bradley, Adam, Tecomat, the Modbus protocol and open car/binary protocol. It also includes drivers for dial-up connections, transmissions in radio and GSM networks. Standard interfaces OPC, ActiveX, DLL and DDE, enable connectivity to third-party communication servers such as Siemens, Landis&Gyr, Honeywell, Moeller, ABB, B&R, Sauter, Unitronics, GE Fanuc, Festo, Yokogawa, Amit and Hypel.

PROMOTIC system is also highly secured. The log-in system for operators requires user name, password and can also check the IP address. The access rights are managed for both local and network applications. The running applications can be monitored by software or hardware „watchdog“. The PROMOTIC system provides hard drive data overflow protection such as: cyclical structure for saving trends, alarm and events. It also enables password protection and encryption of projects in development environment and thus protects the designer's know-how.

English, Polish and Czech language versions are available in the development environment of PROMOTIC. English, German, Russian, French, Hungarian, Polish, Czech and Slovak languages are supported in its runtime mode.

PROMOTIC trends are highly configurable. Selected variables are optionally stored in Access binary, MS SQL Server, My SQL and Oracle format. PROMOTIC is able to display the data as graphs or tables. Moreover, in read-only mode it is possible to read and evaluate data from databases created by third parties. Additionally, the viewer can be used as a stand-alone viewer of 2-dimensional function $y=f(x)$ without the necessity to connect to data source.

PROMOTIC alarms and events are also highly configurable. It is possible to register alarm states in defined alarm groups, and it enables comfortable viewing of current alarms and history, with the use of acknowledgements filtering, sound notification and so on.

Factor 3: Strong Focus on Quality

Microsys concentrates highly on the quality of PROMOTIC. It is extremely important for it to listen to its clients and then react quickly to address the problems and issues that emerge. Whenever customers find an error in the system, it is repaired in the next version, which comes into the market within two or three months. The new version can be upgraded by the customers without any additional costs.

Moreover, Microsys provides highly effective technical support, which is provided free of cost for each customer. It also provides training opportunities, in every two or three months, for the new users of the system.

Factor 4: Highly Competitive Sales and Marketing Strategy

Due to the fact that the Central and Eastern European SCADA market is developing rapidly and experiencing great potential, Microsys has made its investment in this region with partners in the Czech Republic and Slovakia and has recently penetrated into Poland and Hungary. It is also planning to expand its presence in the SCADA market in Russia.

Due to the Central and Eastern European SCADA market being highly cost-effective and the global economic recession, the customers put greater emphasis on the price of the product, but they expect the same or even higher functionality. As Microsys offers its PROMOTIC system at a very low price point, it is highly likely to become the leader in the Central and Eastern European SCADA market.

Moreover, Microsys implemented its marketing and sales strategy, which helped it to increase its visibility in the market. It displays its products in exhibitions, advertises them in experts' magazines and shows and promotes direct sales and field activities. Microsys also takes great initiatives in organising or participating in several numbers of fairs and seminars in Central and Eastern Europe. Additionally, the company organises seminars across the main cities of Czech Republic and Slovakia each year, especially dedicated for its customers,

to present the latest developments and the newest functionalities, which are to be implemented in the upcoming version of the system. All these efforts result in a greater interest from the end users.

Factor 5: Leverage of Strategic Partners

Microsys cooperates closely with the key technologies that belong to its strategic partners. In the software area, it especially works with Microsoft and its basic system and development tools. Microsys has been taking advantage of MSDN services from software development companies for several years that provide it with new versions of operating systems up to one year before their introduction to the market. Therefore, it can prepare the software for its customers far in advance. In the hardware area, Microsys concentrates on suppliers that provide high-quality hardware with full technical support and guarantee as well as post-guarantee services. These are mainly suppliers of industrial PCs, programmable PLCs, electro-components or measuring and control devices. In the sub-delivery area, it focuses on long-term certified domestic business partners that provide it with sub-deliveries of components, in particular, production-installation electro-work, distribution and installation of technologies.

The CEO 360 Degree Perspective™ - Visionary Platform for Growth Strategies

The CEO 360 Degree Perspective model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The 360 degree perspective is also a "must-have" requirement for the identification and analysis of best-practice performance by industry leaders.

The 360 degree model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in Chart 2 below, the following six-step process outlines how our researchers and consultants embed the 360 degree perspective into their analyses and recommendations:

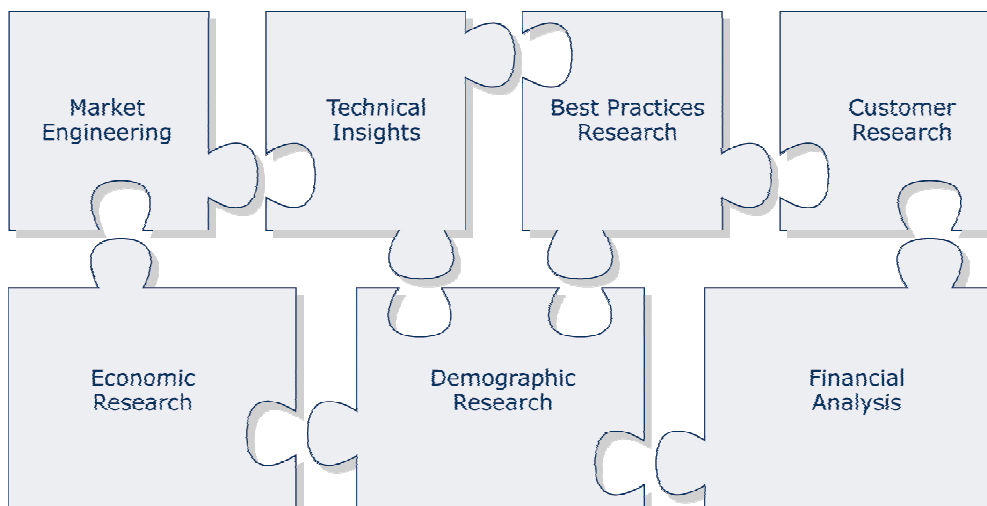
Chart 2: How the CEO's 360 Degree Perspective Model Direct Our Research?



Critical Importance of TEAM Research

Frost & Sullivan's TEAM Research methodology represents the analytical rigor of our research process: it offers a 360 degree view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that the successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 3: Benchmarking Performance with TEAM Research



About Microsys

Microsys is a Czech company with its headquarters in Ostrava. It is engaged in the development of PROMOTIC visualisation software and implementation of applications in the field of industrial process automation. The company was established in 1991 by a group of people with long-time experience in development and implementation of software systems for monitoring and control of technological processes.

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.