Business Investment Opportunities in ATCA: Innovation within Standards

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Business Model Consequences: xTCA Analogy to PC Standardization

Goal
- Standard interfaces between modules
- Standard bus/switch
- Interoperable components with standard interfaces vs proprietary bundled components

Industry Standards Process
- Initially IBM for personal computers
- Now PICMG
Standards based components enjoy growing volume (units up, pricing down)

Substantial reduction in costs, margins, prices for components and PCs

Enablement of robust chip and software plays

Physical layer moves to very large original design manufacturers
xTCA Economic Drivers

- Broad adoption of standards-based components
- Substantial reduction in costs, margins, prices (but due to price elasticity, will be offset by more units of equipment)
- Physical layer moves to original design manufacturers
  - Board level manufacturing moves to Asia
  - Niche board specialists get squeezed
- Enablement of robust chip and software plays
  - Software enabled by HPI standard, SAF
  - Chips leads to major new industry players
Investment Implications

Long Term Winners
- Semiconductors
- Software
- System integrators
- Original design manufacturers

Long Term Losers
- Board level vendors
- Contract manufacturers