



A Billion and Beyond

Re\$earch Money Conference
March 12, 2009

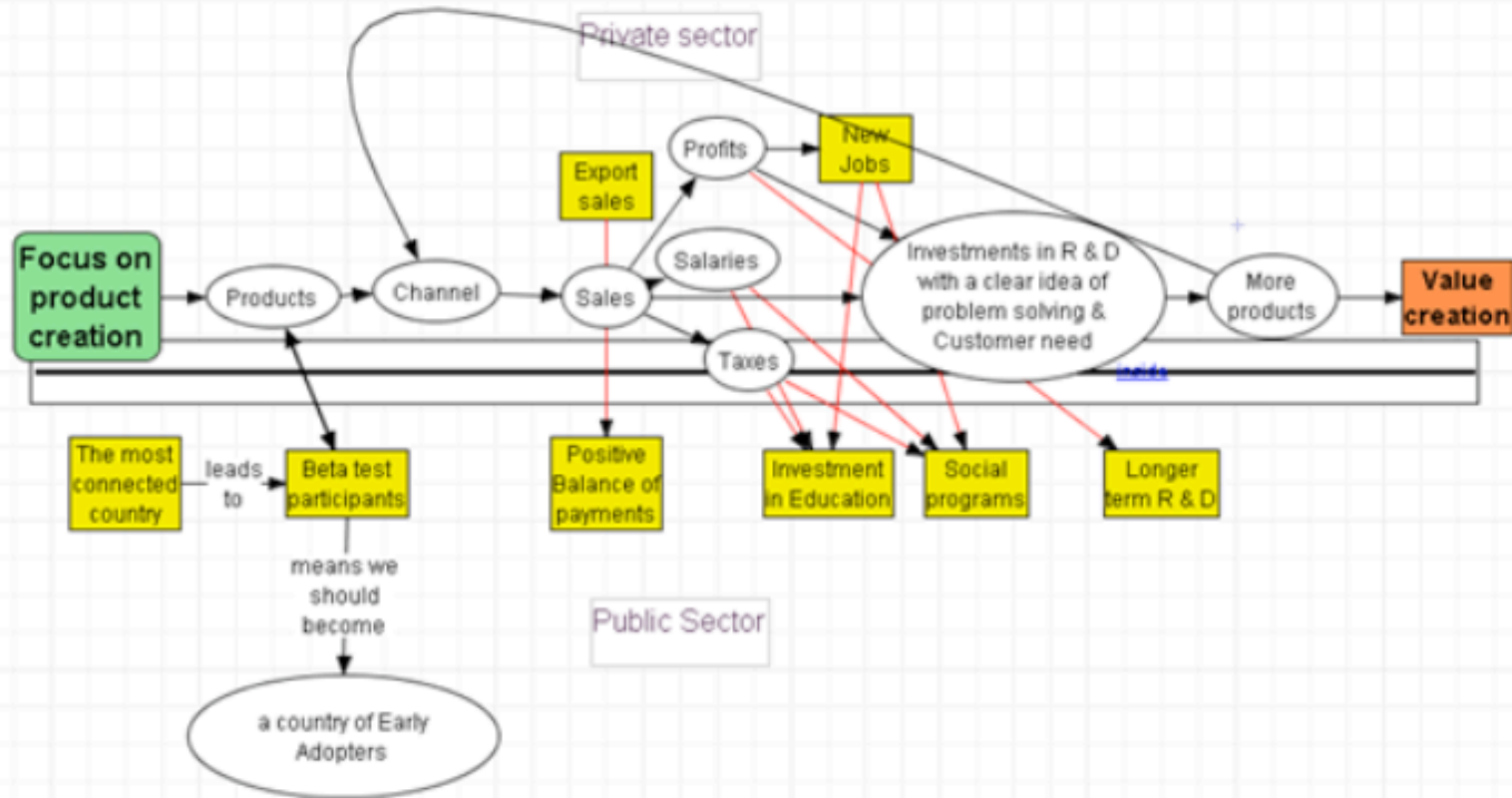
David Martin
Executive Chairman,
SMART Technologies

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Thesis: Growing more Canadian companies that look like SMART would be a good thing

- Canada needs more mid-sized technology companies because this size of company can create sustainable business models
- Companies that have significant category share are profitable and have a sustainable business model
- Companies with global distribution channels have a ready pathway to sustainability
- Profitable and growing technology companies
 - Pay taxes
 - Employ people
 - Provide interesting work for knowledge-based employees
 - Off-set the balance of payments deficit

Sustainable Knowledge-based Economy Model



Outline

- SMART as a work in progress
 - Where are we now?
 - What lessons did we learn?
- Public Policy ideas
 - How do we create more companies like SMART?
 - Alberta: Task Force on Commercialization
- Summary

SMART Technologies

- 1987
- World's first interactive whiteboard in 1991
- HQ, R&D and main assembly in Canada

SMART is a global company based in Canada



Calgary

> 80% of employees are Canadian



Ottawa

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Leading the Revolution

Collaborating Technology Is Undergoing Unprecedented Change, and SMART is helping lead the way

Old Paradigm



Blackboard & Chalk

New Paradigm



Interactive Boards & Collaborative Devices

SMART Technologies is Positioned at the Epicenter of Industry Evolution

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SMART's Platform for Collaboration



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SMART's Early Years



Commitment



US Market focus

Intel
invests

Competition

Financing
Selling other
people's products

IWB Market
takes off

1986

1991

1997

2009

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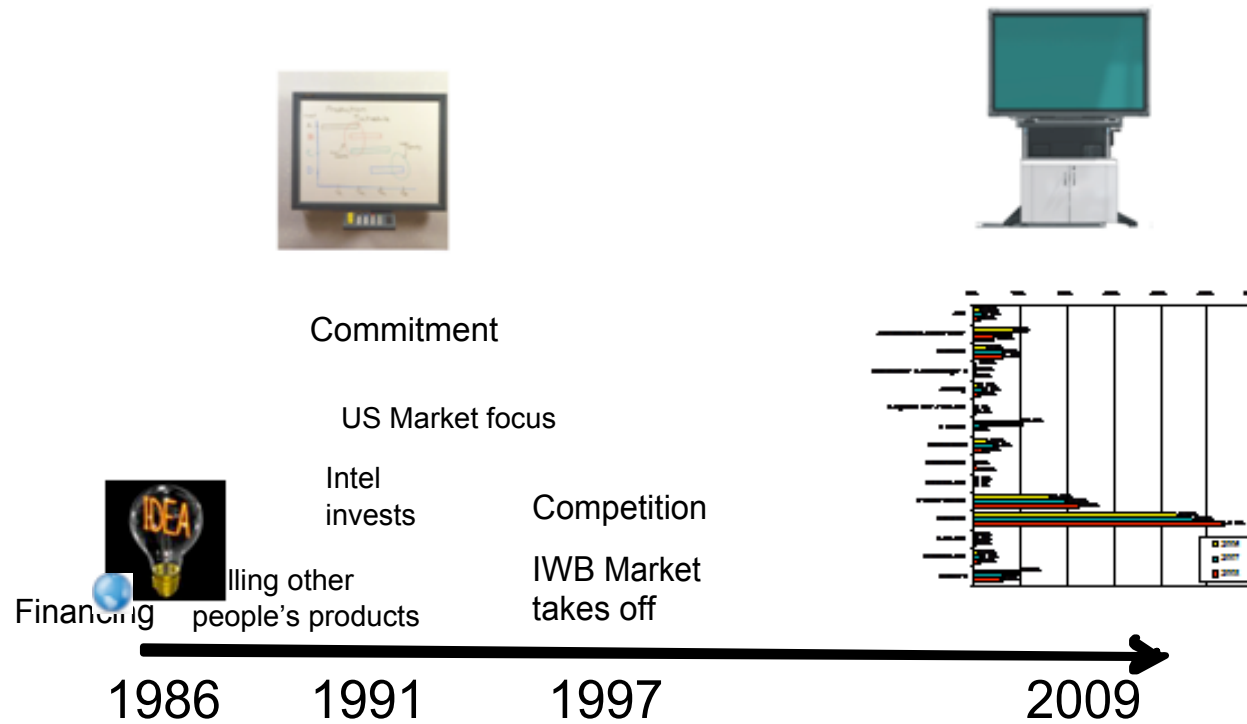
New Products for New Markets

New		x
Existing		
	Existing	New

Products

Markets

SMART's Results



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The Results

SMART is

- The innovator
- The market creator
- The category share leader



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SMART

- has created a distribution channel dedicated to SMART products
- sells products and services > 175 countries in over 44 languages
- has more than a 50% category share and is profitable
- has grown at more than 30% a year for > 10 years
- provides interesting work for knowledge-based employees

But, what about annual
revenue > \$1 billion?

How does SMART get to over a billion in revenue?

Keep doing what we are doing

Technology for education markets are strong
SMART Brand is trusted

New market opportunities starting to develop

Collaboration technologies are cost effective and have high payback

How does SMART get to over a billion in revenue?

SMART's know-how and IP is now sought after

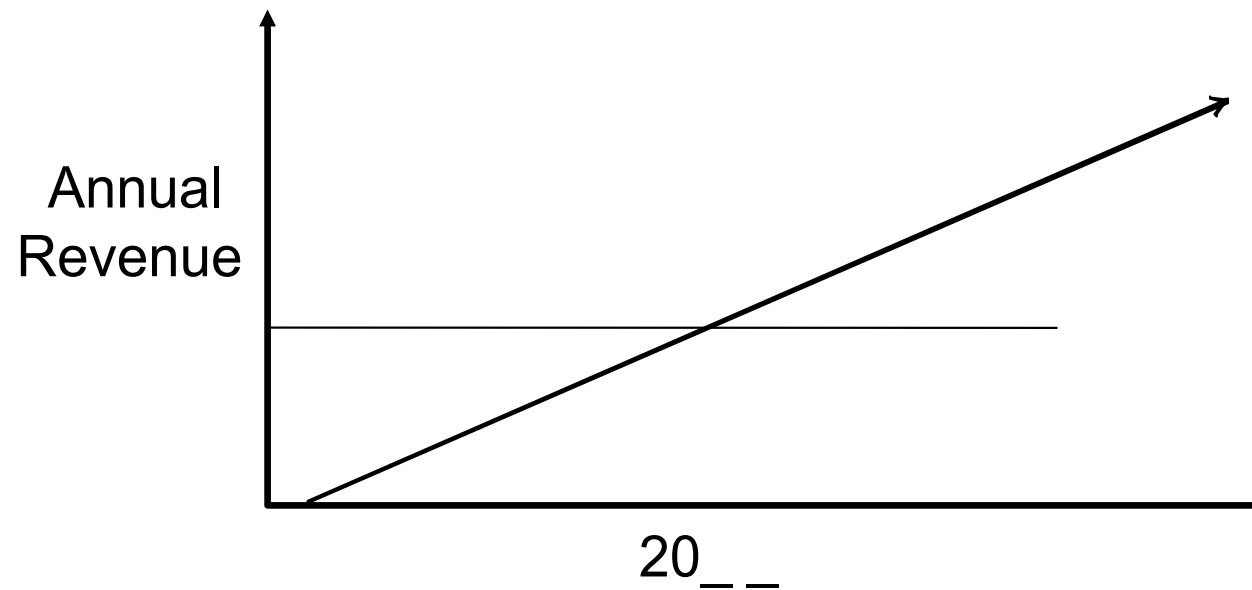
Multi-touch

Pen computing on all OS platforms

SMART's software now being licensed separately from the hardware

Intel now ships Classmate PC's for the education market with SMART classroom suite

When does SMART surpass a Billion?



Take-away's

- Make sure the Business Model is right
- Be in control of your own destiny
- Build the Distribution Channel for long term success
- Constant Innovation is key
- Build the Brand by establishing trust with your customers with every interaction
- Create a vision that is right-sized to attract the right people – and keep them interested
- Be prepared for competition
- Take the long term view

Public Policies for Economic Development

Last 10 years

- Spend \$ on Research
- Does Innovation lead to Commercialization?
- Start with Customer Needs

Alberta Task Force on Commercialization

Action Item #1: Build an Effective Capital Market9

Recommendation 1: The Government of Alberta should create a \$100 million Alberta Enterprise Fund (“fund-of-funds” model) in order to co-invest with other private and institutional investors in a number of independent funds amounting to \$300 million of newly created venture capital accessible to Alberta firms..... 11

Recommendation 2: The Government of Alberta should take specific steps to increase access to financing for start-up (seed) and for early-stage development of high-potential Alberta companies..... 13

Recommendation 3: Create a provincial Scientific Research and Experimental Development (SR&ED) tax credit, in parallel to the Government of Canada program, to support Alberta companies undertaking research and development. 14

Alberta Task Force on Commercialization

Action Item #2: Assist Growth of Innovative Firms 15

Recommendation 4: Create new product commercialization centres by investing in facilities and services to help Alberta start-up and growth-oriented firms build new products and services. 16

Recommendation 5: Support and expand business development centres throughout the province and facilitate access to these services. 17

Recommendation 6: Improve accessibility to intellectual property (IP) developed at post-secondary and other publicly funded organizations in order to allow more small- and medium-sized enterprises to turn promising research results into profit-making new products and services. 19

Alberta Task Force on Commercialization

Action Item #3: Encourage and Reward Entrepreneurship19

Recommendation 7: The Government of Alberta should facilitate a province-wide initiative that promotes entrepreneurship as a highly desirable career path and fosters the delivery of relevant skills training and real-life work experience. 19

How does Canada succeed?

- Should we help entrepreneurs build receptor organizations...

or

Continue to invest in R&D?

How do we build gnarly Canadian competitive companies?

How do we build competitive Canadian companies?

- Build upon our strengths – Competitive people

Eg. World class sports teams



Thought: Is 2009 a good time to invest?

Should Canada be preparing for the end of the recession?

What should we be doing?

Summary

- Canada can create global technology leaders
Eg. RIM, SMART
- World-class business operation with customer focus is more important than technology focus
- Building a company with a competitive backbone is critical
- Public Policy needs to be a focus on commercialization, not R&D or Innovation



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Recommended Books

Blueprint to a Billion

David Thompson



Built to Last

Jim Collins

