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INDUSTRY LEADER IN SECURE
COMMUNICATIONS SOLUTIONS

Jerry Chase
Chief Executive Officer
Reagan Sakai
Chief Financial Officer
October 2010

This presentation contains forward-looking statements, including statements concerning financial results, anticipated market growth, market size, market vision, product features and availability timing, competitive assessments, the Company's expectations concerning its operating results for fiscal year 2011, first fiscal quarter 2011, and future revenues, margins and operating expenses. These forward-looking statements are based on current management expectations and are subject to risks and uncertainties that could cause actual reported results and outcomes to differ materially from those expressed in the forward-looking statements, including but not limited to: quarterly fluctuations in operating results; changing market conditions; government and industry standards; market acceptance of the Company's products by its customers; pricing trends; actions by competitors; future revenues and margins; changes in the cost or availability of critical components; court approval of settlements in significant litigation; unusual or unexpected expenses; cash usage; and other factors that may affect financial performance. For a more detailed discussion of these and other risks and uncertainties, see the Company's recent SEC filings, including its Form 10-K for the fiscal year ended June 30, 2010 and Form 10-Q for the fiscal quarters ended December 31, 2009 and March 31, 2010. Viewers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and the company undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Safe Harbor Statement

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Additional Information

• Additional Information

Lantronix has filed a preliminary proxy statement and will file a definitive proxy statement and other relevant documents concerning the annual meeting with the Securities and Exchange Commission. Our stockholders are urged to read the definitive proxy statements when they become available, because they will contain important information. Stockholders may obtain, free of charge, copies of the definitive proxy statements (when they are available) and other documents filed by Lantronix with the Securities and Exchange Commission at the Securities and Exchange Commission's website, www.sec.gov. In addition, documents filed with the Securities and Exchange Commission by Lantronix will be available free of charge from us. Lantronix and its directors and executive officers and certain other of its employees may be soliciting proxies from stockholders of Lantronix against the alternative proxy proposed by TL Investment GmbH.

- Founded: 1989
- Headquarters: Irvine, CA
- Business Segment:
Networking
and Communications
- Fiscal Year End: June 30th
- Employees: 115

Company Overview

Fiscal Q4 2010 Highlights (Fiscal year end June 30th)

- Net Revenue of \$11.8 million, up 4% YOY
- Non-GAAP net income of \$169,000, or \$0.02 per share
- Eighth consecutive quarter on non-GAAP net income
 - Cash increased \$938,000 to \$10.1 million

Key Products

- Introduced AccessMyDevice™, a subscription-based service enabling equipment to be securely and remotely accessed behind firewalls from anywhere via a secure web browser.

The industry leader in secure communications solutions to connect and control any type of equipment via the Internet
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Our Path to Growth

Where We Were

2003 – 2007

- Lost Generation of Products.
 - Period of failed products:
 - o Did not meet customer needs
 - Financials:
 - o Negative cash flow
 - o Limited liquidity reserves and options
 - Strategic Issues.
 - o Management team in disarray
 - o Lack of unified strategy and vision

Where We Are

2008 - 2010

Where We're Going

2010+

- Financial Stability
 - o Reduced operating expenses
 - o Increased gross margins
- o Non-GAAP profitability 8 consecutive quarters
- o Improved cash position
- o Multi-billion dollar market opportunity with no category leader
- o Fits with existing product architecture
- o New hires: Medical industry veterans in sales, marketing, business development
- o Existing marquee medical customer base

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Standards-based enterprise mechanisms
(SOA, XML, HL7, Web services, etc.) that allow
“backend” applications easy access to devices

Moving Up The Value Chain

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What is AccessMyDevice.com?

- Enterprise-grade, industrial strength remote access service.
 - “In the cloud” software-based solution

What does it do?

- Allows users to easily and securely view, manage, control, and service virtually any PC, server, machine, or electronic device from a web browser.

Benefits

- Reduced service costs
- Remote manageability from anywhere with Internet access
 - Easier to manage and configure than VPN
 - No reconfiguration of network
 - No opening up of ports / Safer than port forwarding
 - Easy to use

Who is it for?

- Users: Business and technology professionals.
- Industries: Designed to work across all industries, all company sizes, in any location around the world.

Business Model

- Low-cost, on-demand monthly subscription service
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AccessMyDevice - Value Proposition
-

The Lantronix Solutions Architecture

External Products since 2009

Texas Instruments

Renesas

Others on a prioritized basis

Competitor 1

Competitor 2

Other existing / future comp

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Embedded Products since 2009

All Future Products

Ex: AccessMyDevice & Microprocessor
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AccessMyDevice - Applications

- Robotic Welding Machines
 - Industrial Packaging
- Power Industry - Renewable Energy Metering
 - Utility Metering
- Gas Station Metering/Credit Card Processing
- Inventory tracking & environmental monitoring
 - Industrial Software for Machine Tools
 - Automotive - Design Factory PC Access
- Transportation/Security- Remote Access to X-RAY systems
 - Medical - Remote access to sterilization equipment

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Medical Market Opportunity Growth Drivers

- Aging population: 13,000 US adults turn 60 each day for the next 20 years
- Increased efficiency for medical care being driven by medical device and Health Information Technology investment (\$225B for Hospital IT in 2009)
- American Recovery and Re-investment Act (\$17B for Electronic Healthcare)
 - Congressional Budget Office states total spending on health was 16% of GDP in 2007 and predicts 25% GDP by 2025

Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released February 23, 2009.

Incremental Served Market

Opportunity

Medical Device Connectivity

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Three key segments represent a
multi-billion dollar opportunity for

Lantronix

The Opportunity

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Benefits of Health Information Technology Networks

- Lower rate of complications, mortality
 - Lower overall healthcare costs
 - Lower documentation time
- Improved documentation accuracy
- Doctors can be “many places at once,” and spend more time with patients
 - Improved insurance claim process
- Reduce \$150B in estimated annual fraud
 - Ease of deploying Medical Equipment
- Better inventory maintenance and management
 - Improved care, lower costs!

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Where we Participate - HIT Networks

Hospital Information Technology

(HIT) Network

Respiratory

Gateway

Infusion Pump

Gateway

Glucose Meter

Gateway

Patient Room

Proprietary

I/F

HL7 I/F

Proprietary

I/F

HL7 I/F

Hospital

Health Record System

Other

Hospital

Systems

Proprietary to

HL7 Gateway

Patient Room

Respiratory

Gateway

LTRX

Gateway

Device Server

or software

With Serial to HL7

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Devices
HIT System
Making data
“Network-ready”
Making data
“Application-ready”
Delivering
“Actionable data”

LTRX
Device
Server
Middleware
Patient

Connectivity is being driven by demands for:

- » Electronic data capture for automated reporting
- » Patient safety:
- Real-time applications (e.g. alarm forwarding, waveform / data forwarding to clinical staff)
- Medication error reduction - wireless smart pumps with downloadable drug libraries
 - Data mining and reports
- » Asset tracking / remote service / remote diagnostics
 - » Quality control / compliance
 - » Interoperability for improved therapies
 - » Clinical decision support

Driving Connectivity to the Point-of-Care

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Devices
HIT System
Making data
“Network-ready”
Making data
“Application-ready”
Delivering
“Actionable data”
LTRX
Device
Server
Patient

in wired or wireless environments (our “box” product)
Driving Connectivity to the Point-of-Care
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World Class Customer Base
Security
(800+ customers)

Manufacturing
(1,200+ customers)

IT / Data Center
(1,100+ customers)

Medical
(650+ customers)

Hosp & Leisure
(100+ customers)

Over 2 million devices connected, across 10,000+ customers worldwide
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Jerry Chase - President & CEO 20 years: Terayon Communications, Thales
Broadcasting & Multimedia, Thales Broadcasting &
Multimedia (USA)

Reagan Sakai - CFO 25 years: HyPerformix, VIEO, Crossroads Systems,
McDATA, Exabyte, Maxtor, StorageTek

Keith Knight - VP, Operations 25 Years: Emulex, Aristos Logic, Tektronix

Daryl Miller - VP, Engineering 25 Years: Tektronix

Paul Pishal - VP, Product Mgmt. 25 years: Capgemini, H.I.G Ventures, Cisco
Systems, Philips Electronics, Scientific-Atlanta

Anthony Shimkin - VP, Marketing 20 Years: Quidel, Cardinal Health, Alaris Medical
Systems, Neoforma

Mitch Statham - VP, Sales 25 Years: SMSC, NEC, LSI Logic, BBL Industries,
Lanier Business Products

Lew Solomon - Chairman of Board Chairman Harmonic (HLIT); Chairman Anadigics (ANAD)

Experienced Leadership

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- WW economy affected FY'09 revenue; however, reasons for optimism
 - FY'10 has stabilized and order rates continue to improve
 - Focused and flattened sales organization
 - New product introductions
 - Customer-driven partnerships, relationships, and product development
 - Gross margin 50+%
 - Incremental revenue drives fixed overhead absorption
 - Further planned reductions in product cost and manufacturing spending
 - Significant operating leverage
 - “Sticky” non-GAAP operating expenses
 - Non-GAAP targets: FY'11 5%-10%; FY12+ at 15+%
 - Strong balance sheet
 - Favorable valuation: Enterprise value at 60%-70% LTM revenue
- Financial Summary
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- Business Highlights:
 - Stabilized and increasing order rates in FY'10
 - Increased activity (evaluations, bids, request for pricing)
 - Project-related activity on the upswing
 - High level of interest and activity for XPort Pro
 - FQ4'10 Financial Highlights: (fiscal year end June 30)
 - Revenue \$11.8M, an increase of 4% YoY
 - Gross margin 50.8%, negatively impacted by increased costs for expedited freight due to product shortages
- Component availability to CMs and FGI from CMs have been problematic as of late
 - Non-GAAP profit \$169K; Eight consecutive quarters, 10 out of last 11
 - Cash increased \$762,000 to \$10.1 million in FQ4'10

FQ4'10 Highlights

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Quarterly Revenue

FY'09

FY'10

- FQ3'10 YOY growth of 13%; sequential growth of 6%
- FQ4'10 YOY growth of 4%

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Gross Margin

\$ in Millions

- Gross Margin % remains 50% plus
- GM expansion: fixed overhead absorption, product cost & spending reductions

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Non-GAAP Profitability

\$ in Millions

- Non-GAAP profitable in FY10
- Eight consecutive quarters of non-GAAP profitability (10 of last 11 quarters)

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Cash & Working Capital

\$ in Millions

- Stable cash and working capital
- FQ410 cash increased by \$800K

Cash

Working Capital

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- Growing market
- Focus on medical device connectivity will accelerate growth
- Recently released products beginning to contribute to revenue
 - Strong order rates across verticals, geographies, product lines
 - Eight consecutive quarters of “cash earnings”
 - Strong balance sheet

Summary

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