

# 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

# PC Business Model Evolution

- ◆ 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