

MAY 15 2020

Needham & Co. Hosted Investor Call

SMART GLOBAL HOLDINGS

Specialty Compute & Storage

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Needham Hosted Investor Call



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Needham & Co., LLC

SMART is a proven technology leader in the design, development and deployment of current and next-generation specialty high value memory, storage and compute products and solutions.

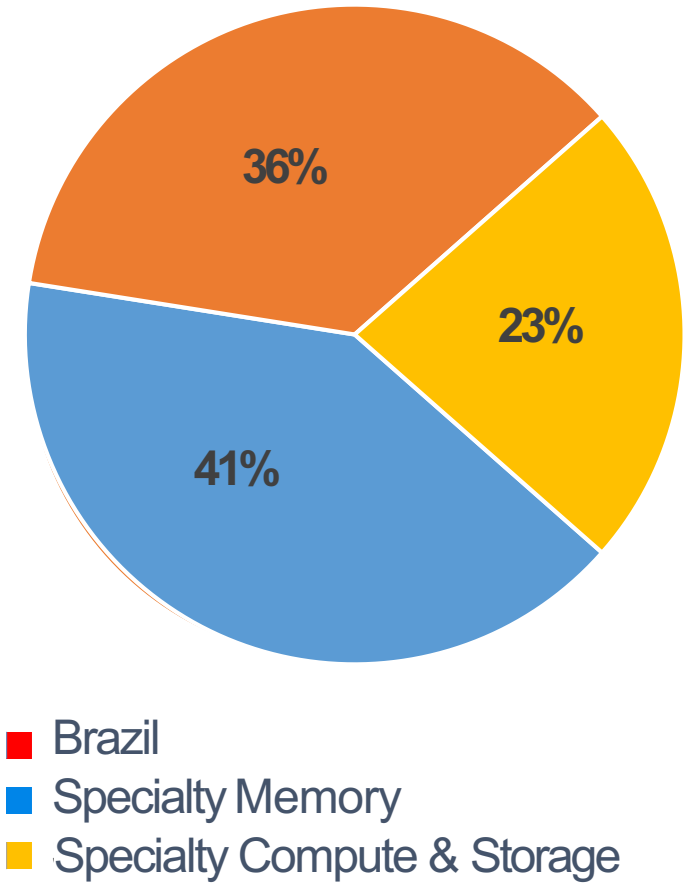
SMART Global Holdings Statement on COVID-19

SMART employees and worldwide operations have refined and accelerated its business continuity plans to address the rapidly changing situation. SMART is taking measures focused on the well-being of its employees, while continuing to deliver products and services that our customers need.

With these measures in place, SMART's manufacturing facilities and operations throughout the world have seen minimal impact, to date, due to COVID-19. Moreover, SMART has an in-depth disaster recovery plan ready to be enacted if needed.

Depending on each specific situation, and in compliance with the requirements of local authorities, SMART has directed segments of its global workforce to work remotely. These arrangements, already in place, have been made with a long-range view to protect its employees by creating social distancing while maintaining a high level of service, now, and in the event of a prolonged realignment of business and personal conduct. Additionally, we have implemented travel restrictions for our employees and restricted visitors.

SMART's Current Revenue Mix (Q2 FY20)



Specialty Compute & Storage:

- *Large HPC systems for Enterprise and Government*
- *AI training driving new HPC requirements*
- *Top tier customers in Enterprise and Government / Labs*

Specialty Memory:

- *High mix, long life cycle and design win oriented products*
- *Strong relationships with global OEM's*

Brazil:

- *Leading edge memory, packaging and test for mobile phones and servers*
- *Close relationships with vendors and large OEM's*
- *Domestic manufacturing incentives*

Note: Represents fiscal year ending August.

Specialty Compute and Storage

Penguin Computing (Core)

Key Capabilities

- Core data center technologies - hardware, middleware
- Services - architecture, managed services, hosting services
- Cloud for AI and technical computing - hybrid, multi-cloud, managed data access
- Complex solution design, delivery and support

Key Differentiators

- Complete domain-specific solution sets
- Powerful and flexible open architectures
- Comprehensive technical computing software stack for on-prem., cloud and hybrid use

Embedded Computing (Near Edge)

Key Capabilities

- Highly reliable embedded computing boards and systems
- Edge computing platforms
- Broad range of defense, industrial IoT, edge computing, and communications applications

Key Differentiators

- Tailored "under the hood" embedded solutions for rugged applications
- Decades of experience delivering high availability systems (ATCA)
- Extensive software expertise for network edge and communications applications

Wireless Computing (Far Edge)

Key Capabilities

- IoT-specific SBCs and SOMs
- Application-ready platforms for audio/video applications
- Custom design capabilities
- Complete hardware, firmware, systems, and software

Key Differentiators

- Software SDK for variety of embedded OS's
- Software for audio/video, camera, and vision
- Management platform connectivity for security and policy management
- Support a variety of wireless standards and IO standards

"Compute Anywhere"
Customer Choice - Platform, Ownership, Location

Blue-Chip Customer Base – Penguin Computing











NASDAQ OMX

TWO SIGMA

Fidelity INVESTMENTS

Georgia Tech

University of Pittsburgh

University of Virginia

Chevron

Shell

TGS

Lawrence Livermore National Laboratory

Los Alamos NATIONAL LABORATORY EST. 1943

LOCKHEED MARTIN

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YAHOO! JAPAN

Well-Established Customer Base – SMART Embedded Computing











NSWC

Raytheon

LOCKHEED MARTIN

NOKIA

Metaswitch Networks

verizon

Ansaldo

Serving cities in S. Korea and China through integrators such as:

유경제어 (주)
YOOKYUNG CONTROL INC.

CRSC

MTS

Kulicke & Soffa

Canon

BD

VARIAN
medical systems

Markets and Customer Base – SMART Wireless Computing







Media/Digital Signage	Smart City/Smart Meters	Video Surveillance/AI	Smart Office/Industrial IoT	Medical/Fitness
Videon	Itron	ZONE24x7	PHOENIX Audio Technologies	SonoSite FUJIFILM
ASTRONICS	solpad	DEFENDTEX	HELLA GUTMANN SOLUTIONS	careOS
IMPACT LED SIGNS		SightLine APPLICATIONS	mersive technologies inc	CYIENT

Market Trends Impacting Specialty Compute

	Overview	Customer Considerations
Hardware Abstraction	• Application focus • Virtualized and cloud-native users not platform aware	• Users need targeted solutions to support application stacks • New use cases driving the need for new technologies and architectures
Platform Complexity	• Software defined architectures upsetting technology and supply chain paradigms • Customers lacking the skills necessary to implement	• Emerging technologies require new skill sets not available • Decision on whether partner or build to provide these capabilities
AI / Machine Learning	• Data is the new gold, driving new capacity, performance and access requirements • Required solutions diverge from traditional IT	• Expertise needed in gaining insight from data • Expertise needed for complex architectures / infrastructures • Data gravity
Cloud 2.0	• Educated consumer - shift from cloud-first to cloud-appropriate • Focus on hybrid and multi-cloud	• Deciding what workloads are best for appropriate cloud • Conquering the complexity of many compute and storage targets • Mitigating challenges of data gravity
Usage Model Flexibility	• On-premises • As-a-service • Cloud	• Navigating options based on applications, user needs, business objectives

Compute Anywhere – The Opportunity

Market Trends

- Hardware Abstraction
- Platform Complexity
- AI / Machine Learning
- Cloud 2.0
- Usage Model Flexibility

Specialty Compute & Storage

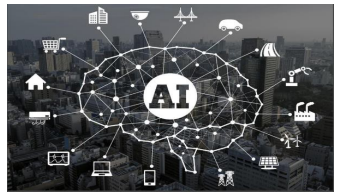
Penguin

+

Embedded Computing

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Wireless Computing

Core	Near Edge	Far Edge
←	 (AI / ML)	→
←	 (Video Analytics)	→
←	 (Industry 4.0)	→

Case Study: AI / Machine Learning

Background

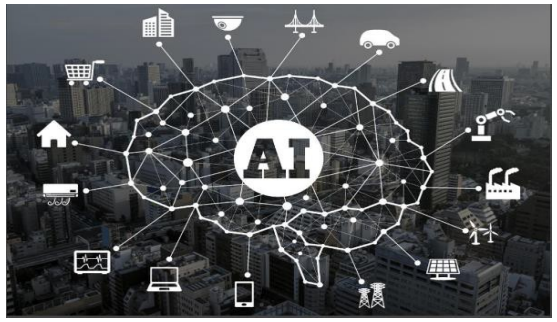
Customer Type: Federal Contractor

Business Challenge:

- Falling behind competitors for AI capabilities

Context:

- No internal expertise
- Corporate shift to as a service model
- Strong need to partner for competitive advantage



SMART Solution

Platform:

- Innovative, 3-stage HPC pipeline leveraging Hadoop, AI and traditional HPC platforms supported by an innovative, tiered storage platform that supports all three workloads.

Software:

- Workload portability platform, multi-cloud platform, managed data access platform, user virtual desktop interface

Services:

- Managed services, cloud overflow

Usage Model:

- Comprehensive as-a-service, on-premises

Result:

- Customer has state of the art AI/ML & HPC capabilities that connects their user base with their compute and allows portability from all compute and storage target
- They are now ahead of their competitor's capabilities and poised for future growth

Case Study: Video Analytics

Background

Customer Type: Health Care / Research

Business Challenge:

- Customer needs technology to ensure patient and staff safety when reopening hospital during COVID-19 outbreak

Context:

- Lacking technology to screen and triage building occupants for fever, mask usage and hand sanitation during ingress



SMART Solution

Platform:

- Thermal camera for fever detection, 4K cameras for tracking, networking, near-edge compute platform

Software:

- Workload portability platform, AI algorithms for inference, cloud data mining platform

Services:

- Cloud-based dynamic training and data warehousing, installation services, support

Usage Model:

- On-premises purchase, recurring revenue for software, cloud services and support

Result:

- Fully integrated, multi-mode health care screening and contact tracing with cloud-based development and training capabilities
- Enabling a safe re-opening for this critical national clinical and research facility

Key Takeaways

- Significant market shifts are impacting our customers
- We are solving these challenges:
  - Single source for solutions from Core to Edge
  - Empowering customers with emerging technologies
  - Open and agile
  - Filling large expertise gaps for our customers
  - Flexible delivery models
- We are uniquely positioned to deliver on the promise of a flexible, modern ***Compute Anywhere*** experience