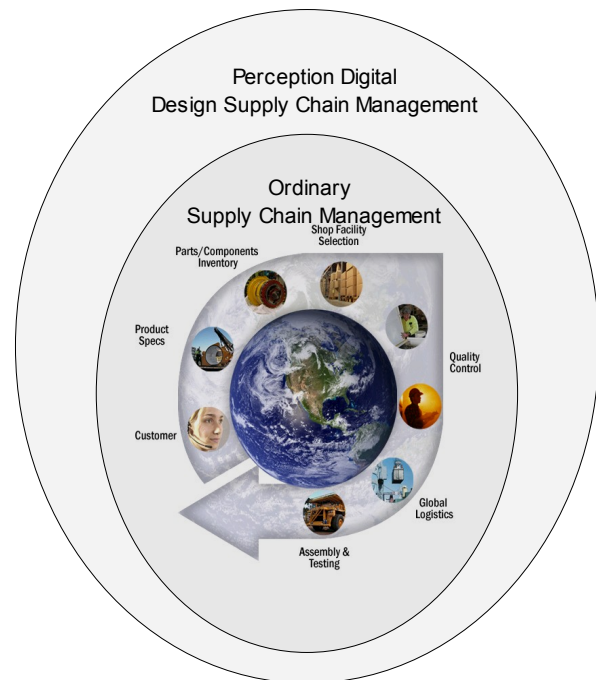


## DESIGN SUPPLY CHAIN MANAGEMENT

According to the Council of Supply Chain Management Professionals (CSCMP), Supply chain management encompasses the planning and management of all activities involved in sourcing, procurement, conversion, and logistics management. It also includes the crucial components of coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, supply chain management integrates supply and demand management within and across companies.

**At Perception Digital, we do more than just supply chain management.**



## Design Services are our Differentiations in the supply chain management

We term our supply chain management, “ **Design** Supply Chain Management”. Besides our supply chain management processes which are flexible, agile, cost-effective and responsive and that we can orchestrate the different aspects and manage the external parties involved along the supply chain, the key differentiations are the design services we provide along the value chain, such as concept consultation, technology feasibility study, embedded firmware, software, hardware, mechanical and industrial design and development, and packaging design.

The key design services within our supply chain management are:

### Concept consultation and technology feasibility study

Our research and development team works closely with our sales and marketing team and project management team to research on technologies and the feasibility of the impending products based on brief concepts from the customers.

## Firmware, software and hardware development; mechanical and industrial design

Based on our customers' technical and cost specifications, our research and development team performs the industrial design, user interface design, mechanical design, develops the hardware, firmware and software of the product overseen by the project management team. Firmware and software are developed in-house, while we work with IC manufacturers to modify their Embedded Operation Systems.

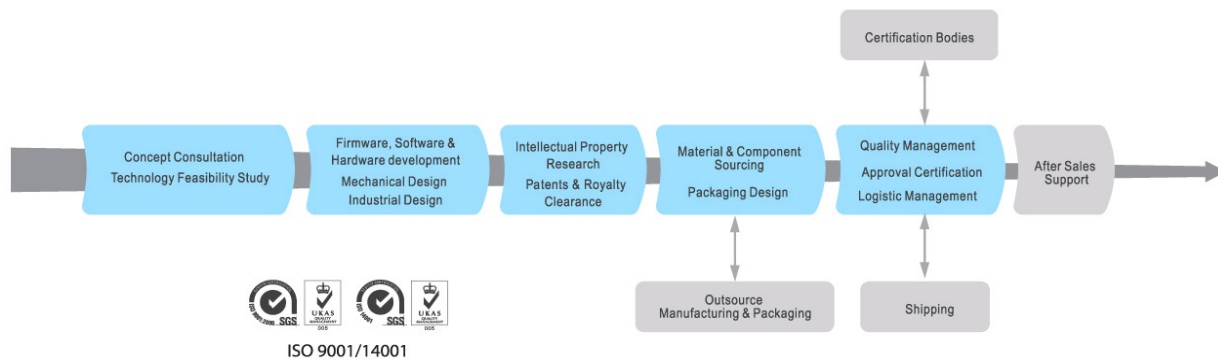
## Intellectual property research and patents and royalty clearance

We assist our customers to conduct intellectual property research, obtain patents and royalty clearance with respect to the technologies and/or the designs through our dedicated intellectual property research team.

## Packaging design

We provide packaging design, which protection during shipment to the product and appeal to the consumers.

Our other unique services are material and component sourcing, quality management, and manage outsourced services for manufacturing, packaging, shipping, logistic management and after sales support.



Design Supply Chain Management Services

PerceptionDIGITAL

Our CEO, Dr. Jack Lau often uses the following example to illustrate the flexibility in our Design Supply Chain Management:

“Suppose we get a high level specification of a personal entertainment device from a consumer electronics brand name. We will first revise and refine the specifications with

## Flexibility in Design Supply Chain Management

details and “right” costings based on our technical knowledge and latest information through our supplier network. Upon completion of the design and development of the device, we will determine the most suitable manufacturing site(s) with the right machineries and skills for production, and



resources for meeting the schedule. So far these are business as usual, but when events occur, such as short supply of a key component, or the market

demand changes, we are capable to modify the design to accompany the change; say to adopt a replacement component with different specification, or a larger memory to meet the latest market trend.

Having to switch to a new component without interrupting the ongoing production can never be an easy task, it can only be accomplished with our highly skilled engineers who master the chip and circuit design, quickly make the necessary changes. Last but not least, our capable material and component sourcing team who source the new component through the approved supplier list.

An important point is we are factory-less, our core competencies are design and development. We have the flexibility to serve different customers from various industries. We can line up the “right” manufacturing facilities for any products, without the need to revamp production lines and skilled resources in the case when we have our own. This is how we manage to manufacture over 5 millions different types of devices each year, with less than 250 staffs.”

## Factory-less Operations Cater for Different Products and Customers

# We make Smart Devices

While we source the best electronics components and integrate into devices, through our specialization in embedded OS customization, digital signal processing firmware and application, user interface, we turn ordinary devices into “smart” mobile Internet devices, mobile television and smart phones. Our breath of knowledge in Android OS development has won a design contract from a major Fortune 500 customer.

Perception Digital invests heavily in R&D, an average 5% of our revenue each year in R&D as we encourage innovation and technology development. As a result, Perception Digital has filed and been granted numerous patents in U.S., EU and PRC. As of December 31, 2009, we have more than 43 issued and pending patents.

Our patent portfolio and technical strength are important aspects in Design Supply Chain Management services, translate into technology advantages, and faster time to market to our brand name customers, and ultimately, more benefits to end users.

## Technological Advancement with Intellectual Properties



When we partner with our customers to bring their product to market, although the customer obtains no Perception Digital's patent rights, they have the right to use our patents in its products, and we can help to obtain the right to use certain third-party patents which significantly save their time and effort without having to separately negotiate to obtain patent rights from the third parties.

# Dreamweaver of Consumer Electronics

To help you further understand how our Design Supply Chain Management services could work for you, here are some sample business cases.

## **Baby Toy Company**

Our factory-less approach enables us to serve different customers from various industries. Other than consumer electronics clients, we have served a baby product company by manufacturing MP3 for babies. We sourced the material that met the health and safety standards, screened and selected manufacturing site that was capable to produce these special MP3.

## **Consumer Electronics Brand Name**

Brand name customers come to Perception Digital for our specialization in DSP and embedded OS customization. We were awarded with a major design contract from a Fortune 500 customer in consumer electronics industry, with our breath of knowledge in Android OS development.

Consumer electronics brand name companies may also choose to utilize end to end processes in our Design Supply Chain Management, and free themselves to focus on sales and marketing, and distribution of the end products. Our initial engagement with brand names typically begins with hardware, firmware and software design and development, while the brand names provides the product specifications, and as our business relationship grows, extends to other services such as component sourcing and outsourced manufacturing.

## **Sporting Goods Company / Brand Name**

Electronics products are interwoven with sporting goods products. Brand names like Nike and Adidas are selling training device with heart rate monitoring, step counting, and exercise monitoring, and Apple is teaming up with Nike by linking iPod with the step counting device fitted in Nike's shoes. Consumer electronics giant, Philips, is coming up with an electronic gadget that is capable of tracking activities such as jogging, walking, rowing and cycling, as well as playing MP3 music.

Perception Digital is a frontier in this crossover, we developed Live-Lite™ technology and intellectual properties in 2008, and built the first of a kind device which combines step counting, heart rate monitoring, calories counting, and MP3 functions. Since then, we have further our Live-Lite™ technology with more applications and features.

## **Mobile Phone Maker and Mobile Network Operator**

Mobile phone makers and mobile operators can leverage our specialist team focuses in mobile and wireless technologies, to develop products ranging from mobile phones,

mobile Internet devices, and wireless communication devices. Our rich portfolio of intellectual properties and development experiences for a wide variety of consumer electronics devices equipped us to build mobile TV devices, and 3G/4G enabled tablets for network operators' subscribers, which help boost network traffic.

**Make your move!**

Whether you are a consumer electronics brand name, a toy maker, a sporting goods company, a mobile network operator, or an industrialist, looking for a turnkey solution, a smart device with unique features, increase profit margin of your product line or building a technologically advanced product from concept, our Design Supply Chain Management services can help you!

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