Plantronics

Company Overview and IT Management
Plantronics

» Company Overview

» Unified Communication

» Bluetooth

» Financials

» IT at Plantronics
Company Overview
Plantronics is a Headset Market Leader

» Brand Promise: Sound, Style, Simplicity
» Product quality and breadth
» Track record of growth and profitability

» Market leader in Office and Contact Center
» No debt, approximately $4.50 cash per share
» Cash flow positive for 14 consecutive years
PLT Has Adapted Well to Market Shifts for Decades

Every Market Shift Increased Our Addressable Market

Incremental Market Opportunities
Unified Communications
Unified Communications: The Next Big Opportunity

UC Drivers:
» Cost savings
» Collaboration
» Efficiency

UC Applications
» Conferencing
» Chat
» Availability
» Video call
» E-Training
» Webinar
UC Voice Seats Drive Demand for PC Headsets and Speakers

MSFT estimates PC UC device attach rates of:

- 50% headsets
- 25% USB handsets and USB speakerphones
- 25% internal PC mic and speakers
$350M+ Est. Annual Revenue Benefit to PLT by FY15

UC Nearly Doubles Our OCC Addressable Market

WW Enterprise OCC Market:
- 4% CAGR Est. to FY15

WW UC Peripheral Market + Enterprise OCC Market

UC Device
- Handset
- Speakerphone
- Remote Worker
- UC Headset Mkt.
- Office/UC Overlap
- WW Ent. Headset Mkt.

Growth rates vary with economy, consumer adoption rates, competition and resulting price levels, and other factors.
Sources: Frost & Sullivan, Nemertes, Gartner, IDC, IDG, Strategy Analytics, NPD Intellect, GFK, Carnegie Research, Company estimates
Plantronics is Well Positioned for UC

A Consistent Experience Across Devices and Environments

» Integration with other audio applications
» 50+ enterprise UC telephony trials
» Strategic relationships being formed
The New Savi Office Headset for Unified Communications

» A single wireless headset for PC audio, (web conferencing, multimedia streaming and music)

» Switches to/from desk phone and softphone with touch of a button

» Choice of wearing styles

» Wideband PC audio support

» Desktop software for call management

» 350 foot range

» Dect 6.0 wireless technology
The New Savi Go for Mobile Professionals

» Unifies PC softphone and mobile phone communications
» Plug & play Bluetooth USB adaptor provides wideband calling with 200 ft. range
» Multipoint technology
UC Will Extend to Remote Workers

1. There are a number of factors driving the growth of remote business workers:
   - Distributed workforce
   - Green programs
   - Real estate optimization

2. 25M US telecommuters work part or full-time from their homes. In addition, 18M US Road Warriors work at least 20% of their time away from their primary office

5. Receive quality will be very important
   - Audio Conferences, webinars…etc.
   - Comfort associated with extended wearing
   - Better sounding speakers won’t disturb others
   - Regularly switch between business/personal
Bluetooth Update
The New Voyager Pro: 80db of Noise Cancellation

Engineered for Sound Quality & Comfort

Facets of Headset Quality:
1. Outbound audio (how you sound)
2. Inbound audio (how they sound)
3. Comfort, fit and stability
4. Battery life

Voyager Pro Delivers:
» Dual Mic
» AudioIQ²
» Windsmart technology
» All day comfort
Gaining Share in Bluetooth Retail

% of Retail Unit Share (US)

Note: The NPD Group revised historical data in their Sept. 2008 report to account for adding and/or removing channel partners or updates to their methodology, resulting in new historical rankings.
Financials
Office & Contact Center Revenue

- 14.5% CAGR
- -11.3% CAGR
- 17% CAGR
- 10% CAGR
- 7.4% CAGR

FY97 FY98 FY99 FY00 FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10
Audio Communications Group Margins

Margin Erosion:
» E&O
» Poor absorption due to lower production
» Foreign exchange impact
» Fixed cost leverage

## Long-Term Target Operating Model

This is a long-term target non-GAAP model. This target model is not a projection for FY10 or any other particular fiscal period.

Does not include FAS123R expense or purchase accounting amortization.

<table>
<thead>
<tr>
<th></th>
<th>ACG</th>
<th>AEG*</th>
<th>Company Target Model*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>100%</td>
<td>100%</td>
<td><strong>100%</strong></td>
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<tr>
<td><strong>Gross Margin</strong></td>
<td>45 - 48%</td>
<td>30 - 35%</td>
<td><strong>42 - 45%</strong></td>
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<tr>
<td><strong>R &amp; D</strong></td>
<td>7 - 9%</td>
<td>5 - 7%</td>
<td><strong>6 – 8%</strong></td>
</tr>
<tr>
<td><strong>S, G &amp; A</strong></td>
<td>19 - 21%</td>
<td>17 - 19%</td>
<td><strong>18 – 20%</strong></td>
</tr>
<tr>
<td><strong>Opt’g Margin</strong></td>
<td>18 - 20%</td>
<td>5 - 10%</td>
<td><strong>15 - 18%</strong></td>
</tr>
</tbody>
</table>

Key Drivers:

- Restructuring/better absorption
- Growing at slower rate than revenue
- Growing at slower rate than revenue
Business Overview

» **Corporate**
  - Broad economic weakness, but signs of market stabilization
  - Significant cost reduction actions taken in March quarter
  - Reduction in inventory levels

» **Office & Contact Center: Long-term Prospects Remain Strong**
  - Excellent competitive position: 10 years of mkt. share gains
  - Unified Communications: market opportunity remains strong
  - Savi products for Unified Communications announced (shipping Q1)

» **Consumer Segment**
  - *Bluetooth* revenue stronger than expected & share stable
    - Positive reviews of new Voyager Pro
  - Cost reductions will significantly reduce cost structure
    - Outsourcing production of Bluetooth headsets
  - Several alternatives to eliminate AEG losses
Information Technology at Plantronics
Highlights

» Overview
» Roles
» Solutions
» Challenges / Trends
» Q&A
IT Overview

- 90+ employees in eight WW locations
  - Key North America locations
    - Corporate headquarters in Santa Cruz
    - Mexico design center and factory
    - Altec Lansing headquarters
  - EMEA hub – Swindon, UK
  - APLA hub – Suzhou, China

- Responsible for IT infrastructure – IT is ubiquitous!
  - Networks and servers
  - Voice communication
  - Email and messaging
  - Desktops, laptops and mobility devices
  - Business systems and process optimization
  - Helpdesks
Key Roles – Business Applications

» Business Analysts – Configure business applications to optimize business processes

» Application Developers – Design and develop applications, customizations and business intelligence solutions

» Database Administrators – Support and optimize Oracle and MS SQL applications and databases

» Project Managers – Coordinate activities and manage risk
Key Roles – Infrastructure Management

» System Administrators – Manage servers and storage platforms

» Network Engineers – Manage wide area and local area networks

» Telecom and Messaging Analysts – Manage unified communications infrastructure

» Service Desk Agents – Support applications and employee technology
IT Roles – Emerging Competencies at Plantronics

» Project management / PMO

» Security and compliance

» Risk management and business continuity

» Focus on business value of IT investments
IT Solutions – Key Business Applications

» Oracle E-Business Suite – Finance, HR, supply chain, HR, workflow enabled business processes

» Salesforce.com – Sales, marketing and customer care

» MS Sharepoint – Collaboration sites and knowledge management

» Business Intelligence
  • Information Warehouse using Business Objects
  • Hyperion Planning
  • Oracle Analytics

» Plantronics.com
IT Solutions – Key Infrastructure Technologies

» LAN / WAN

• Masergy MPLS WAN
• Cisco routers and switches and WiFi access points
• Checkpoint firewalls and VPN

» Unified Communication

• MS Exchange / Outlook
• Microsoft Office Communicator (text, voice, video)
• Avaya VoIP Servers and Modular Messaging
• MS Live Meeting

» Windows, Linux and Sun Solaris Servers

» EMC Storage Area Networks

» Mobility devices – enable road warriors, teleworkers and everyone else to stay connected!
IT Solutions – Infrastructure Tools

» Enable more efficient use of human resources

» Device configuration – ensures consistency

» Virtualization (VMWare)
  • Faster deployment at lower cost
  • Green!

» Remote support – in office, on the road and teleworkers

» Monitoring tools
  • Network
  • Servers
  • Applications
  • Database extrusion
IT Challenges at Plantronics

» Managing global teams and projects

» Change management

  • Within IT – making sure change does not have side effects
  • Business impact – making sure the business can effectively adopt new services

» Process maturity – Plantronics has grown rapidly…our processes are still catching up