

ISOC.au & ac3 2002

Redfern Photonics

We'll light your way

What is now needed to build an even stronger Photonics Cluster in Australia?

Or...


"Where ARE all those broadband customers?"

Chris Howells, May 2002

www.redfernphotonics.com

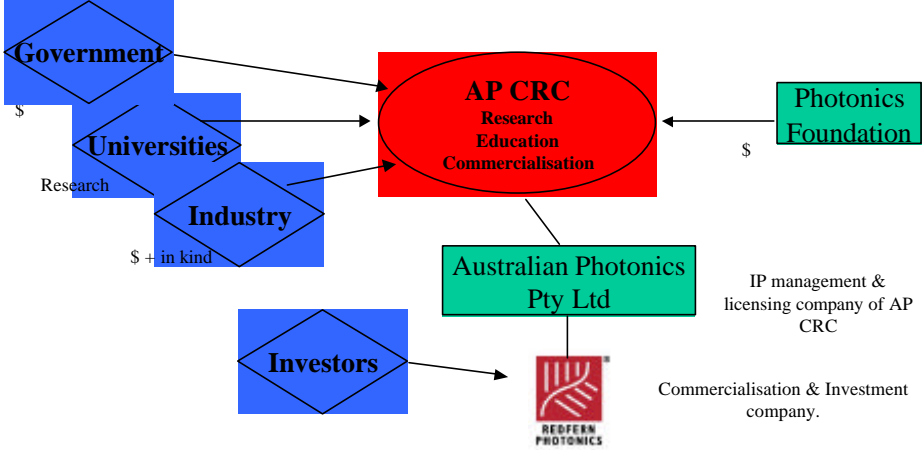
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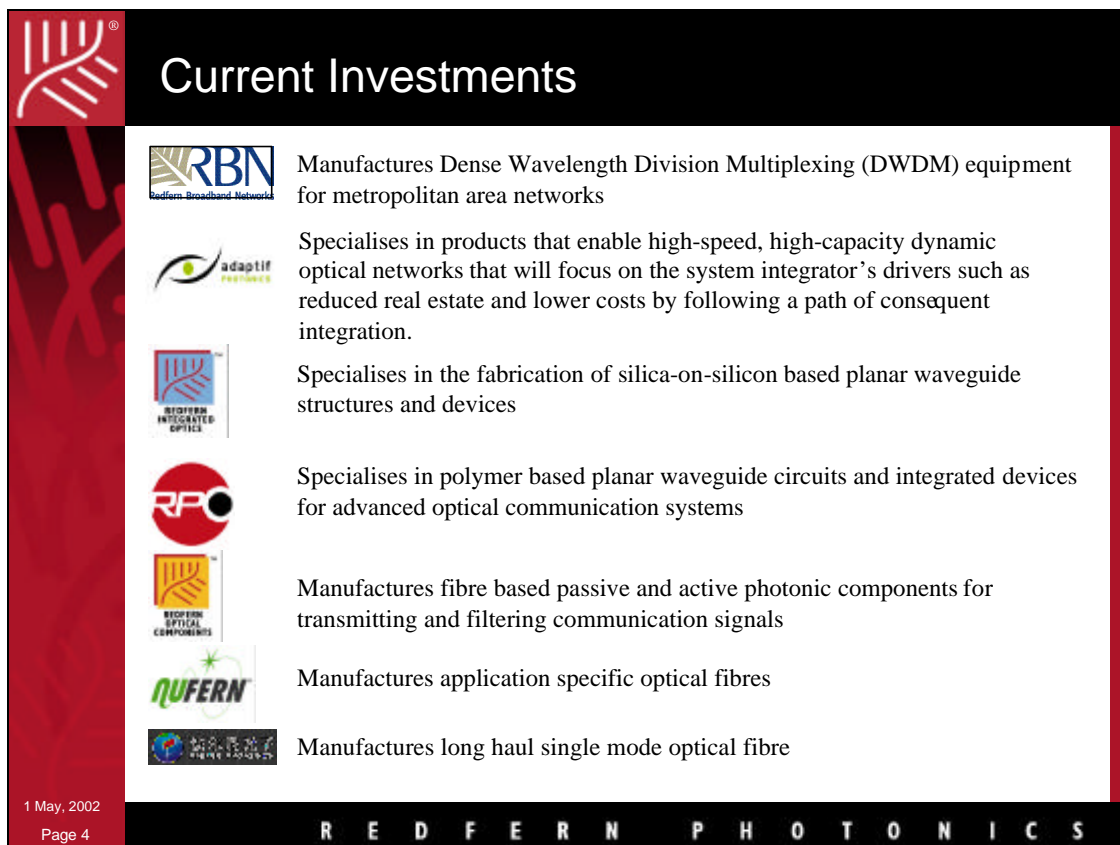
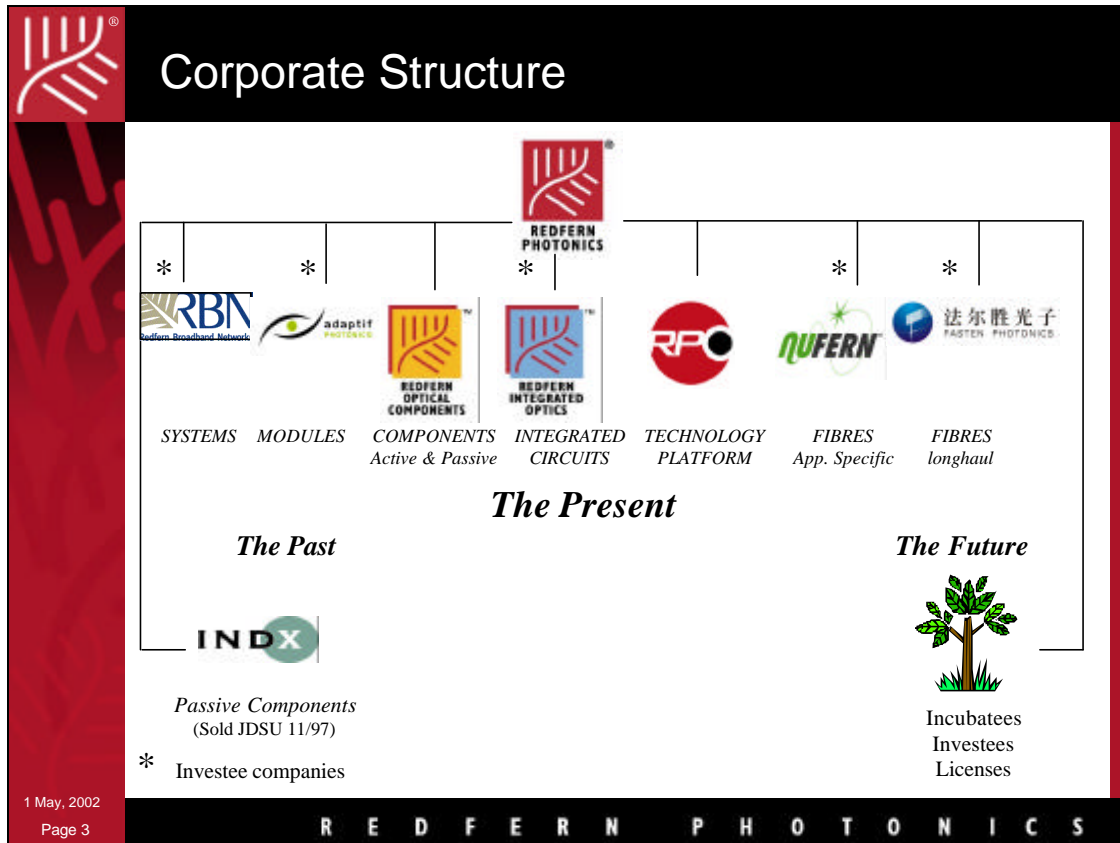
Heritage - The Australian Photonics CRC


- ❖ The Australian Photonics Cooperative Research Centre (APCRC) now ranks as one of the most successful CRCs
- ❖ Members: University of Sydney, University of NSW, University of Melbourne, Australian National University, RMIT University, Defence Science & Technology Organisation (DSTO) and Industry members




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Financial Partners




- ❖ Australian Photonics P/L (over 50%)
Key stakeholders incl. ADCT, Ericsson, JDSU, Siemens, Telstra, DSTO, ABB
- ❖ Trustees for APPL/CRC Staff and Inventors
- ❖ Australian investors and VCs (Allen & Buckeridge & Macquarie Bank)
- ❖ Staff Option Pool
- ❖ **New Investors (approx 25%)**

New Investors (March 2001)


- ❖ DB Capital Partners
- ❖ GE Equity
- ❖ Citicorp Equity Capital Ltd
- ❖ Ericsson Deutsche Technology Fund
- ❖ The Australasian Technology Fund
- ❖ Temasek Capital



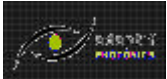
- ❖ Optical Capital Group
- ❖ E-tek / JDS Uniphase
- ❖ Intel Capital
- ❖ Lightspeed Ventures
- ❖ Storm Ventures



- ❖ Optical Capital Group
- ❖ Corvis Corporation
- ❖ ChaseH&Q
- ❖ Access Technology Fund
- ❖ Macquarie Bank
- ❖ Allen & Buckeridge




- ❖ Advent International
- ❖ Tallwood
- ❖ TMT Ventures




- ❖ MAZ levelone

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The Redfern Formula: Is There a “Secret Sauce”?




- **The “Official” Story**
 - Great science
 - Clear mission to become a global leader in photonic technology products
 - Senior business managers with extensive commercial experience; Great “Heavy Lifting” Team
 - Strong financial partners; Well funded

- **...but...**
 - ✓ Timing
 - ✓ Commercial orientation ab-initio
 - ✓ Marketing
 - ✓ Customers
 - ✓ Disruptive Technology Shift

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Current Situation Analysis...

- Global Telco Market Meltdown
 - 26/11/99 NASDAQ:JDSU US\$266 (split 2:1)
 - 1/5/02 NASDAQ:JDSU US\$4.34
- No Customers, No Finance
- Lucent, JDSU, Corning, Nortel downsizing
- No Recovery 'till mid-late 2003
 - maybe 2004?
- No BIG International Australian Telco suppliers
- Telecom is near Monopoly market worldwide

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"How now build an even stronger Photonics Cluster in Australia"?

- Do Not Panic
- Michael Porter's "Key to Global Success"
 - "what you do is try to take existing ... clusters and put energy into upgrading particular skills & technological capabilities, ... you find new clusters tend to 'morph' off existing clusters"
- Market Interference
 - Remove market impediments
 - ❖ DigitalTV regulations; Pay-TV monopoly; Convergence, Internet, Broadband; target outsourcing to domestic companies
 - Encourage vibrant domestic competition
- CRCs & Centres of Excellence
 - Continue but mandate market interconnection
- Get and Let Free Competition Market Forces operate
 - Innovation & Products; clear market imperfections
 - Rewards for entrepreneurs; social return (tax) AFTER gain made
 - Proactive Competitive Investment; PSF, IIF, PDF, VC LP

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