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IP in China: less about intellectual property, more about infinite possibilities

Altium says plenty of opportunities remain in China for Australian companies, despite the economic downturn

SYDNEY, Australia – 30 March, 2009 – Australian listed software company Altium, the world's leading developer of unified electronics design solutions, believes that the protection of intellectual property (IP) should no longer be seen as a primary issue in China. Chinese businesses, supported by the government, are seeking out and are willing to pay for the best in the market to create economic leadership for the long-term.

Altium's experience is that protection of IP is well on track to meeting the needs of western companies. The company announced a new approach to protecting the intellectual property in Shanghai last July. Its Investment in Innovation (I3) programme is a multi-tier initiative: special pricing to encourage as many as possible of the 300,000 unlicensed users of Altium's solutions to upgrade to paid-for software; full support in Chinese that includes training, continued upgrades, and localized user forums; training centres across China; and extended support through a growing reseller channel.

Since then, Altium has reported sales growth in the Greater China region for the six months to December 2008 of 55%. Of the elements in the I3 programme, it's the support that Altium provides, including continued upgrades to its solution every six months and training, that have been the keys to the growth. And the company continues to invest in

what looks increasingly like the world's best region for economic growth for the rest of 2009.

"Our approach is successful for a number of reasons," says Emma Lo Russo, President of Altium. "Support from the Chinese government in investing in world's best practices, products and services, is helping companies like Altium address IP breaches with users. This has provided real and meaningful awareness of the benefits of legitimizing the use of the latest technologies and business practices, where commitment is made to engage in partnership on both sides.

"Key to our success has been a focus on providing value, and on explaining the benefits of being up-to-date in the software these engineers use.

"Our approach is everything to do with tapping the almost infinite possibilities open to China's engineers. And it's innovation that drives this preparedness to buy new licenses and migrate off software that is most likely unlicensed and 10 years old. Certainly, we find that Chinese companies are less likely to be stuck in rationalizing their past decisions, and instead be focused entirely on what is required in the future.

"Chinese exports of electronic and IT products continue to grow. And R&D growth in China in the ten years to 2005 outstripped R&D growth in the United States, Europe and Japan combined.*

"The passion for innovation in China is not constrained by historical antecedents. While the west struggles to overcome the effects of the recession, China's engineers are gearing up to move from being the manufacturing powerhouse of the world to becoming its design powerhouse. With perhaps more than one million people in the world able to do any given job, more and more emphasis will be needed on the skills and creativity of individuals and the innovation of their employers. We see that China is increasingly well placed to take a lead: they want the best to be the best, and are willing to pay to get it.

“For Australia, we have the opportunity to play a leading part by creating smart solutions and products that transcend our historic reliance on primary produce. The risk is that we do nothing to tap this opportunity. The awareness of IP protection in China is serious. The commercial desire amongst Chinese businesses for world-class solutions is more serious still. Australian companies can take those first steps, or expand their stride, in China, with confidence. The keys, though, are innovation and value.”

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About Altium

Altium Limited (ASX:ALU) provides next-generation electronics design solutions that break down the barriers to innovation. Altium’s solutions are unique because they unify the separate processes of electronics design, all within a single electronics design environment, working off a single data model, linking all aspects of electronics product design into one process. This unified design environment helps electronics designers easily harness the latest devices and technologies, manage their projects across broad design ‘ecosystems’, and create connected, intelligent designs.

Founded in 1985, Altium has headquarters in Sydney, sales offices in the United States, Europe, China, and resellers in all other major markets. For more information, visit www.altium.com.

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Emma Lo Russo, President of Altium, will be speaking in the ‘Working with the dragon’ session at the 2009 Annual Licensing Executives Society of Australia and New Zealand (LESANZ) Conference, being held in Canberra on 2– 4 April 2009. The session will highlight some of the effective strategies necessary for collaborating and working in the Chinese market. The Conference, called ‘Creating and Driving Impact’, will highlight the tools and skills necessary for successful innovation and demonstrate the importance of innovation in the continual improvement of business, the economy and our social landscape. The conference programme will bring together thought leaders from around the world on intellectual property (IP), entrepreneurship and commercialization.

To register to attend the event or for the full program and further details, visit:

<http://lesanz.org.au/events/annualconference.html>

*OECD Directorate for Science, Technology and Industry Working Paper on Measuring China’s Innovation System. January 2009 (Ref . JT03258259)