



## **Qpixel QL201B**

### **Questions and Answers**

**With Kourosh Amiri, Qpixel Vice President of Marketing**

#### **Why did Qpixel enter this market?**

Wen Hsu, the CEO and co-founder of Qpixel, comes from a background in video decoder and codec chips in his 17 years with industry leaders such as C-Cube, Oak Technology and Polycom. With video as the next killer app, High Definition video on the horizon and applications like Video-on-Demand (VoD), video conferencing and the evolving features on cell phones, the founders of Qpixel saw a high-growth market that is currently underserved. While there are competitors in this space, none of them hit the magic combination of delivering on all fronts: high video quality, low bandwidth, high storage capacity and low power, all at consumer electronics low-cost price points. The founders saw a market opportunity here.

#### **Is there space for another player in this market?**

Qpixel is already a shipping player in this market, and we at Qpixel believe there is more room for players that can help meet the needs of this fast growing market segment. Why? Because with a Total Available Market in 2010 in excess of \$1 billion for solutions supporting such growing markets as digital still cameras, digital camcorders, digital video appliances, digital video recorders (DVRs) and personal video recorders (PVRs), home theater, portable media players, etc., the market itself needs suppliers of advanced technologies. But what the market also needs is not just a leader in innovation, but one that can meet the practicalities that face consumer OEMs— they must deliver high video quality, high amounts of storage and bandwidth capability, lower power and low cost. No one is hitting that perfect mark today. In addition, Qpixel is focused on acceleration of the design cycle. If a company can deliver on all those points and help improve time-to-production for the OEM, we believe there is space in the market for that

player, and with a recent second-round investment of \$25 million, our investors think so too.

**What do you do differently?**

Our flexible architecture and advanced algorithms help Qpixel gain “taisho” (Japanese for *being on target*) on features and price. The combination of flexible architecture and advanced algorithms allows us to design more quickly to allow our OEM customers to take advantage of the evolving feature preferences and standards developments. In addition, our application specific simulations and testing also ensure that the designs are reliable and ready for design in, creating more efficiencies at the system level. This is why, as a newcomer, Qpixel was the first to ship H.264 Main Profile (MP) and is the only company currently shipping the benefits of Main Profile with extremely low power consumption. No one currently offers both H.264 MP and low power at our price points. This translates into a competitive edge on features and new product offerings benefiting both OEMs and service providers.

**Why are customers choosing Qpixel over competitors?**

Our customers, like Buffalo a household name in Japan, chose Qpixel to help deliver this “taisho” on-target combination that we’ve been talking about, as well as take advantage of our flexible architecture and faster design cycle. Qpixel had the most competitive offering for bandwidth and storage sensitive applications, at the right price points.

**When do you think High Definition (HD) will be a mass market factor?**

Creating the technology offerings is important, but hitting the right timing with the market is also critical. HD is on Qpixel’s roadmap for next year, because we are timing it more with the market. Right now, we think HD will become more mainstream in 2008 to 2009. Qpixel’s model is to time offerings more closely with mainstream adoption in order to hit the appropriate CE price points. HD decoding is being deployed now. HD encoding will follow in a couple of years. Qpixel’s strategy is to be ready with the right solution at the right time.

**When do you see HD becoming Mainstream?**

While some HD technology is ready, we still think it will be one or two years before HD becomes more widely adopted. We see HD adoption first taking place in Japan where we already see the global early adopters and it will be faster in Asia and the U.S. than in Europe. However, until there is more HD content available and we hit more acceptable consumer electronics price points, only then will we start to move along in the technology acceptance curve for the mainstream consumer. Qpixel has a roadmap more timed with the mainstream market acceptance of HD. Our flexible architecture and fast design cycle will allow us to take advantage of the higher volumes to deliver the right feature sets at the right price points for our CE OEMs to be successful. We see HD being big in 2008-2009.

### **What are the dynamics in this market?**

First, we will see a whole new generation of media players, such as the popular iPod, begin to integrate more video entertainment (i.e. the video iPod.) This new generation doesn't just include media players, but PVRs, HD TVs, digital cameras and camcorders, cell phones, video conferencing over IP and IP-based remote monitoring devices, all with more built-in video capabilities. Further, YouTube and its recent sale to Google for \$1.65 billion illustrates that the evolution from video consumption to video creation by the consumer is also at hand, creating the need for better video, better video storage and low bit rates so the bandwidth is available for quick uploads and downloads.

In addition, you see the standards evolving that are helping pave the way for service providers, OEMs and the silicon vendors to overcome the complexities of capturing, compressing and sharing video. You will see more wireless availability and capabilities for wireless video streaming with the development of UWB (Ultra-Wideband), WiMax and 802.11n; BluRay helps meet the HD needs for storage options; and H.264 will continue to gain momentum as the key compression standard to address storage and bandwidth issues beyond MPEG-2 and MPEG-4 capabilities. All these dynamics are paving the way for a new wave of video-based consumer electronics. Qpixel is focusing its efforts on delivering the video compression solutions to help meet the high quality video, low bit rate, low power and video storage demands of these video applications of the future.

### **What do you think will be the next killer apps?**

The increase in broadband connectivity and IP-based communications are two key trends facilitating the transfer of larger amounts of data across a wider network. With data and voice being the benefactors of this rapidly expanding network, transmitting large amounts of video content has been touted as the new killer app target for service providers and operators around the world. We see the expansion of digital networks for both home and business providing additional wireless transmission opportunities for home theater systems, medical imaging, security and surveillance. Qpixel sees compression technology as being an important ingredient to the next wave of other applications such as Video Conferencing over IP (VCoIP), IP-based remote monitoring or location free media services. These are all in addition to adding video to current audio-based consumer applications, such as portable media players (i.e. a video iPod) or home theater, or perhaps finally making Video-on-Demand a widespread reality. We also wouldn't be surprised if we start seeing "YouTube Cameras" showing up in the hands of consumers as a cheap and easy way for the average user to generate and upload content onto the Internet.

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