
SKKYNET
CONNECT DIFFERENTLY.

JETRO

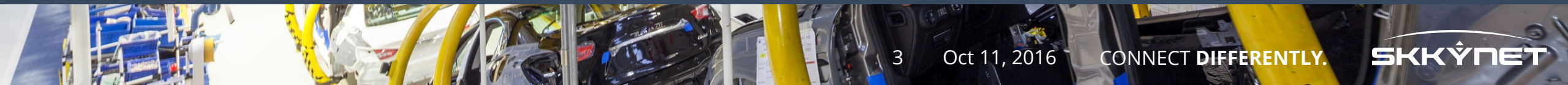
CASE STUDY: SKKYNET
GROWING BUSINESS IN JAPAN

A Canadian Experience

Paul Thomas, President

CORPORATE BACKGROUND

- Founded 2011 | Skkynet (SKKY) operating subsidiaries
  - Skkynet, SkkyHub™ service
  - Cogent, DataHub® in-plant connectivity solutions
  - NiC, custom embedded engineering solutions
- FY 2015 revenue of $1.22M | 33% growth over 2014
  - Growth rate doubled each year for past 3 years
- 20 personnel
- 1,000+ customers with 10,000+ installations



TARGET MARKET | Industrial IoT

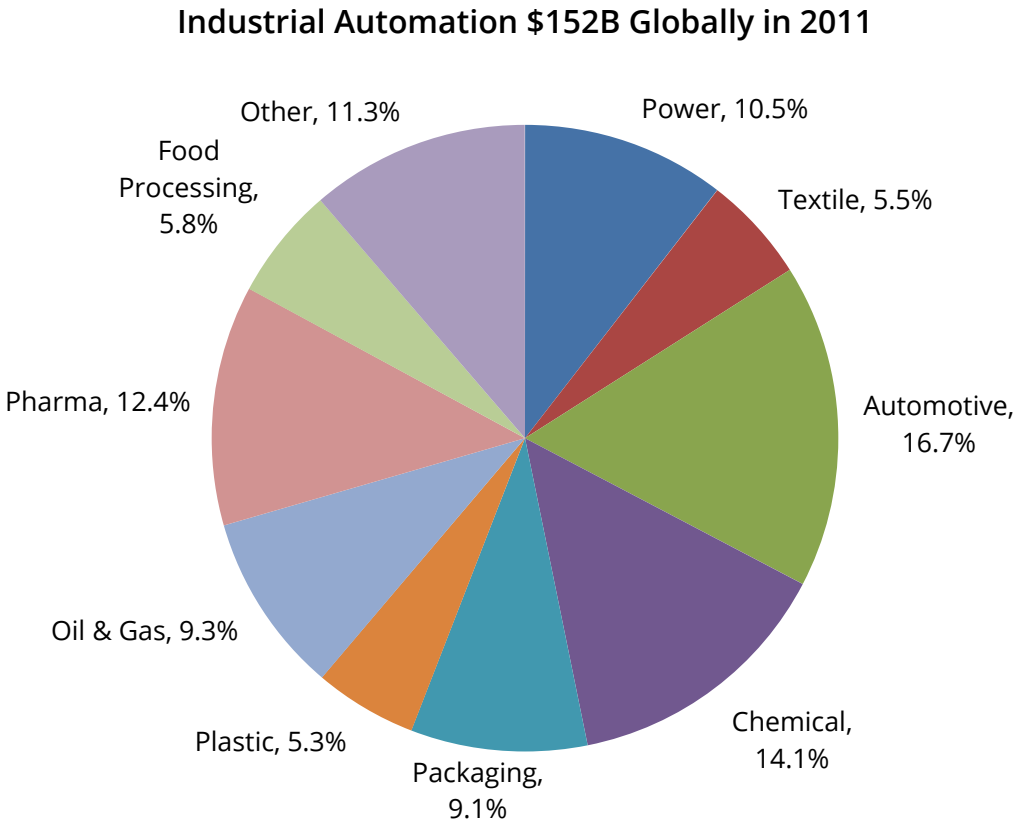
Skkynet SkkyHub™ and DataHub® solutions primarily serve the industrial automation market

7.2M manufacturing companies: **$72B** opportunity

According to IDC, Forrester, Frost & Sullivan and ARC, 18% of IT spend is projected to be in SaaS

Increasing need for remote data is driving demand for cloud-based solutions

Why Japan? It is **one of the largest global embedded technology markets**

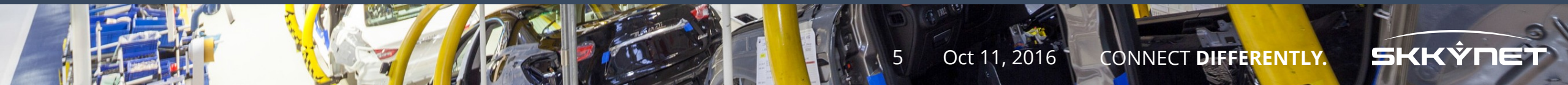


Source: Credit Suisse

COMPATIBLE THINKING | Business Culture in Japan

- Japanese business takes a very long term view
  - Industrial sector has long business cycle: 12 to 24 months

- Business relationships are fundamental
  - We found a local champion, Mr. Minoru Yamazaki, a veteran in industrial networking hardware
  - We built up a distributor network
  - Mr. Yamazaki created a networking organization, the Thundercloud Alliance
  - Hired a specialist embedded hardware company NiC as a consultant to act as a Japanese representative office
    - After two years working together, acquired NiC in 2014



KEY SUCCESSES IN JAPAN

- ✓ Hardware partnership with major SoC/chip manufacturer:
  - Seeding the next generation of IIoT devices

- ✓ Hardware partnership with major IIoT manufacturer:
  - Red Lion Controls (Spectris plc subsidiary): industrial mobile gateways are certified on most global telecom carriers, also NTT DoCoMo network certification early 2016

- ✓ Service partner:

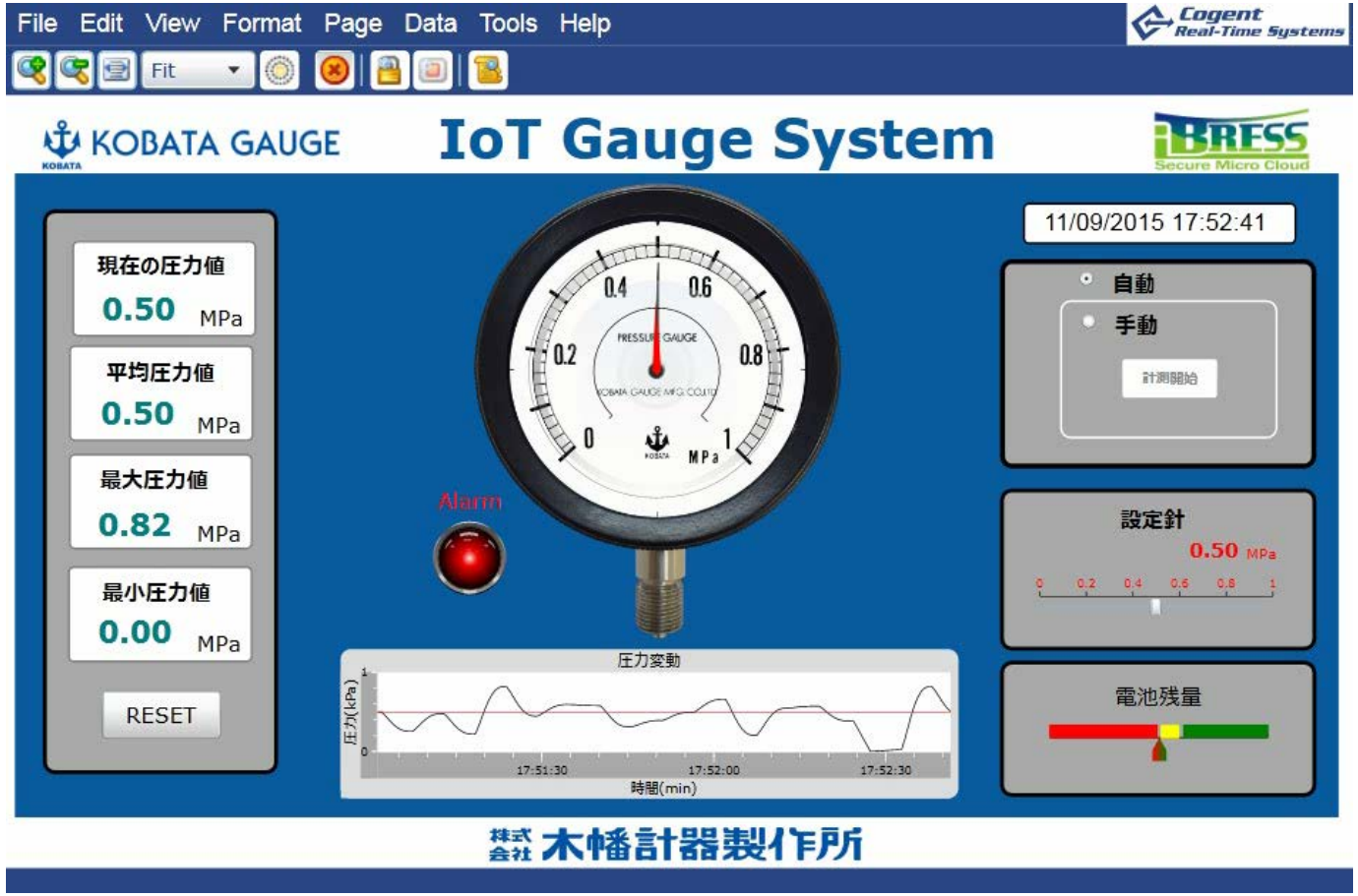
- ✓ Reseller network:

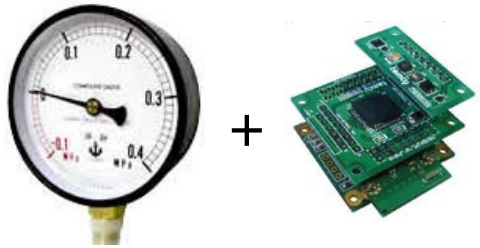
KEY SUCCESSES IN JAPAN | Continued

- ✓ ThunderCloud Alliance (関西積乱雲プロジェクト)
  - Monthly meetings in Osaka, bringing together SME providers in IIoT
  - 9 member companies
- ✓ ThunderCloud Alliance East (関東積乱雲プロジェクト)
  - Newly formed in 2016 for Tokyo area
  - 10 member companies, including Macnica (host), Red Lion Control, Device Drivers, IBS Japan
- ✓ iBRESS / DataHub APG (Alliance Partner Meeting)
  - Sub-distribution network
- ✓ NiC Corporation – Regional office in Osaka
  - Sales and technical support for our Japanese partners and resellers
  - Embedded expertise for porting ETK to mobile gateways and IIoT devices

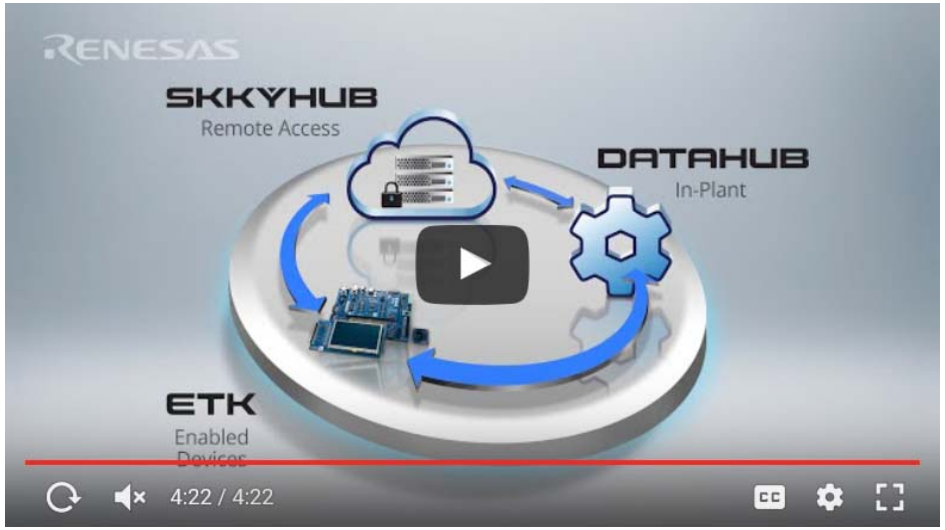
NiC a SKKYNET company

EXAMPLE COLLABORATION | Kobata Gauge





EXAMPLE COLLABORATION | Renesas Synergy



Visit:

http://skkynet.com/renesas-synergy

or

https://www.youtube.com/watch?v=2ScxT1rUCqM

EVOLUTION WITHOUT COMPROMISE FOR
INDUSTRIAL INTERNET OF THINGS
& **INDUSTRIE 4.0**

Enabling Secure Real-Time Data
Communication and Control

PROBLEM | Safe access to remote data in real time

Security

Current industrial protocols require that remote devices and plant networks allow for in-bound connection requests

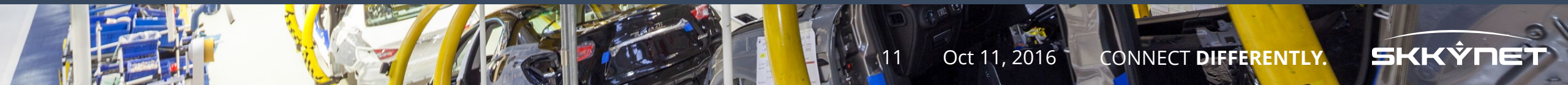
Performance

Current high-security solutions cannot deliver bi-directional real-time performance or scalability

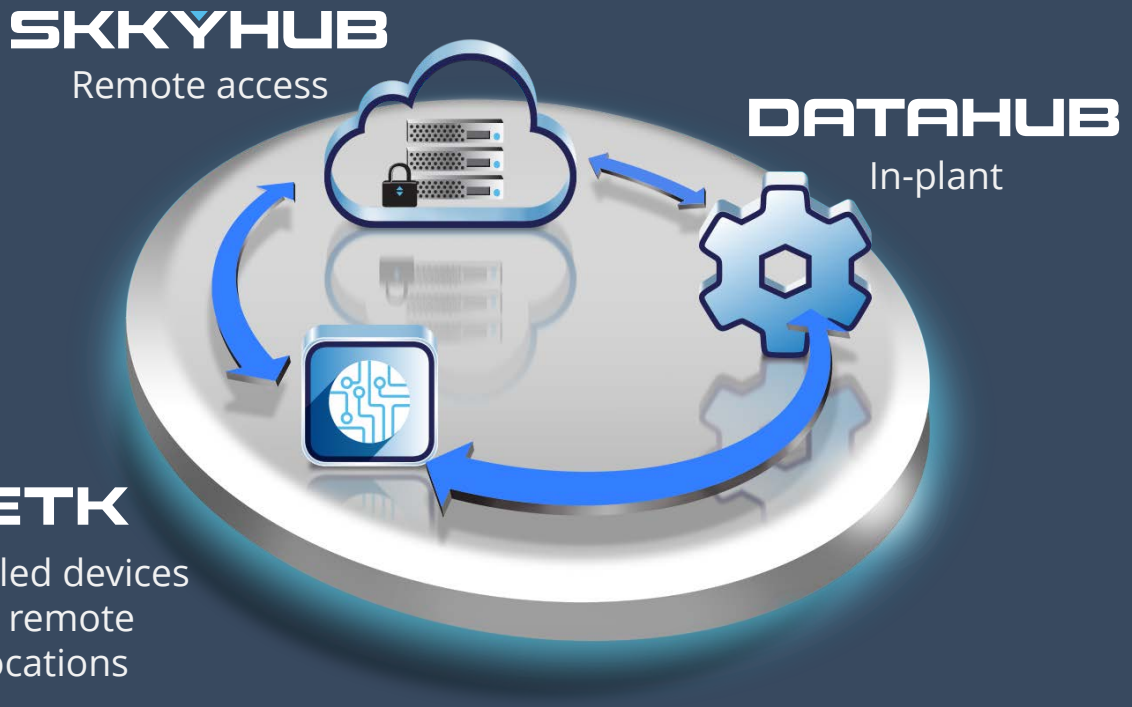
Approach

Until now, no solution smoothly integrates IoT and industrial systems while preserving the in-plant experience

Sharing data between IT and OT departments, and also 3rd parties outside of corporate networks presents a serious challenge



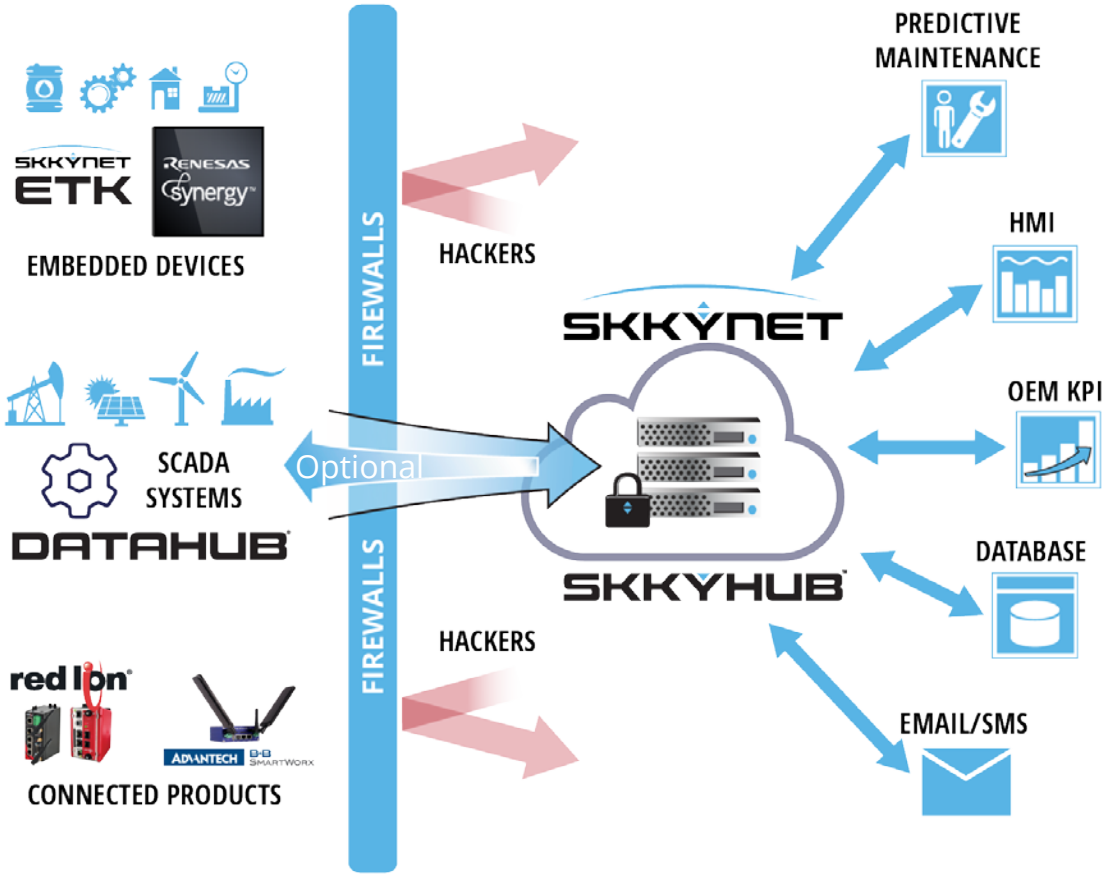
SOLUTION | SkkyHub™ + DataHub® + ETK



Skkynet's evolutionary approach delivers an end-to-end SaaS for real-time data that is **secure by design**

Skkynet's platform enables connectivity for virtually any industrial or embedded data source, visualize the data, and monitor or control a process or system from almost anywhere

SOLUTION | SkkyHub™ + DataHub® + ETK



- No changes to IT security infrastructure
- Patented outbound-only system architecture
- Tunnels through firewalls and proxy servers
- Browser-based visualization (HMI) without software to install
- High-performance and scalable: < 1 ms over network (Internet) latencies
- Bi-directional, event-driven data just like the in-plant experience
- Non-disruptive to existing systems
- Supports Industrie 4.0, IIoT and edge processing
- Bridge IT and OT networks

MARKET DIFFERENTIATION

Network Security

Closed inbound firewall ports, no VPN, patented system architecture

Data Security

Users have data access but not industrial network or IoT device, no risk of virus, “untrusted”

Performance

Best-in-class real-time data, no compromise, µs updates, 100K+ points/s, bi-directional data flow

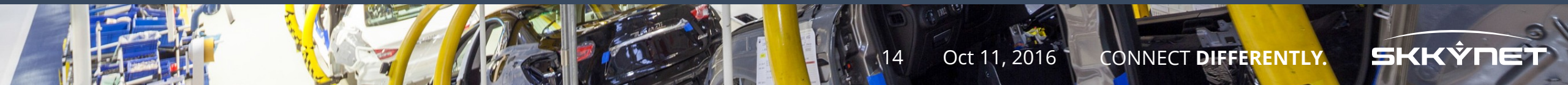
Convenience / Multilingual

Simplest solution available, rapid setup, no development

多言語対応

Adaptability

Enhance Industrie 4.0 and IIoT, open API, vendor agnostic, extensible, built-in scripting



WHAT'S IN IT FOR OUR CUSTOMERS?

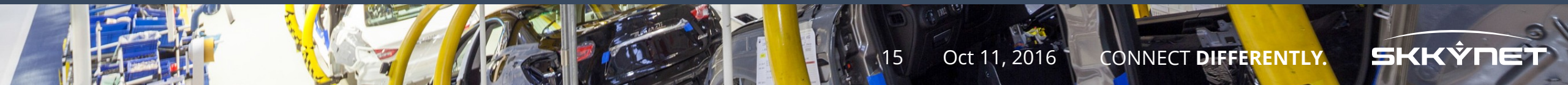
Immediate deployment: *lowest* time to market

Disruptive cost savings

Example: current SkkyHub SaaS client ***remotely developed and built*** a minerals and mining automation system for their client, with a **50%** cut in project time—from one year down to 6 months—and a **15%** increase in net profit

How do we make it possible?
Our data is real-time; process dynamics are observable remotely

What our competitors sell today for $11,000 up-front,
we can offer for $100/month!



EXAMPLE | Remote plant monitoring

Problem: Metso was hired to develop a custom solution for their customer, but was required to complete the project in 6 months (normally would take 12 months)

Solution: Without exposing the mine's internal network to the Internet, SkkyHub™ provided the ability for the engineers to access the real-time data from anywhere in the world. With each team member having access to the real-time data, the team was able to develop in parallel and collectively with the client

Savings: **50%** reduction in project completion time, **15%** increase in project profit margin, better-than-expected deliverable

http://skkynet.com/case-study-metso-france/

SUMMARY

- Highly **secure** anywhere-industrial control system access and networking
- Fastest **time** to market with “plug-and-play” end-to-end solution
- Lowest total **cost** of ownership, no capital investment needed
- Leverage **best** of breed third party technologies securely

THANK YOU.

CONNECT **DIFFERENTLY.**

Secure Real-Time Data Communication for the Industrial IoT and Industrie 4.0

This presentation may contain "forward-looking statements" that are made pursuant to the "safe harbor" provisions as defined within the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words including "anticipates," "believes," "intends," "estimates," and similar expressions. These statements are based upon management's current expectations as of the date of this presentation. Such forward-looking statements may include statements regarding the Company's future financial performance or results of operations, including expected revenue growth, cash flow growth, future expenses and other future or expected performances. The Company cautions readers there may be events in the future that the Company is not able to accurately predict or control and the information contained in the forward-looking statements is inherently uncertain and subject to a number of risks that could cause actual results to differ materially from those indicated in the forward-looking statements. Further information on these and other potential factors that could affect the Company's financial results is included in the Company's filings with the SEC under the "Risk Factors" sections and elsewhere in those filings.

Skkynet Cloud Systems, Inc.
2233 Argentia Road · Suite 306 · Mississauga · ON · L5N 2X7 · Canada · +1.905.702.7851 · skkynet.com

SKKYNET