



DATE: August 1, 2014
TO: Cordelia Twomey
FROM: Leonard Sheehy
SUBJECT: Robotic company research

I have researched three robotic companies to determine potential investment value for each organization. They each target a different niche market. Adept Technologies targets the industrial sector using robotics to streamline manufacturing and packaging. Mazor Robotics is positioned strongly in the medical technology field providing surgical robots to assist doctors with precision surgeries. iRobot manufactures robots that improve safety and quality of life and their goal is to make robots a part of everyday life.

Adept Technology, Inc. was founded in 1983 and has 180 employees worldwide. They are the largest US manufacturer of industrial robots. Adept Technology is a provider of intelligent vision-guided robotics systems and services. Its business is focused on intelligent, flexible automation products, solutions, components and services for assembly, packaging, warehousing and logistics, automated transportation, material handling inspection and lab automation applications. A few of their customers are Boeing, Procter & Gamble, Johnson & Johnson, Chrysler, Ford, Motorola, Siemens, and Kodak. Their focus is to provide flexibility in the manufacturing process to allow easy transition to a new product line while assuring quality controls. Adept systems provides customers with robots to achieve precision, quality and productivity in their assembly, handling and packaging processes. Adept provides specialized, cost-effective robotics systems and services to high-growth markets including Packaged Goods, Life Sciences, Disk Drive/Electronics and Semiconductor/Solar; as well as to traditional industrial markets including machine tool automation and automotive components. Adept Technology states that it's mission is to be the global leader in the manufacturing, marketing and innovation of robotics, vision and motion control products for automated material handling and assembly. Adept believes intelligent automation is key to the success of any medium or high volume discrete manufacturing enterprise. (<http://www.adept.com>, 2014)

Mazor Robotics is an Israeli based company with 100 employees founded in 2001. They also have subsidiaries in the US and Germany. They are dedicated to the development and marketing of an innovative surgical guidance system for spinal surgery. Mazor means "a cure" in Hebrew. Their Renaissance Guidance System enables surgeons to conduct spine and brain surgeries in a more accurate and secure manner. This system is able to interface using a 3D MRI

image to accurately place screws in during spinal surgeries. Surgeons can preplan their surgery using this guidance system software. The accurate placement of screws allows for quicker recovery and less incidents of repeat procedures or infections due to its minimally invasive nature. Using MRI images rather than traditional fluoroscopy, the patient has a much reduced exposure to radiation. Mazor Robotics technology has been approved for use in 8 countries worldwide and is pending approval in 13 others. The US FDA has approved their products for use in the United States. Only 3% of the US market has been tapped. Partnerships with medical facilities have them poised for growth. Doors are also opening for them in the Asian Pacific market. (<http://mazorrobotics.com>, 2014)

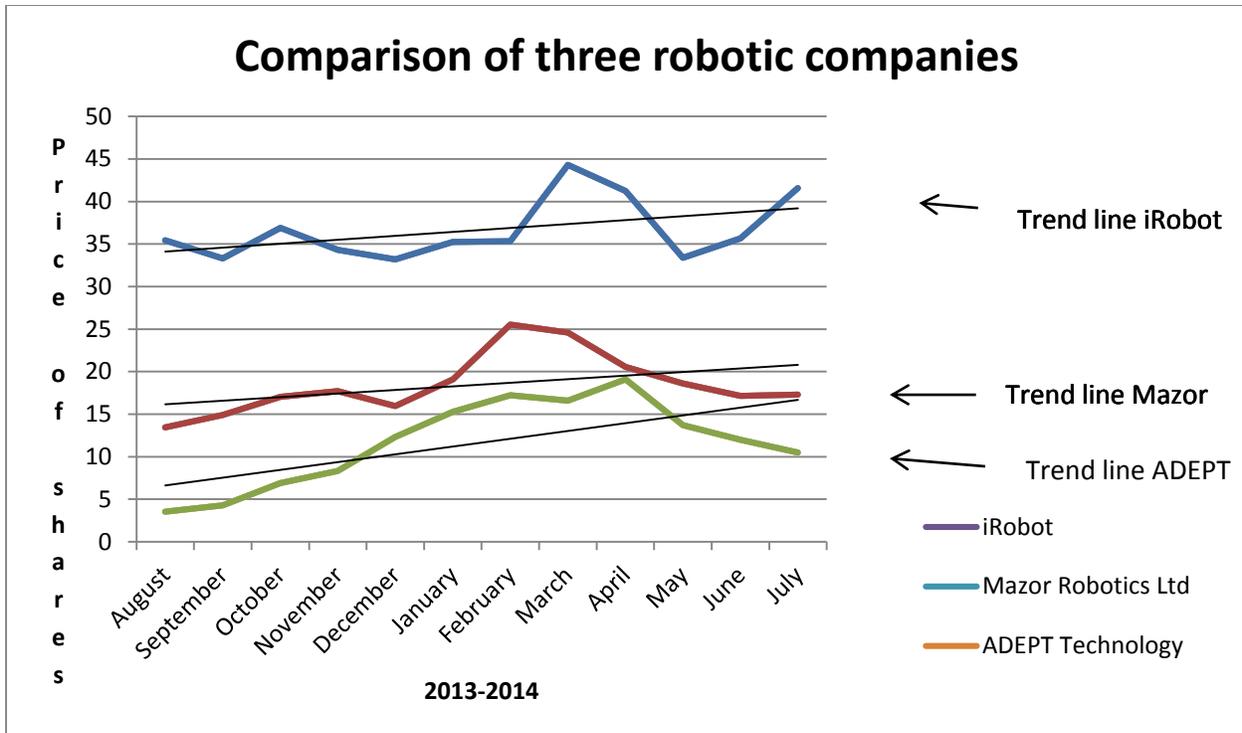
iRobot was founded in 1990 by Massachusetts Institute of Technology graduates with the vision of making practical robots a reality. Their mission is to build robots that improve the quality of life and safety standards worldwide. Their products include Roomba vacuum cleaning robot, a scrubbing robot Scooba and Looj the gutter cleaning robot. They had a major defense contract with the US government providing robots to find IEDs, perform dangerous searches, conduct reconnaissance and execute bomb-disposal missions. iRobot's line of military robots also includes the FirstLook, a small and light weight, throwable robot for special operations. These are also used by police forces worldwide. They also have an FDA-approved telemedicine robot which can expand the reach of medical care by connecting physicians with patients remotely. With a creative and innovative oriented staff of over 500, the company seems poised to achieve their mission to drive innovation, serve as an industry catalyst and change the world by fueling the era of robots. They actively promote robotics with their founding of National Robotics Week. The iRobot STEM program was designed to inspire students to choose careers in the STEM fields including robotics. The program helps generate excitement around science, technology, engineering and math. (<http://www.irobot.com>, 2014)

I believe each one of these companies would be a good investment. Adept Technology has a business model focused on operating in two segments; robotics and service and support. This combination allows for a strong level of flexibility with their product specializations. Having both mobile and stationary robots allows them to compete globally. Their service and support division creates software to manage daily manufacturing operations and have an easily configured product which makes manufacturing changes easy to handle. The need for efficiency in producing products in the global market place is favorable for their future. iRobotics, however has challenges resulting from losing the defense contract with the U.S. withdrawal from Iraq and Afghanistan and as bigger players like Samsung and LG improve their own vacuum cleaner offerings. iRobot's long-term success will depend on diversification into new markets or marketing strategies. Their largest market share for Roomba sales is Japan. (<http://www.forbes.com>, 2014)

The trend line on each is comparable, so as long as they each manage their growth and maintain quality any one of them would be an excellent choice for investment. (See Illustration

1.) The slight fluctuations in prices are a result of overall market conditions and do not reflect individual company value. (<http://www.nasdaq.com>, 2014)

Illustration 1. Employment Participation



Source: ETrade (2014).

Finally, Mazor Robotics with their products to make surgery safer and more accurate can only grow with the focus on national healthcare worldwide. The aging population of United States citizens will contribute to the growth in demand for their products. A long term investment strategy suggests that Mazor Robotics would be the most prudent choice.

I would like to discuss these companies with you further. I have set up an electronic conference on August 11, at 7:00pm. The procedure I followed to set up this on-line gathering was to first visit the website www.gotomeeting.com. I set up an account by entering information. I was then directed to the My Meetings page where I selected the 'schedule a meeting' icon. I entered the meeting name, number of times it will occur, start date, start time, end time, meeting time zone, audio types and if the attendees will required a password. The site then provided me with a URL for the meeting. I will place the URL for the meeting in an email invitation to you. You will only need to click on the address to attend and have a microphone available. If you have any questions please feel free to contact me.

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