



# Logitech History

## March 2007

Logitech is the world's leading provider of personal peripherals that people want to buy and love to use. Driving innovation in PC navigation, Internet communications, digital music, home-entertainment control, gaming and wireless devices, the company designs, manufactures and markets products that make interacting with the digital world more personal and rewarding. Sold in more than 100 countries, and renowned worldwide for style, quality and innovation, Logitech's personal peripherals are used in the living room, in the office and on the go – enhancing people's experiences with their gaming consoles, home-entertainment systems, personal computers, iPod/MP3 players, and mobile phones.

Very much a specialist, Logitech is focused solely on personal peripherals, which it distributes through retailers as well as through major computer manufacturers. The company maintains its product leadership by combining continued innovation, award-winning industrial design and excellent price-performance with core technologies such as wireless, media-rich communications and digital entertainment.

Logitech's ever-expanding product lines now include control devices (keyboards, mice, trackballs, digital writing solutions, and advanced universal remote controls), video communications products (webcams and applications), interactive entertainment products (gaming controllers and mobile gaming accessories) and audio products (multimedia speakers and headsets for gaming, music, Internet voice access, mobile phones, and portable music players).

A global company with an internationally diverse management team, Logitech has more than 7,200 employees in more than 30 countries. The company has a significant operational presence in Europe, the U.S. and Asia, with its key manufacturing facility in China. Logitech's largest engineering teams preside in Fremont, Calif., Romanel, Switzerland, Hsinchu, Taiwan, Vancouver, Wash., and Toronto, Canada, while the company maintains a strong engineering presence in Cork, Ireland and Suzhou, China.

With annual revenues of nearly \$1.8 billion, Logitech is a Swiss public company traded on the SWX Swiss Exchange under the symbol LOGN and on the Nasdaq Global Select Market under the symbol LOGI. In January 2007, Logitech was added to the NASDAQ-100 Index®.

### **The Early Days**

The idea for Logitech was spawned in 1976 at Stanford University, in Palo Alto, Calif. While enrolled in a graduate program in computer science at Stanford, Daniel Borel and Pierluigi Zappacosta formed a friendship that would become a business alliance. While completing their education, Borel, a Swiss, and Zappacosta, an Italian, identified an opportunity to develop an early word-processing system. The pair spent four years securing funding and eventually built a prototype for the Swiss company Bobst.

Shortly thereafter, Borel and Zappacosta joined forces with Giacomo Marini, a former Olivetti engineer and longtime friend of Zappacosta, on a second venture. The three eventual founders of Logitech began work as consultants in publishing-related software

development and hardware architecture. Ricoh awarded them a four-month contract for a feasibility study on developing a graphical editor.

With this initial funding in hand, Borel, Zappacosta and Marini founded Logitech S.A., on Oct. 2, 1981, and opened its first office in Apples, Switzerland. Originally, it was to be named Softech because of the software background of the three founders. Since this name was already registered, the founders chose Logitech, using the root of the French word for software: “logiciel.”

Zappacosta led a feasibility study from the back yard of a farm in Apples that served as Logitech’s first office. In January 1982, the Logitech team showed Ricoh management a prototype. Ricoh agreed to move forward on the project and tasked the Logitech team with most of the software development. Shortly thereafter, the trio opened Logitech’s first U.S. office, at 165 University Ave. in Palo Alto, Calif., to be close to Ricoh’s development office in nearby San Jose.

### **Enter: The Computer Mouse**

Meanwhile, a little-known device called the computer mouse was beginning to surface. It caught the Logitech team’s attention – the early pointing device was the perfect navigation aid for a graphical interface. Logitech knew of a mouse in development at the Swiss Federal Institute of Technology in Lausanne, Switzerland. Working closely with its developers, Logitech helped to bring the mouse out of the lab and took it to market. In 1982, Logitech introduced the P4 Mouse, the company’s first hardware device.

The marketing of the P4 began in the fall of 1982, at the Comdex trade show in Las Vegas. Initially, Logitech made a few small OEM sales in the niche graphics market. In the second half of 1983, the company began to register some larger sales. Apollo Computer, which manufactured workstations, purchased mice at a rate of 500 units a month for a price of \$99 each. In early 1984, Logitech signed a contract with HP to manufacture a redesigned mouse at \$44.95 per unit – it was a deal that allowed for very little margin, but the production rate would eventually reach 25,000 units a year.

Other larger OEM deals were quick to follow. In order to continue to grow and to increase its margins, Logitech needed to expand its manufacturing abilities. After thorough evaluation, the company chose to manufacture in Taiwan. Logitech Far East operations officially opened in July 1986, in Hsinchu, Taiwan. Production started in September of that year. In Sept. 1986, the company moved its Swiss headquarters from Apples to Romanel.

In parallel to its thriving OEM activity, Logitech was monitoring the small but growing retail mouse market. With no experience in retail, Logitech attempted to partner with Microsoft on a bundle with its software. After two years of discussions, no deal was struck, so Logitech decided to take its first retail plunge with its own mouse – the Logitech C7. Despite limited marketing resources, Logitech sold 800 units of the C7 mouse in the first month, December of 1985.

After proving that it could manufacture mice competitively, Logitech won some of the prized Apple business – supporting the up-and-coming Macintosh platform. With the experience gained from the Taiwanese project, the company decided to further expand its global operations. An Irish manufacturing site was established in Cork to better serve European customers. In April 1988, Logitech Ireland was created.

In July 1988, Logitech decided to go public to help finance its growth. With a balance between its OEM and retail businesses, a worldwide presence, 400 people and \$40 million in revenue, the company officially registered on the Swiss Exchange.

### **Rising Competition**

In the early 1990s, Logitech faced fierce competition in the mouse business. To respond, the company made two important moves. In 1994, Logitech consolidated its manufacturing in Suzhou, China. Also, Logitech identified a larger market opportunity for computer peripherals and began growing its business beyond the mouse.

In 1988, the company introduced a handheld scanner, the first of several varieties of scanners it would eventually manufacture. In 1992, Logitech introduced FotoMan, an early digital still camera that sold for just under \$1,000. Also in 1992, Logitech brought to market AudioMan, a speaker/microphone that enabled people to insert audio clips into certain applications. And in 1994, the company introduced WingMan®, its first gaming peripheral – a joystick – for a growing PC game market. In 1995, Logitech launched VideoMan, a Web camera on a flexible arm. Silicon Graphics became the first Logitech OEM video customer.

Meanwhile, Logitech continued to innovate within its core mouse business. In 1991, the company delivered the industry's first radio-based cordless mouse: the Logitech MouseMan® Cordless. The first product used 150 kHz radio (RF) technology; however, in 1994 Logitech introduced its next-generation cordless mouse with 27 MHz RF technology, which would become the foundation for many future Logitech cordless peripherals. In 1995, the company introduced the first large-volume computer pointing device to use precision optical technology instead of mechanical motion to measure movement, the Logitech® TrackMan® Marble® trackball. In 2001, the company combined optical tracking precision with cordless freedom by introducing the much-anticipated Logitech® Cordless MouseMan® Optical. In 2004, Logitech introduced the world's first mouse to use ultra-precise laser tracking technology, the Logitech® MX™1000 Laser Cordless Mouse. And in 2006, the company introduced the Logitech® MX™ Revolution cordless laser mouse, marking a radical change in how people navigate complex and abundant content.

As the home PC market – and the ensuing demand for peripherals to enhance the computing experience – exploded in the mid 1990s, Logitech was poised for new growth. In April 1996, Logitech – by then the world's largest manufacturer of mice – celebrated the shipment of its 100 millionth mouse. Meanwhile, the development of the Internet and the applications that helped drive the home PC market also strengthened the retail opportunity for Logitech branded products. A new demand was born for after-market peripherals that helped people take advantage of the Internet's offerings, from the World Wide Web, to music, to audio and video communications, to gaming. Subsequently, Logitech's business continued to grow beyond its OEM roots and into retail, while consumer awareness of the Logitech brand soared.

With a growing product portfolio and an increasingly strong brand image, Logitech went public on the Nasdaq exchange in March 1997.

## **Taking the Helm**

In February 1998, with the support of the company's board of directors, Borel, the co-founder who had been chairman and chief executive officer since 1992, hired Italian-born Guerrino De Luca as Logitech's CEO. With a long and diverse history at Apple Computer, both in Europe and in the U.S., De Luca brought a product philosophy rooted in cutting-edge design and intuitive interface. Under De Luca's leadership, Logitech's financial results have consistently met and often exceeded both company and market expectations – as of March 31, 2006, Logitech reported eight consecutive years of record revenue and profitability. During this time, the company's product portfolio has continued to expand, and the company has grown both organically and through acquisition.

## **Growth Through Acquisition**

In 1998, Logitech acquired the hardware division of Connectix, the manufacturer of the QuickCam® line of webcams. The move propelled Logitech to a position of market leadership in this category. With the growth of broadband Internet access and the development of applications around video, Logitech's QuickCam family of products has become a mainstay of computer users. Logitech has worked with partners such as Yahoo!®, MSN®, AOL® and Skype™ to integrate video with popular Internet communications applications. The company continues to work with leading solution and service providers to define new applications for video communications, both for personal and business use.

In 2001, Logitech acquired Labtec, instantly broadening Logitech's presence in the audio business. Subsequently, the company has released an array of award-winning PC speakers, competing at both the high and low ends of the market. Many Logitech speakers also are configured for gaming consoles and entertainment systems. Logitech's digital speaker systems are THX certified and among the most powerful on the market, helping the company to capture market leadership in the U.S. in only 2 1/2 years. The company has also introduced successful headsets for gaming platforms and mobile phones. For digital music, Logitech has unveiled a line of speakers and headphones for iPod® and other portable music devices, in addition to pioneering a family of wireless music products that make it easy for people to play and share their digital music on a stereo system or wireless headphones – though the source of the music or audio is a PC or portable music player.

In May of 2004, Logitech purchased Intrigue Technologies, manufacturer of the acclaimed Harmony remote controls. These advanced universal remotes have activity-based buttons, allowing one-touch control for watching TV, playing DVDs, listening to music and other activities. The move brought Logitech into the entertainment center of the home, with a platform the company believes could evolve into the "mouse of the digital house."

In October of 2006, Logitech acquired Slim Devices, a pioneer in the development of music systems that take advantage of a home network and the Intranet. The acquisition is part of Logitech's growth strategy for digital music. The company believes a very promising area for growth is in this emerging category of whole-home music. Logitech plans to offer affordable solutions for distributing music throughout the home, listening to the music on high-quality speakers and controlling it in a comfortable, intuitive way.

## **Organic Growth**

While periodic acquisition has served Logitech well, the company has also continued to innovate and grow with its core business.

Perhaps the biggest development area for Logitech in the past decade has been in cordless devices. Logitech has sold more than 100 million cordless mice and keyboards, allowing consumers the freedom to live the digital lifestyle, where and how they want, without any cords to hold them back. In 1998, the company created a new product category with the introduction of the Logitech Cordless Desktop®, the combination of a cordless mouse and a cordless keyboard.

In 2001, Logitech introduced the industry's first retail pointing device with Bluetooth® wireless technology – the Logitech® Cordless Presenter™. In 2003, Logitech took a leadership position by introducing products that transform a PC into a Bluetooth control center – making it easy to wirelessly exchange information between the PC and Bluetooth devices, such as PDAs, mobile phones and printers. These innovative Bluetooth products all feature a USB wireless receiver that acts as a Bluetooth wireless hub. In 2003, Logitech introduced the Logitech® Mobile Bluetooth® Headset, its first of several mobile headsets with Bluetooth wireless technology.

Logitech has also expanded its presence in the rapidly growing gaming industry. Long a leader in devices for the PC platform, Logitech introduced its first gaming console controller in 2000 – the Logitech® GT Force™ racing wheel for PlayStation®2. Logitech has since developed more than 20 peripherals for consoles, including its popular line of cordless controllers for both PlayStation and Xbox®. In 2005, the company unveiled its family of PlayGear products designed to protect and enhance the use of the new PSP® (PlayStation® Portable) platform. Logitech continues to work closely with its partners in developing a wide range of products for all gaming platforms.

In 2002, the company introduced the Logitech® io™ Personal Digital Pen, a platform that merges the use of traditional pen and paper with the digital world. Working with technology and solution partners, Logitech is helping to develop digital writing applications that enable the automated transformation of handwritten data into archived information for both consumers and professionals.

## **Logitech Today**

Logitech continues to deliver landscape-changing technology, but also keeps a focus on even the subtlest of design details that make its products personal and its brand cherished by millions of customers worldwide. The company owns a diversified patent portfolio, and its products frequently win industry and media awards for both design and innovation. Logitech will continue to help make interaction with the digital world more personal and rewarding for entertainment in the living room, communications on the go, and personal computing in the office.

Logitech – at the beginning a software company, once solely an OEM manufacturer, and then just a mouse company – has become a personal peripherals leader by leveraging both its strong OEM relationships and a thriving retail business. The company has sold more than 700 million mice, and its product lines extend into keyboards, Web cameras, voice headsets, speakers, headphones, game controllers and remote controls. In its most recent fiscal year, completed in March 2006, Logitech introduced more than 130 new products and shipped more than 143 million products worldwide.