Global Megatrends for the Coming Decades

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Agilent at a Glance

$4.5 billion FY 2009 annual revenue

16,000 employees

Customers in 110+ countries

70-year heritage of invention and innovation
Agilent Overview
Solutions that address critical customer challenges

Served Markets

Electronic Measurement
$2.4 billion
- Industrial, Comp/Semi
- Aero/Def

Chemical Analysis
$0.9 billion
- Petro/chem
- Food
- Environment
- Forensics

Life Sciences
$1.2 billion
- Pharma/biotech
- Academic/government

$4.5 billion revenue in FY 2009
Differentiated Technology Platforms

Communications
Industrial Test
Computers/Semiconductors
Aerospace/Defense

Food Safety
Petro/Chemical
Environmental Test
Forensics
Biotech/Pharmaceutical
Life Science Research
Creating the Future of Measurement

Global drivers and megatrends

New measurement needs

Opportunities for contribution

Innovative solutions

Agilent’s measurement leadership

Emerging Economies

Environment

Human Life
Megatrend: Emerging Economies
The rise of Asia and developing nations

• The center of the world is moving
  • China: the largest economy by 2041
  • India: potentially the fastest growing

• Accelerated time to industrialization
  • Western world = 150-200 years
  • Developing world = 30-50 years
  • Health, waste, pollution, congestion

• Implications for Agilent
  • 36% of annual revenues
  • 34% of R&D
  • 45% of manufacturing
  • 42% of sales and marketing
  • Electronics: 2005 joint venture with Chengdu Qianfeng Electronics
  • Bio-analytical: Specialized local training programs (ex: melamine)
Megatrend: Environment
The need for safe food

- **Global food supply = less control**
  - Chemical pesticides in fruits/vegetables
  - Melamine in dairy products
  - Veterinary drugs in livestock/poultry
  - Counterfeit and mislabeled seafood
  - **U.S.**: 7 million food-borne illnesses/year = 30,000 hospitalizations; $5 billion lost productivity
  - **Global**: counterfeit/adulterated food and consumer products = $10-15 billion per year

- **Implications for Agilent**
  - Strategic investment in safety/quality throughout the food chain: inspection, new product development, quality control, packaging
  - Detection of trace pesticides, melamine, veterinary drugs, toxins, additives, trace metals
  - Fish Species Identification through DNA testing
Megatrend: Human Life
The rise of infectious diseases

• **30-40 newly emerging/re-emerging infectious diseases in the past 20 years**
  - Second leading cause of death globally
  - Leading cause of death in <50 year olds
  - Root causes lie in human behaviors: war, politics, population density, travel
  - Rise of biological and “designer” drugs

• **Implications for Agilent**
  - Solutions throughout the pharmaceutical chain: research, discovery, development, trials, manufacturing, quality
  - **Gene expression**: insight into genetic causes of disease
  - **Proteomics**: protein identification and characterization
  - **Informatics**: analysis of disparate biological data in gene expression, genotyping and protein identification
  - **Pharmaceutical analysis**: drug development, QA/QC, manufacturing
Implications for the United States
Megatrends in emerging economies, environment, human life

• We cannot fight the economic and political battles of the past century
  • Manufacturing is 18% of U.S. industry – it’s not coming back
  • Capitalism works

• Battlegrounds for differentiation
  • Education
  • Innovation
  • Value creation
Agilent in Education
An economic, intellectual and social asset in our communities

• **Grade school & pre-university**
  • [Agilent After School](#) – hands-on science experiment kits
  • [Clean Air Challenge](#) – hands-on environmental curriculum
  • [National Science Teachers Association](#) – free online resources for U.S. science teachers
  • [International Science and Engineering Fair](#)

• **Universities**
  • Agilent funds research at the frontiers of measurement in electronics, chemical and biological sciences
  • Cash, equipment grants and fellowships
  • 2009: supported 102 university research projects at 65 universities
  *(Agilent and Agilent Foundation)*
Agilent’s Culture of Innovation
Continuous innovation is key to sustainable value creation

• Innovation is not just products and technology
• It’s about business models, customer relationships and management processes
• Differentiate everywhere
• Empower the people who are closest to the customers
• Take risks – allow for failure

Who invented the optical mouse?
Agilent’s Model for Value Creation

**Team**
- People + environment + skills
- Alignment with strategic intent
- Adequate resources to win

**Market**
- Bill Hewlett: “Never try to take a fortified hill”
- Clear strategic intent
- Market segmentation

**Technology**
- Differentiable and sustainable
- 50% of R&D does not add value
- Customers will not pay for “me too” technology

**Business Model**
- Well-defined business model
- David Packard: “More companies die from indigestion than starvation”
- Consistent, disciplined performance
Questions
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