Strategic Partnership With Beijing Instruments

In December 2018, CyanConnode was delighted to announce that it had signed its first Licensing Agreement with a Chinese Partner, Beijing Jingyibeifang Instruments Co Ltd (Beijing Instruments), for the manufacture of Advanced Metering Infrastructure RF Modules and Gateways.

The RF Modules will be incorporated into Beijing Instruments' next-generation smart meters, which will offer an IPv6 standards-based solution for international markets.

The Licensing Agreement was a milestone for CyanConnode, resulting in a strong partnership that will present opportunities for the commercial rollout of CyanConnode's technology in new territories. Due to its structure, the Licensing Agreement will have minimal impact on CyanConnode's cash outlay.

Who are Beijing Instruments?

Beijing Instruments was established in 1977 and was one of the first manufacturers of watt-hour electric meters that were supplied to state-owned enterprises. Beijing Instruments is located in the Daxing Industrial Development Area, where it has a 30,000 square metres facility with around 400 employees, and it also has a joint venture in Bangladesh.

Beijing Instruments has been a main supplier to the State Grid Corporation of China since 1998 and has won contracts in Beijing, Henan Province, Hebei Province, Xinjiang Province, Gansu Province and Hubei Province, as well as overseas contracts in Nepal, Bangladesh, Indonesia and Sri Lanka.

Revenue Model

Revenue from the agreement will come from three streams:

1. Income from the manufacture of hardware: The hardware manufacturing license gives Beijing Instruments the right to manufacture a specific, limited number of RF Modules and Gateways. A royalty will be paid per unit of hardware manufactured and the value of the agreement relating to royalties equates to approximately $4m, over a 2-year period. When the specified number of RF Modules and Gateways have been manufactured, it is the parties' intention to enter into a further royalty agreement. CyanConnode will also provide Beijing Instruments with design and manufacturing support services, that will result in additional revenue.

2. CyanConnode will also receive revenue from perpetual and/or term software licenses, as structured under its existing business model. For security and the integrity of the system, when each RF Module is deployed there is a unique handshake that identifies it to the CyanConnode headend software. The handshake is a unique asymmetric key, which protects both Beijing Instruments and CyanConnode's business model.

3. CyanConnode also expects recurring revenue streams from annual maintenance support contracts and revenues from commissioning, integration, installation, network planning and training.

Progress to date

During January 2019, members of CyanConnode's engineering team, including Head of Engineering, Allan Baig, visited Beijing Instruments to progress the project. CyanConnode's engineers will provide hardware design and manufacturing information, which will enable Beijing Instruments to set up the production lines.

A Project Plan has been developed that establishes peer to peer relationships and exchange of knowledge between the Partners. The Project Plan will facilitate the manufacture of RF Modules and Gateways in H2 2019.

Please visit https://cyanconnode.com/news-events/licensing_agreement/ to see a video of the manufacturing process. The video shows the production of the CyanConnode Gateway by Syrma Technology.

The Market Opportunity

In a recent report, Northeast Group LLC forecasts that $27.8 billion will be spent on the installation of 269 million smart meters in emerging markets by 2023, with most of the deployments being in China and India.

Meter manufacturers are experts in mass production and metrology, however, they require specialists to provide them with the technology for Advanced Metering Infrastructure (AMI) for next-generation smart metering deployments.

CyanConnode provides a solution to Meter manufacturers that facilitates the rapid deployment of a build-as-you-go Narrowband RF Smart Mesh Network, which mitigates the need for individual meter connections to a cellular network.

Beijing Instruments has the manufacturing capability and resources to win contracts for large scale smart metering projects, thereby leveraging the commercial potential of CyanConnode's technology.

Beijing Instruments will also act as an alternative contract equipment manufacturer of CyanConnode's RF Modules and Gateways.

Contact us

Email: information@cyanconnode.com
Call us on: +44 1223 225060

CyanConnode, Merlin Place,
Milton Road, Cambridge CB4 0DP
cyanconnode.com