

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each Award category before determining the final Award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Skydio excels in many of the criteria in the commercial drone space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Leading the Charge with True Autonomous Drones

With the rapid growth of the commercial drone market, there are many challenges industry leaders will face. The rising popularity of drones among hobbyists, cinematographers, enterprises, and the public safety and defense sectors has created a high demand for unmanned aerial vehicles (UAV) that offer a

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- Elizabeth Whynott, Best Practices Research Analyst

large range of options and features. Frost & Sullivan believes that production challenges to meet this escalated demand make it quite difficult for those in the industry to keep up with more established competitors. As such, participants in the industry must leverage innovative technology to capture the attention of the consumer and enterprise markets, as well as expand to the public safety and defense sectors. Additionally, the commercial drone industry faces stringent regulations from the Federal Aviation Administration (FAA) that they need to comply with or seek waivers and certifications to perform specific tasks.

Drones prevalent on the market today have limitations to their autonomy. That is, they rely on global positioning system (GPS) coverage to engage in autonomous flight and can only fly from one identified GPS location to another. In addition, if UAVs cannot utilize autonomous features due to GPS and obstacle limitations, operators must fly the drones manually and can face a steep learning curve.

With its artificial intelligence (AI) and computer vision (CV)-enabled drones, Frost & Sullivan appreciates how Skydio nicely redefines autonomous UAVs' capabilities. These capabilities allow the drones to operate much more autonomously and can make intelligent decisions about flight paths and obstacle avoidance.

Skydio got its start in 2014 from a group of MIT robotic, AI, and avionic researchers as an integrated appliance and edge-computing company focused on high-performance computing devices that could complete automated tasks. Skydio is capitalizing on its early technologically advanced focus by equipping its UAVs with a strong AI and 360-degree obstacle avoidance. These capabilities allow the drones to navigate around obstacles seamlessly, follow identified subjects, perform adaptive scans to build 3D models, and make AI-informed decisions - all while fully autonomous and without prior exposure to the environment. While Skydio's initial entry was through the consumer market, the drone's capabilities give it broader applicability. The company now has a product line that serves average consumers, enterprise fleets, and public safety and defense sectors. Skydio hails from Redwood City, California, and prides itself on producing, designing, and assembling its products (e.g., hardware, software, drones) in the United States (US).

Shaping Drone Capabilities for Enterprise, Public Safety, and Defense Sectors

Skydio has a range of UAVs in its product line available to consumers, enterprises, and the public safety and defense sectors, all of which are fully autonomous. Delivering an enjoyable flying experience, the Skydio 2 (S2) is the company's flagship product. The S2 has competitive pricing, making it a relatively accessible entry-drone for consumers. The S2 has a 3-axis, 12.3 megapixels (MP) gimbaled camera, can simultaneously track ten objects, has a 23-minute flight time, and an operating range of over two miles.

Currently available for pre-order, Skydio intends to release the Skydio X2 (available in two configurations, X2E for enterprise, public safety and civilian agencies and X2D for defense customers), which has the same AI and CV capabilities, but is designed for more demanding environments with full National Defense Authorization Act (NDAA) compliance. The X2 will feature a foldable, ruggedized airframe, a dual sensor with 4K HDR color camera and 320x256 FLIR thermal imager, GPS-based night flight with strobing lights, up to 35-minute flight time and extended wireless range of up to six miles, depending on the radio configuration.

The company offers several add-ons to enhance the flying experience further and meet its customers' unique needs, including:

Skydio Beacon™: A unique wand-type controller that provides GPS-based tracking capabilities for the Skydio 2 drone with wireless range of up to 0.93 miles.

Skydio Enterprise Controller: Ground control station purpose-built for the Skydio X2. It will feature 6.8" 3040 x 1440 AMOLED touchscreen, globe-compatible joysticks, USB-C 3.1 connectivity with HDMI-out support, and will also be NDAA compliant.

Skydio Autonomy™ Enterprise Foundation: Software that unlocks advanced AI-pilot assistance capabilities for both S2 and X2. Includes multiple capabilities, including 360 Superzoom for a 360 live view of the drone's surroundings, Close Proximity Obstacle Avoidance so the drone can fly closer to obstacles, Vertical View to enable full 90 degree upwards gimbal range, point-of-interest orbit, track-in-place, offline maps, and visual return-to-home.

Skydio 3D Scan™: Adaptive scanning software that allows the drone to automate the data capture process needed to generate high-fidelity 3D models of complex structures (e.g., bridges, crash scenes).

Skydio House Scan™: Adaptive scanning software tuned for residential roof inspection. This product is delivered in partnership with EagleView.

Because of Skydio's truly unmatched AI and CV capabilities, Frost & Sullivan points out that it can make more intelligent decisions about flight path and obstacle avoidance, making it an easy entry-level drone that exceeds the performance of even higher-end drones. These capabilities give the company a broader customer-base (e.g., children, less experienced pilots) who do not have to worry about crashing and breaking their drone. Enterprise experts appreciate the drones' autonomy, as it allows for straightforward navigation and mapping and better and safer asset inspection. The public safety sector benefits from the S2 autonomy by gaining more comprehensive situational awareness, search and rescue, and accident scene reconstruction. For defense, drone autonomy can improve intelligence, surveillance, and reconnaissance missions, as well as incident response and security and patrol.

The S2's potential applications require certain allowances, especially when it comes to FAA rules and regulations. Yet Skydio properly understands its customers' needs and is making efforts to gain certifications and waivers through the FAA, allowing for further implementation within the public safety and defense sectors. To this end, in October 2020, the company received the first true beyond visual line of sight waiver under FAA Part 107, allowing North Carolina's Department of Transportation to conduct thousands of bridge inspections. Frost & Sullivan analysts expect that Skydio's efforts towards attaining certifications and waivers will bolster its customers' efficiencies and drive the company towards more autonomous UAV potentialities.

Dedication to Providing Customer Advantages and Solutions

While Skydio's autonomous UAVs are undeniably simple to utilize, the company also provides outstanding customer service to train enterprise and public safety agency's fleet pilots with Skydio Academy. Skydio Academy is a convenient flight training program that can be self-paced or instructor-led online, in-person, or blended - depending on the user's needs. The company employs top experts across various industries to lead its flight training programs to provide customers with area-specific knowledge and support. Furthermore, Skydio offers two certification programs. The Skydio Professional Operator certificate demonstrates a pilot's foundational knowledge, while a Skydio Expert Operator certificate shows practical flight operation and safety knowledge. The company further exhibits its

commitment to its customers by guiding them in scaling their drone programs and ensuring that fleet operators are knowledgeable about flying drones.

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Many companies have already seen monetary, productivity, and safety benefits by employing the S2. For example, Jacobs Engineering is a design firm that must inspect hundreds of infrastructure assets and has been using drones for several years. A comparative analysis between the S2 and a competitor drone reveals that competitor drones were not a viable solution, as the research and pilot teams could not conduct comprehensive inspections due to difficulty piloting the drone. Furthermore, a cost comparison of the S2 with an inspection team of

five showed the team was more than four times as costly as the S2 after considering salary, insurance, equipment, travel, and lodging, not to mention the potential danger to human life during risky inspections (bridges, piers, towers). Additionally, inspection times with the S2 can be done in half the time it takes a team of five, further improving the customers’ efficiency.

Many of Skydio’s customers report excellent outcomes after implementing the S2 and utilizing its autonomous solutions. The Burlington Massachusetts’ Police Department successfully employed the S2 during a standoff when another drone unit could not navigate close to the windows due to obstacle occlusion. Accurate Drone Solutions, a client who provides survey and topographical assessments, project localizations, and computer-aided design integration, saw a 37% revenue improvement after switching from a competitor, a 33% decrease in flight time, a 25% reduction in post-processing time, and a 10X return on investment with the S2. With the Skydio 2, Sundt, a construction and general contracting company, reduced pilot training expenses and the risk of drone crashes while conducting higher quality and faster inspections. As evident by customer feedback, Skydio offers great solutions and opportunities to a range of enterprises and the public safety sector.

An Established Autonomous Drone Innovator with Progressive Policies for a Safer Future

Skydio’s drive to craft and deliver a proficient autonomous drone has markedly increased its sales, with the company shipping more than 10,000 units during the last year. The company is also striving to expand its enterprise market-share and has several seven-figure contracts. Skydio has successfully outfitted 11% of the US’s public safety agencies’ drone fleets according to survey data from Droneresponders. Furthermore, the Department of Defense designated Skydio as a trusted drone provider, which enables the company to be a vendor for the Defense Innovation Unit’s Blue Small Unmanned Aerial Systems program (more commonly known as Blue sUAS).

During the 2020 Series C funding round, Skydio procured \$100 million from new and current investors. The company announced in March 2021 that it has raised an additional \$170 million in Series D funding led by Andreessen Horowitz’s Growth Fund, bringing total funding raised to over \$340 million. This funding will enable the company to scale its production capabilities and continue its expansion into the consumer and enterprise markets and the public safety and defense sectors.

Furthermore, the company's partnership with Arris, a firm with a focus on manufacturing high performance products, will allow Skydio to increase its scale of production and speed up order processing. These endeavors should launch the company towards achieving its goal of tripling revenue.

Frost & Sullivan's research indicates that Skydio is a leading UAV vendor with its autonomous drone capabilities. The company's commitment to a progressive technological vision is reshaping the industry's view of UAV capabilities. Skydio is at the forefront of these technological advancements while delivering a unique and enjoyable flying experience, exceeding customer expectations, and inspiring possibilities. Furthermore, the company actively promotes responsible use of its products and development and use of AI amongst its customers. Skydio also sets high company standards that support policy and regulatory efforts that align with local, state, and federal regulatory agencies' laws and policies. The company also ensures its responsibility with customers in the public safety sector, does not serve customers part of repressive regimes, and will not equip its drones with weapons. Frost & Sullivan's independent analysis concludes that the company's assurance to drone safety and social responsibility clearly defines Skydio as a pioneering leader of autonomous drone capabilities.

Conclusion

Frost & Sullivan recognizes how Skydio redefines the capabilities of autonomous unmanned aerial vehicles with its artificial intelligence and computer-vision enabled drones. The company is truly a standout leader with its technological advancements that make its Skydio 2 and upcoming Skydio X2 autonomous drones accessible to consumers, enterprises, and the public safety and defense markets.

Skydio opens up exciting possibilities for enterprises, public safety, and defense sectors' drone fleets and nicely demonstrates its success with proven cost-savings and improvements in time-efficiency and safety. The company's commitment to educating and training pilots via Skydio Academy helps to ensure knowledgeable and regulatory compliant enterprise and public safety sector fleets. Skydio's dedication to safe and socially responsible business practices improves customer loyalty and its brand equity.

With its strong overall performance, Skydio earns the 2021 Frost & Sullivan Company of the Year.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first to market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

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The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create on-going growth opportunities and strategies for our clients is fuelled by the Innovation Generator™. [Learn more.](#)

Key Impacts:

- **Growth Pipeline:** Continuous flow of Growth opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our six analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

