

Huami Corporation CEO Issues Open Letter to Staff

Titled "Marching into the next decade: establishing a global health ecosystem; and be the most trusted partner of our users"

BEIJING, Jan. 3, 2020 /PRNewswire/ -- Huami Corporation ("Huami" or the "Company") (NYSE: HMI), a biometric and activity data-driven company with significant expertise in smart wearable technology, today announced that, Wang Huang, the Company's Chairman and CEO, issued the following open letter to Huami staff titled "Marching into the next decade: establishing a global health ecosystem; and be the most trusted partner of our users" on December 30, 2019.

Dear Fellow Huamians:

Just a couple more days, we will be marching into the third decade of this century. Standing before the threshold of the new decade, we need to consider our company's past, present and future. We also need to consider our company's growth strategy and challenges, our industry's potential changes, and the meaning of everything we do moving forward.

In the second half of this year over the course of three months, together with the participation and support of over 500 Huami colleagues, we finally decided to upgrade the mission of our company to be: "Connect Health with Technology". We also decided our company's vision to be: "Establish a global health ecosystem; and be the most trusted partner of our users". Here, I would like to share with you some of my thoughts that went into this process.

At the end of 2018, I had a deep discussion with our senior executive team about this question: 'What is the key user value proposition of the smart wearables industry?'. For example, WeChat became successful because it was able to create significant value to users for the mobile Internet. We pondered on this question for about a year, considered many aspects; and we eventually concluded the answer should be "Health".

Actually, health is not only the key user value proposition of smart wearables, it is also one of the key user value propositions of the IoT (Internet of Things) era. The next decade will still be an era of people-centric technology development.

Smart wearables are the "closest" consumer electronic device to human; since it is worn by people. Compared with smartphones, smart wearables can provide many new features, empower new usage scenarios and other advantages due to the closeness of the device's physical distance to the human body. Smart wearables can continuously monitor human biometrics 24/7. It can be the essential component of sports equipment. It can be a key tool in children's social interaction and security. It can be used for public transportation payment or secured door access. It can be used to control smart home appliances; and it can be used as an AI speech assistant that is attached to your body.

As can be seen above, smart wearables can deliver many user value propositions, including but not limited to: health, sports, mobile payment, entry points to IoT and controlling of smart home appliances, AI assistant, security and even social interaction.

All these user value propositions caused much enticement and excitement for me and our key management team over the past few years. We thought about how can we deliver all these and even many more features to our users based on smart wearables. However, one day, I suddenly wondered: "Can we really deliver all of these features on our own? Shouldn't this be the effort of the entire industry by working together?"

My conclusion is: Yes. Let's stop dwelling on the "winner-take-all" fantasy. We should open up our smart wearable devices platform, connect and collaborate with more partners to deliver more values to our users together. For us, we should just focus on health.

After thinking through this, I suddenly felt a sigh of relief. This is because everyone I see around can all be friends, and not be enemies. It is also because we do not need to spend resources to cover everything. But rather, we can release much more resources to focus deeply on the health vertical. We can finally use "health" as the core logic to clearly drive our business forward. Based on this logic, all of us can clearly understand why we work on some devices and not the others. With this focus, we will not be enticed to do many other things due to our strong hardware development capabilities; and we can effectively control our tendency to do everything just because we feel we can.

As we go deep in health in the smart wearables industry, we can provide much vertical value to our users and society. This is comparable to other companies in the smartphone industry which mainly just work on delivering one single but hugely successful smartphone app, such as: WeChat, WhatsApp, Twitter, Instagram, Tik Tok,

Yelp, Spotify, Netflix, etc. Any of these companies' successes is no less significant than a "pure" smartphone company that only produces smartphones.

The main value segments of our industry are hardware, software and cloud services. For hardware, value segments can further be classified into technology, product, channel and branding. Any one of these value segments can create a company and become that company's core competency and competitive advantage. However, a company with hardware expertise alone cannot win all; but it can potentially survive in a certain geographic region. Software, big data and cloud services can potentially dominate and work across different hardware platforms, but software's development rely heavily on hardware maturity and hardware iteration support.

Consequently, for people who are serious about software and cloud services, they need to develop hardware themselves. For people who are serious about big data, they need to develop sensors themselves. The first part of the last sentence is from a quote of the computer scientist Alan Kay. The second part is the result of my own thinking from following the same logic.

The past six years of Huami's development period happens to coincide with the IoT development period, as well as the development period of the smart wearables industry. First, we have hardware devices, then software and data, and finally cloud services. We are at the stage of hardware rapid development moving toward maturity, data being produced in massive quantity, and cloud services being explored. That is why we need to aggressively produce more hardware (we shipped over 27.6 million devices during the first 9 months of 2019, which exceeded the full year shipment of 2018), open up more international channels to sell our products all over the world (we have already entered 78 countries and regions), drive the industry's rapid progress, continuously accumulate massive amount of data (we are already the world's largest sports activities and human biometrics health data company), and go deep in the "Health App" development.

The smart wearables industry represents the future growth phase of the smartphone industry; and it is also the core catalyst in the revolution of the healthcare industry. The global healthcare industry market opportunity is actually 6 times the size of the global smartphone industry. We are currently at a time just before the dawn of revolutionary changes in the healthcare industry and standing at the threshold of the next IoT decade. If we have the patience of using the scale of a decade's time to deeply innovate and accumulate resources, we will be able to drive significant revolutionary changes in the healthcare industry. We can also become the most trusted partner of our users and establish a new global health ecosystem.

Therefore, we choose to focus on the health vertical. By leveraging the relentless pursuit of "technology" as our driving force, we help users to connect with health. The word "connect" here defines the positioning of our company's value creation in the global health ecosystem. Through establishing an ecosystem, we help to connect users' needs with services from health service providers by providing the foundation of data and network connectivity. However, our "connect" not only help users to connect with health and medical resources over the Internet. By leveraging hard core technologies (e.g. new materials and bio sensors, AI algorithms, data mining, smart wearable devices, cloud services, etc.), we also help "connect" users to the IoT world.

Through leading edge technology and Internet methodologies, we drive the science of human biometrics measurement, self- quantification and help users to seamlessly connect to the Internet. We establish an infrastructure and ecosystem for the health of mankind, effectively connect users with relevant segments of the global healthcare industry, and help people to realize their health and wellness wishes.

To achieve these objectives, we have clearly defined short, mid and long-term goals.

In the short-term, we will lead the global smart wearable industry by being a smart wearable products and services provider with the best-of-breed "Device + Chip + Cloud Services" capabilities.

In the mid-term, we will continue to develop powerful human biometrics analytics engine, establish a health big data platform, and drive the progress of the global healthcare industry.

In the long-term, our goal is to establish a global health ecosystem, and lead the revolution of the healthcare industry world-wide.

After confirming our mission and vision, the next key issue to consider is what are the core principles under which that will guide our path forward. After thorough discussion and considering our company's past successful experiences and future challenges, we established the following core values as the guiding principles for everything we do moving forward: Simplicity, Inclusiveness, Professionalism, and Reliability.

Simplicity is to safeguard Professionalism. Professionalism is the premise and foundation of Inclusiveness and Reliability.

Simplicity is one of our highly promoted principles. It is also part of the successful experience we inherited from our past. It is part of our DNA make-up. Within our company, we must insist on a simple people relationship model to communicate simply and directly to collaborate effectively regarding work issues. When working with internal colleagues or external partners, we shall always be cordial. We should focus only on the evaluation of the process and the results, the root causes and resolution of the issues. We should not have presumptions or be partisan; we do not play company politics or escalate to personal attacks; and we do not magnify or over-analyze issues unnecessarily. We should be fact-oriented, and not beat around the bush or be evasive. We do not shift blame or responsibility onto others; nor do we waste time talking about irrelevant things or fantasies.

Inclusiveness has always been part of Huami's growth logic. By being open-minded, respectful and inclusive to differences, we are able to work efficiently with people of diversified backgrounds to achieve extraordinary greatness together. Inclusiveness is necessary for diversity. Diversity is the root of innovation and a prerequisite characteristic of an ecosystem. Diversity is also necessary to prevent an organization from becoming hidebound, enables the organization to stay receptive to new ideas and continue to be creative. As we become a global company, we need to be inclusive to differences and be considerate toward different opinions. While we maintain the course of our mission and vision, we shall be respectful and inclusive to diversified cultures. Only by doing so can we attract more talents and innovative resources to drive the rapid progress of our endeavors.

Professionalism is at the core of Huami. We have never given up on the pursuit of professionalism and continuous innovation. It is exactly this kind of pursuit that formed the technological accumulation which not only enabled us to survive through difficult times, but also empowered us to grow quickly at opportune times. Technology is the engine of our progress. This requires us to respect and promote professionalism in our work environment. We should be data and fact-oriented, be objective, rational, thorough and rigorous in our work. These are the fundamentals to enable us to develop great products and services that will delight our customers. Professionalism is also an essential characteristic of our company in order to be a "professional payer" in the highly competitive healthcare industry.

Reliability is also our key pursuit at Huami. Only by earning the user's trust and reliance can: a) our products and services be truly successful in delivering values, b) our data to be continuously sourced from users, and c) our pursuit of healthy living to truly benefit the whole society. Only by obtaining the reliance of our partners can we better integrate global resources to empower the healthcare industry, establish a global health ecosystem, and lead the revolution of the healthcare industry world-wide.

The new year is nearly upon us; and the future is bright. As we enter into the next decade, let's keep laser-focused and stay the course to drive the science of human biometrics measurement and self-quantification, and leverage the power of technology to help people all over the world to realize their health wishes!

Fellow Huamians, let's keep up the good work!

Wang Huang
Founder, Chairman and CEO of Huami Corporation
2019/12/30

About Huami Corporation

Huami is a biometric and activity data-driven company with significant expertise in smart wearable technology. Since its inception in 2013, Huami has quickly established its global market leadership and recognition by shipping millions of units of smart wearable devices. In 2018, Huami shipped 27.5 million units of smart wearable devices. Huami has one of the largest biometric and activity databases in the global smart wearables industry. Huami's mobile apps work hand in hand with its smart wearable devices and provide users with a comprehensive view and analysis of their biometric and activity data.

For investor and media inquiries, please contact:

In China:
Huami Corporation
Grace Yujia Zhang
E-mail: ir@huami.com

The Piacente Group, Inc.
Ross Warner
Tel: +86-10-6508-0677
E-mail: huami@tpg-ir.com

In the United States:
The Piacente Group, Inc.

Brandi Piacente
Tel: +1-212-481-2050
E-mail: huami@tpg-ir.com

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