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Interviews & News!

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Technology
Digital Communications
(DFXN-OTC: BB)

DigitalFX International, Inc.

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Amy Black
Founder, President of VMdirect LLC

BIO:

Ms. Black was Founder of helloNetwork, Inc. a leading Java technology development company. As VP of Public Relations and Advertising, Ms. Black helped propel helloNetwork nationwide with coverage in numerous television news shows and

publications, including *CNN Showbiz Today*, *Yahoo! Finance*, *The New York Times*, *USA Today*, *The Hollywood Reporter*, *e-Variety*, *Daily Variety*, *Advertising Age*, *Ad Week*, *Brand Week*, and *Digitrends'* magazines, among others. She was a frequent guest speaker on various tradeshow panels discussing the convergence of technology and communications. During her tenure, helloNetwork received several awards and distinctions including an Addy Award (1997) from the Las Vegas Advertising community, voted e-Company of the Year (2000) from the Internet Business Association of Nevada, and an Industry Appreciation Award from the Governor of Nevada (2001).

Prior to forming helloNetwork, Ms. Black was President of Academic Connections, a supplemental learning center and created various computer programs for testing and dissemination of student lesson plans and for managing the company's business. Prior to these ventures, Ms. Black gained extensive government relations experience as a senior staff member at the California State Legislature and as a lobbyist for one of the top 20 lobbying firms in California.

Ms. Black holds a Bachelor of Science degree from Ball State University, Muncie, Indiana.

Company Profile:

DigitalFX International (DFXN:OB) creates streaming video communication, digital asset management, and social networking solutions, as showcased on DigitalFX network www.helloWorld.com. DigitalFX bun-

dles its proprietary applications with other open source applications and sells them as an integrated suite through an Internet-based subscription model. The bundled solutions include video email, video instant messaging and live webcasting. DigitalFX International, Inc. is democratizing the world of online streaming video and digital media archiving with its flagship product, called *The Studio*. The Studio is an affordable, easy to use solution that enables users to create, transcode, send, manage and store all forms of digital media content (i.e., photos, videos, music, documents). This innovative application is scalable, customizable and highly extendible making it a perfect solution for the individual, small or larger enterprise, including social networks.

Currently, the primary source of subscribers for these applications comes from www.helloworld.com. DigitalFX is expanding its subscription base by offering its suite of communication tools to affinity groups, enterprises and other social networks, using a unique multi-tiered marketing program of Independent Virtual Media Consultants who enroll into a reseller program through DigitalFX's marketing division VMdirect (www.vmdirect.com). In June 2007, the company released its small to medium sized business solution now available at www.FirstStream.com. By providing consumer and business subscribers with its rich and expanding suite of collaborative applications, DigitalFX is facilitating the rapidly accelerating trends in streaming media, social networking,

podcasting and self-generated content. With its dynamic marketing strategy, product affordability, and the remarkable ease of use of its products, the Company intends to simplify the digital lives of millions of subscribers.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Ms. Black, will you tell us about DigitalFX?

Ms. Black: “DigitalFX develops and offers proprietary solutions to help users manage their digital lives and create their own online streaming videos. Our flagship product is called the Studio. The Studio is a web-based solution, meaning it is not a software application that you

have to download and install onto your PC. It is all web-based so no matter where you are, you can access it as long as you have a PC and an internet connection. Once you are logged in through your passport-protected Studio, you will be presented with various icons, each representing a different feature of the Studio, so you can easily Live webcast, manage all your incoming mail and reply with video email, video chat with up to 4 others simultaneously, create podcasts, upload video, pictures, music and more. And once you understand the navigation as there’s never been a product like this one before, it’s easy to use. For instance, live webcasting eludes most business people. When you log into your Studio, you’ll see a ‘live’ antenna. You click on the antenna, select Broadcast > Broadcast Now and that’s it. You’re live webcasting over the internet to anyone online. The end-viewer does not need to have the Studio; all they need is a PC and an internet connection.

Each Studio feature is robust. For instance, with our Live webcast solution, you can present graphic slides, post customized banners for an instant call to action, interact with audience members via two-way text chat, and poll your audience. You can even record your broadcast automatically, so within moments of the

broadcast conclusion, it is available again for viewing. You can even monetize your webcast with a pay-per-view feature.

Each feature offered in our Studio is equally robust. Our email solution, for example, is integrated with streaming video. When I receive a text email I reply with video which always gets a reaction. My email makes an impact. Isn’t that what we all want? Our email also includes an interactive calendar, which can be shared with others and has all the features you want and need for group planning.”

CEOCFO: Who is using your services now?

Ms. Black: “It is all over the board. We have realtors, car dealerships, radio sta-

“Think about this: we are not developing film anymore; our pictures are now stuck on our digital cameras. Have you ever noticed what people do when they take a digital picture? They all huddle around the digital camera and look. Usually it is never seen again because people do not know how to get that picture off that digital camera so other people can enjoy it. We have digital videos stuck on our camcorders; MP3s on portable media devices; and our emails stored somewhere else. Our digital assets are a mess. We make your digital life simple.”

- Amy Black

tions, TV stations, schools, charities, politicians, moms, dads, brothers, sisters, aunts and uncles. Churches love it; someone told me he was raised Catholic, but he has been to more church services now by virtue of going to the helloWorld social network and watching all the churches that are broadcasting online.”

CEOCFO: What sets DigitalFX apart from the competition?

Ms. Black: “There are competing streaming media and digital asset management services, but they are narrowly focused, or are interested in the enterprise side so the consumer can’t touch them. The small and medium size business owner can’t afford them. And no streaming media provider offers all these feature-rich services in ONE solution. Cost is also a differentiating factor. For instance you can pay anywhere from .30

cents to .52 cents per minute, per viewer, to do a live webcast; which may not include your set-up fees, installation fees or the time it takes to get that product into your business. With our product, you put your credit card info in and you’re broadcasting within 15 minutes for only \$9.95 per month. Other products require you go through a lengthy sales cycle, are very expensive and do not necessarily record the content for you instantly – that cost extra, especially if you want it in multiple formats such as Windows by Microsoft Corporation (NASDAQ: MSFT), QuickTime by Apple Inc. (NASDAQ: AAPL) or Flash by Adobe Systems (NASDAQ: ADBE).”

CEOCFO: What are some other features of your services?

Ms. Black: “The next most popular features is our email client. By clicking on the Studio mail icon, you can manage all your web-based email. It looks a bit like outlook except ours is fully integrated with streaming video for easy video reply. So now when I get a text email, I can reply in one click with video. My message can be up to a 4-minutes and I can have my own graphics surrounding my video, like say a 10% off coupon. I could say to my customers, ‘Hey print this page, bring this coupon in and

get 10% off the cigars we have in our store this month.’ It also has email notification, so you will know when your message was viewed. Anybody who is marketing online or communicating online has a need for this kind of product, because video certainly does say it better. Our experience has been that when people send out a video email, the medium takes priority over the message. Typical users state that when they send a video email, the first response is, ‘Wow how did you do that? We can talk about the meeting later, but how did you send me that video?’”

CEOCFO: Tell us about the structure of the company and your fee structure.

Ms. Black: “DigitalFX has three divisions. There is a division called VMdirect LLC, which is the marketing arm of

DigitalFX. The people who market the product are independent virtual media consultants. Our second division is DigitalFX Networks. Under the DigitalFX Networks, we have helloWorld a social network designed so people who use the helloWorld Studio can showcase all their digital assets. Everybody receives their own myWorld page where they can post their own family pictures, music, videos and things like that. They also get the helloWorld Studio for live webcasting and all of the other features we covered, and more, like podcasting. helloWorld monthly subscriptions range from \$9.95 to \$39.95 a month. The larger the account, the more viewers you are allowed in your live webcast and the more streaming and transcoding time you receive.

This year we released FirstStream, which caters to the small and medium-sized business marketplace. The business owner purchases an admin Studio account that allows them to manage sub-accounts for their employees. Best of all, when they send mail from their First Stream Studio, it will go with their URL. For instance, if I am an agent for Century 21 Real Estate Corporation, and I am using the FirstStream Studio, my mail will be from amy@century21.com. First Stream prices start at just \$69.00 and go higher depending upon the number of sub accounts purchased. The third division is called DigitalFX Solutions. We run into companies that say, 'Wow I love that Video IM or that Video Mail, but we don't need the whole Studio. Can you integrate just the video recorder into our product?' Which, of course, we can."

CEOCFO: You are going to meet your customer where they want you and provide what they need!

Ms. Black: "Yes. There are several companies out there that offer a product that sends drip email campaigns as assigned on prospects or clients. Once these companies see our video product they ask us, 'Wow can you integrate your video into our system?' Our answer is 'sure'."

CEOCFO: How much will change and do you see a continued rollout of new features?

Ms. Black: "We have a philosophy here of constant improvement, so every week

we are adding enhancements or improving performance of the product. We have a product roadmap that spans 2 years with ancillary offerings as *we are so over the PC*. It is all about convergence now; it is all about digital devices talking to other digital devices: TVs talking to PCs; PCs talking to cell phones, etc. Our goal is to deliver personal media to all devices by embracing formats that each device delivers. For instance, the Windows Media player format covers 90% of the people on a PC, but you might need Java for viewing video on your cell phone. Our Studio has a very powerful media vault, which allows you to take your Windows Media video and transcode it, or convert it, into whatever supported formats are included in your plan. The Studio currently supports over 122 different audio and video formats."

CEOCFO: What is the financial picture at DigitalFX?

Ms. Black: "DigitalFX's financial picture is quite rosy as you can tell from our 4th Quarter earnings. We had a very good year last year. We grew from a \$5.1 million in 2005 annual revenue to \$22.8 million in 2006."

CEOCFO: Is word-of-mouth a key factor in introducing your product?

Ms. Black: "Word-of-mouth is the only way it is done. Our independent virtual media consultants are grass roots people. They go out and share the products with other people, and then they get paid commissions based on that. It is a multi-tiered program, so if they bring in other affiliates to resell the Studio, they are going to earn commissions from their efforts as well. Therefore, it is all by word-of-mouth. Certainly, we are doing public relations and other things too to help that word-of-mouth process."

CEOCFO: Are your customers primarily in the United States at this point?

Ms. Black: "Our customers are in the United States, Canada, Mexico, Australia, New Zealand, the United Kingdom, and Germany. This year we are expanding helloWorld into 27 retail international markets."

CEOCFO: Why should investors be interested and what should they know that

does not jump off the page when they look at DigitalFX?

Ms. Black: "It is a very difficult story at times to tell as the digital industry is in its infancy still, but the big thing is that streaming video of any quality has been out of peoples' reach and their digital lives are scattered across devices and websites. Think about this: we are not developing film anymore; our pictures are now stuck on our digital cameras. Have you ever noticed what people do when they take a digital picture? They all huddle around the digital camera and look. Usually it is never seen again because people do not know how to get that picture off that digital camera so other people can enjoy it. We have digital videos stuck on our camcorders; MP3s on portable media devices; and our emails stored somewhere else. Our digital assets are a mess. We make your digital life simple.

"Investors should also realize that there is not one competitor that does everything we do. If you look at the competitive landscape, you have Webex™ Communications, Inc. (NASDAQ: WEBX), that offers an enterprise, webcasting, web collaboration solution, but they do not have email, video mail, IM or automatic archiving. On the email side, you might have a company like Comcast Corporation (NASDAQ: CMCSA) that is providing their customers with a video email product or Outlook which has a plug-in for video email, but this solution doesn't offer live or Video IM, podcasting or blogging. No solution has bundled everything together like the Studio does so cost-effectively."

CEOCFO: You are all things digital to all people!

Ms. Black: "That's right! What we are doing and this might be the key, but the streaming video marketplace has never really considered the consumer as an avid user of these types of services. Some may say 'hey I just got this camera and they advertise ways to broadcast live, chat with my friends on IM and video email.' Well it's not that easy and some of the solutions offered are not really a solution. For instance, with the video email you can only send a 30 second video uncompressed video file attachment that will be deleted in 30 days. Most video messages

never get to the intended recipient, because they are too large to go a basic email account. What we have done is make the world of streaming media, social networking, digital asset management, collaboration, media storage, self-publishing and self empowerment, all

available to the consumer in one product for only \$10.00 a month.”

CEOCFO: In closing, what should people remember most about DigitalFX?

Ms. Black: “Our purpose is to empower people with the ability to self publish

their own streaming videos, live or recorded, and to publish and store their own digital content in a flexible, easy-to-use, cost effective solution. We give everyone the power of the television network with the click of a mouse.”



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