

CEO CFO

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By Creating, a One-Stop-Shop for IT Services and Products, Frontline Technologies Inc. is Able to Provide a Secure, Reliable and Lower Cost Environment for Customers in the Professional, Financial and Investment Banking Communities Across Canada and the United States



**Technology
Financial Services
(FLC-TSX)**



**Hoss Astaraki
Chairman & CEO**

BIO:

Frontline Technologies vision is directed by Hoss Astaraki - Chairman and CEO. He is responsible for the strategic development, innovation and application of new technology, telecommunication, as well as ensuring customer satisfaction. Under his lead-

ership, the Frontline Technologies team has met the overall business-technology, communications and corporate needs of financial industry leaders such as Genuity Capital Markets, Wellington West, Jennings Capital Markets and Versant Partners among other reputable companies.

Company Profile:

Frontline Technologies is an established, innovative technology service company serving the professional, financial and investment banking communities across Canada. Frontline Technologies provides IT infrastructure support, managed services, technical support, hosted environment including email and file servers, remote backup, VoIP services, ISP, disaster recovery and much more — a suite of services designed to comprehensively meet the technology needs of its clients. Frontline Technologies services comply with applicable regulatory bodies thus providing the client with reliable technology and support.

Frontline Technologies is the leader in fully managed IT outsourcing service because it offers the client “one stop shopping” options. An array of services can be accessed through one reliable provider – Frontline Technologies. In addition to convenience and reliability, Frontline Technologies provides superior customer service, builds strong partnerships, and continuously develops innovative technologies.

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

CEOCFO: Mr. Astaraki, there have been some changes to Frontline Technologies over the past year or so; what is the situation now and how has the integration been completed?

Mr. Astaraki: Frontline Technologies is a managed IT outsourcing firm, so we have gone through massive growth and we have done some of it by mergers and acquisitions. Eighteen months ago, we purchased an application company that had an order management system for the banking industry, for the institutional desks and trading desks. Then early this year we did a merger with Belzberg who had an application that allows traders to perform their trading on the market. Combining those two applications with the IT infrastructure and the outsourcing that we have, Frontline has become the only such firm providing the vast majority of services to different banking services, starting in Canada and moving into the United States.

CEOCFO: Frontline is an established innovative technology service company; what is innovative, what is a little different?

Mr. Astaraki: Let me give you a very simple analogy. Thirty years ago if my father wanted to finish his basement, he would have to go to different locations to purchase different parts. Dry-wall would have been one store, lumber would have been another store, plumbing and electricity would be different stores. Everything would be in

different places of the city. Then this big company came along called Home Depot that had everything under one roof. So now you walk into one place and get everything under one roof. Technology was the same way. Until recently, one would go to specialty companies and would get them to do what they do best, the customer had to concentrate all the efforts on different providers. That mentality is changing rapidly because the finger pointing, the outages, and all those things are causing so many issues. Finger-pointing is a major issue where one vendor points at another vendor and another vendor points to another vendor, so a simple problem that could be solved very quickly takes days to be resolved. In Frontline, we brought everything under one roof and that helps to solve issues such as support and cost. Importantly, it lowers the cost; because of the huge economy of scale, helping you and the fact that Frontline is the "Walmart", or "Home Depot", of the technology world. It is also important to know that we provide and create a lot of our own in-house applications, instead of having to go outside using other vendors and providers. Our in-house technology is created at a lower cost, and if we build it, we know how it works and we can fix it faster should it have problems. We do not have to point fingers at other providers.

CEOCFO: Do potential customers know about Frontline Technologies and that you are the full-service place to go or are you still working to get the word out?

Mr. Astaraki: Frontline Technologies has not had a salesperson until early this year. We were a simple word of mouth company. We were doing very little marketing, but now we have a very strong sales force out there. We are putting the word out and we are spending a lot on marketing. So the word is getting out.

CEOCFO: Do most customers sign on for the full range of services or do they start with a piece and escalate?

Mr. Astaraki: At first 80% or 90% start small, but almost immediately grow in the services they render from

us. They come in looking at one service and then they find out about everything else, and want to take the whole thing on. Almost all customers take on the full service once they know of its existence. I can easily say 80% to 90% of our clients take on the whole suite, because it just makes sense; it cuts their cost by so much. The year 2008-2009 were the biggest growth years for us, 2011-2012 will be another one. Everybody wants to cut costs, and we are the only one that can do it with the model of service we provide.

CEOCFO: Would you tell us about Frontline's customer support, which is so important to customers and potential customers?

Mr. Astaraki: Absolutely! For years, that is all we had and still that is the only thing that we rely on. It is what was so huge in the word of mouth marketing used early on in our business. We do not wait for a client to

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tell us to jump, before they say jump, we are already in the air. Customer service is number one, and it is valued the highest of all. When a customer calls, we provide the best service. Usually IT departments are known to be harsh on users, I have seen it. I used to be an IT support person myself ten years ago, and trust me when I say we were harsh toward some users. However, we are not that way here, because we cannot be. We are not their IT department; we are service providers, so we have to deliver it with a smile. In addition, we have to deliver it quick as our jobs depend on it, just like every other service department or any other service company.

CEOCFO: Do you find there is still a trend towards outsourcing or are most of the potential customers already working outsourced and just looking to make a change?

Mr. Astaraki: Most customers are not outsourcing. Most of the clients we target or our base clients, are tradi-

tionally small to mid sized companies who either did it in-house or via internet provider outsourcing. Companies have not yet realized the cost savings in outsourcing with Frontline where all their needs can be met at one point of contact.

CEOCFO: You announced a new client recently, the Investment Industry Association of Canada (IIAC), would you tell us about that?

Mr. Astaraki: They are a significant and reputable association within the industry and for them to trust our service and technology means a lot on the streets. If they are willing to work with Frontline, it means potentially all of their clients and partners can render service from us as well with peace of mind. We have managed to cut their IT costs, so I can confidently say they are very pleased with what we have provided them.

CEOCFO: Do you need to ramp up your personnel as you take on more and more clients?

Mr. Astaraki: Absolutely! We cannot find enough good people. Some of the clients we are taking on who had an internal IT department be hired by Frontline to continue servicing the company and other clients on our roster. For example, a client that has 50 internal IT members will go on to have for or five of them hired by Frontline.

CEOCFO: Security is always and will continue to be an issue, how do we know what Frontline is doing is secure?

Mr. Astaraki: Security is the most important part of our business. Security is the number-one thing to look at. We have internal teams whose sole duty is to challenge the integrity of technology and fix any issues that may arise. We are pro-active in this area not reactive! Cloud computing is a big term in the industry right now, ours is Private Cloud Computing because everybody has their own cloud, they are not touching anybody else, they are not touching anything else. The design is integral and priority for us followed by constant integrity testing. We use Cisco and Juniper - they

are very well known security systems.

CEOCFO: Are you planning for additional acquisitions in the future?

Mr. Astaraki: Absolutely!

CEOCFO: Are there any particular pieces that Frontline is looking to fill in?

Mr. Astaraki: To remain relevant we must continue filling in spaces in the market or services that we provide. As you can imagine we have many competitors and yet not a single competitor. What I mean by that is there are so many things that we do in-house, so many services that we provide, and every single service has its own competitors out there. We provide a web service, and there are competitors that provide web service only, we have a trading application, there are competitors that provide trading applications only, we have OMS, there are competitors that provide OMS only, and so on. We do all of that in-house and every single vertical has its own competitors out there, but there is not a single competitor that does everything we do under one umbrella. So our advantage is to keep these verticals strong and up to date. We must continue to fill in the pieces for customers as they define their needs.

CEOCFO: You mentioned moving into the U.S. market, do you have concrete plans on that?

Mr. Astaraki: Absolutely! We are already in the U.S. markets but on a smaller scale. We have and continue to bring on clients that have U.S. offices or want to open offices in the U.S. We now have a sales team in the U.S. whose sole focus is to expand our services south of the border. It is easy for us to grow the infrastructure as it is already in place. We are going to keep growing it and providing the same service, we are providing Canada to the customers in the United States.

CEOCFO: What is the financial picture like for Frontline Technologies today?

Mr. Astaraki: If you look at the financials that were released, it does not look strong, but the financials are well. We have very strong financial backers and we have realistic goals. They put their trust in us and they know what we are doing will pay off. Therefore, financially we may not look too good on paper, but that is not the reality of our future. With all that is taking place and will be finalized in the near future financially, we will be much stronger than anybody anticipated.

CEOCFO: Why should potential investors be paying attention to Frontline Technologies today?

Mr. Astaraki: Our future is bright, in the last while since the merger time has been spent on identifying areas

that require focus, cuts and additions. Now that much of the assessment is done and the resources have been put in place to realize those goals one can only move aggressively in one direction and that is in the direction of success. Belzberg nor Frontline ever had strong marketing but that has been revamped and we will no longer be relying on the word of mouth type marketing. In the IT outsourcing world, the minute you break even everything going to the top line really means it is going to your bottom line, because once your infrastructure is set, any new client just means you are adding more bottom line. So the numbers are going to change rapidly and it is going to look much stronger in the near future. The pipeline alone in the last three months since we began our marketing campaign is three-times our annual revenue. Even if half of that comes to fruition we would be twice as big as what we are now.

CEOCFO: Final thoughts, what should people remember most about Frontline Technologies?

Mr. Astaraki: Look out for Frontline. To our investors, we are not going anywhere. We are stronger and better than we ever were. We have a strong team behind us, and we have a lot of potential when it comes to growth.



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