

# CEO CFO

**IN Media Corporation**  
2901 Tasman Drive  
Santa Clara, CA 95054

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## **More Than Just An IPTV Provider, IN Media Corporation Is Focused On Bringing The Information Age To Areas Such China, India, Sri Lanka And Africa With Services That Include Internet Access And VoIP Services**



**Services**  
**CATV Systems**  
**(IMDC-OTC: BB)**

**Dr. Nitin Karnik**  
**President and CEO**

**BIO:** Dr. Nick Karnik is a technology entrepreneur with strong technical and marketing background in media and technology businesses. In early 2003, Dr. Karnik saw the need for a seamless IPTV solution; therefore, he evaluated and investigated IPTV technologies and built software for IPTV transmission in MPEG4 H.264, including reference hardware platforms to reduce cost and improve bandwidth needed to transmit channels via the Internet. His vision for IPTV induced him to design new hardware and software platforms for cost effective delivery of content. Dr. Karnik also acquired a large library of content from Hollywood, Bollywood and the Chinese Entertainment industry in order to supplement the IPTV hardware and software platform. Over the past 5 years, Dr. Karnik has built next generation set-top boxes and encoders for IN Media for a global delivery platform for content and services. Dr. Karnik has over 20 years of experience in information technology and media companies. Nick Karnik holds a Masters degree in Business and received his Ph.D. from Mumbai University, India.

### **Company Profile:**

IN Media Corporation is an integrator of Internet Protocol Television (IPTV) services and content for major platform and service providers (e.g. cable, satellite, internet providers). IN Media provides a combination of products and services: set-top box hardware and software services, manufacturing of the set-top boxes, library of content, and content aggregation for platform providers to implement an all-in-one solution for IPTV services.

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

**CEOCFO:** Dr. Karnik, what is your vision for IN Media Corporation?

**Dr. Karnik:** IN Media Corporation is bridging the digital divide between the people who want the information age to come to them, and technology in the areas of entertainment, edutainment and infotainment. They should be able to get the right tools and technology on their devices so that they would be in the position to get the jobs and uplift themselves in terms of their current situation and a solution. So we are focusing not just on general purpose products in the entertainment industry such as IPTV, but we have a specific charter and mandate to provide the tools of technology to those who are lagging behind. That is the whole reason we are not focusing on the United States, but on those markets and people who haven't yet gotten to the information age.

**CEOCFO:** So what countries or regions are you focusing on and how are you approaching it?

**Dr. Karnik:** Our focus now is China, India, Sri Lanka, which is an island country in South Asian, and Africa. These are countries where a lot of people have cell phones and technology. So we would like to reach out to the villages and the hamlets where with the technology that we have, they can use it to get knowledge and information. For example, we approached China through the government side, through the cable operators and through Bank of China, with their banking infrastructure who are in the process of providing micro-financing. So we worked very closely with these agencies who provide micro-financing in various countries and as a part of this whole ecosystem, we provide a solution. Typically, when you look at devices such as this Tabled PC that we launched, and compare it to what the iPad is today, it is part of the upper market, so people have to have it as a status symbol. We had a similar product, but one that is meant for different market. So when we approached China it was meant for people who want to learn English and a foreign language to get a job in the Call Center. This is because China is now developing a lot of service industries. The same thing happens with Africa in those villages, with the micro-financing delivered by those organizations, their village should be able to provide internet connection. For example, in Africa there are people who are producing and manufacturing products, having their own distribution and sales channel needs. You have Ebay, but Ebay has not reached to Africa, so how am I going to be an enabler for Africa. If the village gets internet access through our technologies and we have a satellite system to provide internet access with one dish there, which is pretty cost effective,

they in turn can provide their products and services to the world market. So what Amazon.com has done for books, is the same thing that would happen using these web based services. People in Africa, \$2 a day or \$1 is a big thing compared to what we look at. Another example is people on assisted living, such as people of old age; I can give them this Tablet PC and let them talk to their friends and family with video conferencing using a web based service. So that is a service that I am able to offer them. At the same time someone out there in another part of the world such as a nurse, is able to monitor the vitals of this person who is at an assisted living facility. It is a communication system that we provide. It is a different market and we approach it in a different way than what the conventional market, which is what we are seeing over here with Comcast and AT&T, Verizon, Sprint, Motorola and Cisco. It is a different strategy that we have adopted and we are going there as enablers to those people because they need technology.

**CEOCFO:** Are they looking for ways to do this or are you suggesting the whole concept?

**Dr. Karnik:** They are looking. I travel to China, India, parts of Africa, Europe, and other countries that are trying to be a part of the European Union and everyone is trying to be on the digital map for the information age. I noticed that everyone has the same issue, and that is how are we going to generate jobs? The employment factor is important, so that is something that we are focusing on. The IPTV Set-Top Boxes are hooks to bring entertainment to them, but the entertainment is just 20% to 30%, because there are other services that are very critical. So that is what we have done with it and provided and that is our vision and focus.

**CEOCFO:** Are you providing services today or are you still in the planning stage?

**Dr. Karnik:** We do have some services that we are already providing to some parts of China, so that is already there and not in a planning stage, and in other countries, it is on their radar. We have been working for the last four and a half

to five years to provide the solution mix, because we are a solution provider. We don't give piece meal solutions; it is a complete solutions package what we offer in terms of video, voice, communication, software of course with these movies, television shows and on-demand content. What we offer includes the backend system where if you have a satellite system to encode and decode the content, then you can offer our complete package to a large number of people.

**CEOCFO:** With such a wide range of places to offer services to, how do you decided where and who to approach? Who are you targeting more specifically than just the general markets?

**Dr. Karnik:** Six years ago when IPTV was ready, I was making the rounds of the cable companies here, the telco companies here and the usual people like Comcast and AT&T, to see whether they can provide the simple Set Top Box that we have, so that people on the internet

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**- Dr. Nitin Karnik**

could watch television. Everyone was saying that this was not possible, and this cannot happen in Europe because people want cable, and internet is far away and not going to happen. Then we went to India and China, and we approached the cable providers, because cable companies were hurting because the telecom companies were also getting into the entertainment sector and providing live television channels. So we went and partnered with a couple of cable providers and offered to provide them with additional revenue opportunities by getting these IP services such as telephone. Then they could offer bundled services as well as on-demand content, which they were not providing. They can also provide the ISP, so an internet service to their customer and their average revenue will increase. They were charging \$7 or \$8 per customer, but that could go to \$18 per customer, and was something that they liked. So that was the beginning. Then we looked at the various solutions and asked, "How am I

going to address different verticals and different solutions if you have a big push for digital signage?" These big TV and digital monitors that are showing up everywhere and we cater to that solution because we have a product, the High Definition ready, which will be something great for this. Then we looked at other solutions and asked what we can do for call center people so they can use this product. What can we do with this telecommunication and conferencing product? So we started looking at the market segment and one by one we started attacking the issues and that is how we came up with our solutions where it is not one size fits all.

**CEOCFO:** I see that you just announced a major order for your Set-Top Box.

**Dr. Karnik:** It was in India and China, because that was my background since I was born in India, although I am now an American citizen. India has only 3% or 4% of the PCs unlike the US, which has 20% to 25%. So we started pushing these boxes, where they were subsidized more, and it allowed people to watch television content or on-demand content. In addition, the Set-Top Box has a browser, which makes it a large computer, so you are able to search for websites and check your emails. You can also have a telephone system and other services that we have. So that is what we have been doing. In Sri Lanka it is a slightly different approach because after this whole war the country is on the path of progress. So they wanted to push this digital age, but the first part is the entertainment dealing with the Set Top Boxes where people would be able to get their basic needs of the television channels from not only Sri Lanka, but also from India and other parts of the world like Australia and Singapore. So we provide a solution there that starts with our ultimate thing, which is to get into this kind of market is the entire country. The classic example of Sri Lanka is hardly .1% of LCD televisions introduced in the country, but over here, the LCD televisions are a standard because the price has become very low. If those products need to be pushed out in the market, then it cannot be sold in isolation. You need to have the

digital touch machine, and you need to have the high definition content to go with it. So that is the whole packaging and what we did was put it together and provide a service to the whole nation. We just started pushing these boxes, but our ultimate goal is for all of the households to be covered in the next couple of years. It is used to take time to go from one million to two million, but as the world has become so flat, information is able to reach every single corner of the world. So I wouldn't be surprised if the entire population would be a part of this new ecosystem that is emerging.

The broadband has definitely changed the world. So using the same infrastructure that is out there, Sri Lanka is doing great because there are companies who are now pushing the whole country wide WiMAX and that is amazing. Sri Lanka is a small country, where the cost of infrastructure is very high because laying cables is difficult, especially looking at the terrain. However, providing wireless communication is fairly easy and less time consuming. So there are many players who are putting the infrastructure in place and we come and join with them at the part of the infrastructure saying "Let us build a super structure on top of your existing infrastructure and provide a solution to people in a very cost effective way." That is where I was telling you about the micro-loans and the other things, because people are not going to bear the cost of \$1,500 or whatever the prices are. So it has to be inexpensive and it has to be backed by a technology savvy service component and that is our business model. We don't want to make major money while we are selling the box, because the hardware margins are pretty low. However, the servicing dollars makes it sticky and that gives you more avenues of generating more revenues on a recurring basis. There is also the opportunity of direct advertising and the interactiveness of the Set-Top Box. You can have two-way communication that can be established using this box, which is better for the advertisers to push their product directly to the end customer. So that is something that is very compelling to this next generation world. The direct appeal is very good rather than mass marketing; because the ecosystem is built around the individual, the customer and

individual, the customer and his wishes, his wants and his needs are being taken care of. So we have a solution for all of this.

**CEOCFO:** Getting projects off the ground is typically expensive; what is the financial picture like for IN Media today?

**Dr. Karnik:** I started this company with the funding from our own means that were available, but now the company has established sound footing and we are getting our partners involved. We are also now having the vendors who are coming in as partners, who are providing us with support. We are doing a good financing deal, buying from the microfinancing organization because the customer is not willing to pay the entire amount of money. For example, \$499 or \$600 is the cost for an iPad, and how many of such people in other parts of the world can afford that? However, we can offer a similar product that has much more functionality than that in terms of interactivity and some content added together, and offer it at a minimum price, at for example, \$99. In addition, they can use this product, but pay a rental fee to this agency who is giving you the loan and then you pay a monthly subscription fee for the next two years. This model works for us because at the end of the day, it is a number of subscribers. That is how we look at it; how many subscribers we have, and not how many units we sold. This is because we are not in the business of just selling hardware and then walking away with that 3% or 4%. We are in the business of offering solutions where people will receive a benefit. Therefore, they will clearly enjoy getting more products and solutions. We would be the enablers to go to these solution providers, just like Google market. Somebody else is providing the software and it is coming through one marketplace. We would like to do a similar thing, especially when you look at simple education courses, such as people who would like to learn English. My example is that I worked in India for some of these the call center people, when they were doing this outsourcing thing. For phase one support, you don't need to be technically savvy. These are basically questions that when the consumer picks up the phone and dials a 1-800 number you want some human response from the

other side saying 'what can I do for you today?' Rather than pressing those numbers. That is where the whole issue is, which is that someone who can speak English and help these guys, whether it is hospitals or telemarketing guys, tele-medicine, or your travel-related needs or simple banking related needs. The first level support is very easy to do and that can be handled by someone who just finished high school, as long as he knows the job with regard to which screen and what questions to answer and then if it has to be escalated, you always go to the next level.

**CEOCFO:** Do you do much investor outreach?

**Dr. Karnik:** We are just starting the process of reaching out to the investor community.

**CEOCFO:** In closing, why should potential investors consider IN Media?

**Dr. Karnik:** First, investors should consider IN Media because this is a next generation company, providing and bundling existing technology and pushing it to a wide number of customer bases. We are taking the road less traveled, but that is rewarding because we are getting more traction than what you can find out there in the market. I am reaching out to millions of people out there and that is my customer base, which is a low-hanging fruit. Secondly, an investor wants to see that a solution is scalable, and we do have a solution that is scalable because we have the outcome of the last five years of efforts. So we understand the customer and we have created a solution tailored to that need. In addition, the investor wants to see something that is repeatable, and that comes from whatever experiences I have from our customers based in China. And I can repeat this same experience in Africa, Sri Lanka, US, Canada and other parts of the world. So we do have a repeatable solution. Finally, investors would like to see that once the money has been pumped in, it is sustainable and not just pushed in some boxes and then die. Therefore, we have a very sustainable business model and we have a model where we get recurring revenue, which the investors would like to see. It is not just one customer I signed and it is not a one-time deal. It is pretty enduring and

people like to see the return on their investment, which we are doing by reducing our cost, by not increasing the overhead at the same time keeping the price of the product low.

Our market segment is different, because I am not attracting the people that like to see it as a wow-factor. I am attracting those who really need this product. I get satisfied seeing that this product is being used by some guy in Sri Lanka and China, who sees the things that are happening there on the net and says, "Hey this is something that I can learn from. It is something that I can talk to some teacher out here in the US who is going

to teach me how to speak English." That connection is what we provide and that is more satisfying and compelling. We are building the company based on these individuals coming together to build a community, to me this Tablet PC, this IPTV and this customer base is a portal. It is no different than what you see on these social networking sites because I am building a community of fifteen to twenty million users in the next two years. That is the whole plan and once you have the 16 or 20 million community, all the people that really need the services, well guess what? A lot of people out there are people to which companies would like to push their product to the

various markets. They are the ones who will be in position to push there products. So Kellogg's or Caterpillar will be in position to push their products to someone in Africa or China. So what I am trying to do is bring these buyers and sellers together by offering these tools to various communities as a bridge between the haves and the have nots. That is the satisfaction that we get, rather than competing in this local market. We are not at all in the United States.



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