

The Most Powerful Name In Corporate News and Information

Ivrnet Is A Communication Company That Focuses On Voice Applications And Services That Enable Other Companies To Automate And Improve Their Internal Processes

**Communications
Intelligent Business Applications
(IVI-TSXV)**

Ivrnet Inc.

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**David Snell
President**

BIO:

David L. Snell is a professional engineer with a B.Sc. and M.Sc in Electrical Engineering. Prior to its amalgamation with Ivrnet Inc., Mr. Snell was the President and CEO of HMC Internet Solutions, a role he held on an interim basis from April 2002 to August 2003. He is a founder and former Vice Chairman and CEO of Electronics Manufacturing Group (EMG), from 1996 to 2001. EMG is now known as Adepton Inc. and is a TSX listed electronics manufacturing company. Through his first 39 months at EMG, Mr. Snell led the company through eight financings, a public offering, three

corporate acquisitions, and expansion from Lethbridge, Alberta to Calgary, Alberta and Markham, Ontario. During this time staff increased from six to 350 with revenues increasing from \$450,000 in the first year of operations to over \$35,000,000 in its 4th year. Prior to forming EMG, he was Vice President of Production and a director at Wi-LAN Inc., a TSX listed research and design firm in the wireless data communications industry, and Vice President at Cell-Loc Inc., a TSX listed wireless location company. In addition to these roles, Mr. Snell has acted as a director and advisor to several public and private technology companies. During his career, Mr. Snell has been recognized by *Profit* magazine for creating one of Canada's fastest growing start-ups, *Alberta Venture* magazine for creating one of Alberta's fastest growing companies, and has been a finalist for Entrepreneur of the Year. In 2001, Mr. Snell was elected to the 'Top 40 under 40' list of greatest contributors to the City of Calgary. Mr. Snell has appeared nationally on CBC news, live on ROBTv, and has been in numerous print articles, radio and local television interviews to talk about technology.

Company Profile:

Ivrnet Inc. is an advanced communications company that develops and operates intelligent business applications on the traditional telephone network and internet. These applications facilitate communication between individuals, mass communications, as well as communication between people and automated systems. Ivrnet is based in Calgary, Alberta.

One of Ivrnet's primary missions is to take complex applications and deploy them in ways that allow clients too simply and seamlessly control there func-

tions, just by issuing voice commands. With Ivrnet, anyone can work in real time using that most original and comfortable of user interfaces – the human voice.

Ivrnet connects our client's applications to intelligent agents through a simple phone number, using speech recognition software, voice biometrics, and other tools to listen, understand what a caller wants, and then take action to address this need. The human voice becomes an effective and efficient tool to better manage a customer interface – to book appointments, to enter new data, to manage inventory, etc.

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

CEOCFO: Mr. Snell, what is the vision for Ivrnet today?

Mr. Snell: "We are a communication company that focuses on voice applications and services. Our goal is to build out a set of communications applications and services that let companies find new ways to automate and improve their internal processes and the way they communicate with their customers and their shareholders; stake holders of all sorts."

CEOCFO: What are you actually providing and to whom are you providing it?

Mr. Snell: "What we provide on a hosted basis is a number of services and automated voice applications to improve communications. The easiest way to describe what we do is actually to give you a series of examples. But first, our primary guiding principle is that the only truly ubiquitous form of communication and technology today is the telephone. We all, as humans, use our voice as our primary

way to communicate, so our view is that if Ivrrnet can automate a service using nothing but the human voice, requiring no technology other than the telephone, Ivrrnet can automate that service for everybody. For example, our first business that we engaged in about ten years ago was automating the way golf courses book "Tee" times. The industry had a big problem trying to find better ways to provide access to their members and guests for "Tee" times. Therefore, we built a system that allows a golfer to call in 24 hours a day and simply use their voice to request a time to play. Ivrrnet's application automatically searches through the golf course's tee sheet, reviews a series of very complex rules for each person who wants to golf, identifying what their privileges are, what times are available, etc. Some are going to be restricted based on the times they can play. In real-time we present the best options to the caller, book them a time automatically, and give them results in one minute or less.

Using nothing but a golfer's voice, and asking a couple of basic questions over the phone, we can eliminate the need for pros to be on the phone booking "Tee" times. This allows them to be out on the course working with clients doing what they do best, which is adding value to the member beyond simply routine administration. Perhaps an easier to understand example is where Ivrrnet automates data collection for six hundred merchandisers across the country. These merchandisers are tracking magazine sales and inventory in various stores and chains, such as Wal-Mart, 7-11, or various other stores that may be on their route. They will call in to Ivrrnet's application from a phone in the store, log into the merchandising application with their voice, and then get asked a series of questions about the magazines that they are responsible for in the store. The merchandisers simply answer those questions, and their information is consolidated in real-time with the other 600 of those merchandisers and pushed into the ERP system of the merchandising companies, who can actually deliver information in real-time to the publishers of

those magazines as well. What used to be a very time consuming and laborious process of data collection is now completely automated by simply allowing merchandisers to speak to a system with nothing but their voice. They don't have to learn any new skills, it works anywhere in the world, and it is all in real time."

CEO/CFO: Many automated voice systems seem to miss the mark. How are your applications able to prevent someone calling in from having to repeat several times and still not get the correct connection?

Mr. Snell: "I know what you mean. There are two components to the voice applications. There is the science behind them, which is how the technology works, and there is the art of it, which is making it work well. A lot of companies forget about the art, and where that

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comes in is properly constructing questions and messages so that when automation is asking a question it can help you limit the types of responses you need to give. That way it can understand 100% of the time what you are saying. If the application can phrase things where you only need to answer yes or no, or if it can set up a short quick process that you can be done in ten or fifteen seconds, versus having to wade through these long automated messages, the application will be very easy to use. Anybody that has phoned directory assistance these days understands how tough this is. You can be buried in a system for minutes if not hours sometimes. The art is really focusing on making the flow very natural, very human-like. The ultimate goal of what we do is to make an automated system as simple to use as if you were phoning me live and I was helping you as a person over the phone. We use things like voice biometrics that don't just identify what

you are saying, but identify who you are while you are saying it. You call in, and rather than having to enter a long complex password, you simply say your name, the system recognizes you and then proceeds just as if you were calling me and talking to me personally. We are adding elements of what we call intelligent agents through those applications to really try to emulate what a person would hear and how they would react. Building that into the application, we can actually make it a very human experience.

There have been three basic tenets that we support; the first is what I said, 'only the voice that is truly ubiquitous', so I need to be able to interact with people using voice. The second is 'I can't require you as a user learn anything new.' If I require you to learn anything new it becomes cumbersome, it becomes a barrier. The third is 'I have to react to you and do things your way, not force you to react to the system.' So if you ask a question I need to respond to that question with a little bit of intelligence as opposed to forcing you down a really structured and rigid path. If I empower you as a user, if I don't require you to learn anything new, if I can react just to your voice, then I can make it a very simple and

pleasant experience. There is actually a fourth tenet that is beginning to evolve, that states, 'I need to be able to give you instant satisfaction'. If you call in to book a "Tee" time, it is no good to take a request and get back to you later; I need to deliver a result immediately. If you are a merchandiser calling in and you need to enter some information, I need that information entered in real-time. The results need to be live and instantaneous. As long as we maintain those key points, we find we can actually make any system pleasant to use, and we free people to apply more human intelligence and more value-added in their interactions. If you go into a doctor's office, or to get your car serviced, there is nothing more frustrating than having the receptionist on the phone while you are there in person trying to get some help. If our automation can help with the routine tasks such as taking appointments, those people are

now with us live providing more value. What we find is that we can increase personal touch and personal experience through the use of automation.”

CEOCFO: You have a broad market opportunity; how do you find customers?

Mr. Snell: “From the company’s operational view, the entire platform is built out so we could provide service for any customer across any market. In taking those tools to market, however, what we have found is a series of partners. In the automotive world we partner with a company that is one of the largest suppliers of automotive software to dealerships. We have helped them understand our tools and value. We support them in taking those tools and technology into the automotive industry. We have done the same in recreation; in golf, for example, we have a company that specifically sells our solutions to golf courses. We have had to approach the market in a very segmented way because there needs to be a lot of detailed understanding of the client, and their business processes. There needs to be some expertise within the market vertical even though the tools themselves apply across many different verticals. From the sales and marketing point of view, we are increasing the number of verticals we serve, because new technology can be applied anywhere. We have some telecom partners that help us with solutions such as disaster recovery systems, where, if somebody’s phone lines go down, calls forward over to us and we can handle all the calls gracefully. We can process the calls and deliver messages and information through other means such as a client’s email system. We sell many of the same services through carrier partners, through telecom partners, and through our automotive partners. We also have a direct sales force that looks for enterprise accounts that we think are outside of any existing vertical.”

CEOCFO: What is the competitive landscape like; are you able to patent or protect your technology?

Mr. Snell: “It is a fairly broad landscape. There are certainly competitors out there, but at the same time, with many of the companies that we work with, what we are really competing with is the older way of doing things. Therefore, we find that it

is not so much us competing against other carriers or competition, it is really sitting down with clients and understanding their needs and finding the right solutions for them. It becomes a more collaborative process than competitive process. We find that a lot of the people that have the capabilities to provide what we have tend to be large carriers. They do an excellent job in their markets, but they tend to focus on a different market than us. They focus on the big markets, where we will go in and provide solutions to mid-tier clients for whom it might not be as appropriate to deal with the large carriers. There are smaller companies out there, but I don’t think many of them have the same focus on the human side of the business as Ivrrnet. The voice companies out there all do good work, but there is such a large market that we rarely run into competition these days.”

CEOCFO: What is the financial picture like today?

Mr. Snell: “It is nice actually. We have gone through a long building process and have raised a lot of money to build out the data center that we run. We have put about \$10 to \$15 million into that data center. Six of the last eight quarters have been cash flow positive for us; half of them have been net profitable. We have left the start-up phase, and are moving into the longer-term operating phase. We see the current market actually being good for companies like us. Because of the little bit of turbulence that is going on, people are looking for new ways to do business; they are looking for new ways to be efficient. We invariably find one of two problems with most of our customers. The first problem is when they can’t find staff as, particularly in our local region, there just aren’t people available. They need to find ways to reduce people’s workload. We also find markets where companies simply can’t afford new staff; they are being squeezed, times are tougher, and they need to find ways of delivering services more efficiently. We actually have found the last couple of months are busier than ever for us. We are getting more and more requests for service.”

CEOCFO: How are you able to handle the increased usage of your services?

Mr. Snell: “A lot of it comes down to the capacity of our data center, and we built that to handle quite a bit of growth; designs are based on a very modular structure. We don’t have to go and add million-dollar phone switches; we can simply add 50 to 100 line capacity at a time. Very easily, we can add new technologies in to the data center as well. We also believe that this is going to be a good financial environment for us. There is a lot of turmoil right now, but we are optimistic that the market is going to find bottom and money is going to come back in the market. There are going to be a lot of people looking for solutions, from an investment point of view and a client point of view. Perhaps we are the eternal optimists over here.”

CEOCFO: There are many companies to pick from; why should investors choose Ivrrnet?

Mr. Snell: “There are three basic things people are going to be looking for, and first are cash flow positive companies. From an investor’s point of view I know I don’t want to be investing in a company that I am going to have to reinvest in to support it and keep it going. Ivrrnet crossed that start-up phase several quarters ago and we are now, and have been for a long time, self-supporting. We are growing on revenue, not out of shareholder investments. We certainly are a good fit for that first point. Secondly, our view was we didn’t want to engage the market too early, so we stayed out of the market until we could come to the market and demonstrate not what we are going to do, but what we have done. We have really just begun our campaign of letting the world know who we are, where we are, and what we are doing, because we feel we have real solid credentials behind us now. We would rather go to investors and explain to them what the future holds based on the successes of the past, than go to them and tell the story of why they should take a risk. We haven’t engaged the market too early, which suggests that we may be a good buy. Because we are at the beginning of our life cycle there is a lot of growth ahead that we believe we will realize over the next couple of years. One of our partner’s jokes that it is easier to grow from 20 cents to \$2.00 than it is to grow from \$200 to \$2000. We are be-

yond the start-up high-risk phase; we are cash positive and feel the financial markets are looking at a combination of growth potential and security. Finally, we don't believe investors want to be investing in something that is all or nothing. In this market, we don't think they want an investment that is worth \$500 million if it

succeeds, but zero if it doesn't. We think this market is the right one for us."

CEOCFO: Final thoughts, what should readers remember most?

Mr. Snell: "The one point I always try to convey to people is that anything can be automated and improved if you focus on

one really simple concept: that human voice is the best way to communicate. It is what we are used to and what we will always do as people. Ivrrnet's focus on that voice is what differentiates us."



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