

**KIT digital, Inc. Is Focused On Being The Leading Provider Of Video Asset Management Solutions (VAMs) For Multi-Screen IP-Based Delivery For Major Companies Globally**

**Services  
Entertainment - Diversified  
(KITD-NASDAQ)**

**KIT digital, Inc.**

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**Kaleil D. Isaza Tuzman  
Chairman and CEO**

**BIO:**

As Chairman & CEO, Kaleil is responsible for managing the company's day-to-day operations, including business development, content acquisition, product development, network operations, marketing and financial planning.

Prior to joining KIT digital, Kaleil served as President & COO of JumpTV Inc. (AIM, TSX: JTV), and President & CEO of JumpTV International FZ-LLC, the world's largest broadcaster of international and sports content over the Internet. Kaleil previously served as Chairman

& CEO of KPE, Inc., a leading New York-based digital media services company with the clients portfolio including Sony Entertainment, Viacom and Carnival Cruises, which was sold to a predecessor of Agency.com. Prior to KPE, Kaleil served as Chairman & CEO of govWorks, Inc., a KKR and Mayfield Fund-backed government technology services firm.

Kaleil previously spent five years working on Goldman Sachs emerging markets investment banking and risk arbitrage teams. He has been a term member of the Council of Foreign Relations, a U.S. trade representative under the President William J. Clinton and George W. Bush, and was recently named one of the 100 Most Influential Hispanics by Hispanic Magazine. Kaleil holds magna cum laude degree from Harvard University.

**Company Profile:**

KIT digital (NASDAQ: KITD) is a leading global provider of video asset management solutions (VAMs) for multi-screen IP-based delivery. KIT VX-one, the company's family of end-to-end software platform solutions, enables enterprise clients to acquire, manage and distribute video assets across the three screens of today's world: the personal computer, mobile device, and IPTV-enabled television set.

The application of VX ranges from commercial video distribution to internal corporate deployments, including corporate communications, human resources, training, security and surveillance. KIT digital's client base includes more than 1,000 customers across 40+ countries, including The Associated Press, Best Buy, Bristol-Myers Squibb, Disney-ABC, FedEx, General Motors, Google, Hewlett-

Packard, Home Depot, IMG Worldwide, ESPN Star, MediaCorp, News Corp, Telefonica, Verizon and Vodafone.

KIT digital is headquartered in Prague, and maintains principal offices in Atlanta, Beijing, Boston, Buenos Aires, Cairo, Chennai, Cologne, Delhi, Dubai, Kolkata, London, Melbourne (Australia), Mumbai, New York, Singapore, Stockholm and Toronto.

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

**CEOCFO:** Mr. Tuzman, what is the vision at KIT digital?

**Mr. Tuzman:** Our vision at KIT digital is to be the leading solutions provider for IP-based video asset management systems for major companies around the globe.

**CEOCFO:** Where are you in the process of achieving your vision?

**Mr. Tuzman:** Today we are working with about 1,100 clients from nearly 40 countries to provide video asset management solutions for video portals online, on mobile phones, and on cable systems using IP technology. We would like to grow our client base over the next few years through direct sales. We would also like to create value-added reselling and channel partnership programs with major hardware providers and systems integrators globally.

**CEOCFO:** What is the service that you are providing?

**Mr. Tuzman:** Our system, called VX, provides a platform similar to a master database for ingesting video in many different formats into a single, common format. It is available in different files and physical forms, tapes, and DVDs.

Using our VX software platform solution, our clients are ingesting it into a database in a similar format and then they are able to organize that database in terms of naming systems, content information, meta tags, etc. After that, they can publish that video in IP format onto mobile phones, browse-based devices, game boxes, and IPTV cable systems. Basically, we bring video from the traditional digital age to the Internet age. Our solution is powering a lot of the video you see today on your mobile phone, web browser, and your cable system at home.

**CEOCFO:** Who is using your services now?

**Mr. Tuzman:** Major companies including Vodafone, Verizon, Hewlett Packard, Intel, Bristol Meyers Squibb, Johnson and Johnson, and Fidelity, are using video to entertain an audience such as cable systems and network operators, or using it for content indicators. Furthermore, they are using video for corporate purposes such as corporate communications, human resources and training, compliance, and product handling. There are plenty of different uses for video, both in the entertainment and corporate spaces.

**CEOCFO:** What is the competitive landscape and why are companies like Hewlett Packard and Verizon choosing KIT?

**Mr. Tuzman:** We are the largest in the industry. Today, we do approximately \$90 million a year in terms of our current revenue on rate. In addition, we are a public company and have been around for as long as anybody else in the industry has. Clients appreciate the quality of service we offer, including a dedication to servicing large and complex video deployments around the world in multiple different languages and in multiple different time zones. We have offices in over fifteen countries, and over five hundred employees in the company, so I think we give clients comfort both in terms of the scale of our business, previous experience of deployment and the 24/7 support.

**CEOCFO:** Are you providing a software package; how does it work?

**Mr. Tuzman:** It is a software package for the ERP market for companies such as Oracle and Microsoft. It is basically an ERP for video. Just like an ERP would allow all the data in an organization from a human resources department, to the finance department and marketing departments, to all have what is called a common data layer. It may come out in different reports and they look different with different colors and different auditing features, but ultimately it is all sitting in your Oracle system and that gives your auditors comfort that they can find everything they need. Additionally, you can create redundant backups; it is the best in class way for managing data in an organization. It is using ERP. We do the same thing for video and the reason why this is relatively new as an industry is that before, video didn't really exist in the form of data because video was in magnetic tapes or on film reels or on DVDs.

**I think that as the world moves toward mobile video, online video, and IPTV cable systems, the VAM (Video Asset Management) sector is going to become a very large sector over the next five or ten years. We are clearly the number-one player at nearly twice the size of the next largest competitor. - Kaleil D. Isaza Tuzman**

However, now video can be stored as data and that was a revelation that occurred from what is called IP video (Internet Protocol video). It allows it to exist in a database and be related to each other and store forever, just like the information would in ERP.

**CEOCFO:** What is your revenue model?

**Mr. Tuzman:** We charge a monthly license fee for the product. We also charge usage fees and professional service fees for custom work or for integration.

**CEOCFO:** What is the market potential for KIT?

**Mr. Tuzman:** It is still relatively early. We have discussed ERPs before and this reminds me of the period in the late 1980's and early 1990's when you were at the beginning of the flowering of the ERP industry and you still had a lot of "do-it-yourself" type of systems internally. There were companies that did not even recognize ERP systems and instead were using mainframe systems or using

just data distributed on our desktops and then gathered and audited physically.

After that, there was some sort of tipping point that occurred in the late 1980's where every mid size and major corporation realized that they needed to implement an ERP system to manage and coordinate data for compliance, audit, and loss prevention, etc. However, today you would probably agree the vast majority of companies have an ERP system; any mid-size or larger company. We think the same thing will happen with video. It is so early in the cycle, but companies use a tremendous amount of video for security and surveillance, training, conferencing, merchandising and marketing. Then, of course, media companies and network operators use an enormous amount of video on their networks for future entertainment purposes. So systems that manage that video are just beginning to be implemented, but we believe that eventually every major company will have such a system and we call these systems VAM (Video Asset Management).

**CEOCFO:** How do you reach your potential customer?

**Mr. Tuzman:** In 90% of the cases, we reach our customers through direct sales. We do have some channel sales and value-added reselling relationships that we are building and we see that as an exciting avenue for growth over the next couple of years.

**CEOCFO:** You have 25 offices, in 40 countries; are there any areas that you would like to be in that you are not currently?

**Mr. Tuzman:** We would like to be stronger in Brazil and China. Those are two very high growth markets that we are looking at carefully in terms of direct sales and potential acquisitions. So we have some things in the works.

**CEOCFO:** Are acquisitions an important part of your strategy?

**Mr. Tuzman:** Yes, acquisitions have been an important part of our strategy. More than 50% of our growth has been organic, but we do make accretive and complimentary acquisitions at the mar-

gin. Our view is that we see this as kind of an early land grab; the attrition rates are very low (under 1% per year). For this reason, it is valuable to get a client now in this stage revolution in the industry. Therefore, we are completing acquisitions to get us into a certain geography and a certain type of client vertical so that we can build on that and add market share.

**CEO CFO:** KIT has had some good results; what is the financial position for KIT today?

**Mr. Tuzman:** We do about \$8 million a month in revenue and about \$1.5 million in operating cash flow. In our early-stage growth sector, we are the largest player in our space and we are just trying to grow at our target of 40%-plus organic growth rate per year. New management came in at the end of 2007 and that year we did around \$10 million of revenue, so we have been growing quite quickly.

**CEO CFO:** Is your team in place?

**Mr. Tuzman:** We are always interested in building sales executives, which is necessary in a growing business. We are looking at different areas in terms of hir-

ing; some of it is geographically focused and another part of it is functional on the sales side.

**CEO CFO:** Is the investment community paying attention?

**Mr. Tuzman:** Not so much yet. We are a small cap company; obviously our market cap is under \$200 million. Although we are a U.S. filer and we are listed on the Nasdaq, our headquarters are in Prague and we do 80% or so of our revenues overseas. Because we are based internationally, I think that can be daunting to certain types of investors. However, we feel that they will become more comfortable over time. We are working in a global market place these days and most of our clients are global multinational corporations, so I think it will work itself out. But right now we are at early stages of investment community visibility.

**CEO CFO:** How do you reach potential investors?

**Mr. Tuzman:** We have an institutional investor relations firm, and we also have an internal investor relations professional

on staff. We go to conferences, small cap investment banks, and that sort of thing.

**CEO CFO:** Make the case to potential investors; why should they be paying attention to KIT digital now?

**Mr. Tuzman:** I think that as the world moves toward mobile video, online video, and IPTV cable systems, the VAM (Video Asset Management) sector is going to become a very large sector over the next five or ten years. We are clearly the number-one player at nearly twice the size of the next largest competitor. This is a growth sector that has been in the vicinity of 30% to 50% annual compounded growth now for some years. We believe that it will continue that way because it is still a very small percentage of the overall video format market. We are way to early and clearly in a relatively low-risk segment, to play that sector as a whole. We are spread across a number of different client type verticals, and we serve a number of different geographies, so I think we have a scale that no other competitor has. Therefore, it is a good sectoral bet.



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