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As The Sole Source For The Latest Banking Product, Remote Deposit Capture, Mitek Systems, Inc. Is Well Positioned For Future Growth Adding Mobile Receipt™ And Mobile Phax™ To Their Flagship Mobile Deposit™



James B. DeBello
President, CEO and CFO

BIO: A veteran senior executive in technology companies, James B. DeBello is chief executive officer and chief financial officer of Mitek Systems, Inc., a San Diego firm that is an innovator of advanced-image analytics and mobile-document-capture applications for smartphones and a leading supplier of remote-data-capture (RDC) capabilities for the global banking industry.

Mitek has more than 20 years of experience in developing and supplying the banking industry with a comprehensive suite of intelligent-character-recognition software used to test, clean, authenticate

and extract data from imaged checks, documents and objects. Its software is used to process more than 10 billion items per year, including about a third of all checks processed in the United States each year.

A director of Mitek since 1994, DeBello was named president and CEO in May 2003; he took on additional duties as CFO in early 2009. Since assuming responsibilities for operations, he has transformed Mitek into a leading developer of smartphone applications that leverage the capabilities of cell phone cameras and address high-growth markets.

Previously, DeBello served as CEO of AsiaCorp Communications from 2001 to May 2003 and as Venture CEO of IdeaEdge Ventures from 2000 to 2001. Prior to that, he was president and COO of CollegeClub.com from 1999 to 2000, COO of Wireless Knowledge, a joint venture between Qualcomm and Microsoft, in 1998, and vice president and general manager of Qualcomm's Eudora Internet Division from 1996 to 1998.

Before beginning his career managing technology companies, DeBello was the youngest executive hired by the Los Angeles Olympic Organizing Committee for the 1984 Olympics, which remain the most financially successful games staged.

A San Diego resident, DeBello has been a featured keynote speaker at the Shanghai Government International Business Forum, China Telecommunications Development Forum, and the Greek National Economic Development Forum. He holds a B.A., magna cum laude, and M.B.A. from Harvard University, and was a Ro-

tary Scholar at the University of Singapore where he studied economics and Chinese.

Company Profile: As more financial services integrators and banking institutions distribute and deploy its patent-pending Mobile Deposit® application, Mitek Systems, Inc. (OTC: MITK.OB; www.miteksystems.com), is quickly establishing itself as the “Gold Standard” for remote mobile deposit of checks by consumers and business people using camera-equipped smartphones such as iPhone, Android and BlackBerry devices.

Mitek now has signed partnership agreements for Mobile Deposit with all of the leading providers of technology applications and solutions for the financial services industry in the United States, including Fiserv, NCR, NetDeposit, RDM Corporation and J&B Software, and mobile banking vendors, including Clairmail, mFoundry and Monitise Americas™, among others.

Mitek is seeing an uptake from financial services institutions opting to deploy Mitek's Mobile Deposit as a customer convenience. These include national banking-services companies that are white-labeling Mitek's application and advanced mobile check imaging, as well as community banks, including The Bancorp Bank and Conestoga Bank, which are deploying Mobile Deposit.

Mitek Systems has long been an innovator of advanced-image analytics and mobile-document-capture applications for smartphones, developing Mobile Deposit to comply with all industry standards – including Check 21 – and helping bank-

ing institutions take advantage of the growing acceptance of smartphone applications for the mobile Web.

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

CEOCFO: Mr. DeBello, how has Mitek changed under your leadership?

Mr. DeBello: Mitek has pivoted its strategy on the explosive growth smartphone market coupled with the advances on cameras, which are embedded in those smart phones. Together what we have done with our mobile imaging technology is to essentially turn a smartphone camera into a virtual scanning device. That is the core technology and the application is even more interesting. We created and invented a product that allows a user to deposit their personal or business check by taking a photograph from their camera phone, front and back and depositing it into their own bank account.

CEOCFO: What is the category that you are working in?

Mr. DeBello: The category is known as Remote Deposit Capture or RDC, as it is commonly referred to in the banking industry and becoming more associated with a product by the consumer and business community. It is a technical term remote deposit capture, which is derived from the advent of check 21, which allows the imaged check to be exchanged as legal tender. What we have done is taken that to the smartphone.

CEOCFO: Is your technology being used today or is it still in development?

Mr. DeBello: It is being used today. There are customers that we have throughout the nation including companies like USAA, where we are the mobile imaging partner. In addition, there are other banks that are currently entitled to trials which we expect to be commercially available late in 2010 or early 2011.

CEOCFO: Where is the banking industry in getting onboard?

Mr. DeBello: We just attended the Mobile Banking Summit, which was conducted earlier this month and well attended by banks, financial institutions from around the country. I was very heartened to see that the Mobile RDC category, which Mitek invented, is really now an industry category, well accepted and discussed openly as a strategic roll-out plan for many banks in attendance.

CEOCFO: Saves them a lot of time, money and effort!

Mr. DeBello: Well they have, and we have been very pleased with the support that we have received from our partners as we have signed OEM partnership agreements with all of the major integrators that include companies like Pfizer, NCR, Wausau, and others. So we have a

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broad distribution channel, virtually unlocking that channel in terms of our ability to deploy our technology to financial institutions. Secondly, I in fact moderated a panel that we had with current customers including Conestoga Bank, Silicon Valley Bank, the Bankcorp Bank and even Intuit.

CEOCFO: Is the public welcoming this with open arms or do they need a little push?

Mr. DeBello: The public is mobile, the public seeks convenience and we only are satisfying existing trends. We don't create the trends, but we can derive technology and create products that take advantage of those trends. Really the market drivers are the astronomical growth of smartphone adoption primarily driven by the Apple 3GS, 3G and now the 4G phone. Furthermore, the growth of an-

droid devices. So the only growth sector in the telecom stage is really among smartphones and the consumption of wireless data is phenomenal. An analyst from Morgan Stanley came out with a report saying the adoption of wireless data, such as being accessing internet via your cell phone, is the fastest adoption of any technology on this planet.

CEOCFO: What is the competitive landscape?

Mr. DeBello: Today Mitek is the only provider of this technology and it is because we have done it sixteen years and 150 man years of scientific endeavor to brace the proper algorithms, processes, and knowledge surrounding check payments and payments in general. Always great markets attract competitors and we

expect the same to happen here, but at this stage of development we are the primary provider of this technology.

CEOCFO: What is Mitek's revenue model?

Mr. DeBello: The revenue model reflects the mobile industry in general based on subscribers or the number of deposits or transactions. We leave it up to our partners to deploy the model that fits their go-to-market strategy.

CEOCFO: What about security; how do we know we are protected?

Mr. DeBello: Security remains and should remain the number-one concern and an area in which vendors like us should address as a priority and we do. We take it very seriously. Fortunately, there are multiple layers of security built into the system that we provide and the systems that the banks provide their customers, first from the application on the phone all the way down to the back office. I will describe some of them. We have a FFIEC that is thoroughly compliant 2-Factor authentication, built into the system and furthermore when we actually convert the photographs of the check into a TIFF image, we encrypt that data before sending it over a secure socket layer. These are standard encryptions and transmission methodologies to ensure that the data remains private and secure

from any intrusion. Once that information gets to the bank, obviously it has to penetrate the appropriate calls through the firewalls, and then it is processed by the bank itself using their security methods, which have been built up over several years. Those would include duplicate detection methodology or anti-fraud metrics. They would also include other metrics to measure the velocity of checks, or the size of checks; even things that we provide including signature validation or check stock evaluation to prevent the fraudsters from any success. So we have multiple layers of security that protect the users depositing their checks, and protecting the privacy of their information.

CEOCFO: How does your product work?

Mr. DeBello: Think of the phone application as a mobile ATM. Today if you are a Chase, Bank of America, or Wells Fargo customer, you can deposit a check into an ATM without an envelope or without a deposit slip, simply by feeding the check into the machine and the receipt is an image. So what we have done has taken that same concept, and a user would download the application from his or her bank onto their smartphone, so they would have to enroll per the requirements of the bank. Once that is done, they now can use the mobile deposit application whenever they wish. So let's say you receive a check and you have it in your handbag and it stays there for a day, a week, two weeks, because either you forgot about it or it just hasn't been convenient to go down to the branch. Well with mobile deposit you can simply activate your application and that automatically activates the camera and the application on the phone. You can snap a picture on the front, you can snap a picture of the back, and you enter the amount just like you would do at an ATM and submit. As a result you will get instant alert back from your bank saying 'successfully deposited' or if you have taken the image where it is too dark, we will send back a message saying 'please take the image again, but in better lighting conditions.' Or if you cut off part of the check or have taken two pictures of the front and have forgotten to do the back, we will also give you an instant alert. So the user experience is very

pleasant, easy for the user and easy for the bank.

CEOCFO: What is the plan in the next six months to a year?

Mr. DeBello: Mitek is an expert in the area of mobile imaging and that is our domain. That really means taking photographs from a camera on a cell phone and converting that into a digital image as if you had scanned it on the copy machine in your corner office. That is our expertise and that is what we have focused on developing for a variety of phones including the Apple phones, the Blackberry phones, the Android phones, even the Windows Mobile phone. Our expertise happens also to be in the payments arena; we have deep knowledge of check processing and other types of payments and bill pay form. So we are applying this technology primarily to mobile payments and mobile banking and we have categorized this as mobile RDC (remote deposit capture). In addition to this, we have other products which have been enormously successful in this area of mobile imaging for documents including Mobile Receipt, which is a product which can be downloaded from the Apple Store today. It has been a top seller here in the US and in Australia and has been sold in 51 different countries and that product allows you to take a photograph of your receipt after your business lunch, we correct it, clean it and we make it look good and readable. At the end of the period, with your application, you can simply identify which receipts you want to extend, you submit that to our service and we provide you back a completed extension form for submission to your accounting department. So it is a terrific product that has saved people lots of time and made life easier. And who wants to manage all those different pieces of paper that are crumpled and put them in your handbag or your wallet and often are lost; that is probably a business person's least favorite task, is completing the end of month, end of quarter expense report and we do that for them automatically. That product again is called Mobile Receipt™ and it is available on the Apple store. The next product is Mobile Phax™ and it allows you to image a document anywhere and submit it as a fax to your recipient, either as a PDF or through a fax server to the

fax machine of your recipient. We have many business users out there who are using that product right now in their professional lives, one in particular that I think is interesting and does restocking and reconfiguration of displays at major 'white box' stores. When they are finished with their work orders they have to fax it back to the head office, typically in the past they had gone to Kinko's and paid a dollar a fax page. With our product, it is simply images on the spot at a fraction of that cost.

CEOCFO: Are there any new ideas or applications that you would like to talk about?

Mr. DeBello: There are lots of new ideas and applications, but none of which I can talk about now. Mobile Deposits, keep your eye out for that, because that really is pivotal for the company. We are tracking very well in the industry. It is the gold standard, we have white paper that investors or curious people can download from our website or on the American Banker website that is entitled "Gold Standard for Mobile Check Deposits."

CEOCFO: What is the financial picture like for Mitek today?

Mr. DeBello: Mitek it's a listed company on the OTC, and our ticker is MITK.OV. We have been listed for well over fifteen years, and we comply with all GAP, SEC and Sarbanes Oxley requirements. So we are really clean as a whistle, we are very disciplined in terms of how we manage our expenses and how we invest those resources into new and innovative technology. We were very pleased last quarter to have announced a profitable quarter, and we expect that we will continue our momentum of growth based on our mobile check deposits and other mobile document captured products.

CEOCFO: Why should potential investors pick Mitek out of the crowd?

Mr. DeBello: I think it is important for an investor to look at the macro trend, as consumer behavior also trends with regard to telecommunications. We see nothing but upside with regard to those trends and it supports the growth of our business. Consumer habit is such that now people deploying smart phones expect to use those smart phones in banking

applications, to access their private important information on a daily basis. It is all about convenience and we think we provide the gold standard for convenience as it relates to checking, check deposits, mobile banking. Secondly, you have to also look at the growth of the smartphone market, and the applications to support those smartphones. What we have seen initially and this was two years ago, a plethora of entertainment applications and games, that has migrated now to more practical everyday business applica-

tions, and you see people using their phones for those. The growth of applications, the growth of smartphones, the adoption of wireless data, all these trends portend well for what we are doing with global document capture and global payment product.

CEOCFO: Final thoughts, what should people reading about Mitek remember most?

Mr. DeBello: I think they have to look at us as a technology innovator. Small com-

panies are built to innovate and we are among the best doing that. We have a significant patent portfolio, a lot of intellectual property created here over the past fifteen years. We have a company which we believe is on a path for growth and consistent returns to the shareholders. All those reasons converge to say to the investor if they are looking for an exciting opportunity this is one that is unparalleled.



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