

## Inventing a new way to use your cell phone – Point, Shoot, Deposit. Mitek Systems is enabling cell phones to deposit a check, send a shipping form or fax a document via a simple photograph

Technology  
Computer Peripherals  
(MITK-OTC: BB)

Mitek Systems, Inc.

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**James B. DeBello**  
President and CEO

### BIO:

Mr. DeBello was named President and Chief Executive Officer in May 2003. He has served as a director of Mitek since 1994. Prior to being named Chief Executive Officer, he served as Chief Executive Officer of AsiaCorp Communications from 2001 to May 2003. Prior to that, he served as Venture CEO of IdeaEdge Ventures from 2000 to 2001. Prior to that, he served as President and Chief Operating Officer of CollegeClub.com from 1999 to 2000, Chief Operating Officer of Wireless Knowledge in 1998, a joint venture

between Qualcomm and Microsoft, and Vice President and General Manager of Qualcomm's Eudora Internet Division from 1996 to 1998.

Prior to beginning his career managing technology companies, Mr. 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. Mr. 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 Rotary Scholar at the University of Singapore where he studied economics and Chinese.

### Company Profile:

Mitek Systems (OTCBB: MITK) is an innovator of image analytics and mobile imaging technologies used to capture and process data on checks, forms and documents. Used by financial institutions, life science companies, and government agencies the Company's products represent the most comprehensive suite of intelligent character recognition software used to test, clean, read and authenticate imaged documents and objects, and its software is used to process more than nine billion transactions per year. Mitek was selected by Bank Technology News as one of the "Top Ten Technology Companies to Watch."

**Interview conducted by:**  
**Lynn Fosse, Senior Editor**

**CEOCFO:** Mr. DeBello, what is the overall vision at Mitek?

**Mr. DeBello:** "At Mitek, we invented a new way to use your cell phone. Each cell phone today is equipped with a camera, and these cameras are getting more capable, with 2 mega pixels the defacto standard. Increasing every six months they are coming out with better optics and resolutions. What Mitek does is enable that camera on your cell phone to take an image of a check and deposit that by photographic deposit. We also are able to image other types of documents for example shipping forms, bill of ladings, even documents that need to be faxed, and can send those via email in a PDF form. So we are very excited about our vision of changing the way people use their handset as a network device for imaging."

**CEOCFO:** Where does your vision stand today?

**Mr. DeBello:** "The products are shipping. Our first product is called ImageNet Mobile Deposit™. It is a product that allows you in three easy steps to photograph the front and back of the check, enter the amount, and submit to your bank without having the need to go to the ATM or branch. It is a secure, safe way that is approved by banks and complies with federal standards for check deposits. What we are selling is convenience on your cell phone. We run across people all the time and in our focus groups who say, "Oh yes I have that check that I received two weeks ago that is still in my handbag or wallet". For those people, this would be a perfect, convenient application for them to download and use to deposit their money for faster funds availability and less risk of losing that check. We see this also applying to business and that is where I think the readership of CEOCFO

would be very well contented to see how they can get their hands on their money more quickly and reduce the risk of lost checks in the field from their field service personnel.”

**CEOCFO:** How are you getting the banks involved?

**Mr. DeBello:** “We are working with several large financial institutions today who are conducting pilots and these pilots are their way to test it with merchants and their consumers via mobile banking in order to launch nationally. So we are in process now of evaluation and adoption. Soon individual customers and merchants will be able to go to their banks and ask for the application and download it onto their particular cell phone.”

**CEOCFO:** Who will be the first adopters, businesses or individuals? How do your focus and target with such a vast potential market?

**Mr. DeBello:** “We feel that there are two primary markets for ImageNet Mobile Deposit. The first market is addressing the merchant. There are 28 million small businesses in America, many of which are less than \$10 million in revenue, and process less than 10 checks per day, and that is really our sweet spot. These merchants today aren’t serviced by banks because they are too small. It is not economical for banks to call on small businesses to sell what is commonly referred to as Remote Deposit Capture. What we have invented is a way to equip a cell phone to do Remote Deposit Capture, so that is why we call it ‘Mobile Deposit’. That way you help the business avoid the expense of specialized desktop scanners just for checks, and you simplify the process into three easy steps. That is why we think this is perfect for small businesses who aren’t being helped with Remote Deposit Capture today, but could be. These are businesses that have a field service organization and that could be anyone from the HVAC repair person that does a consumer house call and repairs the heater or air conditioner, or the plumber, or large distribution companies who have fleets of

trucks and collect checks C.O.D. We even have a case study with a brewery that distributes its beer to restaurants and other locations and they collect checks C.O.D, therefore, they use Mobile Deposit. They have been very successful doing that and the CEO is very pleased because one of the primary benefits is the avoidance of lost checks.”

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

**Mr. DeBello:** “Our revenue model is a subscriber based model, so in the area of merchants, they will pay a fee to their banking institution to use this. It is a model built on their return on investment, with less risk, faster funds availability, and fewer trips to the bank branch. We

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know some brokerages that when they receive a check in exchange for stock or other purchases, their job is to go immediately to the branch and deposit it before they go home that night, and often people are on the road and it is inconvenient. This helps the business. The second piece of this and the other market which we think is really important is mobile banking. You may know that mobile banking for consumers is one of the fastest growing arenas, particularly among younger users in terms of how they engage with their banks. Bank of America being the leader has 1.9 million users today and growing; it is double what it was a year ago. They expect it to grow again and again over the next several years. Tower Research says there will be over 40 million users of mobile banking in just three

short years. Mobile deposit is a natural augmentation of mobile banking. Mobile banking today means you can go to your phone, you can check the balances in your account and you can do some funds transfers between those accounts, which is all very practical. It is even more practical if you are able to deposit checks into those accounts and that is what Mobile Deposit does. So we have partnered with mFoundry, one of the leaders in mobile banking and together we have integrated our solutions into their platform. They currently service banks like PNC, Citibank and other providers like Bank of America.”

**CEOCFO:** How do you protect your applications?

**Mr. DeBello:** “One of the things we have done as a technology company is apply for patents. Since we have invented this technology, we have need to protect the technology. So as a technology company we have applied for several patents on this particular type of technology for mobile check deposits, and separately for mobile document capture. We currently have a portfolio of several patents already. Mitek has been creating software for this innovative field for the last fifteen years, so we have a wealth of intellectual property that we are applying to these solutions.”

**CEOCFO:** Please tell us more about other documents that might be appropriate for the mobile application?

**Mr. DeBello:** “Something I face everyday and I know CFOs do around the nation is having to get confidential contractual faxes sent around often from board members or contracts or other types of documents. One of the challenges is finding a fax machine particularly from remote locations if you are traveling at the hotel, getting your confidential documents to an employee of the hotel. We think this is inconvenient and not secure and we think it is time consuming. What we have invented is a way to actually image a document, such as an 8 ½ x 11 document, with your cell phone. We

automatically do the image correction, meaning if it is used at an angle or distorted because of the angle at which you took the picture, we can automatically correct for that. It happens without the user having to worry about de-skewing or cleaning up the noise, meaning different types of lighting conditions or shadows. We compensate for all that to produce an optimized beautiful image that can be converted to PDF and transmitted to the email account of the recipient. We take care of the ability and the need to go find a fax machine.”

**CEOCFO:** How do you get people to pay attention?

**Mr. DeBello:** “One of the cultural phenomena that we experience today is the Apple Store. If you think about it, only seven months ago Apple launched the store and already they have had 500 million downloads. These downloads range from free downloads in games, to very important business applications. We think the Apple Store is our channel to the consumer and we think we will get noticed because of the convenience that we provide at a very low cost. Secondly, we noticed that there are other manufacturers beginning their own stores, and RIM is another one. They are the company that produces Blackberry. We support multiple phones with our applications that every consumer or business person can download for a nominal cost.”

**CEOCFO:** What is the financial picture at Mitek today?

**Mr. DeBello:** “We are in the enviable situation of having a very stable base of customers that currently use our image analytic products already. We have been servicing the payments market and banks for over ten years; in fact our technology is used in all the top five banks across the nation, and others. We have an ongoing cash flow, albeit for a small company, but

enough to sustain us and invest in these new mobile document capture technologies. We are excited about the future. The challenge we have faced at Mitek is we have been a supplier to back-office automation and business process improvement. In the old days for example, when checks were being processed they would be keyed in by a manual operator, but our technology allows you to image the checks and automatically data extract the numbers. Our technology has disintermediated the manual labor to the extent associated with that and that is why we have been so effective and successful with the back-office. But that back-office is a very narrowly defined niche market and that has limited our growth. Our mobile document capture strategy appealing to mobile banking users and 28-million small and medium sized businesses across the country, allows us to break out of that back-office strategy into a much larger market and we think this will be the stimulus to our growth in the next several years. We are very excited about the future of Mobile Deposit, even with the economy as it is today. We are Americans; we can build our way out of this.”

**CEOCFO:** The concept of depositing a check in the field when a driver is collecting it is great, having personally had a certified check lost; what about the security issue?

**Mr. DeBello:** “We get that question a lot because obviously the banks are concerned about risk management themselves and we are a supplier to banks and we are equally concerned. We have served on the Financial Services Technology Consortium (FSTC), and we helped create some of the standards surrounding the quality of the image. Furthermore, we have products that protect against forgeries and fraudulent checks; we do this by identifying duplicate sub-

missions for example or by looking for forged signatures. Of course, the banks also deploy a tremendous amount of technology to prevent fraud. So from a perspective of depositing a check and fighting fraud, there are systems in place that do that and we simply feed into those system. In addition, we have the added challenge of maintaining security over the wireless networks and fortunately there are technologies like Secure Socket Layer (SSL) and 128 bit encryption that we deploy on the handset that protect against fraud and people breaching that security. Lastly and more importantly, we know when the phone is enrolled, meaning the user, we have an ID on that phone and we know that phone particularly is authorized, so we have a two-factor authentication with the ID on the phone and secondly with a personal password of the user. We really think we have covered the bases and the bankers think we have covered the bases because of the tremendous excitement that banks have about this product.”

**CEOCFO:** In closing, why should potential investors pay attention to Mitek?

**Mr. DeBello:** “I think Mitek is a terrific opportunity as we look to the future of growth. We are an innovative technology company and we manage our costs very tightly. In addition, we really are a company that has all of the characteristics of an exciting series-C or late-stage venture capital business, and we are publicly traded, so people now can actually participate in Mitek, whereby if it was private that opportunity wouldn’t be available. We see Mitek as a hybrid, as a small entrepreneurial public company that is very innovative, exciting, potentially high-growth based on these new products. Secondly, being public we offer everybody the opportunity to partake in that growth and that vision that we have.”

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