

**CEO
CFO**The logo for Pervasip, featuring the word "pervasip" in a lowercase, sans-serif font. Above the letters "a" and "s" is a thin, curved line that arches over them.Issue:
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With VoIP Replacing Landlines And Now Starting To Replace The Voice Side Of The Cell Phone Network, Telephony Carrier Pervasip Is Lowering Rates And Going After A Market Where Existing Mobile Carriers Are Gouging Consumers

**Technology
Diversified Communication Services
(PVSP-OTCBB)**

Pervasip Corp.

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**Paul H. Riss
Chairman and CEO**

BIO:

As Pervasip Chairman and CEO, Paul Riss leads the business development activities and is accountable for strategic planning and management of all financial operations. He has served on the board of four CLECs and has more than 20 years of entrepreneurial business and management experience including the engineering of his own leveraged buyout in 1987 and the audit of numerous public companies at Ernst & Young.

Riss was the 2000 - 2001 recipient of the James P. Kelly Award for distinguished public service from the Westchester Chapter of the New York State Society of Certified Public Accountants. He was also a finalist in 2001 for Ernst & Young's Entrepreneur of the Year award for companies in Southern Connecticut and New York's Hudson Valley.

He is a CPA in New York State and earned an MBA with distinction from the Stern School of Business at New York University and a magna cum laude BA with distinction from Carleton College. Riss is a member of the AICPA, serves on a local project committee for Habitat for Humanity and his local church council.

Company Profile:

Pervasip Corp. (OTCBB: PVSP), through its wholly-owned subsidiary, VoX Communications Corp., delivers wholesale voice-over-IP (VoIP) telephone services for the residential and small business markets. Leveraging a nationwide VoIP network and internally developed proprietary software and product features, VoX offers a private-label digital voice program sold to cable operators, WiMax carriers, CLECs, ISPs, cell phone carriers and mobile phone carriers. Pervasip differentiates itself through a unique combination of high quality voice services, flexible back-office capabilities and automated provisioning systems that enable a quick turn-up for service providers at attractive margins. It offers a feature-rich, low-cost, high-quality alternative to traditional phone services. In addition, Pervasip offers carrier-type services for voice origination and termination, as well as toll-free and other IP-based services.

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

CEOCFO: Mr. Riss, what is the vision at Pervasip?

Mr. Riss: "Pervasip's vision is to deliver pervasive IP telephony throughout the world. Consequently, our name is a contraction of the two words pervasive and IP, and we want to be the IP telephony carrier that is everywhere. Our vision is to provide Internet based telephone service throughout the world."

CEOCFO: Who is using your services now, and what are you providing?

Mr. Riss: "We primarily sell a voice-over-IP telephone service, or VoIP, to

companies that provide broadband services to end-users. We empower a broadband carrier to include voice services, in addition to its broadband offering. Our typical customers are cable operators, Wi-Fi carriers, WiMax carriers, ISP's, and any entity that can provide an on-ramp to the Internet. Having said that, we believe the most exciting on-ramp to the Internet today is the cell phone network, and we are currently focusing many of our resources to work with a wholesale customer that uses our VoIP service over the data side of the cell phone network. A person can use his cell phone to go on the Internet or to receive and send email messages. There is no reason why that same person should not use the same Internet connection to make low-cost VoIP calls on his mobile phone. One of our customers, Zer01 Communications, has the ability to access the data side of the GSM network in 130 countries, and Zer01 is currently planning a commercial launch of its mobile VoIP product in July 2009."

CEOCFO: What is the advantage of VoIP on the mobile phone?

Mr. Riss: "There is a significant cost savings. Just as VoIP has replaced landlines, VoIP is now starting to replace the voice side of the cell phone network. The mobile phone companies, such as Verizon and AT&T, still control large amounts of wireless revenues and continue to overcharge consumers, especially when a consumer uses his mobile phone for international calling. For unlimited national calling we are finally seeing some mobile phone service providers offering good plans for \$99 or \$79 or even \$50 a month for prepaid voice calling. But these plans do not include any inter-

national minutes and they typically have limits on data usage. Right now, I can pick up my Verizon cell phone and call a landline in London and Verizon would charge me \$1.00 a minute and AT&T will charge their customer \$1.29 a minute. If someone uses our VoIP service, and it only costs us one cent to complete a call to any landline in Britain, our simplified model would be to charge Zer01 1.4 cents a minute, and then Zer01 would charge about 2 cents a minute to the person making the call. Would you rather be paying 2 cents a minute to call any landline in Britain on your cell phone or do you want to pay \$1.00 a minute or some other high rate? We are going after that market where existing mobile carriers are gouging the consumer by charging rates that are far in excess of the cost to complete a call on a VoIP network.”

CEOCFO: What is the competitive landscape for your services?

Mr. Riss: “Right now, no one else is successfully selling mobile VoIP over the data side of the cell phone network. We think we have first mover advantage. To a certain degree, the incumbent mobile carriers do not want companies to utilize the data side of their cell phone networks, and I imagine that Verizon doesn’t want to provide a mobile VoIP product because it would be cannibalizing its own revenues. But we have been able to secure a customer, Zer01, that has a tremendous piece of intellectual property, which is its contract to provide mobile VoIP in 130 countries. From a cost perspective, it is very invasive. My daughter went to Greece with the Girl Scouts a couple of years ago and for me to call her on her cell phone while she was in Greece cost us \$1.49 a minute. If she has a Zer01 phone, and now goes to Greece, it would have a US phone number that rings in Greece and still thinks it is in the US. All my calls to her and all her calls to me would be covered under a \$70 all-you-can-eat United States plan, because instead of roaming in Greece and being handed off to several mobile phone carriers that keep marking up the rates for roaming, the call goes on the Internet provided by Zer01 and is completed by

Pervasip. Just like any VoIP phone with a US phone number, if you take it out of the country it is still your US phone number and it still rings on your individual device as long as it is plugged into the Internet. A key difference between this product and Skype is that I am not referring to needing hot spots in Greece or WiFi connections in order for the mobile VoIP to work. I am talking about the cell phone network. If your cell phone can receive Internet access, you can make and receive high-quality, low-cost phone calls over the Internet.”

CEOCFO: What special knowledge do those at Pervasip have, which allows you to facilitate this?

Mr. Riss: “We have exceptional VoIP technology. We can provide this service on any cell phone network, and we do it on Sprint in our offices. We are making

“We truly believe that ‘mobile VoIP’ is the key to the future of our company and investors should be focusing on this opportunity because we see reports that mobile VoIP will be a \$300 billion a year market in five years. That is a significant amount of revenue. There are several companies that should be able to participate in dividing up that revenue pie, and we plan to be one of them.” - Paul H. Riss

phone calls over the data side of the Sprint cell phone network, without Sprint knowing it. We can’t do this in a commercial manner with Sprint because we don’t have a commercial agreement with them. However, Zer01, our wholesale customer, has an agreement to run unlimited data over a GSM network, and that includes VoIP. In a recent article in *BusinessWeek.com*, it was reported that Zer01 hopes that iPhone users will start switching over from AT&T to Zer01 as their AT&T contracts expire, because iPhone users tend to have large amounts of data usage and AT&T limits the data usage of iPhone users to the equivalent of two downloads of movies per month. Zer01 has unlimited data usage included in its regularly monthly plan of \$70 a month, and there are no multi-month contracts.”

CEOCFO: Does your success depend on how successful Zer01 is at converting people?

Mr. Riss: “Yes, certainly it does. Zer01 tells us that they have contracts with distributors and they have already pre-sold 540,000 Zer01 mobile devices. In July 2009, they are planning to launch their commercial product on a Pharos 137 phone, which is an amazing communications device. The Internet service on this smart phone is just wonderful. Zer01 has done a lot to make the browsing experience on the Internet very user-friendly for the consumer. When consumers are on the Internet, they see the exact desktop image that they are accustomed to, as if they were sitting at their PC.”

CEOCFO: So you are at the beginning of a potential revolution here!

Mr. Riss: “Yes. This should be a game changer. As I noted earlier, *BusinessWeek.com* has even picked up on this service and said ‘Take your Zer01 mobile

device, tether it to your laptop, and download all the videos and music you want, with unlimited daily usage on Zer01.’ That is why so many iPhone users may very well consider converting to Zer01. Zer01 offers unlimited data, a low monthly service fee and no annual contracts. Just month-to-month with a credit card. Many of these features would

be very helpful to me as a business traveler. When I travel, I always have my laptop, and when I check into Marriott I have to sign up with Wayport for Internet access and pay \$15.00 a night to get on the Internet. Going forward I won’t need Wayport. I will just take my Zer01 phone, which has Internet access on it, plug it into my laptop and get on the Internet via my cell phone. This functionality will be huge for international travelers too. I know families who traveled to Europe for a week and their Internet access bill plus their cell phone bill was more than the cost of their entire vacation.”

CEOCFO: What is the financial picture like at Pervasip?

Mr. Riss: “This model is the best business model we have ever seen. In this model, we can rapidly grow our revenues without having a corresponding increase in inventory or accounts receivable. Most businesses, in order to have a ten-fold

increase in monthly revenues, would need additional capital in order to carry higher levels of accounts receivable or to purchase and carry higher levels of inventory. We are selling minutes; we have unlimited minutes to sell. It is an instantaneous buy and sell for us when we sell a minute, and we do not need to store minutes in inventory, like we would have to do with a product. If you are wondering about the smart phone, Pervasip does not have to buy any phones, it is Zer01 and the distributors that buy the phones. In addition, Zer01 has a bring-your-own-device program, so, in a few months from now, if you have an iPhone or a Black-Berry, and you would like to keep your device, Zer01 has a program where the consumer can bring his device into a store, put in a Zer01 SIM card and can keep his device. That is a tremendous feature because many people are accustomed to their existing mobile device and they don't want to spend \$400 or \$500 on a new device if they are comfortable using the one they have. So, put in a new SIM card, and you will be up and running in five minutes."

CEOCFO: Why should potential investors look at Pervasip?

Mr. Riss: "We are riding a paradigm shift in the industry right now, and that is when investors are most likely to make the most money. Even Verizon knows everything is moving to VoIP. Verizon is selling off and taking out of use, circuit-switched equipment and replacing it with packet-switched equipment that carries the voice-over IP packets, because packet technology is the efficient and cost effective manner for processing telephony traffic. It makes very good sense that the technology that is replacing your landline will take over your mobile device too. The cost of delivering those packets is significantly less expensive than making a voice call on the voice side of the mobile phone network. To the degree that investors can purchase an investment in this technology at an early stage, I believe it should give them a huge advantage and a good opportunity to see significant returns."

CEOCFO: What might people miss when they look at Pervasip?

Mr. Riss: "We are rather small. It may be hard for people to believe that we can participate in a venture this big."

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

Mr. Riss: "We truly believe that 'mobile VoIP' is the key to the future of our company and investors should be focusing on this opportunity because we see reports that mobile VoIP will be a \$300 billion a year market in five years. That is a significant amount of revenue. There are several companies that should be able to participate in dividing up that revenue pie, and we plan to be one of them."

Forward-looking statements: *This interview contains forward-looking statements that involve risks and uncertainties. Pervasip's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, among others, certain risks and uncertainties over which the company may have no control. For further discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see the discussions contained in Pervasip's Annual Report on Form 10-KSB for the year ended November 30, 2008 and any subsequent SEC filings.*



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