CEO CFO

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PACKET ZOOM

Q&A with Shlomi Gian, CEO of PacketZoom providing Mobile App Networking Solutions that enable Application to Work Faster and More Reliably on Any Network

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CEOCFO: *Mr. Gian, what is PacketZoom?*
Mr. Gian: PacketZoom is a mobile app networking company. We make apps work faster on any network.

CEOCFO: *What is the key to making apps perform better and work faster?*
Mr. Gian: We believe that there are many challenges related to what we call the last mobile mile. They have to do with physics. Basically, high latency, high number of packet loss and disconnects; and we are here to fix them through protocol optimizations. We believe the TCP, which was invented about thirty five years ago, was not designed to deal with these types of wireless networks. Therefore, we are helping fix that.

CEOCFO: *Would you tell us about the technical process?*
Mr. Gian: If you have a protocol that is very chatty - meaning, that there are lots of back and forth questions and answers between client and server, and that intermediate connection is slow - then you are going to end up waiting. Our job here is to ask fewer questions and to make the right decisions. In the technical form, we are making fewer round trips. Another challenge would be that in a crowded area, such as Manhattan or Hong Kong, there are many packets being transmitted at any given moment. Packets are bits of information, which can get lost due to physics. If you factor this fact into a current design in a smart way, then you can handle it. If you are using some old technology you might react the wrong way and once again make the user wait. If you are factoring into our design the fact that users will get into elevators and tunnels and switch between networks and lose their connections you can build something that will insure the continuity of their sessions, but you have to plan for that. That is exactly what we do.

CEOCFO: *Are you surprised people are accepting today, "It is not a good connection, I am in a crowded place"? They must not be aware of the quality that a PacketZoom can bring?*
Mr. Gian: Some people are patient. They are patient maybe if they are about to watch a long movie, because it is okay to wait a few more seconds for it to start. But most mobile app users expect content to load fast. We recently conducted a survey among two thousand mobile app users and what we found out confirmed our theory that users hate waiting; they expect mobile apps to load within three seconds or less and start dropping when an application takes more than five seconds to load. Users are abandoning slow applications and form negative perception of those brands.

CEOCFO: *Would you give us a couple of examples of how you work with a company, what their problem might be and how you figure out what needs to be done technologically to make it better?*
Mr. Gian: Our pricing model is based on daily active users. Therefore, we are interested in working with customers that have lots of users. Actually, it is interesting to note that the guys with lots of users are also the guys that are the easiest

for us to speak to. They are already well aware of the problems. We do not need to convince them, because they have tens or hundreds of thousands of users all over the world and by definition if they are all over the world they are using many, many wireless networks. Every user, relying on a different network for a different geography is having a different experience. Their wait times are different. They experience different losses and different disconnect frequency. Therefore, the conversation we have with publishers or app developers is all about how to fix the problem and not how to acknowledge that there is a problem. Now, if the conversation is about the "how", then the nice thing about PacketZoom is we work really hard to make integrating and upgrading the solution very, very easy. We basically hand your engineering team a small piece of code called SDK (Software Development Kit) which gets integrated into their app and does not require any specific customization to the app. Now, it basically sits there and automatically listens to all the traffic, all the communication in and out of the application. You can control it to exactly the type of activities you'd like PacketZoom to help with. The moment you do that we basically connect your application to a cloud solution and make the content transfers significantly faster to the wireless last mile. Usually, what we are seeing is that for large size images, video files and static optics, we are able to deliver those about two to three times faster. For any other activity, short messages and so on, we are able to make them faster by about fifty percent, but mostly importantly, we make the connection more reliable. That means there will be less failure, less disconnects and less interruptions that compromise the end user experience. The fact that even if you walk into an elevator, if you got into a dead zone, if you switch from wifi to a cellular network or the other way around, we will maintain the connection continuity and make sure that the transaction will be completed successfully. That is the benefit of the PacketZoom technology.

> **"As we grow and serve larger organizations, we are also being held to higher standards. It's my job to make sure that the different teams are aligned with the vision and demonstrate the product quality needed to deliver a consistent, measurable ROI to our customers"- Shlomi Gian**

CEOCFO: *Are there many companies attempting to do something similar to PacketZoom?*
Mr. Gian: You would actually be surprised. I have been in this space for twelve years, starting from measuring performance, even before the iPhone was out in 2010 and then, improving performance with companies like Akamai and PacketZoom. Two years ago we saw a breaking point, when more users turned to using applications than web browsers. More and more companies realize that the mobile network performance issues need to be fixed, because they want to be able to monetize and they want to be able to be successful, even in places where mobile networks are not as yet very reliable, such as Brazil, Russia, India. There were a few startups in the space that made some bad decisions, and they are no longer around. There are also some privately held companies that are not necessarily in the performance business, but they acknowledge the fact that bad performance and bad networking is hurting their business. It could be someone like Amazon; it could be someone like Tesla, Apple or Uber. These companies acknowledge the fact that the legacy protocol we are using today is not good enough for them. In the autonomous vehicles category, for example, there are cars that potentially will make decisions by themselves and need to access data from the cloud. Some of the companies out there have already started working on this and acknowledge that efficient, reliable, fast communication between the car and the cloud is essential not just for the customer experience, but mostly for safely.

CEOCFO: *Would you tell us about the Mobile IQ product that you recently launched? What does that add to PacketZoom?*
Mr. Gian: Mobile IQ is a mobile APM (Application Performance Management) solution. While PacketZoom is not an analytics company we see Mobile IQ as a necessity to help our customers gain better understanding and control of their mobile app performance. Mobile IQ is designed as a free SDK. It is actually the same SDK that we are selling but is completely free when using just the IQ tier. Customers who use Mobile IQ gain real time information about how their application behaves in the field. They can see how slow the responses are and see what kind of experience their users are having when they are using the application in different locations. We provide this information for free, in real time, in order to help them quantify the problem, in order to help them understand what is happening with their users, so they are on top of things. For example, we recently ran a big pilot with a very popular news application here in the US and during the storm in Miami, Florida just a couple of months ago. Without Mobile IQ, the engineering team had no way of knowing that mobile usage has soared, and their servers weren't equipped to support that. With Mobile IQ they were alerted on the peak in usage and network errors and were able to fix it in time.

CEOCFO: *How has PacketZoom changed under your leadership?*
Mr. Gian: When I joined PacketZoom, the company was mostly developer oriented. They guy who started PacketZoom believed that it should be a developer tool that would sell itself. To some degree they were right. Many developers were using the solution, but developers were not the budget owners and decision makers since it is more of a deployment,

operational IT service that affects the end user experience and the company bottom line. Therefore, and given my background, I changed the go-to market approach and decided to go to the decision maker in the IT department and claim some of the performance $ they've been already spending with other companies, but offer them a much greater ROI.

CEOCFO: *PacketZoom raised $5 million recently. What is the plan? How are you using the funds?*
Mr. Gian: PacketZoom will keep expanding and work to fulfill our vision of being a one stop shop that allows mobile app developers focus on creating great mobile apps while we take care of all their mobile network needs. Therefore, we start by accelerating the last mile and we added Mobile IQ, which gives them visibility and control into the last mile. What we are going to announce next is a partnership with Amazon, where developers do not need to buy Web CDN (Content Delivery Network) themselves. They can buy it directly from us. It is one SDK that takes care of everything they need for mobile content delivery. We are also planning to add more R&D key team members so we can deliver more functions to our gaming companies. We believe in strategic partnerships and plan to continue growing them: We have a partner in China with a leading CDN company called ChinaCache. Our partners in Europe and in Brazil added us as the perfect complementing solution to their portfolio so it's a great fit and an easy sell for them.

CEOCFO: *How do you spend your time as CEO? What is your focus day-to-day?*
Mr. Gian: I spend a lot of time setting up the sales and marketing infrastructure. We are blessed to have a few more experienced individuals that have work with, in the past, to lead the European effort and lead the sales effort in the US. Now my main focus is to make sure that our product vision is clear, that we are aligning products with engineering and sales and make sure that companies set up to succeed with the largest applications out there. As we go up the ladder, as we grow and serve larger organizations, we are also being held to higher standards. It's my job to make sure that the different teams are aligned with the vision and demonstrate the product quality needed to deliver a consistent, measurable ROI to our customers.