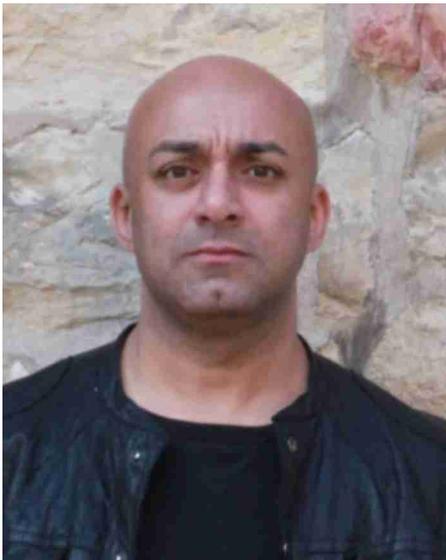


Leaders in the Agile Community, Santeon Group, Inc. with their Software and Services is Enabling Organizations to Optimize Performance and Drive Revenues by Solving Complex Business Process, Compliance and Integration Issues



**Technology
Business Process Management
(BPM) and Technology
(SANT-OTCPK)**



**Dr. Ash Rofail
Chairman and CEO**

BIO:

Ash has a broad executive background leading technology, strategy and overall management for corporations. Ash served as Chief Technology Officer for User Technology Associates, a \$100 M software consultancy with over 1000 employees. Ash was responsible for setting technology strategy and technical leadership. Ash has provided strategic technical vision for several successful and innovative products as Chief Architect for Best

Software (acquired by Sage), Product Architect for Solomon/Great Plains (acquired by Microsoft), and State of the Art Software (acquired by Sage). Ash is a thought leader in enterprise software as a member of Microsoft's Visual Basic advisory board since 1997; patent holder for artificial intelligence technology; author of 6 software engineering books on topics such as XML, .NET, COM/DCOM, building n-Tier Applications and Service Oriented Architectures; and Adjunct Professor at the Johns Hopkins University School of Business. Ash holds a PhD Artificial Intelligence and MS Computer Science.

Company Profile:

Santeon is a technology company that enables organizations to optimize performance and maximize revenues through managed processes- solving complex business process, compliance and integration challenges from both a system integration and a human process perspective.

Santeon was founded to improve the business health of organizations. Santeon believes that whatever your business, you want it to perform optimally with strategy, goals, processes, people and systems finely tuned to optimal performance. We believe that maximizing process efficiencies within and across organizations, and enabling rapid change to these processes, is critical to reach your performance potential. We commit to this goal of developing the potential of our customers.

Santeon provides Agile based software and services to deliver solutions for transforming organizations and

enhancing their internal processes and software development practices.

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

CEOCFO: Dr. Rofail, what is the overview of Santeon?

Dr. Rofail: Santeon is a solution delivery company. We have defined our solutions as a combination of products and services. We serve multiple industries and we have a unique approach to solving problems that are process centric or require organizational performance improvement or changes. That is how we approach our solutions, but in the end, we are a solution provider with our own software products and services.

CEOCFO: What is unique about the Santeon Group approach?

Dr. Rofail: We adopt an agile approach, which is a mindset of how you go about building software and solutions. We are driven by creating value to our customers in short and quick intervals in what we call releases. Whether this is in our software development side of the house, building our own products to release to market or whether we are helping a customer build their own products, our approach is an agile approach. We are thought leaders in the agile community. It is a growing practice and mind set across very large organizations as well as government. We train people on how to do it, we consult them and coach them on how to transform and then we build the solution for them if that is what they want us to do as well.

CEOCFO: How much of your business is consulting and how much is

the actual development or the putting out products into market?

Dr. Rofail: They are probably split and our objective is to keep in balance. I would say now they are probably spit equally one third times three; products, services, and consulting.

CEOCFO: Are there particular industries that Santeon focuses on or that you work with more than others?

Dr. Rofail: On one side of the company, we have core expertise in healthcare and human resources through a specific product and service that we call the Electronics Benefit Network (eBN). eBN relies on our products and our services to deliver benefits enrollment for hundreds of companies to hundreds of benefits providers in what we call our cloud based network - eBN. We have a heavy focus on healthcare and human resources. The rest of the business is not really focused on any specific industry. We have done quite a bit with energy and other industries as well. You can call them practices, but it is cross industry for the rest of the company.

CEOCFO: Would you give us an example of one project you have worked on, and how it was implemented?

Dr. Rofail: On the agile side of the house, several customers, most if not all are Fortune 50 or 100. These companies have very larger in-house as well as contracted developers and maybe 2,000 to 3,000 developers per organization. They have multiple deliveries to meet their own internal demands. They produce their own software and they come to us when they realize that their time to market is slowing down, their quality is being impacted, and they are not really able to manage schedules or release products that have features that they would desire on time. In addition, they come to us because they want to shift from the traditional software development approach, structured formal approach traditionally called waterfall, to this agile mindset and approach. They want us to come and help them develop an enterprise transformation roadmap on how their entire IT organization with thousands of develop-

ers and analysts and contractors alike would shift the way they develop software and release software. Therefore, they come to us with that problem, wanting to transform and we help them create and understand their processes, understand their business goals and objectives, understand the organization and how it is structured. We, with them, develop a transformation road map. Typically, what is part of that road map would be training. Therefore, the whole organization needs to be trained on that new mindset. Then it would require some coaching and consulting. The distinction between both is that we consider consulting is more on the director executive level. The coaching is on the team level, where someone is working with individual teams to guide them through this transformation of this new process. This is one aspect. Another aspect is that we can extend the engagement to actually help them do some engineering work, maybe

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helping them build automated testing, continuous integration or the entire software solution. That would include all of the engineering activities that would support that development, frequent releases, and higher quality with lower defects.

CEOCFO: How do people find Santeon?

Dr. Rofail: We are very outwardly focused. We speak at conferences, we write papers and publish books and we rely on word-of-mouth quite a bit. We do not have a formal structured sales organization, so we rely on being out engaged in the community. Many of our VPs are speakers at conferences like the Project Management Institute (PMI) where they are the keynote speakers. This has been a more effective approach for us; really engaging to understand what the customers are looking for, what they are coming to buy. I would say all of our leads and all of our customers today came to us that way.

CEOCFO: Do some companies real-

ize early in the process that they need to bring in a Santeon, or do they need to reach the point where they just cannot function anymore?

Dr. Rofail: It is interesting, because it comes from the bottom up as well as the top down. In some cases leadership, for example in the federal government, where the leadership CIO is making a decision to transform the way that their department or their groups are going to release and build software. Therefore, this is a difficult approach where it comes from the top down. That is the signature of government, where the top management wants to have an impact, so they are the ones leading that effort. We do a lot of public speaking in government forums as well, so we have these guys coming to us saying they would like to transform. This is kind of a top down. Other clients come in from middle management, where they are reporting to their management that they need to find better ways to develop software. They become the evangelist. They are the ones out there in conferences looking for new ways and new ideas, so they come to us. They may not be the decision

makers, but we make the case to that the upper management. Most of the time, they come to us because of a specific pain. It is mostly a reaction rather than a proactive measure.

CEOCFO: What has been the affect of the current economic situation on Santeon?

Dr. Rofail: We are in Metro-DC, where the unemployment rate here is very low. We have not been impacted, and are sheltered and isolated from the economic downturn and that's a blessing. We are thankful for that, but being here with the federal government, even with the cuts there is still a lot of need. Maybe it is because of how we approach things. People come to us because they want to realize value quickly. They are willing to reinvest their budgets and spend some money to see value sooner than the traditionally year or years and a half out. They want to see value measured in manner of weeks. When their budgets are cut, in an indirect way, it creates more work for us, because they are no longer going

to the big giant vendors. They are coming to small and medium size vendors like us, who can help them be agile with a much smaller budget. From that perspective, the economic downturn has not affected us. People still want to continue growing the business. They are looking at better ways to do it, so we are in that sweet spot where we can provide that approach. Our revenue continues to increase quarter-after-quarter, year-after-year. We have been lucky and blessed. On the hiring side of finding resources, which is the difficult part, because we are in an area of very low unemployment rate, it is hard to find resources which is a good sign of increased demand.

CEOCFO: What is the financial picture like for Santeon Group?

Dr. Rofail: In 2009, before we were a public company, we were highly profitable. We took some hits and software write-offs. In 2010, we had some losses, but they are non-cash losses. They were software write-offs and payroll expenses in the form of stock to previous management. In 2011, it was significantly better and in 2012 we are off to a very big start to the first quarter. Santeon is very healthy and growing strongly.

CEOCFO: Why are companies choosing Santeon?

Dr. Rofail: Most of our customers we have acquired through competitive bids. Some have shared with us that they used specific evaluation criteria to compare Santeon against other companies. For those who use a methodical approach to the evaluation, they chose us because we provide the right level of experience and depth. We have a good balance to the company where not only are we consultants, but we also build our own com-

mercial enterprise products that are used at state and local governments as well as commercial and private industry for years, so we do what is called "eat our own dog food"; we practice what we preach. They saw that as a positive in addition to having a strong satisfied references that speak highly of us, have made us a good choice. From the company telling us why they chose us, not every customer necessarily comes and discloses their evaluation criteria, but this is one insight into their evaluation criteria and looking at our a company as well balanced. In my assessment of why companies choose us, they choose us because of our character and personality. We are truly committed to our customers. We work to exceed their expectations and what we call always focused on delighting our customers by doing things that they would not expect. We are not always looking at the contractual paperwork between us and them. We are looking at the value for them and we are looking at a long-term relationship. Some of our customers renew with us year-after-year and grow, so our base is growing with our current customers because of our service delivery. We are clear with our customers that we have very high standards of integrity and they see that, and we demonstrate that. We were able to actually win very big business just on the character and demeanor of the company and its commitment. Today, many customers are really going back to traditional vendors to look for that customer service element that many are missing. Even in our daily communication, in our personal lives, many of us feel that the sense of a true customer service has kind of gone away. Therefore, we are trying to bring that back and demonstrate that to our customers. It has tremen-

dously helped us, having also qualified consultants and developers. It definitely solidifies that it is not just fluff; we are a good company to do business with.

CEOCFO: Why should investors pay attention to Santeon Group today?

Dr. Rofail: We are on a growth trajectory. We are very disciplined, and we run the company financially in a very disciplined way, so we do not have a lot of fluff in there. Our customers are marquis customers that are continuing to grow with us. We have a diverse revenue model that balances training, consulting, outsource development, which is providing low-cost development with reasonable margins, so that add very high profit margins. We have annuity based revenue model with our electronic benefits network, which has a tremendous barrier to entry and has now eleven or twelve partners and continues to grow and add the largest human resources and payroll software providers in the country, truly the top. Investors look at us and they can see that we are balanced in terms of the service offering, balanced in terms of the industry that we are in and balanced in terms of the revenue sources that come to us. We are at very low risk with changing economic direction and also balanced in our federal and commercial practice. Therefore, investors should look at that and see that we are a company that has mitigated and continues to mitigate the risk for investors, by looking ahead at what customers we are attracting and they are being attracted to us. Then it is what industries and what revenue models we are running the company by and the numbers speak for themselves.



Santeon Group, Inc.
11720 Plaza America Drive, Suite 150
Reston, VA 20190
Phone: 703-970-9200
www.santeon.com