

THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

BERTRAND LIPWORTH - SIRENIC GROUP LTD

CEO Interview - published 07/18/2005

BERTRAND LIPWORTH is Chairman and acting CEO of Sirenic Group Limited.

Lipworth is the founder of and runs Lipworth Capital, a technology sector advisory, fund raising and investment firm. He started the firm at the end of 1995 following over 12 years in investment banking at Samuel Montagu. Lipworth Capital has raised in excess of US\$100M in private equity for clients and has invested in over 40 technology and new media businesses and transactions since its inception. Bertrand was

also the founder and Managing Director of Paradigm Media Investments

PLC, a London Stock Exchange (AIM) listed investment company, with prominent international backers, which returned its capital in 2003. He is a non-executive director of BitRage, Inc. based in Florida and served until 2004 as a non-executive board member of Optiva Inc., based in San

Francisco; companies which his firm helped finance since inception. He serves as a trustee of the Life Neurological Research Trust. Bertrand is an Economics graduate from University College, University of London

Sector: Application software

TWST: If you would, we would ask you for that entry point: what is Sirenic?

Mr. Lipworth: Sirenic is a UK based company that has developed unique mobile data access software, marketed under the 'MobilePA' product brand name. The product allows users to access email, calendar, contact, newsfeeds and other relevant information on the move. As a multiple media access service and software, users can listen by phone to e-mails and content and reply to e-mails by voice or have these displayed on virtually any mobile phone or GPRS or 3G connected device. Key features of the functionality are MobilePA's ability to prioritize emails and to provide knowledge management such that related emails and content or specific searches for emails can be carried out on the mobile device, through our so called 'Relevance' engine. This allows the user to retrieve e-mails that are potentially months old from a specific sender or on a specific subject, in literally a matter of a few seconds. Efficient and proprietary content optimization renders the e-mail or

other content such that it is retrieved very rapidly on the mobile device and in a manner appropriate for that mobile device, such as by WAP on an older phone or 3G on a PDA. The downloads are typically much smaller than for e-mails retrieved through other methods. Another differentiator is that we are a 'pull' technology rather than all of the competing products' 'push' functionality. Thus we feel that users will want to check their emails at the appropriate time, such as between meetings or while driving in the car and our service therefore further optimizes that experience through the prioritization and other features. Thus while we compete in the same general mobile email space as BlackBerry/RIM, Visto, Good and others, we are unique with our suite of services and approach.

TWST: what is the story behind the development of the business?

Mr. Lipworth: Sirenic was set up in 1999 as a California headquartered but UK run company, to develop mobile information software. The company raised funding under the lead of venture capitalists Frontiers Capital and the software was developed to run on all email platforms and to be able to integrate all backend CRM or ERP applications that a corporation may be running. A collaboration with IBM developed early on and as a result Sirenic is an Advanced Partner of IBM. During Q3 2003, the company required further funding to finish its product development and it was at that point that I came in as Chairman and helped restructure the company, and brought the business back into the UK by creating a new UK holding company. We have kept a small California presence as one of the founders is based there, and we intend to restart activities from there probably early next year.

TWST: how would a user typically use your product in the working day?

Mr. Lipworth: For example, if you take an executive who might be driving 20 or 30 minutes in the morning to get to work, Sirenic/MobilePA will play over the mobile phone on the handsfree set in the car and allow that user to have his e-mails read to him and he will be able to reply to these by voice and that reply will go as a small .WAV file attachment and will be attached to the return e-mail. The user can also have the system read him his calendar for the day and news items. When waiting for his or her first meeting to start, the user can call up his or her e-mails and other information up on the display on his mobile phone or PDA and use the search and relevance functionality fully on that, which I will describe further. When the user gets to his desk, the user could use the desktop version of MobilePA, which has a great user interface and can also act as a knowledge management tool: the server, having archived and analyzed every e-mail that has come in, allows the user to retrieve past archived e-mails, contact information or related items in a matter of 2-3 seconds, which is much faster than the built in search facility of say Outlook. On a business trip the user could go to an Internet cafe or use an hotel or public Web access, where MobilePA's user interface offers him his e-mail, calendar, contacts, tasks and news feeds and other content and therefore is a real alternative to carrying

a laptop around. Our service typically archives the user's 10,000 most recent e-mails, which typically would be some six months' worth, but we can modify the enterprise version to archive more or for longer periods.

TWST: What is the target customer base? Who do you currently have as far as a typical client or envision as the overall universe?

Mr. Lipworth: We basically are open to business to anybody. For example, our consumer/"prosumer" product, marketed under the name of MobilePA, can be accessed from the Web at www.Mobilepa.com. Anyone going to that would be able, within a couple of minutes to sign on and to start receiving their emails on their mobile phone or device. They would need to know their POP3 or IMAP or server incoming mail address. In addition to the 'prosumers' this version is also being marketed to small to medium sized companies too as, a managed service. We are marketing in the UK to these SMEs through the likes of Tiscali, the leading European ISP. We have also got a large-scale enterprise model, marketed through our Advanced Partner status with IBM. IBM has introduced our product to some of their corporate and public sector customers. Such deployments would be either hosted by IBM or be enterprise deployments where our software would be installed on servers that the customer has sourced and would be located behind their firewall. So in answer to the question, we cater for the single-user, we cater for the small business, we cater for the medium-sized business, and we can cater for the large enterprise as well, although I must point out that all commercially available products have only really been available since the beginning of this year so our sales pipeline is just being developed now. What we are trying to do currently is to put in place more channels and channel partnerships such as the Tiscali and IBM ones that we have in place and so are keen to sign up a mobile network operator in particular and other business oriented ISPs or system integrators and alternative telephony providers, where we could offer our product on a white label or co-branded basis.

TWST: My sense is that this type of solution set is something that a Google, an MSN, or any other full-fledged search engine or desktop provider would want within their own toolset and functionality. Is Sirenica a standalone, do you feel, in business or is it a tool that essentially gets incorporated at some point into the toolsets?

Mr. Lipworth: I am not sure that we are starting from the same place. Where we come into our own is bridging the desktop to the mobile device,

so we could, for example have Microsoft market this to its MSN/Hotmail user base as a way of increasing ARPU from these services and keeping them within the Microsoft 'world' for mobile access.

TWST: What is the agenda then for Sirenic? What are the priorities for the next 12 to 24 months? What would make that time frame a success?

Mr. Lipworth: Basically, the restructuring of Sirenic took longer than I thought it would. From the time this started in Q4 2003, it took pretty well a year to get the business restructured to get the staffing right, and at the same time, a lot of continuing R&D happened which honed the product substantially. We went from an alpha version of the product, through to Version 1 and are now, effectively, on Version 7 of the product. So we now feel what we have got a software that is scalable, that is highly robust and resilient, that we can really put our name to, and that we can roll out either alone or with one of our partnerships. We are currently raising money primarily to bring on sales and marketing staff and to raise the visibility of our product. As I mentioned, we would like to develop relationships with mobile Network Operators and more ISPs and SIs. A mobile network operator coming on board would be ideal because they've got lots of subscribers to whom they are selling increasingly commoditized offerings of minutes and data. Our mobility solution could offer them revenue share, increase voice minute-usage and increase data usage. Furthermore, working as we do on all legacy devices, we could help slow down the free upgrade cycle that users typically take advantage of and such 'stickiness' with existing devices means less subsidy for the Mobile Network Operator. We are therefore hopeful that we will get our subscriber base up to over the 10,000 mark by this time next year and that would imply profitability for us.

TWST: Introduce us to your current top level management team, and, if you would, your assessment as you look at bench strengths and skill sets today, and where you are headed. Are there any positions or areas to add or augment?

Mr. Lipworth: The key person in this company, because of the sophistication of the software, is our Founder and CTO, Nic Sheard. He is ex-Hewlett Packard, a graduate of Southampton University, which is very strong in computer sciences and based the Company's technology team in Southampton, England. We have also brought onboard as Director of Strategy, Nicholas Jeffery. Nicholas was one of the key executives who turned around PSINet in the UK and successfully got that business sold. We are looking to augment his role within the business. I'm both Chairman and acting CEO, and over the course of the coming year, I would see the role of CEO going to either an inside or an outside appointment and I would concentrate more on the strategic side of the business and

hopefully an IPO on AIM, the Alternative Investment Market of the London Stock Exchange. As we approach that we would strengthen our Finance Department with the appointment of a CFO and would also be looking for another non-Executive Director.

TWST: In your discussions with your current stakeholders, potential investors, and analysts and peers in the industry today, are there any ways in which they see markets or strategies or customer needs different from what you see?

Mr. Lipworth: I think there is always sort of the incredulity factor given the size of our business relative to the better known competitors. I can't really speak for this before I came onboard, but from the end of 2003, people were just beginning to start to talk about BlackBerry here in the UK and BlackBerry soon dominated the space for those who decided on an email mobility device. Rather than just competing with it, we decided to develop and to position our product such that was differentiated from BlackBerry: it is differentiated in two principal ways. One, we work on any device. So there are people who have always liked for example Ericsson phones and now have the SonyEricsson P910 for example or have always liked HP iPAQs or Palms, and now can get not only e-mail functionality that is more efficient in terms of data usage and therefore speed than the in-built email 'clients' on these devices, but has all the additional elements that we can offer such as the voice access and Relevance/knowledge management.

TWST: When you look at what you have onboard, where your organic growth is taking you, do you need M&A to grow Sirenic?

Mr. Lipworth: I think that if there were any M&A involved, we would be the 'consolidatee' rather than a consolidator, given our size at this point! We are relatively small and so for example if a large, marketing-oriented IT organization, that's looking to develop an extra mass market product line, might find that our product fits in well.

TWST: When you made your decision to become more actively involved and take on the investment aspect of this company, what did you see then as the value proposition? Has that changed now that you've gotten more involved and work more closely with the company? What do you see today as the value proposition?

Mr. Lipworth: I bought into this a little bit in a sort of 'Victor Kiam' way in that having seen the early alpha version of the product, I just felt it was too good and decided I wanted to buy into it. Having actually now being in it for a year and a half and seen the market

develop around it, I'm actually more excited about this company and its prospects and its place than I ever was before. To put it simply, this potential market is huge. BlackBerry has just gone through 3 million users and there are probably only a million or so users on other platforms or devices. Yet we are talking about a world where there are I believe around 360 million corporate e-mail users out of the total universe of e-mail users that exceeds a billion. If you compare that world to the mobile phone world where there are probably over a billion and a half mobile phones in people's hands, including pretty well everybody has got an e-mail account, you begin to see that acting as the bridge between the two markets can give rise a huge segment and we could potentially see the number of mobile e-mail users go from the current 4, 5 or 6 million up to potentially 50 or 100 million by the end of this decade. And even if you put very low ARPU - average revenue per user - numbers against those users, a market with potentially 50 or 100 million users is a market worth tens of billions of dollars per annum that, importantly does not require a significant infrastructural build out. On the mobile side, there is a big deployment of mobiles which people upgrade every year. All the investments in CDMA, GSM, GPRS and 3G has already been made. So acting as the bridge that leverages both the internet infrastructure and the mobile infrastructure is potentially a very profitable business without a very large capital outlay.

TWST: What have I overlooked? Are there any items on your list to discuss, things we haven't touched or things on your list?

Mr. Lipworth: Well, as an aside, the resilience provided by the multiple media approach came into its own last week the tragedy that occurred in London on Thursday morning. Following those events, the entire mobile network and GPRS network shut down or was seriously incapacitate for a number of hours. Our voice service continued to work from landlines and payphones, which were also working, and therefore a number of our users were able to receive emails and to respond to these and information about cancelled meetings when no other means of contact was available.

TWST: The only other item I thought about as we did this is that a potential mark would be in the audit area, forensics with respect to corporate practices or corporate strategy development collaboration, legal and regulatory type instances. Is that market different or is that market a subset?

Mr. Lipworth: Interestingly you have flagged a topic that's in our R&D pipeline. In fact this is potentially a new and large business area as opposed to requiring very much R&D at all. Because our software both archives and analyzes every e-mail that comes in to an individual or an organization, we can create a low-cost but highly effective archiving

solution that is an intelligent solution. It could be built such that every e-mail that comes in or goes out or anything else that's on the user's desktop can be archived and can be retrieved in a very efficient way at any time on any device anywhere in the world. So the sheer data

recovery beneficial aspects of this are evident as well as the compliance aspects in a Sarbanes-Oxley context. As a journalist using your own laptop, you probably at least once in your life have experienced a crash and not had everything completely backed up.

The thought that every e-mail can be retrieved without difficulty because as trusted service has kept an ongoing backup for you is an attractive thought. In the corporate compliance realm, you've then got a product where e-mails by and from a particular employee or regarding a particular subject, say in the context of an investigation, can be retrieved very easily, even if that employee has made a point of trying to delete those e-mails.

TWST: Thank you. (DWA)

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