



## KNOSYS 2017 Update

Dear Shareholder,

Having been in the chair as the Knosys CEO for just on 6 months I wanted to take this opportunity to update you on your company and our plans for 2017.

2016 was a year of significant change and growth for the business on several fronts:

- we witnessed the transitioning from a founder driven business to one managed by independent professionals;
- the business grew in late 2016 from a small base of 5 staff (some part time) to one staffed by 10 full time employees; and
- we matured into a sales-focussed technology business with the recruitment of a national sales team of 3

In conjunction with the above, we undertook a review of operations to examine areas for improvement.

December 2016 and January 2017 has been an intense period of activity at Knosys. Following our review, we have used the holiday period to prepare your company for real and sustainable progress in 2017 and beyond. Our main focus has been on product development, refinement of our “pitch” and improving the sales capability and focus of our own sales force and those of our business partners.

### PRODUCT AND SALES FOCUS

We have the foundations of an exceptional Knowledge Management solution – a large and rapidly growing business requirement in many companies. Knosys was identified late last year, in the CIO Review, as one of the most promising 20 Knowledge Management solution providers globally. We now need to translate this into ongoing commercial success. Our view simply is we have **not been articulating the value proposition as well as we could be to potential customers and have strayed from our core vision that is “making knowledge matter”**.

This was the single most important lesson gleaned from 2016 and we are now highly focused on addressing this in 2017 by re-examining our market messaging. Accordingly, we have launched the new Knosys website on 1st February which you will see is more informative and sales orientated than its predecessor ([www.knosys.it](http://www.knosys.it)). We will continue to update the site with content and additional functionality over the next few months. In parallel, we have been working on marketing collateral in recent months and will release new product brochures, case studies, and technical reference manuals to partners and our own new National Sales Team.

We have also significantly evolved our product strategy recently in recognition that “OEM integration” is, in fact, one of the most important ways forward for Knosys. We have plans to release the first integrations with information or document repositories such as Microsoft SharePoint, HP Content Manager and iManage.

These integrations provide Knosys with the opportunity to work with the targeted software vendors to leverage their respective global customer bases and distribution channels to supercharge our partner program and drive volume sales. We expect to release our SharePoint connector towards the end of March this year and are actively engaged in discussions with Microsoft distributors on potential reseller opportunities. Subsequent connectors will be release in the following quarters thereby making

our Knosys knowledge management solution far more valuable to end customers and significantly improving our sales reach.

On the back of the Office of Public Prosecutions (OPP) contract we have also devoted time to examining the legal sector as a key industry vertical. Early indications are that we have some unique capabilities to offer this sector and that the knowledge management market size is in the region of \$647 million per annum and growing at an impressive 27% in the United States. Naturally the domestic market would be our initial starting point, riding on the success of the OPP, as it makes sense that there is a wider requirement locally. Australia hosts over 12,000 legal firms, with 77 of those with over 40+ staff. Also, there are more than 20 legal/Government entities similar to the OPP. Therefore, we have assigned one of our key Sales Executives to work this market exclusively for a period in 2017 and see what traction we can gain. This will also test whether we should devote more resources to this sector in the future.

In Singapore, we continue to work with CITIC Telecom and plan to release a new version of their knowledge-based sales enablement solution in mid-February. We anticipate the next step with them will be a larger deployment of a few hundred users in March with potential for a larger roll out across the broader group within Asia in 2017. We have agreed with our local partner to hire a pre-sales resource in Singapore to assist them and additional partners with prospecting and scoping new customer opportunities in the region. This coincides with the new product collateral release and Knosys product training to be conducted in Singapore during February.

## **INVESTOR RELATIONS**

Knosys already has resources focussed on investor communications and investor relations but the Company still has relatively narrow coverage and low share turn-over. Accordingly, in addition to our other activities, in conjunction with our advisers, we continue to look at opportunities for additional company research on Knosys, so that existing and new investors can better understand the investment opportunity.

## **CONCLUSION**

Knosys is now better positioned than ever before to drive sales forward: it has the people; it has the right messaging; and has the sales tools necessary to bring in customers directly and enhance our enviable partner network over the next 12 months. I look forward to updating you with additional information frequently during 2017, so you know what your company is doing and where we are heading. We have a range of key initiatives as highlighted above in play and now it's a matter of executing them well and fine tuning this approach based on outcomes.

Thank you for your patience and support over the past year.

Yours Sincerely,

John



**John Thompson**  
**Chief Executive Officer**

1 February 2017

