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Norwood Systems AGM  
30 November 2016

Strategy, Pipeline and  
Platforms Update

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Norwood Systems Ltd

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## Our Business

# Norwood Systems' business:

–High-value, global Over-The-Top (OTT) services

5 international  
patent families

5 million App  
downloads

Most downloaded  
Travel App in  
109 countries

Public company  
– listed on ASX

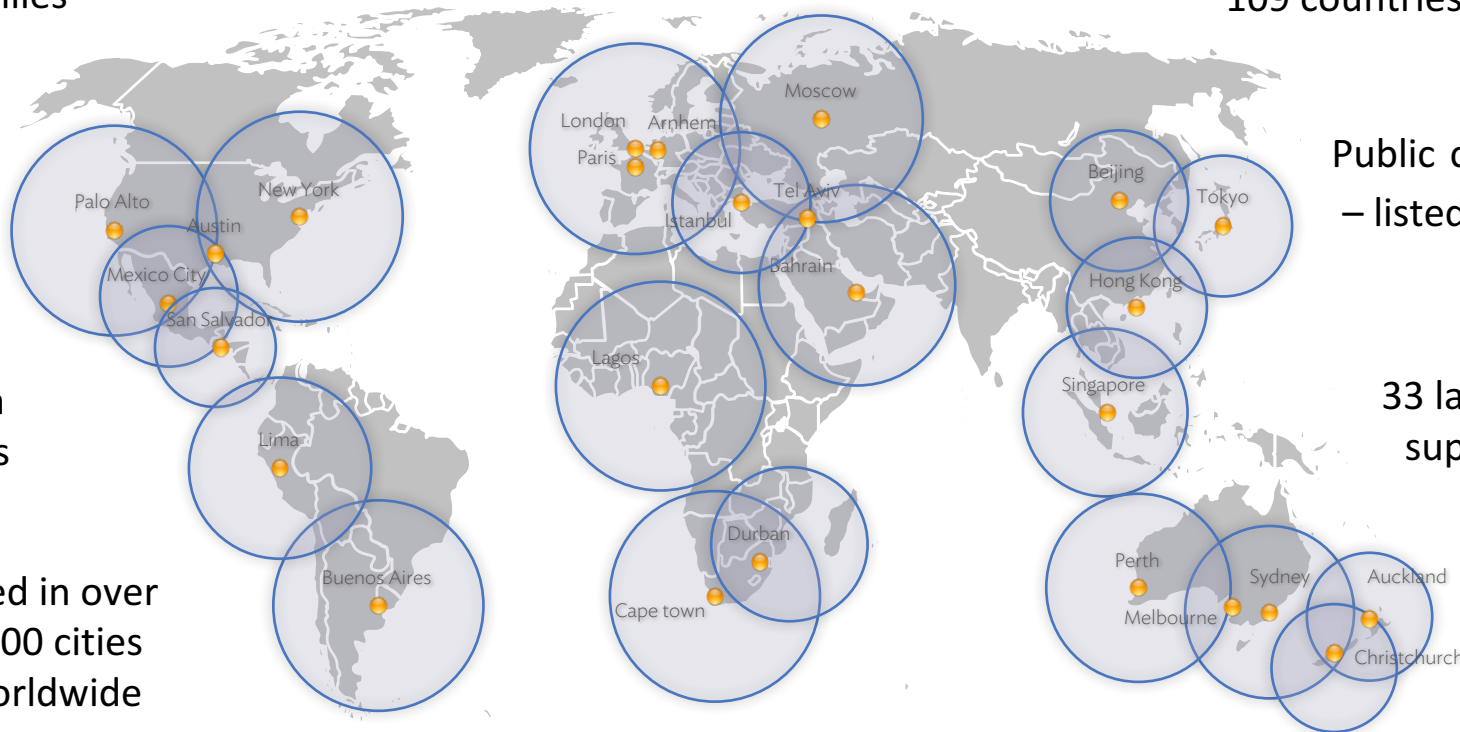
Top grossing  
Travel App in  
125 countries

33 languages  
supported

Used in over  
5100 cities  
worldwide

Innovative Shared Economy  
platform in over 70 countries

Representation on  
four continents



## Strong Sales Pipeline

- Major corporate accounts
- White label solution for top International Loyalty Programmes
- Multiple telcos

## What is an OTT Service?

An OTT service delivers value-added services, such as telephony, messaging or TV “Over The Top” of existing **data** services, e.g. VoIP over 3G/4G mobile data networks.

Notable examples are services such as WhatsApp, Skype or Netflix.

OTT voice and OTT messaging are often associated with a “race to the bottom” game:

*“WhatsApp erased an estimated \$33 billion in SMS revenue from wireless operators in 2013. That number is growing.”*

*“Between 2012 and 2018 the entire telecommunications industry will have lost a combined \$386 billion because of OTT services like WhatsApp and Skype, according to Ovum Research.”*

Source: Forbes

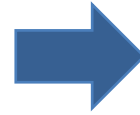
### **Norwood is changing the rules of the OTT game:**

Norwood uses OTT technology to deliver new services to its clients, *where value is delivered through solving a business need of the customer rather than through basic price competition*

- Norwood develops and sells OTT solutions that create substantial operational benefits and savings for its clients
- We have clients and a strong developing pipeline across three sectors:
  - **Enterprises, Telcos, Travel & Loyalty**
- Our strategy is to create value through solving a business need of the customer, rather than through price-based competition (tariff arbitrage)
- Tight segment focus on different revenue streams – for example:
  - For **Enterprises**, Norwood provides compelling “Bring Your Own Device” (BYOD) solutions (covered further overleaf)
  - For **Telcos**, Norwood provides modernised end-to-end OTT service infrastructure (to be covered in a later update)
  - For **Travel & Loyalty service providers**, Norwood offers differentiated “white label” propositions for their members (to be covered in a later update)
- The Company owns and uses internally-developed, highly-evolved IP and technologies to service these segments, presented to clients as Apps and Cloud Service Platforms
- **Core revenue is driven by a per-seat Software as a Service (SaaS) model** in addition to per minute, per message and per GB revenue for for voice, messaging and data usage.

**Tariff Arbitrage strategy:**

- **Value is a function of price competition**  
Dependent on pricing differences persisting between mobile and fixed networks for roaming and international calls
- **Variable geographic application**  
Subject to wide market-by-market pricing variation. Voice and messaging OTT services require a roaming 3G/4G or Wi-Fi data connection
- **Exposed to price-based replication**  
Exposed to competitive pricing moves by operators, for example the introduction of roaming day packs
- **Lower-margin Telco usage model**  
Margin constrained by wholesale costs

**Business Needs strategy:**

- **Value is a function of intrinsic demand**  
Customer's need for Norwood's enterprise solutions is independent of prevailing pricing deltas between our services and standard mobile services
- **Universal application**  
Many businesses worldwide currently issue mobile phones to their staff! Our service operates on domestic 3G/4G and local Wi-Fi data services
- **Difficult to replicate**  
We use modified App-based user interfaces paired with global cloud servers, a capability not readily replicable by mobile operators, who are dependent on phone and messaging Apps developed by Apple and Google
- **High-margin SaaS revenue model**  
Driven by per-seat software licensing fees

**Business Needs Strategy bolsters longer-term positioning for Norwood's services  
Tariff Arbitrage Strategy still valuable to drive incremental short-term value**

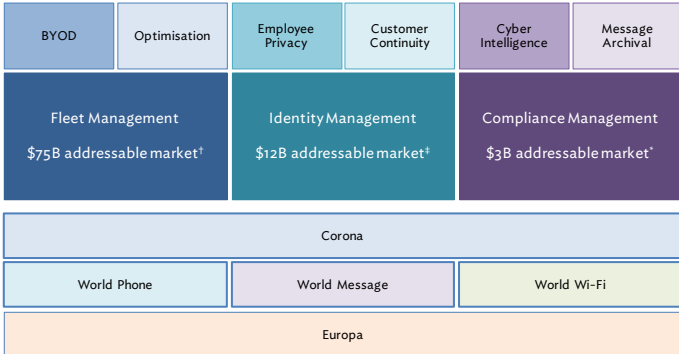


## Strategy Update

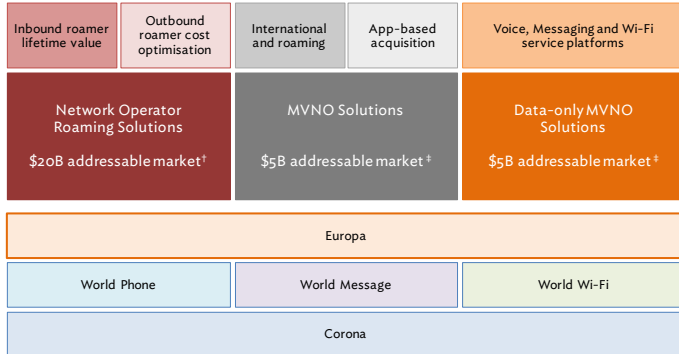


## Three core, long-term opportunities:

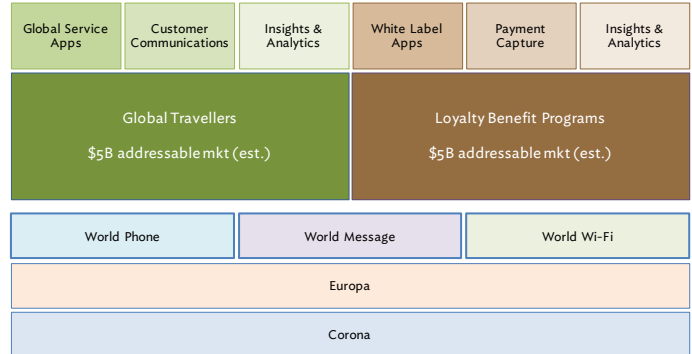
### Enterprise

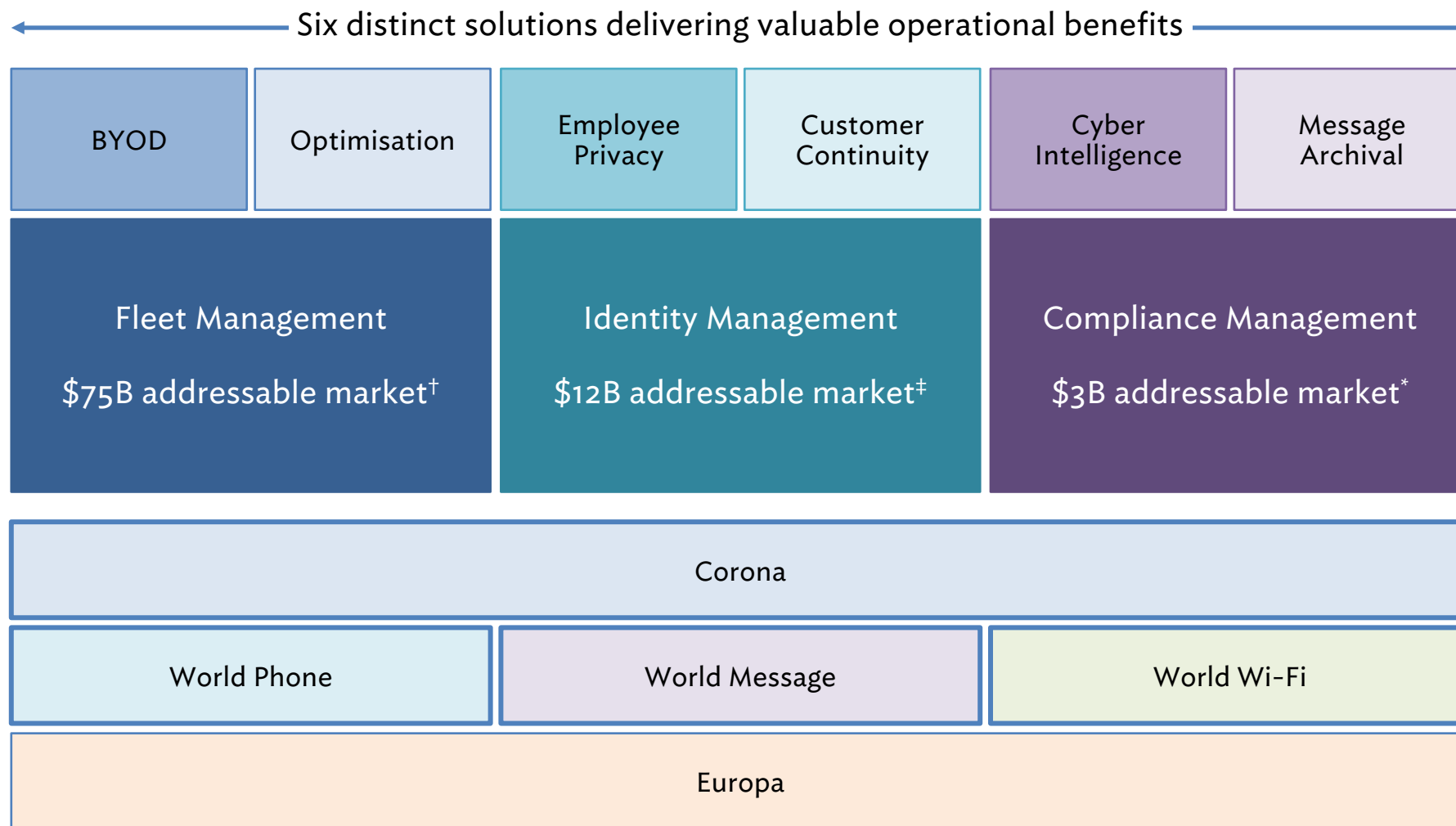


### Telco

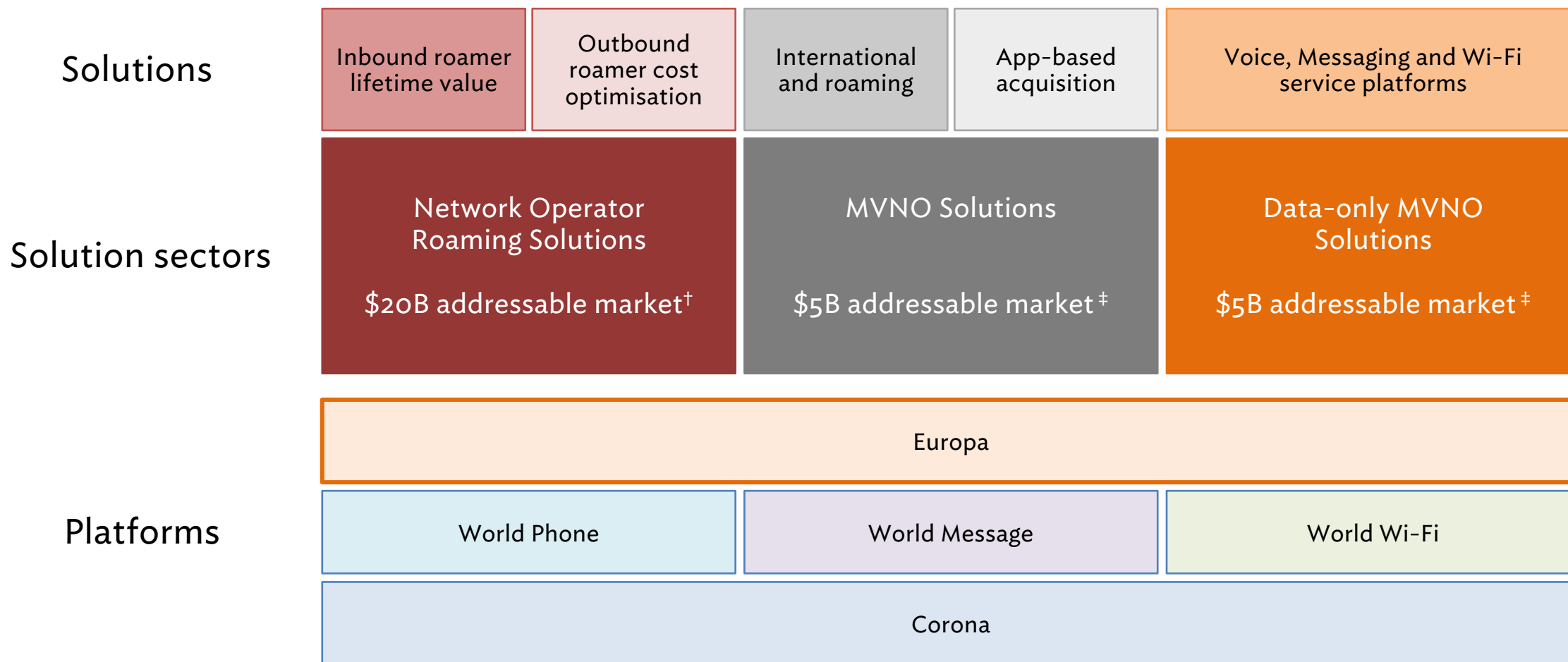


### Travel & Loyalty




<sup>†</sup> <http://www.grandviewresearch.com/industry-analysis/bring-your-own-device-market>
<sup>‡</sup> <http://www.marketsandmarkets.com/PressReleases/identity-access-management-iam.asp>
<sup>\*</sup> <https://www.lockpath.com/blog/the-grc-market-is-expanding-at-an-exponential-rate/>

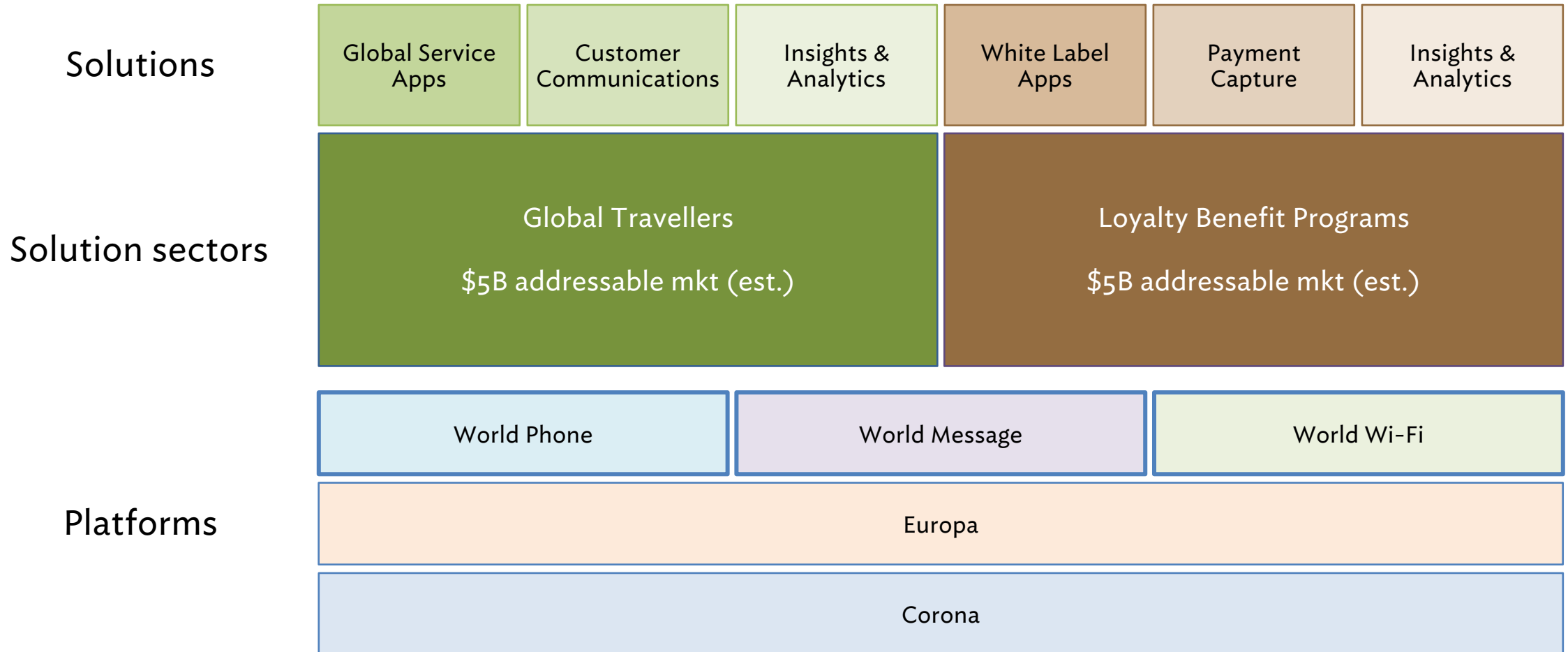
← Five distinct solutions delivering valuable operational benefits →



<sup>†</sup> <http://www.juniperresearch.com/press-release/mobile-roaming-pr1>

<sup>‡</sup> <http://www.grandviewresearch.com/industry-analysis/mobile-virtual-network-operator-mvno-market>

← Five distinct solutions delivering valuable operational benefits →



## Size of End-user Base

1K – 100K

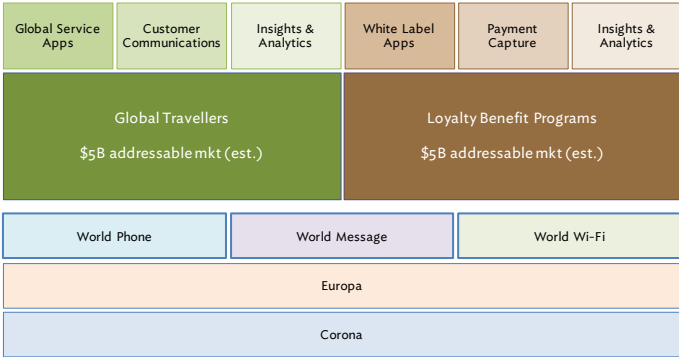
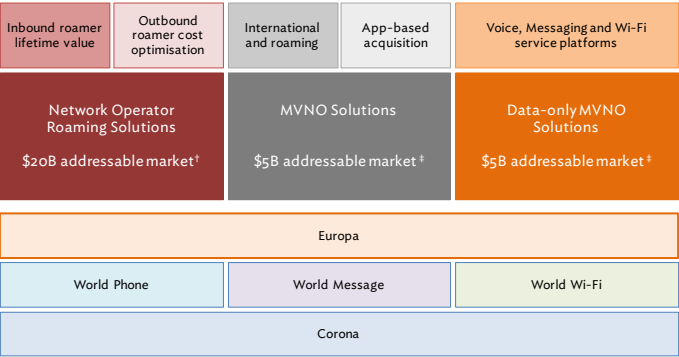
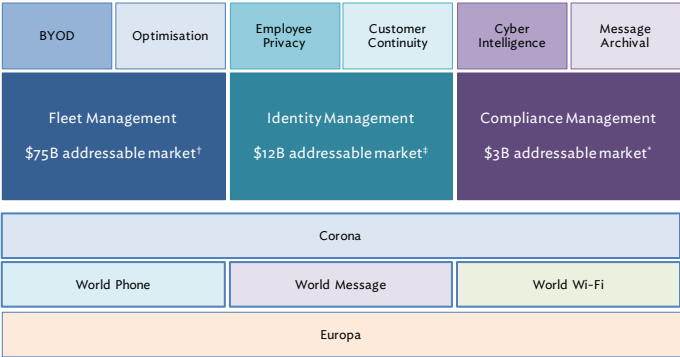
10K – 1M

100K – 10M

### Enterprise

### Telco

### Travel & Loyalty



## SaaS Revenue Potential

\$10/user/month

\$1/user/month

\$0.20/user/month

## Sales cycle

6-12 months

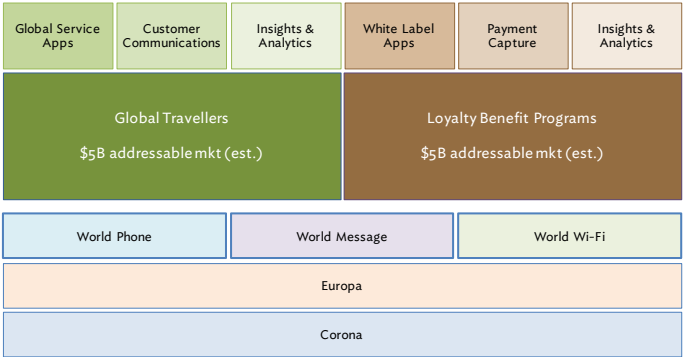
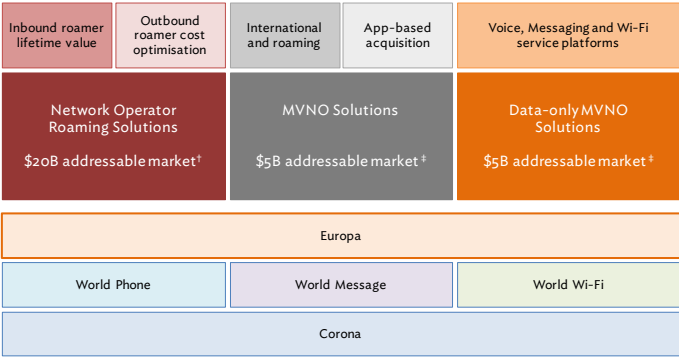
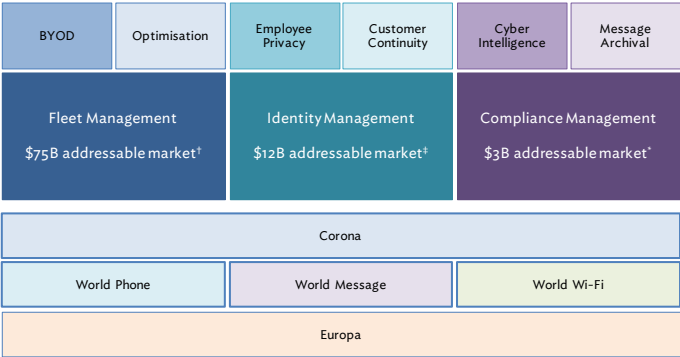
1 – 3 years

6-12 months

### Enterprise

### Telco

### Travel & Loyalty



## Who makes the decision to buy?

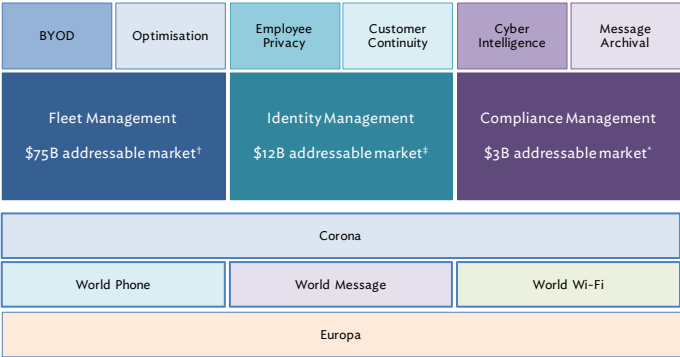
C-suite sign-off

Multi-business heads sign-off

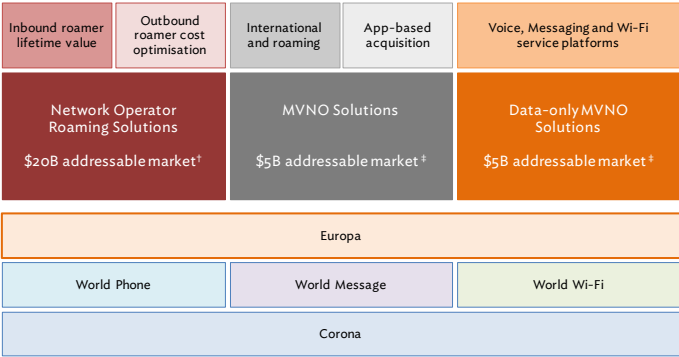
Staged multi-party sign-off

## Many potential addressable segments – where to prioritise?

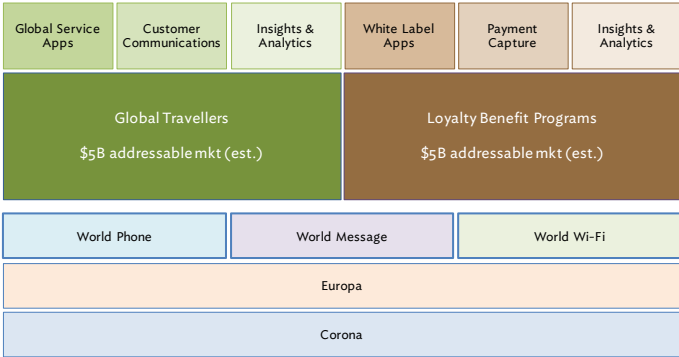
### Enterprise



### Telco



### Travel & Loyalty



# Where is Norwood currently focusing?

## BYOD

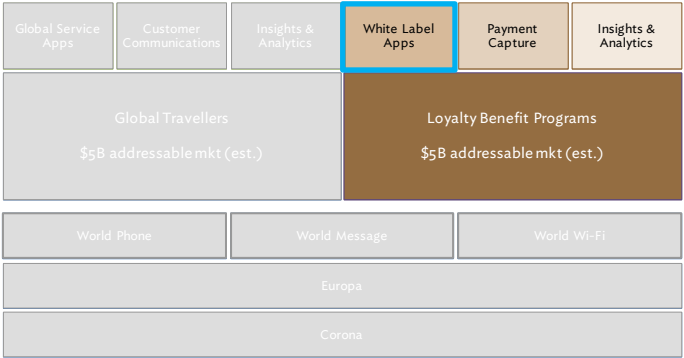
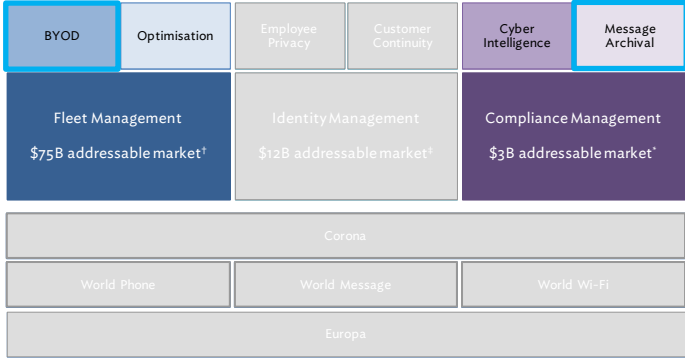
## Compliance

### Enterprise

### Telco

## Loyalty

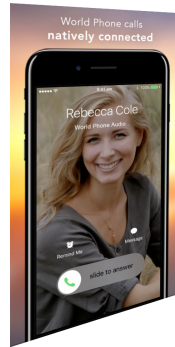
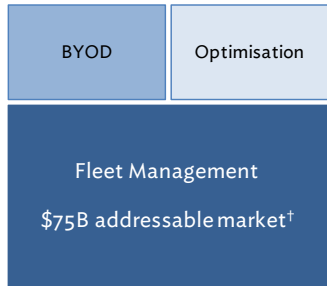
### Travel & Loyalty





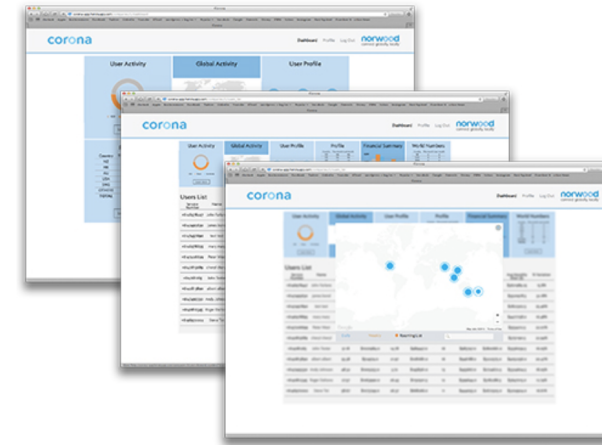


## Pipeline Update



### World Phone + World Message

- **A virtualised business cellphone:** “A phone within a phone”
- Delivered as two Apps on an employee’s personal handset
- “Bullet-proof”, “utterly seamless” OTT telephony and messaging
- Superb end-user experience and user interfaces
- Unique business-credit mode – zero employee record-keeping

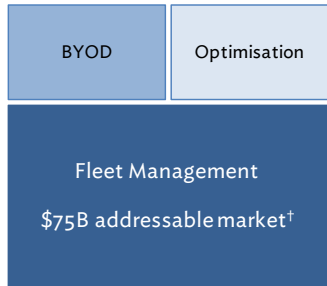


### Corona Cloud

- **Easy OTT management of large virtual mobile fleets**
- Real-time call logging and reporting
- Scalable from SMBs to Enterprises
- Centralised credit management and policies
- Secure Stripe-enabled payment back-end

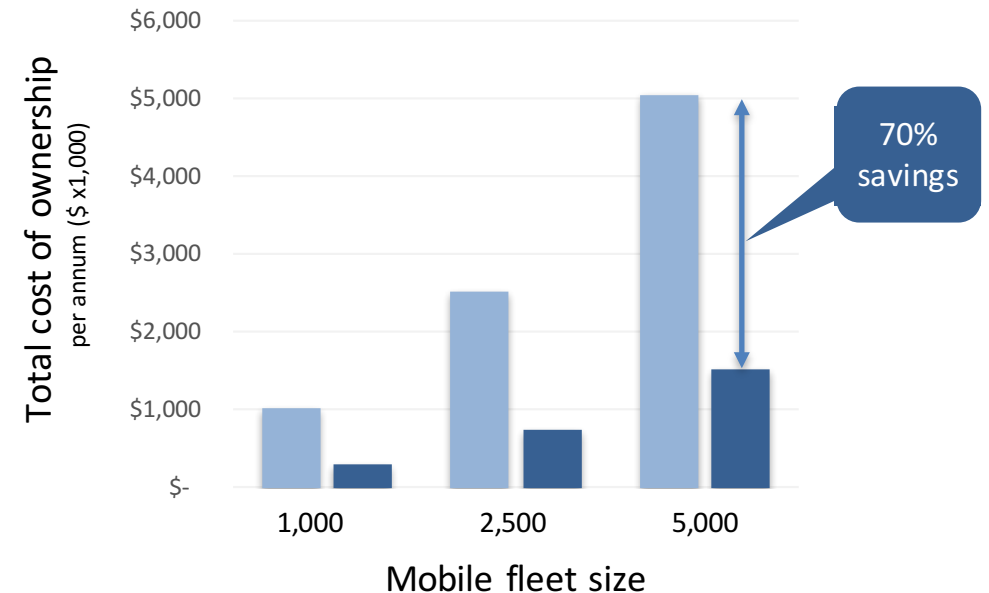
**Unique solution:**

- Replace an employee’s business mobile phone with 2 high-quality Apps
- Delivers 70% savings on corporate mobile fleet expenses



### Bring Your Own Device (BYOD) case study:

- How it works:
  - Install World Phone / World Message on staff devices
  - Business manages centrally via Corona Cloud
- Three sources of **savings**:
  - Reduction of hardware acquisition cost
  - Reduction of contracted service fees
  - Reduction of ongoing IT support
- Operational **benefits**:
  - Staff carry one device
  - Zero staff expense management overhead
  - Centralised business expense reporting
  - Credit allocations and spend policies centrally managed



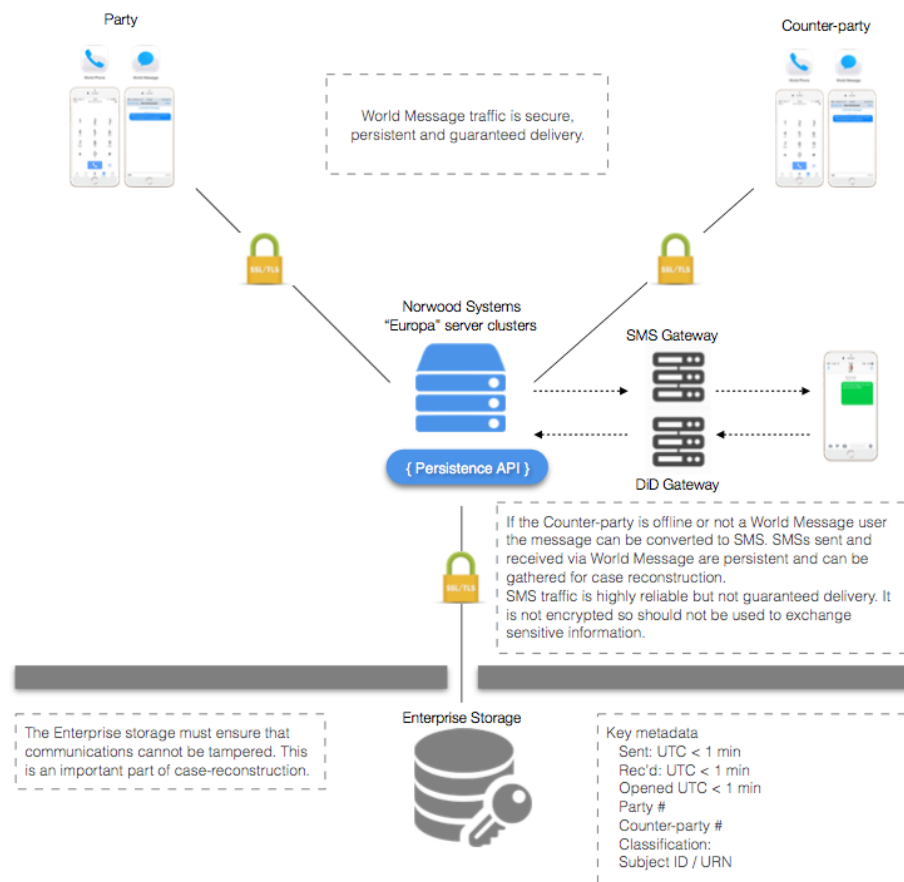
Implementing Norwood's BYOD on an enterprise's 5,000-strong mobile fleet can save it more than \$3M p.a. generating \$600K of annual recurring SaaS revenue to Norwood

BYOD	Optimisation
Fleet Management \$75B addressable market†	

Client	Status	Annual contract value**
1. Multi-national engineering firm	Awaiting contract signature	\$100,000 pa
2. Multi-national manufacturing firm	Contract signed	\$30,000 pa
3. International engineering firm – phase 1	Contract signed	\$30,000 pa
3. International engineering firm – phase 2	Pending phase 1 rollout	\$1,000,000 pa
4. International travel firm – phase 1	In pilot	\$250,000 pa
4. International travel firm – phase 2	Design phase	\$1,900,000 pa
5. State-wide healthcare provider	In pilot	\$1,200,000 pa
6. Global insurance firm	In pilot – AU only	\$350,000 pa
7. National media firm	Awaiting pilot go-ahead	\$300,000 pa
8. International media firm	Awaiting AU pilot go-ahead	\$500,000 pa

\* Representative sample, not exhaustive

\*\* Pending contract, not guaranteed



- Seamless SMS and App-2App messaging
- Drop-in replacement for native messaging
- First platform to enable SMS archival for regulated verticals
  - Financial services
  - Legal services
  - Health services
- FINRA (US) and FCA (UK) driving need to archive all client-facing communications
- Similar MiFID-II regulation pending in EU from 2018

**Unique solution:**

- World's first archival solution for inbound and outbound SMS traffic
- Market defined by regulation (“have to”) and need for record-keeping



### Market is defined by Regulation and need for record-keeping:

- How it works:
  - Install World Message on staff devices
  - Users provided with unique mobile ID
  - Firm manages centrally via Corona Cloud
- Two key **drivers**:
  - **Regulation**: for example, many regulated financial firms have now banned their staff from texting their clients in order to comply with new regulations
  - **“Guilty until proven innocent” syndrome**: Firms believe they have to keep substantiating records on all commercial activities due to legal pressures
- Operational **benefits**:
  - Virtually identical end-user experience, compared to native App
  - Seamless network-side archival of App2App and App2SMS communications
  - Centralised administration, integrated with regulatory-compliant archival hubs



Regulatory-compliant SMS Archival = a high-value, greenfield opportunity.  
 Applicable to financial, legal and health-care regulated sectors

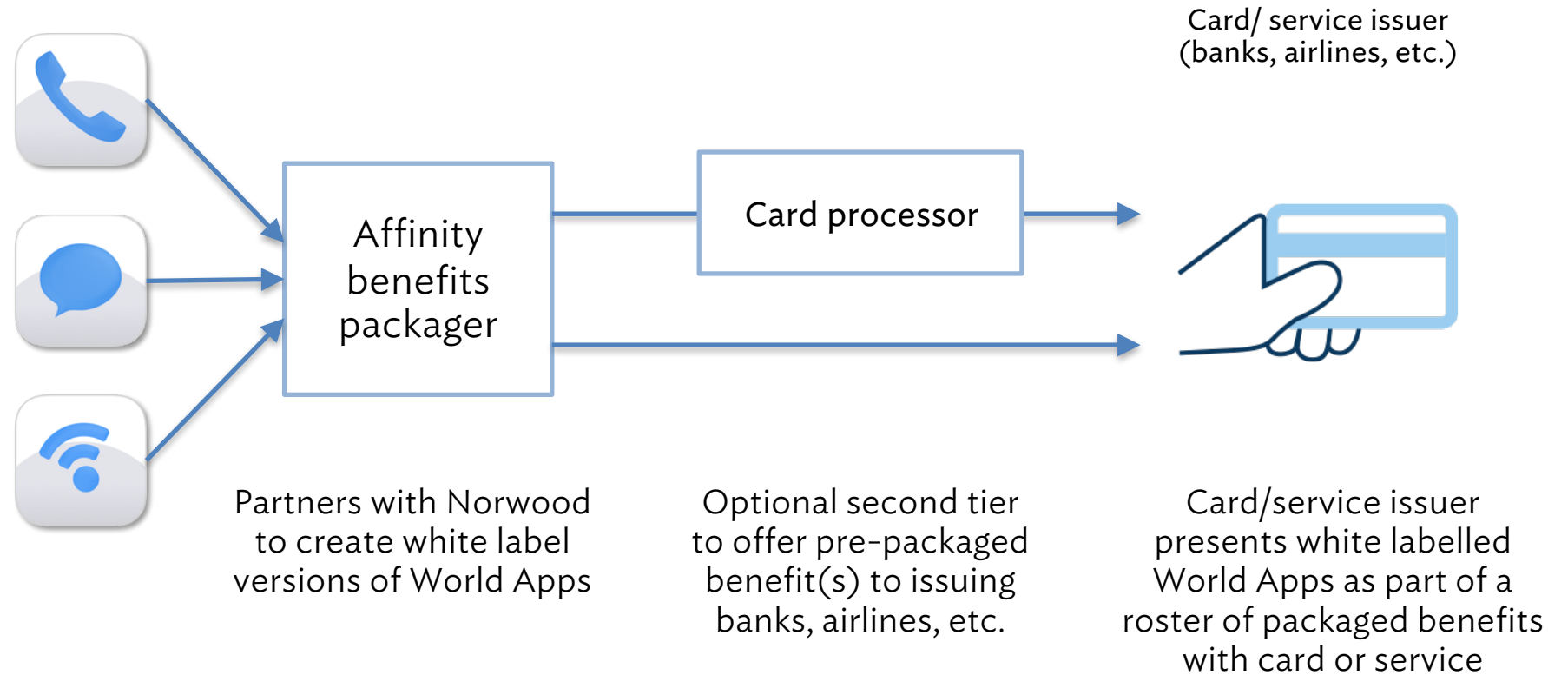
Cyber Intelligence	Message Archival
Compliance Management \$3B addressable market*	

Client	Status	Annual contract value**
1. US-based investment bank	Awaiting pilot go-ahead	\$1,000,000 pa
2. US-based investment bank	Awaiting pilot go-ahead	\$250,000 pa
3. AU-based state healthcare provider	Awaiting pilot go-ahead	\$500,000 pa
4. UK-based investment bank	Awaiting pilot go-ahead	\$250,000 pa
5. UK-based telco channel partner	In partnering discussions	Targeting City of London

\* Representative sample, not exhaustive

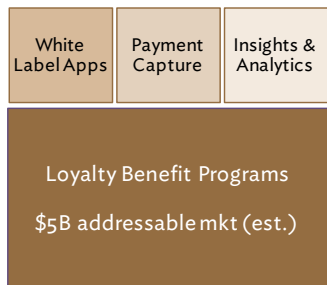
\*\* Pending contract, not guaranteed

White Label Apps	Payment Capture	Insights & Analytics
Loyalty Benefit Programs \$5B addressable mkt (est.)		



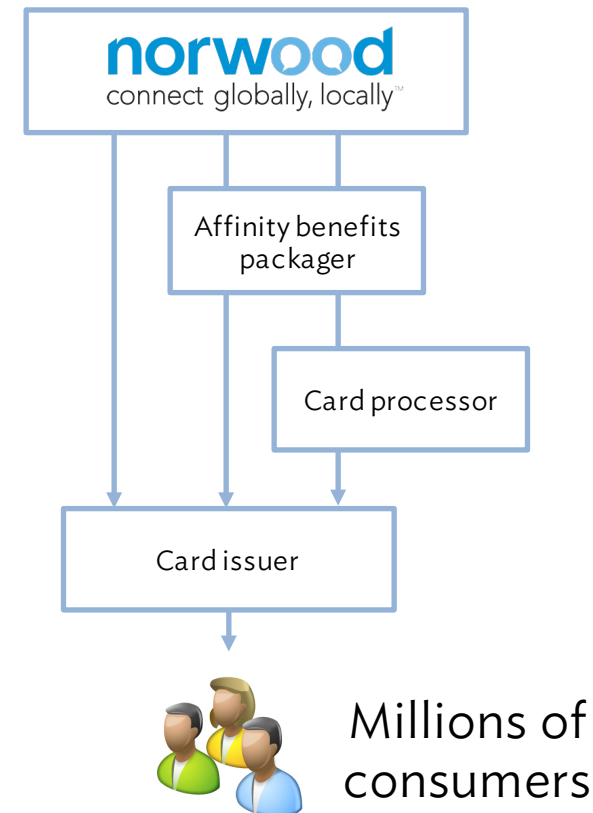
**Winning solution:** Building scalable channel to consumer market based on great App quality and highly aligned fit with target customer segment needs



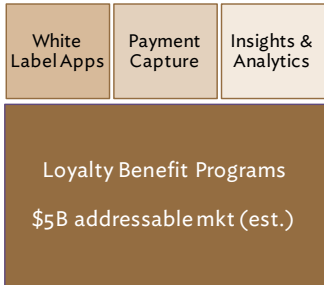


### Affinity distribution model:

- How it works:
  - Revenue is derived from an end-user “breakage” model: a mix of flat monthly SaaS fees plus some telco revenue
  - **Revenue is driven by a flat upfront annual fee per card holder**, whose card is issued with a number of bundled benefits including, in this instance, one or more of the World Apps
  - The white labelled World Apps plus bundled services (minutes/messages/data) are offered as a fixed fee per subscribed user per year, being part of a card’s benefits bundle
- Norwood’s prospective partners act as “benefits packagers” to card issuers and loyalty program providers
  - Apps offered will be “white label” versions of Norwood’s World Apps
- Strong interest from partners for World Phone and World Wi-Fi white label solutions



**High volume market:** Affinity-branded cards generate more than \$800 billion in annual transactions. The top 3 major debit and credit cards processors each manage a billion or more cards.



Client	Status	Annual contract value**
1. Multi-national loyalty affinity firm #1	Awaiting contract signature Expected December 2016**	\$500K-3M pa
2. Multi-national loyalty affinity firm #2	Initial discussions	\$100K-3M pa
3. Flag carrier airline	Initial discussions	\$500K-1M pa

\* Representative sample, not exhaustive

\*\* Pending contract, not guaranteed



## Platforms Update

# Comprehensive OTT platform portfolio

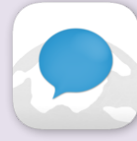
– Provides full service coverage



World Phone

## Voice

72 country Points of Presence  
5 million downloads to date  
V2.0 just released



World Message

## Messaging

2 billion  
destination addresses  
Shipping Q4, CY16



World Wi-Fi

## Data

40+ million  
Wi-Fi Access Points  
Shipping Q4, CY16

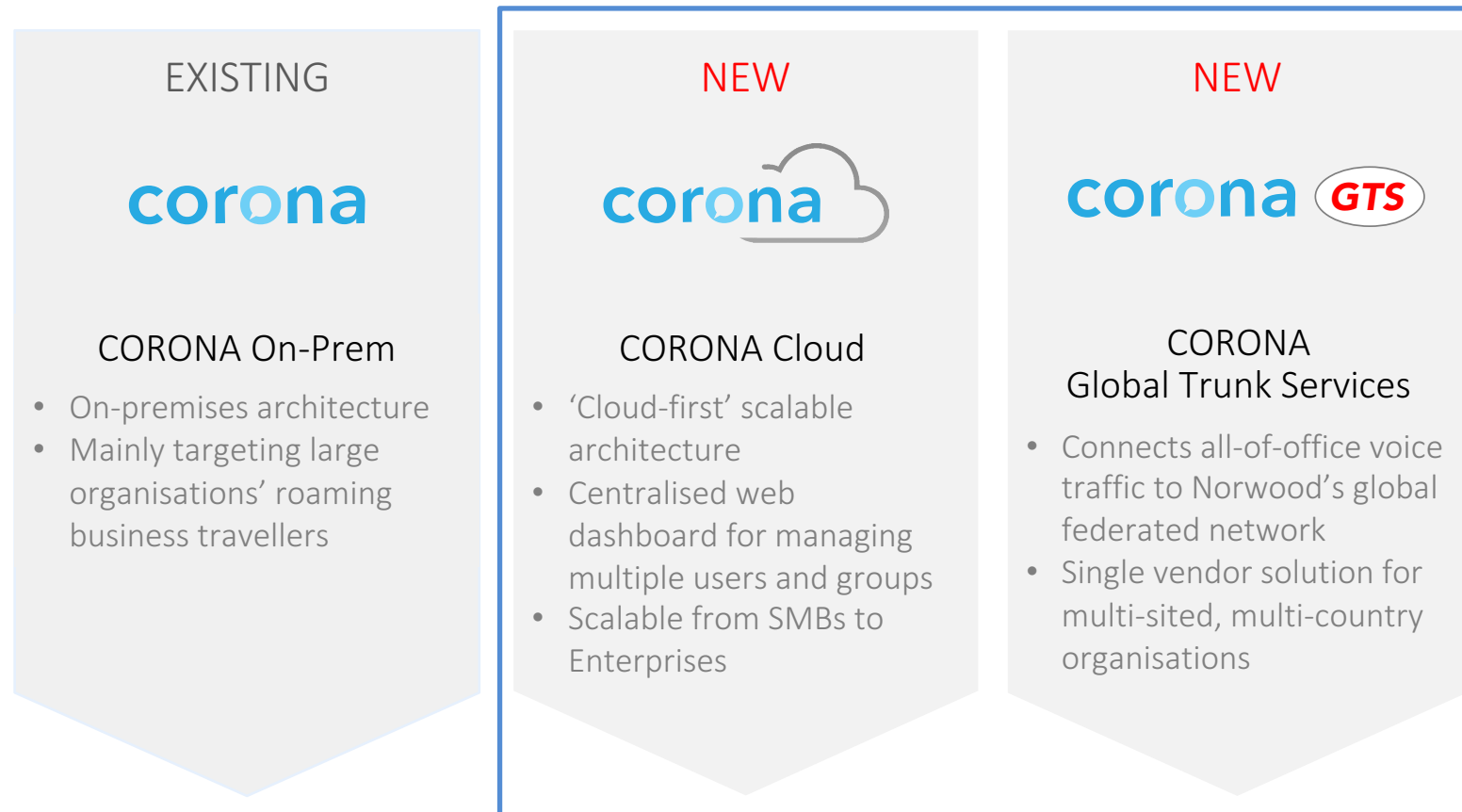
**europa**

**corona**

**Norwood's multi-service federated networks**

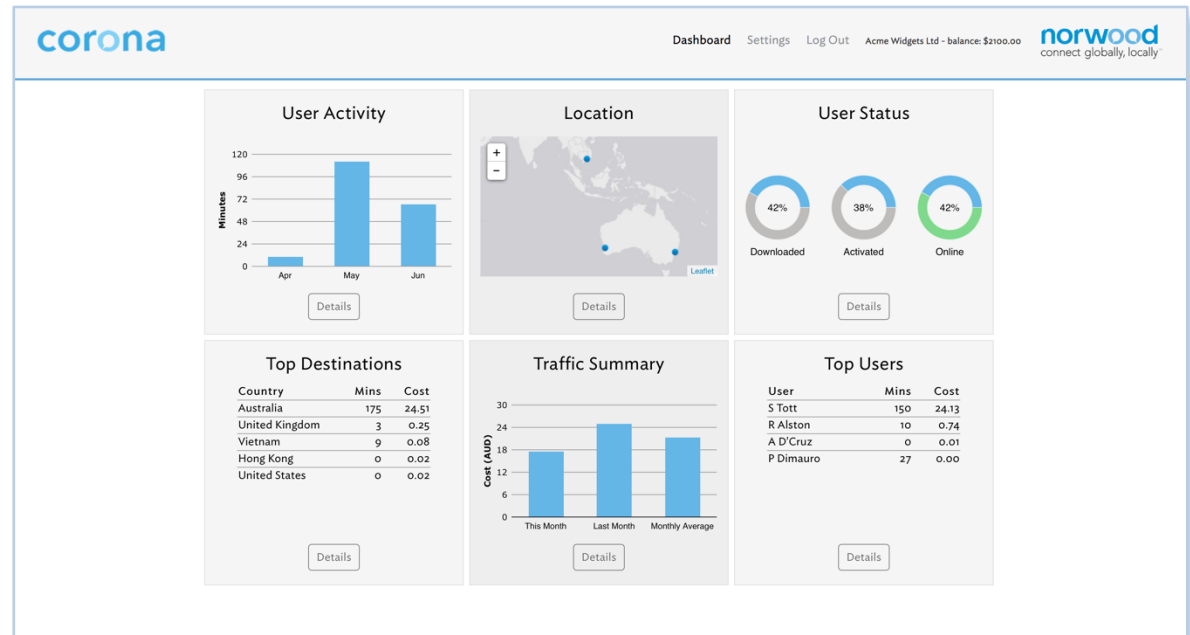
# corona

Voice, messaging and data products for Businesses – using patented, award-winning tech



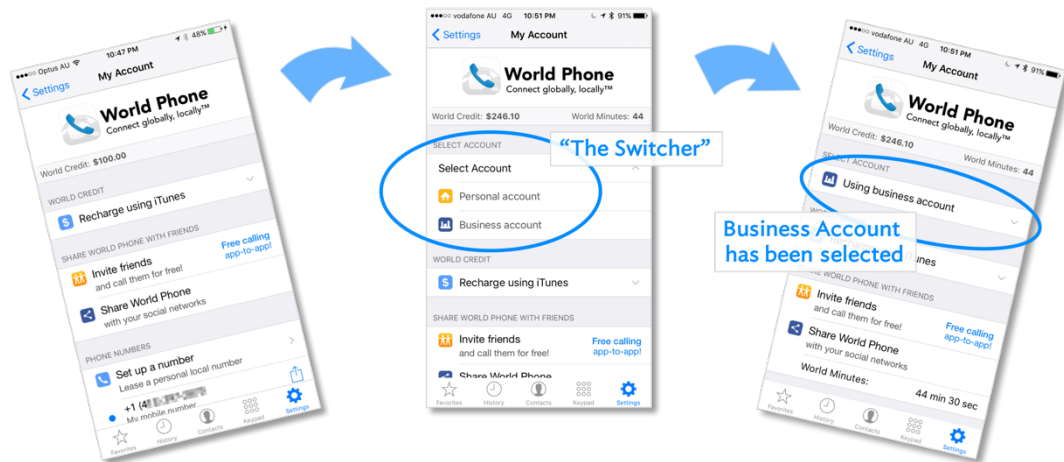
# CORONA Cloud example:

- Simple, real-time management of mobile fleet OTT usage



World Phone user acts on activation email from CORONA Cloud administrator

World Phone user selects Business Account to access calling credit and call reporting

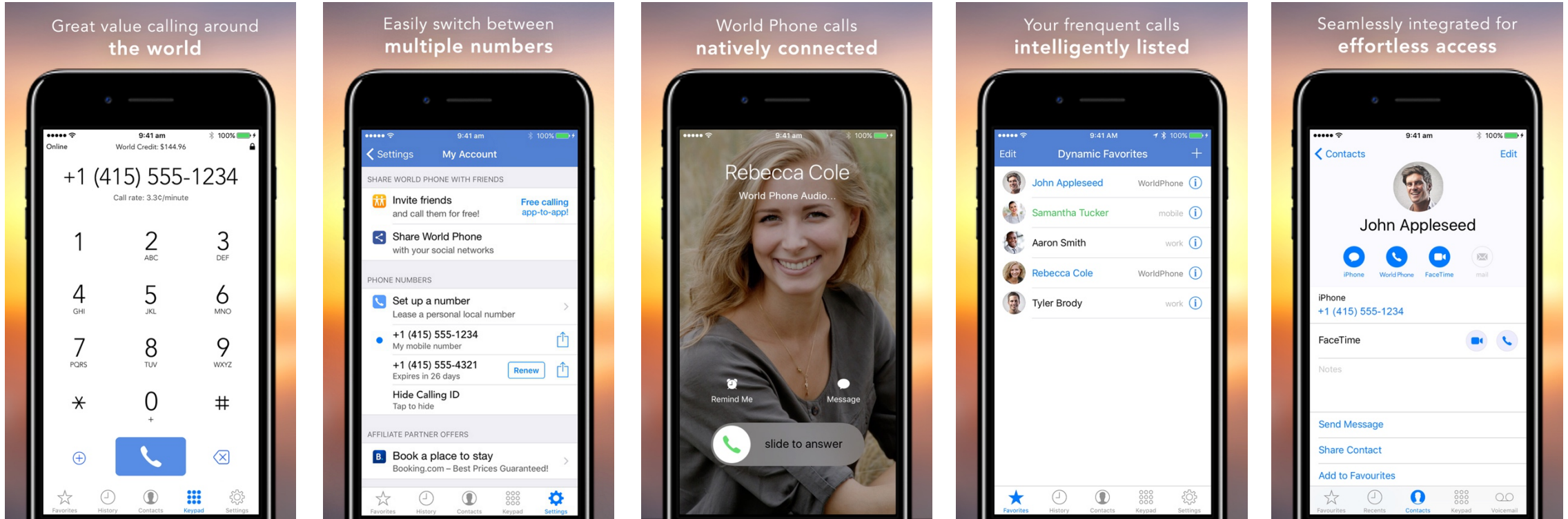


- Real-time monitoring of usage and access
- Incredibly simple to administer and provision credit
- Tight coupling with World Phone 2.0 App
- First-rate employee user experience

# World Phone 2.0: Just released!

– Great interface, utterly seamless, cost-effective

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connect globally, locally™



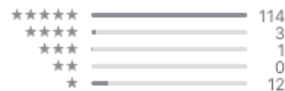
## 5 million downloads since launch end of July 2015



Average Rating ★★★★★ 130 Ratings

Click to Rate ★★★★★

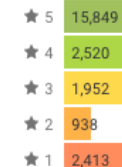
(AU store only)



4.2  
★★★★★

23,672 total

(Global)



Call from  
World Phone



Minimal time  
on Internet



Maximal time on  
Federated Telco Network



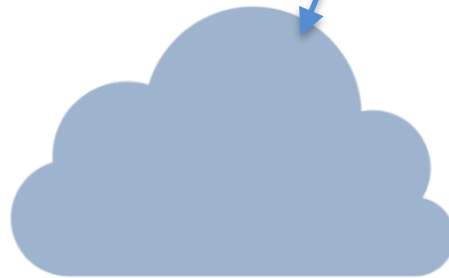
Great quality,  
well priced call



Call from  
Standard VOIP



Maximal time  
on Internet



Minimal time on  
Telco Network



Cheap, no  
quality control



Internet is where  
the lag and  
dropouts occur



Seamless SMS and App-2-App messaging

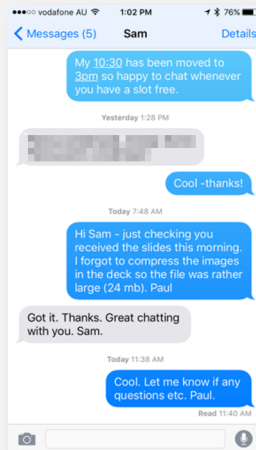
Drop-in replacement for native messaging

First App to enable SMS archival for regulated financial services firms

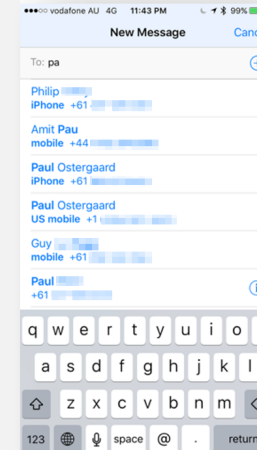


*Now in beta testing*

- Send and receive SMS messages from the App
- Send to any number
- Can replace native messaging App (Mobile Device Management at Enterprise needed for iOS)

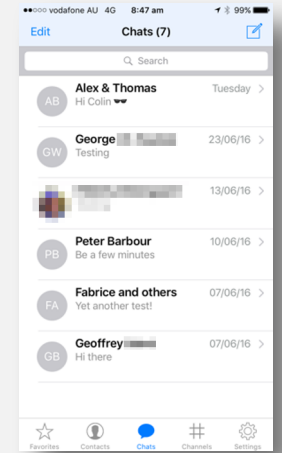


- Free on-net messages (App-to-App)
- Big savings versus international/roaming SMS costs
- Native address book fully integrated
- Planned integration with Slack, Twitter



First targeted corporate application:

- **SMS and App-to-App message archival** for Financial Services firms regulated under FCA (UK) and FINRA (US)



Delivering a revolutionary new user experience

Leveraging global Wi-Fi aggregator partnerships

Initial footprint > 40 million Access Points



In testing phase

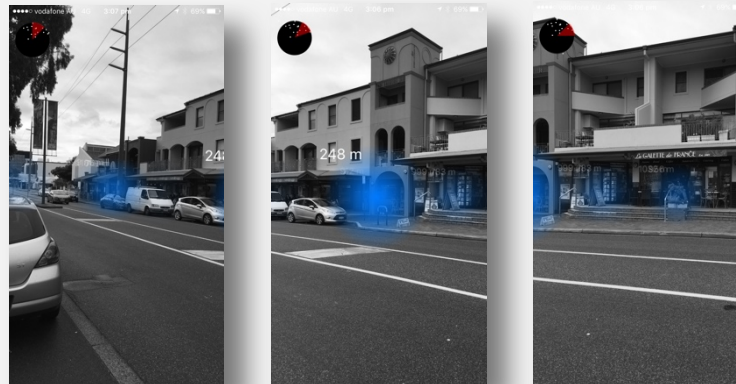
## Solving fragmentation

- One sign-on
- Federated network
- Access to over 40 million access points



## Solving discovery

- AR / Pokémon Go-style discovery of Wi-Fi hotspots



## Solving security

- Trusted payment via World Credit
- Premium VPN service also available



Single  
Sign-In



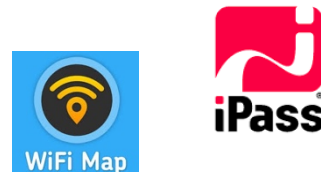
**norwood**

Federated  
Network

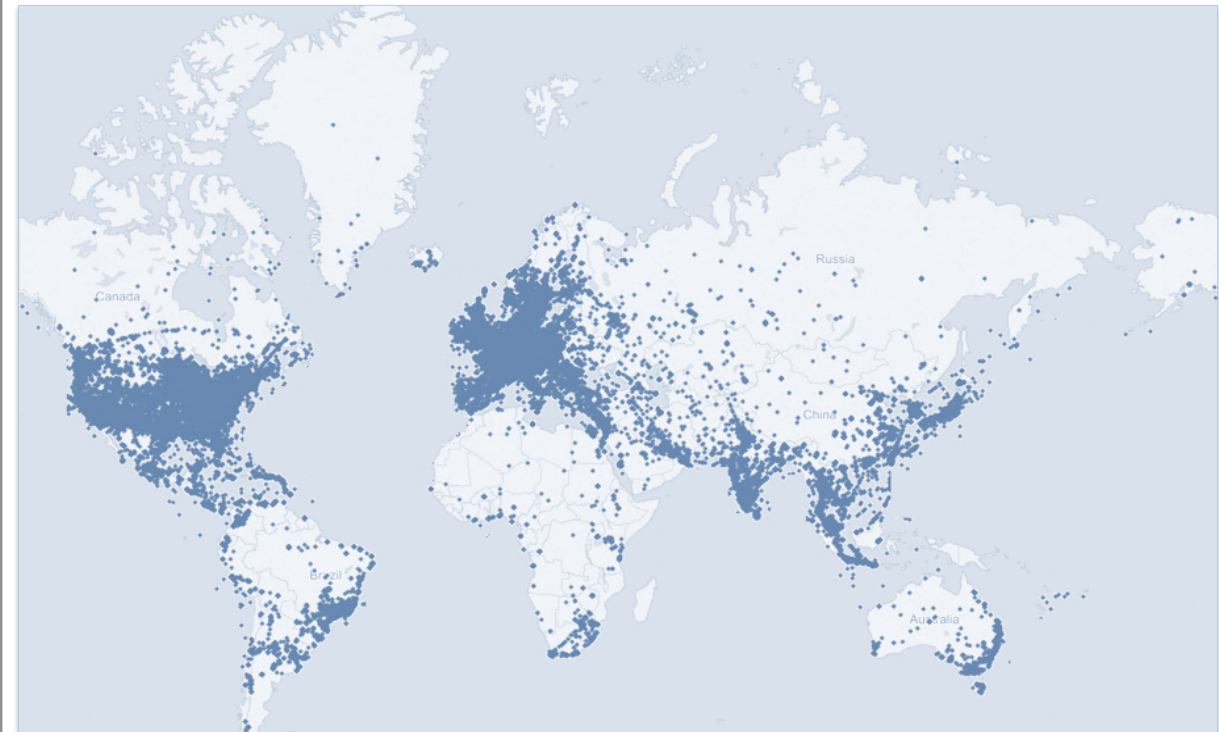
Partnerships in place:



Partnerships planned:



Global access to 40m+ hotspots





The Future is Bright...

The Future is OTT





## Appendices



## A World Leader in Sharing Economy Telco Services

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