



ASX ANNOUNCEMENT

6 March 2018

Market Update on Commercial Sales Pipeline Progress

Highlights

- Norwood has achieved significant client progress recently across Norwood's key target segments: Virtual Business Mobile Services (VBMS), Compliance, CRM, Cyber Security and Loyalty, with pipeline activity advancing robustly in all segments.
- Norwood has additionally achieved significant partner progress with key Norwood channel partners including Oracle, Global Relay Veritas, Affinion and AddCom.
- In particular, Norwood successfully passed Oracle FinTech stack ranking competition in NYC.
- Key advances also achieved with Norwood's technology partners.

"Virtual Mobile Communications" pioneer Norwood Systems Ltd ("Norwood" or the "Company") (ASX: NOR) is pleased to provide the market with an update of recent progress achieved with prospective and existing clients, strategic go-to-market partners and technology partners.

Channel Partner Progress

Selected highlights of recent partner progress are detailed below:

Oracle

In late 2017, Norwood was invited by Oracle to participate in a two-day competitive "stack ranking" exercise, comprising face-to-face presentations in Oracle's New York City offices and detailed Q&A by senior representatives from Oracle's North East US Sales organisation. The goal was to help Oracle prioritise and focus on selecting a small number of innovative small FinTech firms that Oracle will work with going forward on detailed go-to-market activities, targeting North East US sales opportunities in the financial services sector. Norwood was advised that Oracle would select up to four firms to work with, drawn from those presenting, a pool of more than a dozen firms. Norwood further understands that it was the only Australian firm invited to pitch at this event and that the remainder of the participants were US-based entities.

Norwood is thrilled to announce that it successfully made the cut and has been selected as one of the firms that Oracle has earmarked for "onboarding" and integrating into its go-to-market sales efforts, targeting the US North East financial services sector, which includes the major Wall Street firms and global banks headquartered in New York.

As part of this activity, Oracle US is assisting Norwood on the integration of Norwood's Corona APIs into Oracle's Open Banking API ecosystem and frameworks to allow Oracle's financial services clients to integrate Norwood's Corona services into their IT systems. The defined onboarding activity is actively underway, and Norwood is working to complete the exercise within the coming weeks.

An additional aspect of this onboarding comprises Oracle matching Norwood up with complementary value-added technology partners. One such introduction has taken place already, triggering an ongoing partnering discussion.

In addition, Norwood is working directly with Oracle's UK-based Cloud sales and sales administration teams on identifying key potential prospects, on ensuring that commission structures are aligned and that Norwood is similarly onboarded to assist their sales teams on go-to-market "battle cards", pricing and sales collateral.

Most recently, Norwood's broad engagement with Oracle has led to local engagement with its Australian sales teams, although these discussions are currently at a less advanced stage than those in the UK or US markets.

Global Relay

Norwood's relationship with Global Relay continues to develop strongly, and now has grown beyond their US sales teams to encompass their operational delivery teams in their Vancouver headquarters.

The two firms had conducted a Proof of Concept with an insurance company on the US East coast for real-time SMS archival into Global Relay's platform. Despite highly successful PoC results and positive user feedback, the client eventually elected to not progress with the joint solution. Nevertheless, both firms have been greatly encouraged by the evident demand and user feedback for the joint solution. Norwood is currently working actively with Global Relay to source additional pipeline clients, preferentially drawn from their existing email archival installed base.

Veritas

Norwood is a Veritas Technology Partner, but as referenced in earlier announcements the Company has been working on migrating the relationship to establishing Veritas as a reseller for **Corona Compliance** into the compliance segment.

The Company was recently invited to present to the Veritas global sales organisation, with 60+ senior sales and pre-sales Veritas staff attending the call globally. The presentation covered Norwood's mobile voice & text capture solution, **Corona Compliance**, for finance industry compliance satisfying MIFID and FINRA, as well as addressing (with a modest amount of further development) HIPAA for the US Healthcare sector.

Feedback from this event was extremely positive, and Norwood now understands from these interactions that there are a number of large European and US based potential prospects for an integrated solution comprising Veritas Enterprise Vault and Corona Compliance.

AddCom

Norwood announced a strategy partnership with AddCom earlier in the quarter. Since then, Norwood's and AddCom's engineering teams have been working together to integrate **Corona Compliance** with AddCom's voice recording solution, which currently enjoys strong market presence in Australia and New Zealand.

The Company is pleased to announce that the **Corona Compliance** integration with the AddCom platform is now complete. The availability of the joint AddCom/Norwood solution has immediately triggered a Proof of Concept (PoC) deployment with one of AddCom's major clients, the Australian arm of a large global brokerage firm. This PoC is currently underway and is currently recording smartphone audio into AddCom's platform as expected, receiving positive client feedback. The Company is hopeful that this PoC will translate into the first reference **Corona Compliance** site in Australia.

Client Progress

Selected highlights of client progress within each of Norwood's major targeted market segments are detailed below:

VBMS and the Bring Your Own Device (BYOD) market

Norwood understands that an Australian financial services institution is weeks away from finalising the final financial approval on a modernised Mobile Device Management platform that would form the basis for enabling any potential scale deployments of Norwood's VBMS solution to the institution's employees and contractors. The Company is confident that this decision, when finalised, will allow Norwood to advance commercial

discussions with Australian banks, potentially deploying 1000's of end-user licenses for Norwood's revolutionary VBMS platform.

Estimated Average Revenue Per User (ARPU) for this type of potential deployment is anticipated to be approximately A\$21 per user per month, subject to standard commercial negotiations and assuming upfront volume purchasing thresholds and triggers are met.

Compliance – Corona Compliance

Corona Compliance is currently being deployed to a San Francisco-based investment bank, under the terms of a contract previously announced in early January 2018, which will create a high-quality US-based reference site for Norwood's **Corona Compliance** solution. Anticipated ARPU is estimated to be approximately A\$58 per month per employee.

Norwood is currently running several additional Proofs of Concept (PoC) pilots in the US and Australia for **Corona Compliance** with mid-size to large financial services firms, both directly and via channel partners.

CRM – Corona CRM

A 10,000 employee Houston-based global resources company, and previously announced Norwood client, is currently planning for a Proof of Concept with Norwood for **Corona CRM** integrated with the client's existing Oracle CRM capability, delivering mobile telephony and SMS activity capture into their Oracle Sales Cloud platform to improve the client's view of customer engagement, with a view towards a global rollout. Potential ARPU is estimated to be A\$20-30 per month per employee, depending on the scope, scale and timeframe of contract terms, if agreed.

Cyber security – World Secure for Business

In early February, Norwood launched an intense telemarketing campaign for **World Secure for Business**, targeting 4,000 of Australia's mid-size firms or larger. To date, this initiative has produced highly encouraging initial results – generating approximately 100 qualified leads from the first 1,000 firms contacted, with roughly 25% of firms contacted requesting more information via email or phone call follow-up, all of which Norwood's commercial team is vigorously following up on.

Additionally, the Houston-based client referenced above is currently testing **World Secure for Business** for a potential APAC-wide deployment.

Estimated ARPU for **World Secure for Business** is A\$5 to A\$10 per month per user, based on volume upfront commitments.

Loyalty – World Secure and World Wi-Fi as loyalty partner benefits

Norwood has been delighted with the response from its existing Loyalty channel partners to the new **World Secure** and **World Wi-Fi** loyalty benefits offerings.

Based on learnings from previous engagements in the loyalty channel, Norwood has revised its commercial offers for its **World Apps** when used as loyalty benefits. Norwood is now offering its partners the opportunity to integrate **World Apps** into their loyalty programs as an "embedded" offering, where all members of a given loyalty program can access a **World App** as a benefit of their annual membership. In return, Norwood receives a substantial upfront payment covering every member of the program, the pricing being set as a function of the expected uptake within the membership base.

Several of Norwood's previously announced key go-to-market partners in the Loyalty segment have reviewed **World Secure** and **World Wi-Fi** and provided highly positive feedback to Norwood on their application as potential embedded benefits for their respective clients.

Norwood understands that one of its previously announced Loyalty partners, after meeting with Norwood's CEO in London two weeks ago, has taken **World Secure** into one of the world's largest credit card processors as part

of a broad cyber security benefits portfolio, receiving positive feedback specifically on the unique and simple-to-understand value that **World Secure** delivers. Norwood is engaging actively with this Loyalty partner to help it progress with additional productisation, collateral and deal support to help drive the uptake of **World Secure** within this credit card processor and the remainder of its 5,500-strong client base.

Similarly, another regional Loyalty partner, Collinson Group, has recently taken several of Norwood's **World App** propositions into the regional arm of another large credit card processor and received a very favourable initial reception. This has led to Norwood submitting and presenting a **World App** embedded benefit proposal in partnership with Collinson to a local end client "card issuer" of the credit card processor, another large Australian financial institution.

The estimated potential future value of such relationships can be calculated by multiplying the typical annual fee that Norwood charges for the benefit (typically US\$2 to US\$3) by the number of cards on issue for issuers that incorporate the benefit (typically 10,000 to 100,000 per issuer). The value of transacting with credit card processor is correspondingly larger, measured by the percentage of their card issuer base that adopt the benefit.

Based on the very pleasing initial interactions with such aggregators and seeing their response to the new **World Secure** and **World Wi-Fi** Apps and their pricing, Norwood is confident that these products deliver differentiated value and are priced strategically for high adoption rates.

Beyond these two large loyalty benefits aggregators, Norwood has been targeting businesses that have expressed interest in a white label loyalty solution derived from one or more of Norwood's **World Apps** to provide as a benefit to their existing client base. Proposals have been made to these businesses that would result in material up-front payments, however these opportunities are in early stages of negotiation.

Technology Partner Progress

Fon and World Wi-Fi

The Company is pleased to announce that it has reached agreement on terms for extremely aggressively priced "all you can eat" monthly access to Fon's premium carrier Wi-Fi networks around the world and for the integration of such networks into the **World Wi-Fi** platform. These carrier Wi-Fi networks form a highly complementary access layer to Norwood's use of the Devicescape public Wi-Fi network, and cover such networks as BT OpenZone in the UK, SFR's Wi-Fi networks in France and Softbank Japan's Wi-Fi networks.

Users on these carrier Wi-Fi networks can expect generally higher speeds, improved security and reliability of connections compared to regular public Wi-Fi Access Points.

VoxBone and World Phone

Norwood is also pleased to announce that it has added VoxBone as a strategic supplier for Virtual IDs, voice call and SMS terminations. This relationship will allow Norwood to expand its Virtual Business Mobile Service to additional countries beyond the initial 19 countries currently serviced by Norwood's current Virtual ID offering.

Norwood and VoxBone are further working on high-quality voice interconnects to the public phone network using advanced codecs, such as OPUS, to further enhance the calling experience for users of the **Corona** and **World Phone** platforms.

Paul Ostergaard, CEO and Founder of Norwood Systems said:

"We are simply thrilled to have been selected by Oracle for their US go-to-market FinTech partnering strategy, particularly given that this was done in a competitive context, being stack ranked against other extremely capable US-based FinTech companies. It is a sensational outcome for our team and we are looking forward very much to see where this collaboration with Oracle takes our Company.

"This achievement should not overshadow, however, the tremendous progress that we have made over the recent months across broad commercial and technical fronts. In a literal sense, the bases are fully loaded and we are brimming with anticipation of what the coming months will bring Norwood in terms of commercial success."

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Norwood Systems Ltd (ASX: NOR) is revolutionizing mobile voice, messaging, data and cyber security services through its pioneering award-winning virtual mobile services platform, Corona® and its award-winning Apps, World Phone®, World Message™, World Secure™ and World Wi-Fi™.

The Company's breakthrough offerings deliver Over the Top (OTT) connectivity, knowledge and intelligence services. Norwood's products and services are targeted at a broad spectrum of prospective customers from individuals through to large enterprises and government agencies.

Norwood has delivered services to more than 6 million customers since launching its platform in mid-2014, servicing people in 200+ countries & territories and 5000+ cities worldwide and has achieved a 4+ App Store rating on all published Apps.

Norwood Systems listed on the ASX in June 2015 and trades with the stock ticker NOR.