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Interviews & News!

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Broadcast International Has The Most Unique Video Compression Technology Available For IPTV, Cable, Satellite, Online Video and Wireless Applications, Allowing Many Companies Worldwide To Transport Video Content At A Very Low Bandwidth



Technology
Wireless Communications
(BCST-OTC: BB)

Broadcast International Inc.

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Rodney M. Tiede
President and CEO

BIO:

As President and CEO of Broadcast International, Rod Tiede is responsible for fostering the vision, directing the overall management and providing progressive leadership for the company. After obtaining a Bachelor of Science Degree in Industrial Engineering from the University of Washington, Rod gained invaluable retail technological experience with Safeway Corporate offices. While at

Safeway he was responsible for launching the Safeway Satellite Network. Since 1988, Rod has been instrumental in directing the worldwide reach of Broadcast International during its early years. Through his innovation and tenacious management style, Rod has insured BI's growth as its Director of Sales, Vice President and General Manager, and now as President and CEO. Rod's continued forward-looking strategy has made BI a preferred international technology integrator.

Company Profile:

Broadcast International is a leading provider of video-powered broadcast solutions, including IP, and digital satellite, Internet streaming and other types of wired/wireless network distribution. BI's patented CodecSys software is a breakthrough, artificial intelligence-based video compression technology that cuts video bandwidth requirements more than 80% over satellite, cable, IP and wireless networks. By slashing bandwidth needs, CodecSys enables a new generation of applications such as streaming video to cell phones, and offers unprecedented price/performance benefits for existing applications such as HD video.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Tiede, how has Broadcast International changed under your leadership?

Mr. Tiede: "I took over the company in 1999, and since that time we have evolved into more of a web casting and software development company from our previous business of integration which we

still manage and do today. However, we have evolved more into new businesses for what we would consider the future of enterprise communication. That is mainly what we have focused on since I have taken over the company."

CEOCFO: Who are your primary customers?

Mr. Tiede: "Our primary customers today are companies such as Caterpillar Corporation, Staples, Safeway and Morgan Stanley. Any type of organization that requires these enterprise communication services, both from an engineering and integration standpoint as well as technology."

CEOCFO: Are these acquired directly or through a third party?

Mr. Tiede: "They are a direct customer."

CEOCFO: What exactly are you providing for them?

Mr. Tiede: "We provide satellite network services, web casting, network engineering both for satellite networks and terrestrial networks as well. We also provide sports broadcasting, event broadcasting over the internet. We do all of the sporting events for the big sky conference out west here for all of their collegiate athletic events."

CEOCFO: What sets you apart from the competition?

Mr. Tiede: "Broadcast International has recently developed a new technology for doing video compression. We are able to compress video down to about a quarter of the size and bandwidth as our competitors are doing today because of this new patented technology we have recently deployed. The technology, called Codec-

Sys, uses multiple codecs for video compression instead of a single codec which is the standard in the industry today.”

CEOFCFO: Do people see a difference?

Mr. Tiede: “The quality is the same utilizing our technology, sometimes it is actually enhanced. We are actually able to provide the flow of bandwidth compression to both our satellite and our web customers as well. We are actually showing to some of our customers today HD Video under 3 megabits per second, high definition television. We have recently partnered with another company called IBM who has also selected this technology for their new media platform. We are quite excited about working with IBM for this technology.”

CEOFCFO: Are there competing technologies?

Mr. Tiede: “There is really nothing that is competing because this is such a unique technology. The competing technologies are the single-codec solutions that are out there such as MPEG4 and MPEG2, but they are really not competition because we actually have both codecs built into our multi-codec system as well allowing us to take those potential competitors and turn them into partners.”

CEOFCFO: What is the revenue model for you?

Mr. Tiede: “Our revenue model comes from two places, the first is our traditional business of network management, engineering and integration services and we have been receiving those for the last 23 years that the company has been around. Most recently we are starting to now have revenues coming in from licensing of our new compression technology.”

CEOFCFO: You have patents coming in from many countries around the world, please tell us about that?

Mr. Tiede: “The patents for our technology are quite simple, any time multiple codecs are being utilized and switched for video compression; that is our patent. That enables us to be quite unique from

everyone else and because of this uniqueness we have gone and filed these patents in every country in the world and we now have received it here in the United States. We have received it in Russia, India, Malaysia, Australia, Korea and we are expecting to receive it in most of the European countries within the next year as well. The patent is quite broad and we are quite excited to have this patent because this unique way of doing video compressions of utilizing multiple codec is going to be a new standard for video compression in the future.”

CEOFCFO: Are companies coming to you now or do you still need to get the word out about the advanced technique you have?

Mr. Tiede: “Some are coming to us now and we are in the process of trying to become more vocal about this technology

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and we anticipate to start doing more things to advertise that we have this unique technology. Right now the phones are ringing because we are still busy handling the work we have now.”

CEOFCFO: Do you need to add additional personnel as you continue to grow?

Mr. Tiede: “We will be growing the company significantly over the next six to twelve months.”

CEOFCFO: What is your strategy to stay on target and yet be able to handle all of the increase?

Mr. Tiede: “We have essentially taken all of our various services and technologies and put them into business portfolios here at the company. Those portfolios have essentially a portfolio product manager who is managing that business to make sure that those portfolios get the

potential growth and the focus that they need to be successful.”

CEOFCFO: What is the financial picture?

Mr. Tiede: “We did about \$14 million in revenues last year. Our revenues for this year could be slightly less due to the fact that we have trimmed back our non-high growth margin business that we operated over the last couple of years. And it has evolved into a more profitable business structure. What we are doing today is focusing primarily on our licensing opportunities with companies like IBM. That is where the significant margins business is going to be. Our cash flow is about \$150 to \$170 thousand a month. We have been able to raise money through strategic investors over the last several years but we are looking for early next year to having a nice positive cash flow that will alleviate the need for raising additional funds.”

CEOFCFO: Is the investment community starting to pay attention?

Mr. Tiede: “It is. Ever since we announced our relationship with IBM and our patent, we have now been able to command a better audience with better quality investors and institutional-type investors that we were not able to do until we actually had relationships with IBM as well as our patent.”

CEOFCFO: What do you see two or three years down the road?

Mr. Tiede: “The company will be essentially doing the portfolio businesses that we are cultivating today. We don’t anticipate adding new businesses beyond them because we have enough to focus on for the next two or three years. We expect significant growth over the next twelve to eighteen months that will allow us to not only be cash flow positive but we expect to command a much higher stock price.”

CEOFCFO: Why should potential investors be looking at BI now and what might people miss that should jump out at them?

Mr. Tiede: “I would say the most important part is that we are at an inflection point in our business now. The company

is just getting ready to start selling licenses for the first time of the new compression technology that we have spent the last four years developing with significant R&D expenses. The exciting part about Broadcast International is that we are just now getting ready to take off. I would say that our revenues of the past have been a bit clouded by the fact that we have not had high margin business because it has been basically our integration and service business. We are essen-

tially evolving more into a licensing business going forward.”

CEOCFO: What should people take away when they read this interview?

Mr. Tiede: “Broadcast International has the most unique video compression technology that is available for IPTV, cable, and satellite, online video and wireless applications. It is allowing many companies around the world that will be able to benefit from this technology because of

our ability to transport video content at very low bandwidth. In addition, we are making enabling technologies for services that have not been thought of before just through the fact that bandwidth was not available, and now we are able to eliminate those limitations, allowing some of these services to actually come through over the next twelve to eighteen months.”



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