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With a Management Team that Came Out of The Silicon Valley Having an Internet and Networking Technology Background, Iveda Solutions, Inc. is Changing the Way Video Surveillance is Done Using a Cloud-Based Infrastructure that Manages Video Data from Multitudes of Different Geographical Locations

Technology
Cloud-based Video Surveillance
(OTCBB:IVDA)

Iveda Solutions, Inc.

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David Ly
President & Chief Executive Officer

BIO:
David Ly
Founder, President & Chief Executive Officer (since 2003)
Iveda Solutions – USA – Cloud-based Video Surveillance Services

David Ly has 14 years experience in Wireless Data, Cellular, Information Technology, and Security Surveillance, Management, Sales, Business Development, and Applications Engineering. Mr. Ly was the Business Ac-

count Manager, T-Mobile USA, Cellular and Wireless Data, Market Manager: Door to Door Storage – National Moving, Storage, and Logistics company, Regional Director: Nextel Corporation (Sprint) – Cellular and Wireless Data, Applications Engineer: Ricochet – Wireless Broadband Modem (MCDN Technology) and Information Systems Manager: San Francisco State University - Student Center, Book Store.

Professional and Community Board Experiences

- Iveda Solutions, Inc. – Chairman of the Board – Cloud Surveillance Services
- TecMarc Technology Services – Board of Director – IT Consulting Services
- Digital Reef Services – Board of Director – Web site production and development
- City Mesa Police Department – Community Advisory Board
- Downtown Mesa Association – Board of Director – Downtown Business District Management
- Improvement, and Revitalization Services, City Of Mesa.

Education

- Bachelor of Science – Civil Engineering, San Francisco State University
- Minor – International Business, SFSU
- Professional Sales & Management Training – Achieve Global Certification
- Neuro Linguistic Programming (NLP) Leadership workshops – 7 years training with Katin Imes, Strozzis

Institute Master

Awards

- President's Club Top Salesman – T-Mobile USA
- Winner Circle Top Salesman – Nextel Communications (Sprint)

Company Profile:

Iveda Solutions, Inc. is the premier online surveillance technology innovator and Managed Video Services provider. Based in Mesa, AZ and incorporated in 2005, the company develops and markets enterprise class video hosting and real-time remote surveillance services. Iveda Solutions has a SAFETY Act Designation by the Department of Homeland Security as a Qualified Anti-Terrorism Technology provider.

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

CEOCFO: Mr. Ly, what was your vision when you founded Iveda Solutions?

Mr. Ly: The vision upon founding Iveda was to simplify the use of existing technology. Seven or eight years ago in the security industry when it came to surveillance and surveillance technology, it was a couple cameras here and there, outdoor/indoor, and get recorded; wonderful. At that time, if something bad happened, you would go back and hope that there is video. The vision eight years ago when we founded Iveda was that there had to be a more convenient way to do this. We wanted to manage an entire facilitate, the actual camera

placement and deployment and to allow the functionality that a business owner can actually put it to use everyday without it being a complication. We did not want them to have to go into the back room, push buttons and try to figure out how to work the darn thing. Therefore, our goal was to innovate a better methodology behind a whole surveillance system.

CEOCFO: How is Iveda Solutions doing that today?

Mr. Ly: Our core team and I, we did not come from the physical security industry. We came from Silicon Valley, which is Internet technology, networking technology, and packet data. Based on that background, delivery of information was really our expertise. And when you think of video surveillance and cameras, what is it that the industry is looking to deliver? Video! So we incorporated video over the network. That is Internet Protocol; so that is how we are doing it. We took into the very early days when the first IT camera was developed. The IT camera, if you look back, was invented in 2001. That is not too long ago. We took what used to be very expensive hardware in its early days and gave it a shot. We installed some video from one geographical area over to another and then we had another problem we had to deal with; and that is storage, management and then replaying and distribution. How we are doing that today is, Iveda is a cloud-based infrastructure that manages video data from multitudes of different geographical locations and we centralize all the management functionality and intelligence on behalf of our customers. Therefore, the only thing they are dealing with is the actual camera onsite and everything else is like an application on your iPad or your iPhone that you have. So we simplified it.

CEOCFO: Who is using your services, and is there a common thread?

Mr. Ly: No, there really is not a common niche or specific industry. We

fulfill the basic need for CCTV, as well as the need of cameras for your business, your home, and you enterprise. Therefore, our customer base end users range anywhere from the local public storage facility to the laundry mat owner where we pick up our dry cleaning every day, all the way to big food processing facilities warehouse shipping, downtown facilities, police agencies for public parks and recreation, now to federal agencies on a large scale of centralization for major corridors throughout the country. We are even in the transportation where we take video to the next level. It is no longer a camera attached to your building or your property; we manage cameras attached to

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CEOCFO: How does Iveda reach its potential customers?

Mr. Ly: In our early days reaching a potential customer was pretty much a very difficult direct effort. You go out there and do the traditional door knocking, networking and relationships to find the first proof of concept and to share with the customer that you actually have something that can provide them better functionality, more efficiency and costs less. It was the traditional sale. Beyond that

phase is good word of mouth. It is also, finding quality relationships with companies and existing security integrators that understand our story and understand the advantage of our technology and how it is going to help and elevate and enhance their business to evolve or migrate over to the IP world. Therefore, resellers, distributions and channels are how we are approaching the reach to our market share today.

CEOCFO: What is the competitive landscape for Iveda?

Mr. Ly: It is fighting old mentalities. If you look at us on a very mediocre level and say "they are a camera company, they are a fancy camera company", then that is the wrong assessment of Iveda. Our competitors are anyone out there that claims to provide digital or IP video surveillance solutions; the guys that are trunk slammers. They are installing the cameras, putting the boxes and hard drives in your shop and your stores, and they call themselves competition, but frankly Iveda is a technology and service based company. Our goal is to enhance the functionality of existing equipment and any new equipment that may come in by limiting the obligation of the customers who actually spend money on hardware. We are trying to eliminate the requirements

of having a lot of cash layout on new investments. You may want to buy minimal hardware, but have as much intelligence and functionality as possible by logging in on line and getting all of it when you need it most. Our competitors out there, unfortunately, are still considered to be anybody that can still provide you a quality surveillance solution.

CEOCFO: So it seems as if the surveillance area has been a little slower to adapt the cloud computing than other areas?

Mr. Ly: Absolutely! It is a safe industry. They are comfortable with what is working and I think there is a bit of fear for innovation. It is that "it is if it

is not broken, don't fix it" mentality. However, in this industry, unfortunately, security, by the time you realize that it is broken, it is already too late because something has already happened. People will eventually wake up, but at the worst time and then migrate over to something new and better. I hate to admit this, but in this state of the economy and global civil unrest, there are a lot of things out there right now that folks are more prone and more aware of. However, they are seeing that what they have is not up to date, so they really have to consider newer and the newer stuff is actually cheaper. Therefore, they are slowly but surely evolving and we are the guys that make it easy to migrate. We are a bridge. Instead of being too abrupt, they can leverage what they have, but then make it work on an iPad. We kind of ease them into it and then they go "Wow, can I do more. I have six more stores, how does that work?" And we say, "Very simple, centralized integration is a service. It is like activating a cell phone".

CEO CFO: You made an acquisition in Taiwan; would you tell us about Iveda's global presence?

Mr. Ly: That acquisition is part of our growth strategy and there is a model that was shared with me by a gentleman and it says "think global, but act local". As an American company expanding business globally, what does that really mean? For Iveda Solutions it is about entering a region that is working with relationships that can share with you where their successes and difficulties, as well as what their opportunity and potential really is in this market place. In any local view or assessment of a company for acquisition, it is more of what kind of a relationship we can build. It is also, what type of value we can recognize from one another in order to provide the local markets and fulfill them with the need that they have been looking for. Acquisitions like MEGAsys Taiwan represent not just market share, but it also adds in to intellectual property, technology and engineering talent that can enhance the services that we are providing. You can definitely expect that part of our global strategy is, yes, we are going to think global. When-

ever we enter a different region around the world, culture is very important. Culture defines the needs of the population and how they perceive a certain product or service. So part of acting local means being very good friends and building quality relationships with a local regional leader that knows and has access to their customers. Then if it makes sense, join the family. That is what the Iveda acquisition means.

CEO CFO: Are there particular geographic areas that Iveda would like to put more emphasis on?

Mr. Ly: Yes, and I can answer this on true physical experience of being there and conducting business there. Where I see a lot of growth potential for Iveda is in developing countries. Why I say that is these countries do not have the readily available infrastructure like the United States, where everywhere you go you can get cable or DSL. We have copper fiber, we have Internet almost everywhere, but we take that for granted here. Our cities or municipalities, when they are looking to enhance infrastructure, they look at how much things cost, how much money I do not have to spend and then the bureaucracy and red tape. But in developing countries, when they need security it is because they need security. Therefore, because they do not have the readily available copper fiber infrastructure, they are going to need innovative products that can work without the hard set requirements of "you must have this or else it won't work, you must be compatible with this or else it won't work". So we are very customizable. We are very flexible in how we deploy our services to the customers. At the end of the day global customers need the same thing. We all need to see something at a certain period of time and we need to have it now. How you deliver that to the customer is where you win. With Iveda Solutions being a cloud-based service, leveraging the Internet today you have wireless technology, WiFi, WiMac, you have satellite, many options and we are keeping it very flexible for our end users. I would say Mexico, Latin America, Africa, the Middle East, and enhancement throughout

Asia is where we are seeing lots of success.

CEO CFO: Do people know the Iveda name and should they; does it matter?

Mr. Ly: I would hope that one day soon that they should know the Iveda name and our vision and business model. We do not want to be on the forefront of where we have a name that is known on shelves across America, not that type of branding; but we want to be more of an enabler. Our technology can coexist with many other devices and equipment and manufactured hardware out there in the industry. For example, whenever we go out and buy a laptop such as Acer, Dell, or HP, if you open up that laptop there is a little sticker inside that says "Intel Inside". That relationship is based on technology on the computer side of the industry. Therefore, Iveda Solutions is a technology enabler that can eventually coexist and be a part of enhancing many companies that build cameras and surveillance technology. What we do is lift their management capability, with remote storage, archival storage and functionality enhancement into the cloud. When people mean cloud and talk cloud, what the heck is a cloud doing? What we are doing with it is giving people a centralized ability to receive a service without burdening themselves with a lot of localized infrastructure, hardware, power, hard drives etcetera. So if we are known, the name is to be an enabler which co-exists with many other players out there in the industry.

CEO CFO: What is the Iveda revenue model and what is your customer retention rate?

Mr. Ly: I am very excited and proud of our revenue model. For one thing we have a recurring revenue model. A standard contract minimum is one year, but just like anything you have to have options for your customers, so we have some month to month, but very limited. Beyond the one year, your government contracts extend anywhere from three to six years. It is a very strong revenue model where the larger the network and client base we have, the stronger the monthly revenue is for Iveda. For example,

the cellular phone model; in the early days when you bought a cell phone you had to pay extra. One, we had to pay for the minute, and two, we had to pay extra for extended voicemail. We had to pay a little bit for something called text messaging and then now we have data. With the Iveda Solutions revenue model or business model, we are providing those types of service options to our customers on what is it that they would like to get done with their security cameras at the shop, what they are focusing on, or what type of information or alerts they may want to receive. In addition, it may be how much data, how long do you want to hold it in storage and where they need access to it. It is that type of model that keeps it interesting, keeps it alive and active and interactive for the customer so that it is very tangible to know why you are writing us a check every month for that service. I am excited about it.

CEOCFO: What is the financial picture like today for Iveda?

Mr. Ly: I am excited to share that our growth in itself, the recent contract that we received from our partner down in Mexico, on that relief, our portion alone on that government project is just a little bit north of \$1 million. We built a million dollar company and it took us five years. The seeds are beginning to bloom, awareness has increased and adoption of the technology seems open minded. In addition, we are willing to travel outside of the United States and conduct business. I have seen that developing countries are willing to act quicker, make quicker decisions and invest in innovation a lot quicker than we here in the US. With that said, we have a significant revenue growth this quarter and it is only going to continue because that is only a piece of a very large initiative down south.

CEOCFO: Is the investment community starting to pay attention to Iveda?

Mr. Ly: I hope that they are. I will be

very sincere to say that we were very busy to date, just tending the customers, finding the opportunities, and building the market. However, we would like to get out there and advise the investment community that there is a lot of talk about cloud computing, there is a lot of buzz about this and like with anything there is always a 50% of skeptics that worry about how it is going to affect business or how it is going to change things. The other 50% is very excited of how it could be leveraged. With the buzz of cloud computing, I think Iveda Solutions should be recognized as a company that is leveraging technology at its best at this point in time. Leveraging the Internet that is what the cloud is. Let us not try to confuse anybody; we know how to use the Internet. We also know how to put best practices into providing our users with the best security, and we are addressing concerns of the industry. When it comes to the investment community, I hope that they see that with the Internet, there is no more geographical boundaries on where you can conduct business and the customer needs for security, safety, and quality of life improvement are very consistent around the world. If there is any consistency, you can count on that. Security is wanting to know if your child is home yet, or whether or not your truck has hit the docking bay. Leveraging the cloud and being in the space that we play right now, we have mass-market opportunity on a global scale and with our technology and our open source software we are able to work with anybody and almost anything, and that is what is exciting. Do not lock up what you do and do not force people to stick to one brand. We want to work with everyone and make peoples lives easier, make the corporations understand that it is not a burden anymore to get what they want and it is not so expensive anymore to achieve their goals. So it is looking good.

CEOCFO: Final thoughts, what

should people remember most about Iveda, and what might people miss about the company that they should understand?

Mr. Ly: When people think about Iveda, they should know first that the security industry is a very mature and old and very successful industry. They should know that Iveda is an innovator within that industry because we are listening what that industry does everyday and combining it to what the computing industry is expanding by and that is functionality, intelligence and efficiency in a way that we can accept within our day to day. What I am trying to say is that people need to realize that when they come into work or go home, the first thing they probably touch is their mobile phone to access the web, their desktop and computer to go somewhere online to perform a duty. Well, your enterprise operation should be able to exist online as well. You should be able to have the same convenient and access to your enterprise tools and that to us is the security system. What folks need to be excited about is we are bringing a very staid industry function and we are making it alive along with the Microsoft and the Googles and the Apples of the world. We are making it a functional App. If you do not have it, what you are going to miss is the convenience and peace of mind. I am going around at lunch meetings, I get a buzz on my cell phone and I am like "oh, my daughter just opened up the front door" and I know she is home at 3:33pm everyday. That is wonderful and I have that peace of mind. In addition, you are going to be missing on a lot of capital savings because you are not leveraging what technology can provide you today. At Iveda Solutions, we hope to have our brand, our value recognized through a lot of reseller relationships and others who are willing to innovate with us and expand with us into the future.