

# CEOCFO



# ALPHINAT

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## Alphinat's SmartGuide is Allowing Business Units to be Aligned with the Development Process – Saving Money and Time and Ensuring Better User Adoption of Their Products

**Business Services  
Technology  
(NPA-TSXV)**

**Alphinat Inc.**

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**Philippe Lecoq  
President and CEO**

### Company Profile:

Alphinat (TSX-VN: NPA) provides software that facilitates building online self-service tools and workspaces that make it easy to deal with an organization via the Web. Its software suite simplifies, accelerates and improves interactions with all business constituents — resulting in greater cost-effectiveness, customer satisfaction and employee productivity.

Its flagship product, SmartGuide, is an enabling technology for Software as a Service (SaaS) applications as well as for Cloud Computing.

By helping people get things done quickly and exhaustively, Alphinat is helping organizations deploy web-based tools and services that people actually want to use. Built from the ground up around end-users' needs and evolving situations, the Alphinat suite is specifically designed to maximize user adoption — leading to greater cost savings.

Built using its flagship product SmartGuide, Alphinat also offers an innovative e-government solution that is helping government agencies reduce the cost of service delivery by

up to 97.5% while dramatically improving the user experience for citizens and businesses alike. The solution was awarded the IBM Top Star award for best e-government solution among entries from 189 countries and was recognized by the OECD as a best practice in its «E-government for better government» report.

In addition to the public sector, the healthcare, banking, financial services, telecommunications, manufacturing and retail industries can benefit from the Alphinat technology to cost-effectively modernize and automate a wide range of business processes at a fraction of the cost of custom-built solutions.

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

**CEOCFO:** Mr. Lecoq, what is the overall vision of Alphinat?

**Mr. Lecoq:** Alphinat's vision is to deliver industrial grade software to help optimize service delivery over the Internet. What we mean by that is to be able to deliver web applications in a manner that makes sense to the end user. Solutions are built to guide them through a process as if a knowledgeable customer service representative were helping them every step of the way. The main advantage of SmartGuide, our flagship product, is that it allows non-technical people to create and maintain these services at a fraction of the cost and time usually associated with custom coded solutions. With SmartGuide we allow the business units to be much more involved in the development process getting the desired result while ensur-

ing better user adoption so that clients get a quicker return on investments.

**CEOCFO:** You have worked with McDonalds Canada, Molson Breweries and the government of Quebec, so obviously you have some sterling clients; would you explain how the process works, when is somebody coming to you, what are they looking for, and how do you put them through the steps?

**Mr. Lecoq:** The best example I can give you is the latest client that we put on line, which is one of the agencies of the French government. They have a very ambitious mission; it is actually the Agency responsible for State Reform. What they are looking at is to give a single window view of all government services to their constituents. If you have to change address or you are looking for any type of government funding, you want to be guided through that process and not have to go agency to agency. This is the same thing that we are seeing throughout all enterprises and governments, whether it is in North America or in Europe; they are really looking to optimize the interaction with their constituents. In that case the client will come to see us when they have such a project and is looking to have user-friendly applications to put in front of their end-users. They are also looking to have an agile industrial approach to putting this together. They want the ability to rapidly respond to market needs, the demands made by constituents. This need is also apparent in other industries where we are present such as financial institutions be they banks or insurance companies as well as health care. They need to be able to come

up with many internet based services for their client base in a very rapid fashion.

**CEO CFO:** Do you walk them through the project or is it all contained in the software; how does a typical project come together?

**Mr. Lecoq:** We work with partners to deliver solutions and results. We are a very lean operation and we intend to stay that way and therefore we do leverage our partners as well as we can. We are working with Bell Canada as a distributor and as a service delivery arm in Canada. We have a partnership with IBM where we collaborate in the States and in Europe. In Europe and France notably we work very closely with a systems integrator called Bull. We work diligently with our partners to ensure full transfer of knowledge and expertise on SmartGuide. In a project we will typically start off with a training session that is tailored to a specific need and project that the client has. This pragmatic approach truly engages the client's teams and we are usually able to deliver a working prototype of what the end application will be within this 3 to 5-day training session. From there the client usually is quite autonomous to be able to continue the work that they have to do themselves, or they do rely on their systems integrator or partners to be able to deliver the rest.

**CEO CFO:** Are people aware of the Alphinat or SmartGuide name, or are they just going with the distributor or provider?

**Mr. Lecoq:** From an Alphinat perspective, we still do have work ahead of us in order to get our product better known. What we have found is that we do have an approach, which is a mix of direct business development with indirect sales. Therefore, we do present the product and the end clients see the value. They often do turn to their distributor or their systems integrator to get validation on that, so we work on both ends. However, it is a much shorter cycle once we do get the client's attention. In certain cases it is the SmartGuide name that has come forth as a result of some of the

showcases that we had. We have developed over the past twelve to eighteen months, a much stronger presence in Europe especially in France where SmartGuide itself and the company is known and has been asked for by clients through their systems integrators.

**CEO CFO:** What is the competitive landscape?

**Mr. Lecoq:** The competition that we most often encounter is custom programming. SmartGuide removes the need for most custom coding associated with the web interaction layer - what the end user interacts with on screen; the business logic that you have at that point. There is a lot of business intelligence in back-end system that already exists, so we leverage that to be able to bring the front end in an interactive and very intelligent fashion, to the end user. Our clients have obviously tried different

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**- Philippe Lecoq**

products, and they choose SmartGuide because it is a product that they view as a factory to build these online services. Whereas traditionally, even with household name products there is a lot of custom programming from scratch required. With SmartGuide, you rely less heavily on your IT department and development team to be able to put together any type of web application.

**CEO CFO:** What is your revenue model?

**Mr. Lecoq:** The revenue model varies depending on the type of environment that we look at. We cover everything from an on-premise traditional licensing model with an upfront fee a recurring fee for maintenance to a transactional and monthly model (SaaS). We like to have a very targeted approach to the market, so with our partners we will define a specific vertical market that the offering will be tailored towards. In that case we may find different business models or different revenue models depending

on what is best suited to capture a specific market

**CEO CFO:** What would you say is most special about your programs; what really sets them apart?

**Mr. Lecoq:** One is the fact that we can get the line of business stakeholders involved in the process in an iterative fashion throughout the development cycle. We are a CTO/CIO's dream in being able to fully separate the different areas of development, being the business logic for that web interaction, the connectivity layer to connect the back-end system, or extend the system, as well as the graphic design. Instead of having a waterfall approach in terms of project management, we are really able to have all three areas in parallel, so the agility that our clients get by using SmartGuide is really what will set them apart. Now over and beyond that there are different ap-

es that are a lot more technical. We cannot assume that any one of our clients have standardized on a single platform, infrastructure, or technology. One of the added values of SmartGuide is it can be deployed

seamlessly and natively across all technological platforms. Our clients do reap benefits from that in being able to leverage everything that they have because we never question technological choices that the clients have made or will make. We do leverage their IT infrastructure as is, so we give value to it with speedier development reducing time to market, faster reaction capability.

**CEO CFO:** What is the financial picture like for Alphinat today?

**Mr. Lecoq:** The financial picture is one that is reflective of the stage of growth that we are at, which represents a company that has invested heavily in research and development, and for the past year and a half has built up its ability for commercialization. We currently have about fifty implementations of SmartGuide on a global basis. We have also found that commercialization has greatly accelerated since our latest showcase implementation with the French government. This has given SmartGuide

the validation it needed to attract the attention of other government agencies and financial institutions, resulting in a growing sales funnel that is tenfold what it was a year ago.

**CEO CFO:** You did mention France being strong; are there areas you would like to be involved with geographically?

**Mr. Lecoq:** Absolutely! We are starting to grow our business in the United States and there will be a lot more effort focused on the United States. We will also be looking at breaking out into other countries like Germany and the U.K., which are targets for us for this coming year.

**CEO CFO:** Why should potential investors be paying attention to Alphinat?

**Mr. Lecoq:** The area in which we work at Alphinat with SmartGuide is definitely a game-changer. It brings about much more flexibility and agility to companies. When you look at the IT landscape what we found, and these are statistics that you would be able to find from various sources - Panorama Consulting 2008, Standish Group 2009 - which basically say that a quarter (25%) of projects are abandoned or cancelled. Of those that do make it to completion, two-thirds are over budget, over schedule time, and in terms of the end result only 13% of them really correspond to the requirements that were set out. Our clients are stating that because of having to wait too long for their project to be delivered and that the project cost a lot more than budgeted, they are forced to accept the end result, even

though it doesn't fully meet their needs.

The main concern with IT projects is return on investment and this is one area where we shine. Today there is less than 50% user adoption with custom coded solutions, which means that you cannot really get the return on invest on your project. SmartGuide brings a user-centric approach that ensures user adoption because the user experience delivers value and is relevant to their needs.

We believe we have carved out a particular niche in our market space. The Enterprise software marketplace will grow, it is a huge market today and it is growing at a very fast rate, but what we are finding is that more and more clients are trying to get value out of what they already have invested in. We are basically coming in and helping them leverage what they have, so it is a productive approach that really will allow them to get to market a lot quicker and to get value not only from what they are going to build with SmartGuide, but from their existing IT investments also.

On top of that, what sets Alphinat and SmartGuide apart and makes a very compelling story for investors is that we are enabling technology for Software as a Service (SaaS) applications as well as for Cloud Computing. When you have operators who are really looking to leverage their infrastructure, we are in a position to help them deliver value added end-to-end business solutions to their clients as opposed to simply promoting infra-

structure. This approach will allow operators to better respond to their clients' needs. The end result for operators is better client retention, higher margins, and a revenue model that is based on recurring revenue.

**CEO CFO:** What surprised you most as Alphinat has developed and as the industry has developed?

**Mr. Lecoq:** You cannot really be too surprised in our industry, because it is about constant change and the players' ability to react. With clients, we are sometimes surprised to see that there are still many manual and paper-based processes in use. Not only is this labor intensive, but it also leads to frustration and high rates of error. Also, we find that there is a lot of duplication of information and processes through disparate silos in organizations. This all translates to opportunities for SmartGuide because of its ability to bring together a consistent and seamless user experience that masks any complexity.

**CEO CFO:** Final thoughts, what should people remember most about Alphinat?

**Mr. Lecoq:** Alphinat should be thought of as the software company that delivers agility across the organization. This means the ability to more rapidly and better respond to end-user needs, create and maintain service that deliver an optimal end-user experience while leveraging existing IT investments for the highest ROI potential.



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