Serenic Corporation Is Dedicated To Servicing The Needs Of The Nonprofit And NGO Community, With Their Accounting And Financial Software Applications

Software
Financial and Business Management
(SER-TSXV)

Serenic Corporation

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Randy Keith
President and CEO

BIO:
Randy Keith is the president and chief executive officer of Serenic Corporation. Keith is responsible for the day-to-day operations of the fast-growing company. A 25-year veteran of the application software industry, Keith was formerly the president of Aperum Software, a provider of business solutions to mid-market distribution companies. He held the same title at Navision Software NA, the North American subsidiary of Denmark-based Navision Software, which was acquired by Microsoft Corporation in 2001.

Company Profile:
Serenic Corporation publishes mission-critical software products for not-for-profits (NFP), educational institutions andpublic sector organizations. The Company's products are based on leading application and technology platforms from Microsoft, including Dynamics NAV, SQL Server, and .NET, and are distributed in North America and internationally through value-added resellers and a direct sales organization. Serenic Corporation is the exclusive developer of human resource management and payroll products for Microsoft Dynamics NAV ERP users in North America. Serenic has offices in Edmonton, Alberta and Denver, Colorado and staff located throughout the USA and internationally.

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

CEOCFO: Mr. Keith, what is the focus at Serenic today?
Mr. Keith: Serenic is a software company that focuses almost exclusively on the nonprofit market place. We sell financial and business operations applications to nonprofits and international NGO's (non-government organizations). We do sell applications to the public sector, but our primary focus is really the nonprofit industry.

CEOCFO: What are some of the special needs for non-profits that your software addresses?
Mr. Keith: There are a number of them. The accounting needs of nonprofits are different and, in some ways, more complex than those of for-profit companies, in that they must manage and account for money received from a variety of different fund sources. And, each fund source can

require nonprofits to meet a very specific set of fund reporting demands. Serenic's software is designed specifically to meet the fund accounting needs of these organizations. The reporting requirements they must meet are, in large part, the result of a strong need for transparency, in terms of the ability to report back to the donors and funders who send them money. They must also meet specific reporting requirements set forth by the IRS in order to retain their 401C3 certification. Serenic's software, Navigator, eases these reporting burdens. There are a number of additional intricacies in the accounting aspects of what nonprofits and NGO's have to deal with, but these are some of the more fundamental ones.

CEOCFO: What is the competitive landscape; do many companies specialize in this area?
Mr. Keith: Not too many. It depends on the size of the companies we are dealing with. There are competitors on the low end that don't compete at the high end and vice versa. Typically, the nonprofit marketplace has been serviced by legacy ERP vendors that have had to customize their solutions to meet the fund accounting needs that I just talked about. There are a few main competitors that we deal with on a regular basis. At the high end, we compete against Blackbaud, which is a company out of South Carolina. We also deal with some international competitors, such as Free Balance out of Canada and Agresso Unit4 out of the Netherlands. On the lower end, we compete with MIP, which is a division of Sage. So, it really depends on the complexion of the marketplace.

CEOCFO: Why are companies choosing Serenic?

Mr. Keith: What sets Serenic apart is the fact that our solutions were built from the ground up with the needs of nonprofits in mind. We did not take the horizontal approach to ERP and then customize to fit the needs of nonprofits and the NGO community. We designed and built our solutions from the ground up with those requirements in mind, and that really shows. When we are in a competitive environment and we put Navigator, which is our flagship solution, in front of people, it immediately becomes apparent that we built our solutions with the nonprofit and NGO communities in mind.

CEOCFO: How do you reach potential customers, and how do you deal with the reluctance to change that many companies have?

Mr. Keith: That has changed radically over the past few years, involving an almost total transition from print advertising and direct mail to online advertising and email. The majority of our marketing campaigns are based on email messaging and offers that direct interested prospects back to our website at www.serenic.com to take advantage of valuable electronic downloads, such as whitepapers and case studies, and/or to register for one of our monthly webcasts. We are also taking full advantage of the branding and communication opportunities offered through social media channels such as Twitter, FaceBook and our own Serenic blog. The nonprofit community at large has become very enamored of the ability to reach out via the internet, where they can now get information within seconds. In the "old days" it might take days or weeks to get a packet of information mailed to you. Now you jump on Google and, with a few key strokes, you have all the information you ever wanted at your fingertips. So, we are taking advantage of that. Our marketing group several webcast events each month, including product demonstrations and discussions on topics that are 'top of mind' to the nonprofit, NGO, and public sector communities. We advertise these through email blasts, and we have anywhere from 25-50 participants on a regular webcast. That is a great way for us to spread the news.

CEOCFO: Is this an out-of-the-box solution or do you do customization?

Mr. Keith: A little bit of both. Our primary implementation is an on-premise solution called Navigator which includes a core suite of solutions.. Our professional services team goes in and works with the new client to implement the system in a manner that meets their unique needs. There are certainly dials that can be turned here and there that help to customize the application to the specific requirements of the organization, so it is a little bit of both. We are planning, within the next several months, to roll out a SaaS-based solution that will be a bit more out-of-the-box and available via a web browser. But our on-premise Navigator product us still our primary source of implementation currently.

CEOCFO: Would you tell us about customer service; it is always so important?

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> **- Randy Keith**

Mr. Keith: Our philosophy here at Serenic is kind of old school. Customer satisfaction is the primary driver of future business. You cannot continue to sell software in our arena without happy customers, and that is an adage that has been in place at Serenic forever, and still holds true. From our standpoint, really, it begins at the time the customer signs the contract. It actually begins before that because we want our customers to feel like they have gotten into an agreement with a company that really cares about them. So that really starts at the time you are negotiating the contract and it extends throughout the life of the relationship that we have with customers. Our customer services team is among the top that I've every seen. They go into the relationship with the customer with the goal of absolute success. That customer service dimension of what we do begins the first time that our professional service people contact the customer. They work through the implementation, and then they go live. Then the customer service

dynamic shifts to more of a support situation where a customer is live, they are using software, they may have an occasional question or problem arises, then they call our customer support line and the support people jump on it and try to resolve the issue. It really is a continuous loop. Once the customer signs the contract, we are in a relationship with them for a very long time.

CEOCFO: What is the financial picture like today at Serenic?

Mr. Keith: We had a good year. We just reported our fiscal 2010 year-end results, and revenues were up about 15% year over year. We have taken a fairly conservative approach in the past eighteen months because of the global economic picture. We felt like we needed to make sure that we were always going to stay in a good situation financially to support the customers we employ. We have been a bit conservative over the past eighteen months, but again we had a good year from a revenue and EBITDA growth perspective last year and we foresee the same for this year.

CEOCFO: Do you see expanding outside of North America?

Mr. Keith: We do already! We have experienced some dramatic growth outside of North America. International sales were up 200 % year-over-year last year. Primarily, we use distributors and resellers in our international space just as we do in North America, and we rely heavily on our partners outside of North America, because they have that local knowledge. We have partners in Europe, Africa and Australia, and the reason that works is because we bring people on who have the local knowledge. Our international partners have a lot of experience working in those marketplaces, which is very difficult to get.

CEOCFO: Why should potential investors pay attention to Serenic?

Mr. Keith: It also is about paying attention to our market; we believe that the reason people should pay attention to Serenic is the same reason they should pay attention to the marketplace. The nonprofit NGO market is growing. Cer-

tainly, in the past eighteen months there have been concerns in the nonprofit world, as you might expect. Charitable donations are off, and the nonprofit world is very sensitive to the amount of money that is available to service their particular causes. The international NGOs are growing rapidly and will probably continue to grow faster than domestic nonprofits based in North America. Specifically for investors, the reason I like Serenic and I think other investors should like Serenic is because we are focused on getting the software business for the nonprofit/NGO vertical market. Those companies that are focused on vertical markets, I think, are going to lead the growth patterns in the foreseeable future. Horizontal accounting applications have been around for a long time, and the horizontal markets have been around for a long time, so they are very saturated. I think the growth areas for software in general, but particularly the type of software that we provide, are more vertically oriented.

CEOCFO: Final thoughts, what should people reading about Serenic remember most?

Mr. Keith: People should probably remember most that we are a company that offers the best technology, built from the ground up to meet the needs of nonprofits and NGOs. We work hand-in-glove with Microsoft, to ensure that we remain leaders on both the application and technology fronts.

We all like to talk about the elevator speech, so whether you go two floors or six floors, that is what I tell people; that is what Serenic is all about. We are a company that is dedicated to servicing the needs of the nonprofit community.

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