



**ASX Announcement**  
**5 September 2017**

## **LINIUS INVESTOR PRESENTATION**

### **BUSINESS UPDATE AND CONFIRMATION OF NEAR TERM GOALS**

Linus Technologies Limited (ASX: LNU) (**Linus** or the **Company**) is pleased to provide its current investor presentation along with a business update that confirms its near term goals.

Linus has significant commercial momentum having confirmed activities against its core business goals to-date, including the hiring of Division heads, completing multiple third party technical validations, launching its promotion and resale relationship with IBM, and development of new business pipelines in Australia, Europe, and the US.

Linus' over-riding business objective is to scale the commercial business quickly, focussed on both large clients and use cases of virtual video. Moving forward a key metric for Linus will be the number of API calls to VVE.

As a result, Linus has set significant near term commercial goals, including:

- Engage with a global movie studio to develop POV in anti-piracy
- Engage with a global movie studio to develop a mass content distribution POV
- Deliver POV of Search in a global Cloud environment
- Deliver the integration of VVE with at least one world leading OTT platform
- Deliver the integration of VVE with a major ad server
- Generate first commercial outcome resulting from its IBM collaboration
- Have a 3rd Party System Integrator make VVE available in IBM Bluemix
- Deliver the integration of VVE into one additional cloud platform
- Deliver the integration of VVE with at least one cognitive Artificial Intelligence (AI) provider
- Deliver blockchain strategy and solution design

Note:

**VVE** refers to Linus's Video Virtualization Engine™, the core of its technology suite.

**POV** means Proof of Value: The technology will be deployed and the business requirement answered.

**OTT** means Over the Top: refers to film and television content provided via a high-speed Internet connection rather than a cable or satellite provider.

## 1. Commercialization update:

Linus' patented technology, deployed via its Video Virtualization Engine™ (**VVE**), is the world's first video virtualization capability.

Video **virtualization** allows for:

- The application of **Big Data** principles of analysis and manipulation to digital video
- The transformation of **passive and static** digital video into **dynamic, smart** video experiences
- Lighter, more **agile and flexible** video files that are easily manipulated to deliver enhanced custom experiences to end users
- The insertion **of business rules** and IT tools to create intelligent content

Linus continues with its previously announced strategy to focus on four key market segments:

- Anti-Piracy
- Personalized Advertising
- Video Search
- Security & Defense

### ***Pipeline***

Linus is in discussions with a number of prospects across these markets to deploy commercial solutions and/or POVs. The POVs are likely to be limited in scope, but they are commercial in nature, allowing Linus to validate pricing, market assumptions, and impact.

Management believes that commercialization can be accelerated in certain markets by developing proofs of concept. A proof of concept accelerates commercialization in three ways:

1. Providing demonstrable value
2. Delivering a complete, repeatable solution for quick deployment (and therefore time to revenue)
3. Building expertise in the concept at both the technical and delivery level

## **2. Team**

### ***Division Heads***

The Company has successfully hired a team of experienced, highly-credentialed industry executives to lead three of its four Divisions, and is finalising the appointment of the fourth and last EVP in Security and Defense. The hires are as follows:

#### **Peter Cohen, EVP Anti-Piracy**

Peter manages the Company's Anti-Piracy Division.

Formerly Head of Business Development for mobile engagement company Experience Proximity, Peter brings extensive career experience in content distribution and monetization honed at HBO, CNN International, Rainbow Programming, ACTV, The Box/MTV2, and Billboard Live.

#### **Ken Ruck – EVP, Personalized Advertising**

Ken manages the Company's Personalized-Advertising Division.

He joined Linus from Kodak where he served as Chief Innovation Officer working on new digital products with a focus on advanced development of video image recognition and artificial intelligence systems. Prior to Kodak, Ken worked at scaling both start-up and large media company products and held positions of VP of Video Monetization for Flash Networks, Co-Founder of Hemisphere Interactive, as well as executive roles with Turner Broadcasting, MTV, Virgin Mobile, and ACNielsen.

#### **Kevin Kyer – EVP, Search**

Kevin manages the Company's Search Division.

With 10 years' experience in various roles at Yahoo — including Director, Stream Ads Solutions, EMEA, and Director, Search Operations, EMEA — Kevin joined Linus from ListGlobally, where he was COO for the software start-up that took its product to market in over 60 countries around the world with over 120 local partners

### ***Chief Solution Architects***

Linus has also employed two experienced solution architects who are actively working with prospective clients on their solution requirements:

#### **Audrey Ku and Ivan Benko**

Audrey and Ivan architect complete solutions for clients wishing to deploy Linus technology.

Audrey and Ivan have each been involved in the digital-media space for over a decade. They bring extensive experience at both a technical and commercial level, enabling them to deliver highly-complex projects.

The role of a solution architect is to help clients understand how technology can transform their business, and provide guidance on third party products that can provide additional value, and to deliver a technical architecture that enables clients to implement a technology, including the integration of a new technology with the client's existing infrastructure and workflow practices. Audrey and Ivan have successfully done this for clients in some of the most complicated environments in the world including Foxtel, Telstra Bigpond Movies in Australia, StarHub Go in Singapore, Tonton in Malaysia, Blink TV in the Philippines, and Mediaset in Spain for Audrey and Stan.com; Yahoo!7; Channels 7, 9, and 10; and Skyracing for Ivan .

### ***Commercial Manager***

While new business operations are focussed in the US and larger international markets, the local pipeline is buoyant. In line with the Company's growing pipeline in this region Linius has appointed Tristan Place as regional commercial manager for Australia and New Zealand.

### **Tristan Place**

Tristan Place is a digital technology sales executive with 15+ years experience in established, startup, and early-stage software, professional services and applications companies focused on video. In many of the sectors in which Linius operates, Tristan is widely regarded as a Subject Matter Expert. This recognition comes from his involvement in enterprise software, SaaS and bespoke applications for OTT IPTV, ViOD, TVE and related 2<sup>nd</sup> Screen services. Tristan has worked with Telstra, Foxtel, Network Ten, Skyracing, News Corp and for the delivery of transformational video.

### ***IBM***

The non-exclusive collaboration between Linius and IBM provides for the joint promotion and marketing of the Linius VVE (including pre-sales support) and submission of proposals for selling the Linius VVE to targeted customers as a stand-alone or integrated offering with IBM products.

**Our near term focus is to generate the first commercial outcome from this mutually generated pipeline and to complete the integration of VVE with IBM Cloud.**

While Linius remains "cloud agnostic" from a technical perspective, the Company has chosen IBM as its partner due to its strategic alignment with video; its ability to deliver public, private, and hybrid cloud models; and its extensive enterprise sales force to market and sell the Linius technology to business customers.

### 3. Technology Validation of the Video Virtualization Engine™

The VVE technology has been validated by multiple third party sources, including previously announced Digisoft and Village Roadshow testing.

To validate that the initial release of the core VVE was scalable to “Internet” levels, the Company undertook two tests, one private and one public.

**Based on these public and private results, the Company has achieved its goal of confirming that the core Video Virtualization Engine™ is capable of operating at Internet scale.**

A summary of the testing follows:

#### 3.1 Internal testing

The Linius Video Virtualization Engine™ virtualizes videos across a variety of sizes, from 30 second ad spots, to 2 minute trailers, to full-length movies at speed and scale, sufficient for any Internet application. Management’s conclusions are:

##### 3.1.1 For enterprises

**Objective:** To use a single server to virtualize individual assets, regardless of size, in millisecond times

**Results:** The test results ranged from approximately 120 to 240 milliseconds, depending on asset size, for virtualizing a single video

##### 3.1.2 For SaaS and Internet scale operations

**Objective:** To virtualize high volumes of complete video files in seconds

**Result:** With either 2 or 4 servers (AWS T2 Medium instances), the VVE was able to virtualize between 120 and 180 videos per second, where the videos ranged from 30 seconds to 78 minutes in length

To contextualize these results, they were compared with the fastest pace of video creation on the Internet — currently YouTube, with 115 videos per second at an average length of 4 minutes and 20 seconds.

Results Summary: **Linius VVE can virtualize video significantly faster than YouTube creates it.**

### **3.2 External testing**

In addition to internal testing, Linius launched VVE Play — a public experience to demonstrate the scalability of video virtualization — at the South by Southwest (SXSW) event this year. VVE Play successfully virtualized the entire library of TED talks, and over 5 million public Instagram videos in under 24 hours, and made those virtual videos available for the public to consume.

### **3.3 Blockchain and AI**

Blockchain and AI are both natural fits for virtual video, and the Company believes that virtual video can have tremendous impact on these technologies.

Blockchain is best known as the underlying technology of bitcoin. However, the technology has recently come to the attention of technologists and investors because of applications beyond the world of crypto-currency.

The underlying tenets of blockchain are that it:

- is a distributed database (ledger, in the currency vernacular)
- is cryptographically secure
- is composed of “blocks” of data that point to the blocks before and after (a chain)
- can support trusted transactions in an untrusted environment
- can be tied to digital contracts (or other programmatic ideas)
- achieves truth through consensus

There is a very natural fit between Linius’ virtual files and blockchain. Linius’ virtual files are inherently a distributed database of pointers to raw video data. The virtual files are capable of holding a cryptographic hash, ensuring their validity. Business rules are capable of being applied to virtual video through Linius’ anti-piracy solution.

Management believes that the alignment of blockchain technology with virtual video provides a number of compelling business opportunities for our clients:

1. Enhanced security
2. Ability to capture telemetric information across a distributed, untrusted network
3. New monetization models
4. Automated, trusted contractual payment guarantees

The Company expects to deliver a comprehensive blockchain strategy before year end.

### **About Linius Technologies Limited**

Linius Technologies Limited (ASX:LNU) is set to revolutionize the world of video. The Linius **Video Virtualization Engine™** has cracked the code of content intelligence and created the next evolution of video streaming.

Linius transforms cumbersome, static video files into agile, dynamic files that can be easily manipulated on the fly, in order to deliver an enhanced, custom experience for both broadcasters and end-users in any way imaginable, and some as yet to be imagined.

Linius has the potential to transform many market sectors, and is initially focused on:

1. Delivering personalized advertising solutions for broadcasters
2. Video security and reduced piracy
3. Enhancing search engine monetization
4. Security-service applications

Linius' patented Video Virtualization Engine™ cuts costs and boost revenues across the multi-billion dollar video industry.

**For more information, please contact:**

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