

THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

DAVID FIACCO - ONLINE INSIGHT

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This is a TWST Interview with DAVID FIACCO, Chief Executive Officer of Online Insight.

SECTOR: INTERNET SERVICES

TWST: Would you begin with an introduction to Online Insight?

Mr. Fiacco: Online Insight is a leading provider of highly advanced guided selling and market intelligence solutions that deliver first-hand, comprehensive knowledge about customer's buying motivations, helping businesses measurably increase top-line revenue and dramatically improve back-office productivity. Online Insight's eMpower Suite is the only guided selling solution designed to capture and leverage the "psychology" of each buyer. Through a high-touch, interactive conversation at the point of sale, Online Insight's eMpower Suite provides consumers with the perceived knowledge, perceived choices and perceived individual fit that instills the confidence necessary to execute a sound decision, helping businesses close more business, faster, at a lower cost. By fully integrating buyer motivations with every step of the sales process - from product development to marketing to fulfillment - our solutions enable businesses to implement consistent, customer-driven strategies across the entire enterprise for increased revenue and profit. Part of our vision at Online Insight is to shift the paradigm of how forward-thinking companies in the financial services, healthcare, retail, and real estate markets interact with and assist their customers by providing a more positive, customer-centric, multi-channel buying experience. We deliver the information companies need to understand the demands of a "market of many" while truly selling to a "market of one."

TWST: Tell us about the medium of communication between the clients when sitting in an office environment.

Mr. Fiacco: While the eMpower software suite is delivered via the Internet and the communication medium is primarily Web-based, the solution can be used in conjunction with an organization's existing distribution channel - whether direct, agency-based, or driven by a sales force. For example, insurance or financial service providers that operate within a broker or agent distribution can provide their sales force with a powerful sales tool. Using the eMpower Suite, a broker can walk the customer through the sales dialog while sitting in his/her office. In addition, the company can implement the eMpower Suite on its website allowing consumers to research and purchase directly online. Finally, our solution can be deployed through strategically placed kiosks or in conjunction with outbound call centers - again, to assist employees in their sales efforts, or for direct consumer use.

TWST: What's your target market at this point in time?

Mr. Fiacco: Our primary focus today is on the insurance and financial services markets. We also have some early momentum in the consumer retail industry.

TWST: How many customers does your company have?

Mr. Fiacco: We have approximately 12 different customers in health care; a leading life insurance provider; and several in the credit card and banking arena.

TWST: Who do you run into as far as your competition is concerned and what would you consider as your biggest threat?

Mr. Fiacco: Competition is an interesting topic. To understand our competition, you first have to understand our market space. By transforming static brochureware found on Internet sites today into an online selling solution, Online Insight is enabling companies to do more than simply make a catalog available online in hopes that an individual will seek out product information and then turn around and make a purchase. The goal of our solution is to understand what's important to the consumer and then identify the product or service that best fits their personal and financial situation. As the only company with this approach, Online Insight is the pioneer in a wide-open market space. There are several smaller firms that offer variations of what we do, and there are always larger companies that will see what the younger, more nimble firms are doing and want to get into this space - companies like the IBMs and the EDS' of the world. But, primarily speaking, our biggest competition today is from companies that believe they can develop a similar solution in-house. However, our solution is much more complex than it appears. And, once firms really begin to understand the capabilities we offer, they recognize that it is far greater than just asking a couple of questions and making a recommendation on a product.

TWST: What impact are the current economic circumstances having on your business?

Mr. Fiacco: Looking at the whole information technology spend over the last four to five years, IT spending has decreased slightly over time and that certainly that is not ideal for any software solution provider. However, we're beginning to see a pickup in IT spending, and certainly that kind of spending environment will help our company. The advantage Online Insight has even in a down market is our ability to help companies enhance top-line revenue. Our solution isn't a back-office process-enhancing software or a new accounting system or an overhead-related system; its truly designed is to help increase revenue. So even in a down market, I think companies looking to augment their distribution turn to us to help them achieve this goal.

TWST: Give us a scenario then for your company for the next two to three years.

Mr. Fiacco: We have several short-term objectives we want to accomplish. First, we want to capitalize on the leadership position we believe we have in the market space today. As businesses see the success and opportunity this market has to offer, we anticipate new entrants into the marketplace. In order to maintain our leadership position, we need to closely examine opportunities to accelerate our growth. As such, we will explore the possibility to enter new market segments. For example, we believe there is a significant opportunity for our solution to add tremendous value to the retail consumer product sector. As such, this is one market on which we will focus our attention moving forward. Second, we are also looking at ways to enhance our revenue model, which could involve adding transaction-oriented revenue streams in addition to – or instead of - software and professional services revenues. Basically, we're exploring models that will help us build an annuity stream of revenue. Third, as the market continues to define itself, we want to continue to really understand the buying psyche of consumers and further enhance our solution with those elements that bring value to our clients. We've invested a lot of time and money into really understanding the human behavior - the psychographics - that drive buying decisions for consumers. As a key differentiator for our solution, it is critical that we maintain our focus on this element.

Further down the road, my ultimate vision is for our solution to provide companies with the tools they need for real-time product development. By this I mean, our solution would help companies to really understand the elements that are important to a client and actually be able to assemble and deliver a product to an individual in real time - fulfilling the true definition of one-to-one sales

and marketing. While this may not be feasible for hard goods, it is certainly a possibility for soft goods like financial services products.

TWST: What do you consider, besides of course the economy, the challenge ahead for you?

Mr. Fiacco: Our leadership position in a relatively new marketplace presents unique challenges. In a way, some of what we're doing is missionary work -creating the road map if you will. But as we continue to see positive results from our current customers, that only helps our cause. Another challenge I think we'll always face is organizations believing they have the expertise to build a solution like ours because of its deceptively simplistic appearance. The interface and conversations we employ to engage potential buyers look very simple, but I can assure you that underneath is a set of complex algorithms and rules, as well as other logic combinations, that are not easy to duplicate.

TWST: Could you share with us the expertise of the key members of the management team at your company?

Mr. Fiacco: My background includes over 26 years of experience in business and information technology with both well established and start-up companies. I began my career in 1978 at EDS where I held several positions over the course of 19 years. From there, I accepted a position as the Senior Vice President of Technology for Provident Companies, a disability insurer located in Chattanooga, Tennessee. Shortly after Provident merged with UNUM Corporation, I was appointed Chief Information Officer of the combined entity. After leaving UNUMProvident, I entered the Internet billing space with Derivion, a start-up company located in Atlanta, which we subsequently sold to Metavante Corporation. I then accepted a position as President and COO of MyBenefitSource, a provider of integrated payroll, benefits and HR data management, which was later purchased by H&R Block. Our Chief Technology Officer, Bradley Fordham - our resident Ph.D. - has worked with several start-up companies, as well as Oracle and the National Institute of Standards and Technology. He also was a professor of Database Theory and C programming, a consultant with NASA, and Computer Sciences Corporation, and several US Government agencies. Tim Prince is our Vice President of Professional services; Tim also has over 20 years of experience. Prior to Online Insight, Tim worked for Radiant Systems, SunGard Insurance Systems, and Dun & Bradstreet Software.

TWST: How has the company been financed thus far, and do you have the balance sheet in place to accomplish all of your goals?

Mr. Fiacco: Yes, we feel very confident and comfortable with our financial position. As a private company, we don't disclose financial information. However, our working relationship with Greystone Capital, the primary funding source for Online Insight, is extremely strong. Tom Rosencrants, Chairman and CEO of Greystone, sits on our Board, as does another Greystone Capital employee. And based on the momentum we've created in 2004, Greystone is both pleased with where we are and very optimistic about where we're headed, as am I.

TWST: In summary, what would be the key points then that you would wish to make?

Mr. Fiacco: I believe we've finally reached the point where companies have begun to understand the real value of the Internet, and are exploring opportunities that maximize its business potential. Our solution exploits the Internet's capability to truly understand a marketplace while serving a market of one at a specific point in time, addressing their unique financial and personal needs. With the deep understanding we have about this business, we have a great opportunity to establish ourselves as not only the early leader, but also the long-term leader in this space.

TWST: Thank you. (WT)

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