

16 March 2015



## LETTER TO SHAREHOLDERS

Dear Shareholder

I am pleased to report on the substantial progress the Company has made since my last letter on the ongoing execution of strategic growth initiatives to achieve the key 2016 objectives – accelerated customer growth and market share expansion.

The Company has been highly active in the past few months in bolstering management infrastructure while strengthening sales channels to help achieve these objectives, while also activating new revenue streams to complement existing revenue sources at minimal cost and resourcing.

Velpic remains extremely confident that its three pillar sales strategy will continue to maximise the Company's market share and customer growth - (i) enterprise sales channel, (ii) reseller partnerships channel and (iii) SME customers. The latter channel will be activated with the upcoming launch of Version 3.0 of Velpic's cloud-based video eLearning platform, set to be a game changer for the Company as it continues to position itself as a leader in the Learning Management System (LMS) market.

### **National enterprise sales team driving customer growth**

Velpic has signed a number of new enterprise clients since commencing the expansion of its sales force into the east coast of Australia in late 2015. Appointments for the national sales team are now complete, with representatives increasing from one to four and covering all states in Australia. Clients secured on the east coast include:

- Coffey (NSW)
- Direct Group (NSW)
- Olam Group (Qld)
- Cargotec (Vic)
- Infigen Energy (NSW)
- CV Services Group (Qld)
- ADM Consultancy Services (Qld)
- Xplore Resources (Qld)
- Queensland Mitchell Services (Qld)
- Supercheap Storage (NSW)

Velpic enterprise customer growth is currently averaging 14% month-on-month, while lessons completed have often exceeded 120 per day. This compares to the 120 lessons completed in the first month of operations in July 2014.

### **Commencement of international expansion**

Building on the cross-country expansion in Australia, Velpic commenced its international sales expansion strategy on target in Q1 CY2016, with the appointment of a highly experienced Business Development Manager in New Zealand.

The international strategy was further accelerated with the recent inclusion of Velpic's cloud-based video eLearning platform into the global ADP Marketplace. The marketplace is a cloud-based one-stop shop to help employers manage an ecosystem of human

16 March 2015



capital management (HCM) enterprise applications from ADP and its partners. Velpic's partnership with NASDAQ-listed ADP provides huge international exposure for the Company with ADP a leading provider of cloud-based HCM solutions with more than 630,000 customers and 35 million end-users across 111 countries.

Complete integration of the Velpic platform into the ADP Marketplace is targeted for within Q3 CY2016.

### **Pursuing expanded revenue opportunities**

Growth momentum has continued in the second pillar of Velpic's three pillar sales strategy – reseller partnerships. Since activating this major sales channel in December 2015, Velpic has already increased the number of reseller partnerships to 10. One partnership provides one touch point to a multitude of clients and presents significant customer growth potential to a number of new market verticals. To ensure that the maximum potential is extracted from this growing sales channel, Velpic has appointed a highly experienced SaaS sales and marketing professional to manage the partner channel.

In addition, Velpic has added two new revenue streams with the launch of the client solicited 'On-Demand' offering and the 'Lesson Marketplace' feature. Existing clients, including Automotive Holdings Group, Alcoa and Direct Group, are utilising these two new offerings, which are part of Velpic's long-term strategy of providing an eLearning platform that is flexible and accessible to SMEs.

### **Activation of final sales channel on track**

The release of Version 3.0 of the Velpic platform - known as the SME version - will activate the third and final major sales channel of Velpic's three pillar sales strategy. The SME market segment has become a significant driver of growth in the global LMS market, which is projected to grow at 20.8% CAGR (compound annual growth rate) over the next five years to reach approximately US\$10 billion by 2020.

Version 3.0 is set to be a game changer for Velpic with regards to expanding the business and accelerating the Company's international growth. The endorsement from our Chairperson Leanne Graham for this offering gives the Company much encouragement given her sales expertise from the large scale and global commercialisation success of the Xero accounting platform, which also targeted the huge global SME market.

Preparations for the release of Version 3.0 are highly advanced, with a new website containing new pricing already available.

The launch of Version 3.0 of the Velpic platform remains on track for Q3 CY2016.

16 March 2015



**‘Firing on all cylinders’**

The upcoming few months is set to be a period of solidification of Velpic’s sales strategy, with the launch of Version 3.0 to help the Company fire on all sales cylinders towards its goals of accelerated customer growth and increased market share. Once all activated, the three pillar sales strategy will maximise Velpic’s revenue generation capabilities in three key market segments of the LMS industry, while the Company continues to innovate and invest in the technology to maintain its first mover advantage.

On behalf of the Board, I would like to thank you for your support as an investor in the business. We have a truly unique SaaS based technology that will position Velpic as a leading player in the global LMS industry, and we are extremely excited by the next stage of growth.

Sincerely,

A handwritten signature in black ink, appearing to read 'Russell Francis', with a stylized flourish at the end.

Russell Francis  
Managing Director & CEO  
Velpic Ltd  
E: [russell@velpic.com](mailto:russell@velpic.com)  
P: +61 8 6160 4444

**About the Velpic Group**

*The Velpic Group consists of two related entities: Velpic, a cloud-based video e-Learning platform, and Dash Digital, a brand technology agency.*

*Velpic has developed a unique online platform that provides a scalable, cloud-based training, induction and education solution for businesses. The platform has been over two years in development, and allows businesses to create their own training lessons and distribute them to staff and contractors, who can access the Velpic Platform on all devices including mobile phones and tablets.*

*The cloud-based platform has global potential and is set to disrupt the traditional Learning Management System (LMS) marketplace.*

*Velpic has an extensive list of ASX 200 clients using the platform, and the Velpic Group has achieved revenue of approximately \$2m over the past 12 months.*

*Dash Digital is a full service digital branding, marketing, web and app development organisation that seamlessly blends creative and development talents across all disciplines – visual design, print graphics, websites, software development and online marketing.*