

30 June 2016

## Operations Update Strong Client Growth and International Expansion

### Highlights

- Continued strong client growth with entry into several new market segments including local government
- Potential revenue growth validates the platform's enhanced offering to customers and the Company's marketing plan
- Strong flow of client enquiries following early successful launch of Version 3.0 targeting SMEs
- Several initiatives commenced for international expansion targeting US and UK markets
- Platform innovation continues with multiple opportunities to integrate to other platforms and marketplaces

**Velpic Limited** (ASX: VPC) ("Velpic" or "the Company") is pleased to provide the following update on its operations and international expansion strategy.

### CLIENT GROWTH

Velpic continues to build on the strong client growth momentum, with a number of new clients secured in the past two months. Several of the new clients mark Velpic's entry into a number of new industries including local government, product training, hospitality and the NSW clubs industry.

Due to confidentiality, Velpic is not able to disclose all new clients however those secured in the past two months that have agreed to be disclosed include Shelf Subsea, Boggabri Coal, Canterbury Leagues Club and ComOps.

In addition Velpic secured its first distribution partnership (see ASX announcement 29/6/2016), a major step in the progression of the reseller partnership sales channel. The partnership with business advisory software provider Panalitix employs a multi-tiered sales strategy, with strong potential for Velpic to triple forward recurring monthly revenues. It also demonstrates the high growth potential for the Company to rapidly increase its SME client base with the addition of only a few strategic partnerships.

Velpic continues to build a strong pipeline of potential new clients and reseller partnerships, supported by the national Business Development Team deployed earlier this year. A substantial portion of potential clients is currently in the evaluation stage, and Velpic expects these to convert to secured clients in the near-term.

Since the early successful launch of Version 3.0 in May 2015, Velpic has received a strong flow of enquiries from new clients, most of which are currently in the free trial period. The first conversions of trial to paying clients have begun and Velpic is confident the conversion rate will increase as the digital marketing strategy starts to ramp up.

As a SaaS (software-as-a-service) platform, Velpic will receive revenues from a monthly subscription fee for providing access to its eLearning platform, along with pay per view (PPV) fees for each lesson completed and professional service fees for implementation. PPV fees for the small to medium size enterprises (SMEs) are capped at a certain amount, with an option available for SMEs to purchase an upgrade should more lessons be required.

## **INTERNATIONAL EXPANSION**

The early launch of Version 3.0 has accelerated Velpic's international growth plans, a move the Company views as imperative to maintain its first mover advantage in the global LMS marketplace, which is expected to grow at 22.8% CAGR to reach a value of US\$11.34 billion by 2020. Velpic remains the only eLearning platform with an integrated video editing suite and interactive viewing function in the world.

Initiatives as part of the international expansion strategy have commenced, with early focus on the United States and the United Kingdom. Activities include:

- Full integration of the Velpic platform to the ADP Marketplace underway - a global business eco-system targeted specifically to ADP's more than 630,000 customers worldwide
- Identification of further integration opportunities for the Velpic platform with international technology providers
- Application submitted to feature on the UK Government procurement portal – G-Cloud – an innovative marketplace for SaaS based products specifically targeting government agencies seeking cost efficient products for operations

Supporting these initiatives is a multi-pronged global digital market strategy. Along with search engine optimisation and online marketing (SEO, SEM), Velpic has been actively pursuing innovative ways to promote its unique platform to expand market reach and to position Velpic as a leader and authority in the LMS sector

One initiative is the recent partnership with Cognitives.io. This alliance will see the creation and procurement of a corporate eLearning online community through social aggregation that has the added capacity to exponentially expand Velpic's reach to new market sectors with minimal capital requirement.

Funds from the recently announced Rights Issue (see ASX announcement 7 June 2016) will predominately be applied towards activities and marketing of Velpic's international expansion strategy.

## **CONTINUED PLATFORM INNOVATION**

A key plank of Velpic's national and international growth is the ongoing innovation and development of the Company's eLearning platform.

In parallel with the continued internal innovation of the platform, Velpic has formed partnerships with other technology providers that provide strong potential to increase the value proposition of the Company's eLearning platform.

One partnership is with TikForce Limited (see ASX announcement 10 May 2016), where investigations have advanced regarding the integration of TikForce's online security technology with the Company's platform. This will enable TikForce's authentication technology – the Tik.me ReallD platform with biometric identity capabilities – into Velpic's platform to provide the Company's client with rapid validation of employees undertaking lessons.

Velpic and TikForce anticipate providing an update to the market regarding this integration in Q4 2016. A revenue sharing arrangement is currently being considered, with Velpic and TikForce each charging a per transaction fee, with Velpic to charge a fee for each lesson completed and TikForce to charge a fee for each verification.

### **Velpic Chief Executive, Russell Francis, commented:**

*“Velpic has delivered excellent progress on its key growth initiatives and enhancing the value proposition of the eLearning platform with innovations both internally and through new partnerships. As such, Velpic's international expansion strategy has been brought forward, with the team in place to pursue a network of opportunities that will thrust the eLearning platform on the global stage.*”

*“The unique video editing and interactive viewing function of the Velpic eLearning platform sets it apart from its peers and will become a critical differentiator as the Company embarks on entering and solidifying its presence in new geographies.”*

**\*\*ENDS\*\***

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**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 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, and Velpic already has an extensive list of ASX 200 clients using the platform.

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.