

27th June 2016

CEO Q&A with Ben Daly

Introduction

It's now been 2 weeks since commencement of my objectives that include a restructuring initiative to address Zyber's commercial performance and strategic priorities in order to focus on the commercialization of the Zyber product. I would like to thank our shareholders for their patience and overwhelming support, and I'm looking forward to leading Zyber through to a strong commercialized and sales centric successful company.

From speaking with shareholders, I understand there have been a few questions related to the Abstractive relationship, and would like to take this opportunity to address them.

As discussed in my previous update I have the company focused exclusively on organic growth and forming "direct" customer relationships, positioning Zyber as a solution (or more specifically a Data Security Risk Mitigation tool). I also highlighted the many reasons why I am against white labelling other company's products, and my focus on selling the unique Zyber solution it was built upon.

When it comes to Value Added Resellers (VARs)

It is risky to place reliance on VARs for early stage revenue growth because these relationships often don't work, are not scalable and in the rare circumstances that they are successful, pose significant liability risks to Zyber such as potential revenue loss caused by the inability to collect receivables being one layer removed from the VAR's end customer, intellectual property loss from source code or know-how that is not properly protected by the VAR, reputation damage from poor service or misrepresentation of the Zyber brand values to the end-customer and the potential legal and financial penalties associated with regulatory compliance and other laws.

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That said, the Abstractive deal (or any other relationship with an integration type firm for that matter) made no sense for the company, either strategically or financially and has never gained any real traction from when it was announced back in March.

We will not be pursuing any additional VAR relationships at these early stages in company growth.

The most important way to sell a product for any early-stage software company is to have strong referenceable customers. These are the lifeblood of any sales organization and provide valuable application feedback for future Zyber product enhancements.

You get referenceable customers by building a great product and making sure it is used in such a way as to deliver a real benefit to your customers. Great products don't just roll themselves out, you need to implement them first, which often means getting the product to talk with other pre-existing customer side enterprise systems.

Partnering with a reputable integration firm such as Abstractive doesn't appear to be a bad idea and is often attractive to many early stage software startups. However, by being directly involved with the customer you have higher quality integration and there is a more solid means of creating effective communication to ensure there is a senior sponsor within the organization who knows what the benefits of Zyber are, and can communicate the product's benefits from within the organization. This is precisely what the team has been doing, a prime recent example being being the work involving T&T Supermarkets that led to the Phase 2 meeting I mentioned in my last brief.

With respect to the Abstractive news release, there was incorrect reporting by the media alluding to the opening of the door to multiple 100m+ POC's which was not the case and was based off of some optimistic but largely speculative comments made by the former CEO.

Strategy Moving Forward

That said it is my responsibility as a CEO to articulate and communicate a clear, easily understood strategy; institutionalize rigorous structures and processes to guide, inform, and reward; and to set company values and tone. Equally

important is selecting and managing the right team to share the burden of running the company.

For any CEO the task of managing outside and inside constituencies, while keeping the message truthful and consistent to both, is never easy. Therefore, I strive for consistency in my messages and clear communication that affords little room for misinterpretation.

As a CEO it is also my responsibility to articulate a clear strategy to distinguish Zyber from others and address industry fundamentals. Shareholder value has traditionally been the mantra that defines corporate goals with many public companies. Courting the favor of analysts and shareholders is not my style because defining one's goal as shareholder approval may not be in Zyber's best interest. Often actions and strategies favored by shareholders may not always benefit the ultimate competitive position of Zyber.

The stock market tends to love deals rather than reward a long-term strategic focus. Ultimately, it is only long-term profitability that matters to me and retaining good employees that enable this. I do not expect that my strategies will be immediately understood or accepted by all of our shareholders but I do know that a sound strategy, even if it is unpopular will retain and attract the right shareholders for Zyber which are those who buy and hold the stock because they believe in the big-picture strategy and the unique competitive advantage our technology offers.

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About Zyber

Zyber Secure Mobile Solutions builds secure file sharing business applications with an emphasis on security, scalability and functionality. Zyber automates confidential information flow processes for industries including government, banking, healthcare, retail and the public sector.

Social Media Policy

We believe in providing the highest levels of communications, and whilst the ASX remains the platform for market sensitive releases, we encourage all shareholders to follow Zyber on Twitter (@myzyber) and LinkedIn.