

Critical Messaging Services and Networks



J. Roy Pottle - CEO

About American Messaging

American Messaging Services, LLC and its subsidiaries provide critical messaging services throughout the United States. Using proprietary and third party wireless messaging networks together with its suite of secure mobile and desktop applications the Company simultaneously delivers critical messages to pagers, smart phones, tablets and personal computers. The Company also constructs and operates dedicated messaging networks for individual customers that operate in conjunction with other third party networks, including the Company's proprietary networks, providing redundancy and more rapid message delivery. Message delivery is easily initiated, monitored, securely archived and responses can be viewed using the Company's secure mobile and desktop applications or through customer supporting software that is included as part of the Company's overall service offering.

American Messaging is one of the largest critical messaging companies in the United States delivering more than 5 million critical messages per day. American Messaging provides service to approximately 875,000 customers, including more than 1,000 major healthcare and first responder clients across the US.

Our Corporate Headquarters are located at 1720 Lakepointe Drive, Suite 100, Lewisville, Texas 75057. This facility houses our Corporate Offices, our Distribution Center and our Network Operations Center. The Network Operations Center monitors all traffic and throughput over our networks to ensure our customers receive uninterrupted, quality service.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Pottle, what is the concept at American Messaging?

Mr. Pottle: The primary concept is that we deliver critical messages to a multitude of customers where certainty of receipt and timeliness of receipt are critical.

CEOCFO: Would you give us some examples of what might be the common areas where your services are used and areas that people would not even realize exist?

Mr. Pottle: I think the area where people recognize that the product is still used extensively is within the medical community, where delivery of critical messages can have an impact on life and death. For example, if an individual is in cardiac arrest a code blue team, which is comprised of multiple individuals, needs to be notified immediately and simultaneously. In this kind of situation our service is very relevant because of the reliability and speed of message delivery. There are several areas where our services are not recognized but one of the more prevalent areas involves machine to machine applications or what we call telemetry. In particular we provide service to numerous large utilities where we control, on their behalf, thousands of thermostats.

CEOCFO: In that situation, does the message go to a person to make the decision? Does it trigger something automatic? How does it work?

Mr. Pottle: The message is generally initiated by the Utility in the event power consumption is rising and they need to decrease demand. In such a scenario they will initiate a message that is delivered over our network simultaneously to thousands of thermostats. Those thermostats get a message that increases the temperature setting from sixty eight degrees to seventy two degrees, thereby reducing power consumption.

CEOCFO: How do you reach potential customers or do they come to you at this point, given your long history?

Mr. Pottle: A bit of both. We have a highly capable team of Account Managers that manage our existing relationships while simultaneously pursuing new opportunities, primarily from competitors. Our industry is very mature and we are recognized as an entity that excels at service delivery. Therefore, in a particular market we may service multiple accounts

but inevitably there are accounts that are serviced by a competitor. In the event our competitor provides poor service our customers are often our best advocate, which coupled with regular contact with our Account Managers often leads to new opportunities.

CEOCFO: *What do you do that is better, faster, easier? Does pricing come into play?*

Mr. Pottle: Certainly pricing is always a factor but ultimately it is not the factor that determines customer satisfaction. We do not win new business because our price is lower. We win business because our service and customer support are better and more reliable than our competitors. Our service delivery and customer service is strong. We have a very dedicated team that is highly responsive. I think service delivery is really the difference between us and many of our competitors. If for example during a storm we get an alarm that one of our transmitters has been knocked out of service, our field technicians are highly responsive. They get in their vehicle and drive to the site, sometimes in the middle of the night, to immediately restore service because again, reliability is paramount. Ultimately, we are delivering critical messages that can impact individual lives. Customer service and network reliability are paramount. It is never how you react when it is sunny out; it is how you react when it is raining. Companies always have issues. Things do not always go perfectly. However, the real question is how you respond to situations that are not proceeding in the way that our customer and we would like. I think we are very good at recognizing when something is not working well and being honest about that and then addressing it aggressively. I think that that has helped us to build a strong reputation.

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CEOCFO: *What are some of the newer areas or newer technologies that you make use of today that three or four years ago might not even been in existence?*

Mr. Pottle: The biggest change has been our efforts to embrace other technologies, particularly broadband technology. Our roots are as a traditional paging company whereby we deliver messages over our own networks, using our own frequencies and delivering messages to our own devices. Obviously today, with the proliferation of smartphones, many individuals do not necessarily want to carry two devices or they do not necessarily need two devices throughout their entire day. Therefore, three years ago we started an aggressive effort to broaden our product suite. We developed new software for both mobile devices and desktop computers. Today, our company has evolved from what I would call a traditional paging company to what we characterize as a critical messaging company delivering messages to multiple devices using multiple networks. By that I mean that today, a hospital administrator can initiate a code blue message and that message will go to an individual’s pager, smartphone and desktop, all simultaneously. Therefore, the delivery of messages to smartphones and having a mobile application that is easily downloaded is probably the most significant change in our business.

CEOCFO: *What is the key to keeping up with the new technologies, as to what may become the next big thing and what might fall by the wayside?*

Mr. Pottle: The most important thing we do with respect to keeping up with technology is making certain we have ongoing dialogue with our customers. We learn from our customers what they are seeking and what they are considering and that allows us to shape our products to meet their needs. When our customer talks about their end user and the demographic differences in their end users we better understand their challenges. For example, a fifty five year old doctor is often very comfortable with their pager whereas a twenty five year old resident much prefers a smartphone. Therefore, as our customers interact with their end users, they share with us their challenges, which in this case are trying to meet the needs of end users that have different requirements or different perspectives. Through that we developed mobile applications to meet those needs. Essentially, like any business, you have to listen to your customer. Aside from that, we have a strong technical team that follows technology very closely, particularly the technology associated with wireless messaging. Obviously, there are many applications related to the delivery of wireless messages therefore you have to have smart, dedicated people following technology generally, but how you deploy that technology and how you develop around that technology is largely a product of what we hear from our customers.

CEOCFO: *Would you tell us about your Campus Solutions? It seems to be an area that really needs attention.*

Mr. Pottle: It has been very interesting and more challenging than I expected. It really was an outgrowth of, in part, a personal experience I had when my son was looking at various universities. Inevitably one of the first questions that would come out of a campus tour was “how do you handle campus security”. The universities generally try hard and have deployed broadband solutions that although marginally effective have some limitations. Again, it goes to the issue of critical messages. If you have a shooter on campus, the need to simultaneously notify your entire campus within seconds becomes paramount. Broadband technologies do not work very well in that regard as messages are delivered sequentially rather than simultaneously. Therefore, if you have to notify twenty thousand students you have to deliver twenty thousand messages sequentially and as soon as the initial messages are delivered, recipients use their

smartphone to call their loved ones and the networks really cannot deliver timely information thereafter. We recognized this limitation and developed a new messaging device to take advantage of our messaging protocol, which delivers messages simultaneously. When we developed the product service was priced at thirty dollars per student, which seemed relatively modest compared to cost of tuition. However, compared to the cost of broadband solutions most universities have found it difficult to absorb or charge students for the incremental cost. While it has been challenging we remain optimistic.

CEOCFO: *There should be some moral requirements as well!*

Mr. Pottle: Yes, I agree. At times some of my colleagues would get frustrated with me because I would get frustrated with decision makers because, knowing the current limitations associated with current efforts, I thought they had a moral obligation to do more and I often made my views very clear.

CEOCFO: *Would you tell us about your working with NASCAR?*

Mr. Pottle: That is a by-product of a transaction that we did with a company called Aquis Communications. We acquired them at the beginning of the year and their owner, Rich Gdovic and his son, Brandon are both NASCAR drivers that were very committed to developing a more robust NASCAR team. Therefore, as part of our discussions related to acquiring his company, we learned more about what his ambitions were and what his strategic thinking was behind developing a team. We saw an opportunity to align our efforts in terms of acquiring his company and integrating it into ours, but also partnering with him in a sponsorship arrangement, whereby we could expand the profile of American Messaging through NASCAR, which is obviously very popular and gets tremendous exposure.

CEOCFO: *You did a couple of acquisitions last year. Is that part of an overall growth strategy or is it more opportunistic?*

Mr. Pottle: I would say it is a combination of both. It is very opportunistic and it provides growth in an otherwise mature industry. Generally, we are fortunate in that our coverage areas often overlap with the companies we acquire so the economics of doing a transaction can be highly beneficial to us and to a seller. Therefore, it provides growth but it is also opportunistic for both us and the underlying seller.

CEOCFO: *How do you spend your time as CEO?*

Mr. Pottle: I generally like to say that I work hard at making certain we have the right people, in the right jobs, working on the right priorities and although this is definitely true I believe my role is to make certain we collectively maintain a culture of accountability. Our tag line is the "Dependable Choice" and in order for us to be dependable in the eyes of our customers we must first be dependable to one another. That means building a culture whereby we are accountable to one another, a culture whereby we are honest about our strengths and weaknesses and a culture whereby we challenge each other and our collective thinking. If we do this collectively our efforts to identify and pursue new strategic initiatives will be far more successful.

CEOCFO: *Why pay attention to American Messaging today?*

Mr. Pottle: I think the interesting thing about American Messaging is that when we started in June 2005 the question we heard most was "people still use pagers", whereas today we are increasingly recognized for our broader product suite and our critical messaging expertise. Paging is just a simple name associated with our original wireless messaging networks but what makes this company interesting, is that we have a very robust wireless messaging protocol that is very different from today's broadband networks. Yet we have embraced other messaging protocols as well. Therefore, today we have a much broader product suite capable of delivering wireless messages using multiple protocols and redundant networks - that makes us unique. The combination of having robust wireless messaging capabilities combined with an extensive track record of excelling at service delivery makes this company very interesting.

BIO: Roy Pottle co-founded American Messaging in November 2005 and is responsible for its overall direction. He has over thirty years of experience in the telecommunications industry with particular knowledge of the wireless messaging. From 1998 to 2004, Roy was Executive Vice President and Chief Financial Officer of Arch Wireless, Inc., the then largest wireless messaging company in the United States. During this period, Roy was one of three senior executives responsible for managing all aspects of the company. Prior to joining Arch Wireless, Roy was a senior executive for a publicly traded cable television company in Denver, CO and a banker to the media and telecommunications industries in New York and Toronto.



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