

THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

PRAKASH KONDEPUDI - DEPOTPOINT

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PRAKASH KONDEPUDI President And Chief Executive Officer brings 18 years of experience in electronic payment processing, online payment transactions, online yellow pages and wireless data solutions markets. Prior to DepotPoint, Mr. Kondepudi was Executive Vice President at Infospace Inc., a Bellevue, WA based company. At Infospace, he led the Payment business unit known as Authorize.Net and the Merchant Business Division overseeing Online Yellow Pages, Integrated Store Front, Stored Value and Shopping technology businesses. In 2004, Mr. Kondepudi also led the sale of the Authorize.Net business to LightBridge for an all cash deal valued at \$82M. Prior to Infospace he served as Vice President at Saraide Inc. a wireless data company overseeing wireless application services and content business development. Before Saraide, he held engineering, product management and business development positions at Verifone Inc, a pioneer in transaction automation industry. Mr. Kondepudi holds a Masters in Technology from Indian Institute of Technology, Madras in India

Sector- Software

TWST: May we start with a brief company introduction?

Mr. Kondepudi: DepotPoint is a technology company founded in 2005. Our focus when we started the company was to build certain core tracking technologies that specifically address some of the gaps that we saw in the whole mortgage lending and the real estate market. The core tracking technology platform that we built is used to build certain applications that are specifically focused in the default arena, i.e. the whole default management, which is commonly called foreclosures in the market. We have two solutions. Our TrackPoint application suite is targeted towards mortgage lenders and participating attorneys, with a lien monitoring and a workflow application that helps lenders streamline their default loan portfolio. The second solution is ForeclosurePoint.com, which is basically a marketplace solution that brings real estate investors and home buyers into the foreclosure auctions or pre-foreclosure purchase process. It helps them purchase these properties at auction with a set of research tools, realtor assistance, and assistance from short term financial capital resources which are required to purchase a transaction at auction. In a nutshell, that's the company's focus and our focus is to automate as much workflow as possible so that it helps reduce the cost of foreclosure processing, which eventually will help the borrower and the broader market segment.

TWST: Does the solution respond to the regulatory statutes of states in different jurisdictions ?

Mr. Kondepudi: Yes. In fact, our DefaultTrackPoint application suite is probably the industry's first fully audit ready system with a built-in full compliance knowledgebase. We have built a compliance knowledgebase within the workflow application across all 50 states that addresses state-by-state differences in foreclosure laws. In general, there are judicial and non-judicial foreclosures, and the laws vary quite a bit from state to state. We have captured all those with their timelines -- what we call chronology -- with all the events that attorneys and the lenders need to meet in order to do a foreclosure. So, our solution is probably the industry's first to capture that entire compliance

knowledgebase into an application that works as a software-as-a-service solution.

TWST: Is predictive analysis of advanced foreclosures also included in the package?

Mr. Kondepudi: What we do is build business intelligence into the primary workflow application. As part of the TrackPoint suite, we have a focused Lien Monitoring solution. As part of this solution we track a lender's loan portfolio against foreclosures, bankruptcies, tax defaults, and other events that happen in the market that can negatively impact their loan portfolio. Our solution gives an early warning or early indication on their loan portfolio, which can help them in some sort of predictive analysis.

TWST: How do you overcome the reluctance in the real estate industry to use technology ?

Mr. Kondepudi: That's a very good question. That really was our motivation to start this company when I first got introduced to this market. My background comes from the credit card transaction processing world having led solutions at Verifone, Authorize.Net to be specific -- and a number of entities that I was involved with. This industry used to be very similar to the real estate industry. When we started building automation solutions in that industry not too long ago, it was riddled with paper work. We delivered transaction automation solutions that transformed that industry. Currently, the real estate industry deals with a phenomenal amount of paper work but it is possible to automate, make it paperless, and I think we're probably in the early stages. There is a resistance, but as organizations see the benefits, they will change just to be able to compete in the market. I think a lot of these organizations were burnt earlier by pure software players that just hrew some technology at them rather than solving their business problem. Our model is not to license some software, but actually provide a business service, using software as a service. We are beginning to see a lot more reception to this solution because we're solving their business problem and as they see the benefits of it, they will be more likely to embrace it.

TWST: Has the explosive growth in foreclosures translated to increased business for DepotPoint ?

Mr. Kondepudi: Absolutely. At two levels. One, at ForeclosurePoint.com, our marketplace solution, we saw a tremendous amount of interest from home buyers and investors. Prior to our service launch, very few people knew how to participate in foreclosure auctions. As we launched our service, we got fantastic response and consequently, there has been a significant increase in the number of people participating at weekly auctions. One of the reasons why we raised this fund is to ensure that we can make the ForeclosurePoint.com service available across the entire country because there's no such solution in the market today. There are no tools, there is very little awareness, and most people are misinformed and there are people who are trying to capitalize on this with the questionable practices. So, as a technology-based marketplace becomes available, I think it will create a lot more awareness; hopefully, it will bring a lot more people into this action which we think will eventually benefit lenders, borrowers, and everyone else.

TWST: Could you comment on the size of your customer base and the pace at which it is growing?

Mr. Kondepudi: I can give you some relative factors that gives an indication of the pace of adoption. Ever since we launched, we have received a tremendous amount of interest from prospective customers. Just to give an indication, in the two months since we

launched, we have increased the number of people coming to a Friday auction at the Pacific Northwest region locations, i.e. King, Snohomish, and Pierce Counties. The number of people coming to the auction has increased by 15 to 20 fold. Earlier, you would get 15 or 20 people coming to auction and now after two months of our service launch, that number has gone up by 15-fold and some weeks by 20 fold.

TWST: How do you price your services?

Mr. Kondepudi: Our TrackPoint application suite for lenders/attorneys is priced based on file/transaction volume. Simply put, it is a usage based pricing model. At ForeclosurePoint.com we have two models. One, where we provide real estate agents with all of the research tools they can use to assist their customers buy properties during pre-foreclosure or at auction. We charge them a monthly access fee and a transaction fee at the time of transaction. Secondly, we offer certain tools on a monthly subscription basis to individual investors. This is a \$79.95 per month fee and it provides individuals with all the tracking, valuation, and other foreclosure information necessary to conduct your own research.

TWST: Which programs have you instituted to bring more awareness of your products and the problems of foreclosure? What is the strategy for growth as you look ahead?

Mr. Kondepudi: Our fundamental and most important focus is to create awareness. There are a lot of sites in the market that try to make a fast buck with a basic foreclosure listing. You can find them on the web and all they provide is basic county foreclosure listings for a subscription fee. That baseline information is free on our site. We feel that's public information, thus everybody should be aware of it. What we're creating is awareness and through a proper education process, helping them to participate at auction. The local newspapers are extremely interested in educating customers because of the rising rate of foreclosures and public interest in general. So, we help them with detailed research data in each specific county using our tracking technology, such as how many foreclosures are actually getting postponed, how many are being sold before auction, how many are selling at auction, what's their average price, etc.

TWST: How do you view the competitive environment and how would you differentiate your solutions from the others?

Mr. Kondepudi: We believe we have addressed the market need using a solid technology platform that brings timely information in an automated fashion in an industry where everything is done using labor intensive processes. As long as we continue to build the technology and streamline these manual processes, we have a significant advantage over our competition.

TWST: What are some of your biggest roadblocks to success ?

Mr. Kondepudi: I would say that creation of awareness on the lenders and attorneys side, overcoming their fear of embracing the technology, and using the technology to excel in their business. So, as a new generation company, first of all our usual challenge is that you exist and you have solutions. This industry has long been throttled by certain incumbents who are out there in the market for a long time and because of the regulatory nature, it's not a level playing field, but we expect that will change as organizations demand innovation and technology driven efficiency.

TWST: Could you introduce us to your management team, including yourself?

Mr. Kondepudi: I am the Founder as well as the President and CEO of the company. I'm supported by Christopher Matty, who is the Chief Marketing Officer as well as Vice President of Sales. He comes from an Internet marketing background as one of the early folks at InfoSpace and worked at a number of Internet based marketing companies. He is supported by Dipan Dewan who has spent 16 years at Microsoft; built lots of technologies. He heads our Technology area. Tom Boboth who is Vice President of Business Development has actually spent the past 15 to 16 years in the foreclosure market as a real estate investor and prior to that worked as a mortgage banker. He was involved with three or four mortgage banks and he had built mortgage brokerage operations, and he's intimately familiar with foreclosures. One of the very well respected individuals in the Pacific Northwest region in the foreclosure market. Finally, we have Avinash Heroor who is our Director of Operations, runs our data center, and all the network operations.

TWST: Could you comment on the company's funding history?

Mr. Kondepudi: Myself and the management team, funded the company because we wanted to make sure that we built the technology and test the market before we go and seek out any venture money. We have done that and this is our first outside round. It's all been supported by the management team until this point.

TWST: What was the amount raised in the first round?

Mr. Kondepudi: We raised \$4 million from Trident Capital. As we roll our solutions to market, we are beginning to generate revenues. We're looking at using this money for rapid sales and marketing expansion.

TWST: Will you be seeking additional capital in the future?

Mr. Kondepudi: For now we completed our Series B round and our focus is execution of our plans. As we take a strong position in the market, as we see additional opportunities, we'll evaluate our capital needs and decide.

TWST: Could you sketch a realistic picture of DepotPoint two to three years down the road.

Mr. Kondepudi: Two to three years down the road, we would like to be known as the leading end-to-end default management solution provider. We would like to be seen as a company that significantly influenced this industry.

TWST: Thank you.

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