

CEO And President Interview:**WorldGate Communications, Inc. - George Daddis****July 12, 2010**

Dr. George Daddis, Ph.D., is CEO and President of WorldGate Communications, Inc. He is an experienced CEO and entrepreneur, with extensive experience in bringing digital products and services to market, establishing sales channels and raising capital. In 1998 Dr. Daddis founded his first company, InSciTek Microsystems, Inc., which provided digital hardware and software design services to Fortune 500 companies, such as Sharp Electronics, GE, Kodak and many other technology companies worldwide. In 2003 Allworx Corp was founded from the core of InSciTek and quickly established itself as a national provider of small business VoIP telephone systems. Allworx was a comprehensive technology firm and included R&D, manufacturing, marketing/sales and customer support functions. Dr. Daddis aggressively grew this VC-backed business to over 75,000 end users, with a sales channel of more than 900 dealers throughout North America. The company was ultimately successfully sold to PAETEC, a major national telephone services company headquartered in Rochester, N.Y. Dr. Daddis began his engineering and management career at Eastman Kodak and subsequently Xerox, building engineering teams for various imaging product lines. These teams focused on quick time-to-market deliveries and best-in-class performance and cost digital product platforms. He received his B.S., M.S. and Ph.D. from Cornell University in the fields of engineering and mathematics.

TWST: Please begin with a brief overview of the history and evolution of WorldGate.

Dr. Daddis: Sure, WorldGate (WGAT) started in 1995 and went public shortly thereafter, in 1999, with strategic moves into video telephony coupled with major product and market transformations. The history here is that after working for some time in the area of video phones, WorldGate developed a suite of technologies to build residential-class video telephony units for consumers' households. The business model pre-2009 was not sustainable nor progressive for WorldGate and eventually led to a significant recapitalization in April of 2009, led by investment partners at WGI and ACN, which is a direct-selling communications company located in North Carolina and a key WorldGate customer. In parallel, ACN was already selling approximately 15,000 to 20,000 phones per month - exclusively video phones into the residential community - so they were very successful selling video phones. ACN, however, was not happy with their current technology platform and video phone offering, and needed to source a new vendor for video telephone technology, which drove the investment in WorldGate. WGI brought, through the recapitalization, not only investment funds but in large part a new management team and new business models, as well as through ACN an anchor customer. Today we are providing video phones and a complete turn-key video digital telephone solution to the marketplace. And so you might describe WorldGate as a video phone service provider, providing through agent and wholesale channels, video phone service to residential markets as well as providing an OEM phone-only product to other entities in telecommunications to enter the video telephony market.

TWST: The company recently announced that ACN was purchasing another round of phones - in fact, 26,000 of WorldGate's video phones. What does that mean for the company? Tell us about that deal.

Dr. Daddis: This second purchase order for 26,000 units marks a significant milestone in ACN's minimum purchase agreement of 300,000 video phones on an OEM basis. To date ACN has ordered 41,000 units over the last few months, a very, very significant deal for WorldGate. It marks the beginning of shipping our next generation of Ojo Quality video telephony products into the field. We will be shipping our own Ojo Vision-branded phones in the near future. This is the beginning of WorldGate's new entry point to the world of video telecommunications and offering a turn-key service offering to the market.

TWST: Potentially how big is the video phone market? Are customers showing demand for video phone services?

Dr. Daddis: That's a very good question. I think that the industry is actually ready to turn to video telephony over the next three- to five-year time frame. The reason for my optimism is that we are seeing the market trends on video transmission and video usage by customers. Today more people than ever are putting video through devices, such as not only TVs, but PCs and smartphones. They're getting used to seeing real-time streaming of data through all such devices. Video is becoming an essential part of their daily lives; 80% of the Internet traffic carried today is video

in one form or another. You see a lot of other elements in the industry also moving towards video telephony. We've also seen recent announcements by Apple on their iPhone FaceTime application, and of course Skype has been in this market, helping to grow it. On the business side, we've seen a lot of new announcements with Cisco and Tandberg acquisitions, and Polycom venturing with VeriFone. We're seeing video from all different angles, and we expect to see video telephony begin to take off within the residential marketplace. Our goal is to be part of that leading wave of adoption. We are seeing a number of elements that are necessary to see that video adoption curve really climbs. First of all, the infrastructure.

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