



Text Analytics & Cognitive Computing Company

Stefano Spaggiari, CEO

Milan – October 3, 2017



# About Us

- **LARGEST EUROPEAN VENDOR** of Text Analytics & Cognitive Computing
- **GLOBAL PUBLIC COMPANY** (approx. 65% of free float) with offices and R&D labs in 10 different countries – **EUROPE** and **USA**
- **PATENTED TECHNOLOGY**
- The technology of choice **FOR ENTERPRISES** in all sectors and **GOVERNMENT**

# History



EXPERT SYSTEM  
FOUNDED IN  
MODENA (ITALY)  
IN 1989

1989

COGITO IS  
PROVIDED IN  
MULTIPLE  
LANGUAGES

2006



LISTING ON THE  
ITALIAN AIM EXCHANGE

02/2014



EXPERT SYSTEM IBERIA  
& CY4GATE ARE BORN

12/2014



TWO NEW AMERICAN  
SUBSIDIARIES: EXPERT  
SYSTEM USA & EXPERT  
SYSTEM ENTERPRISE

10/2015



TOP 10 BIG DATA TEXT  
ANALYTICS PLATFORMS,  
Q2 2016

05/2016



SIGNED GLOBAL  
AGREEMENT

02/2017

2000

COGITO TECHNOLOGY  
DEVELOPED

COGITO®

2011

CREATION OF THE  
US-BASED  
SUBSIDIARY

COGITO TECHNOLOGY  
IS PATENTED IN THE  
UNITED STATES



06/2014

NEW OFFICES IN  
SILICON VALLEY AND UK



09/2015

100% ACQUISITION OF  
TEMIS GROUP  
(FRENCH LEADER IN  
TEXT ANALYTICS  
SOLUTIONS)

TEMIS

2016

CAPITAL INCREASE  
SUCCESSFULLY  
COMPLETED (€4.8  
MLN)

02/2017

NEWEST RELEASE  
OF THE COGITO  
PLATFORM  
("COGITO 14")

Gartner®



ONLY 2 YEARS

# Market validation



GARTNER'S  
MAGIC  
QUADRANT

Google for Work  
Partner  
Premier

- **GARTNER**  
MQ for Insight Engines - 2017
- **FORRESTER WAVE**  
Big Data Text Analytics Platforms - 2016
- **FORRESTER REPORT**  
Artificial Intelligence Can Finally  
Unleash Your Business Applications'  
Creativity - 2015

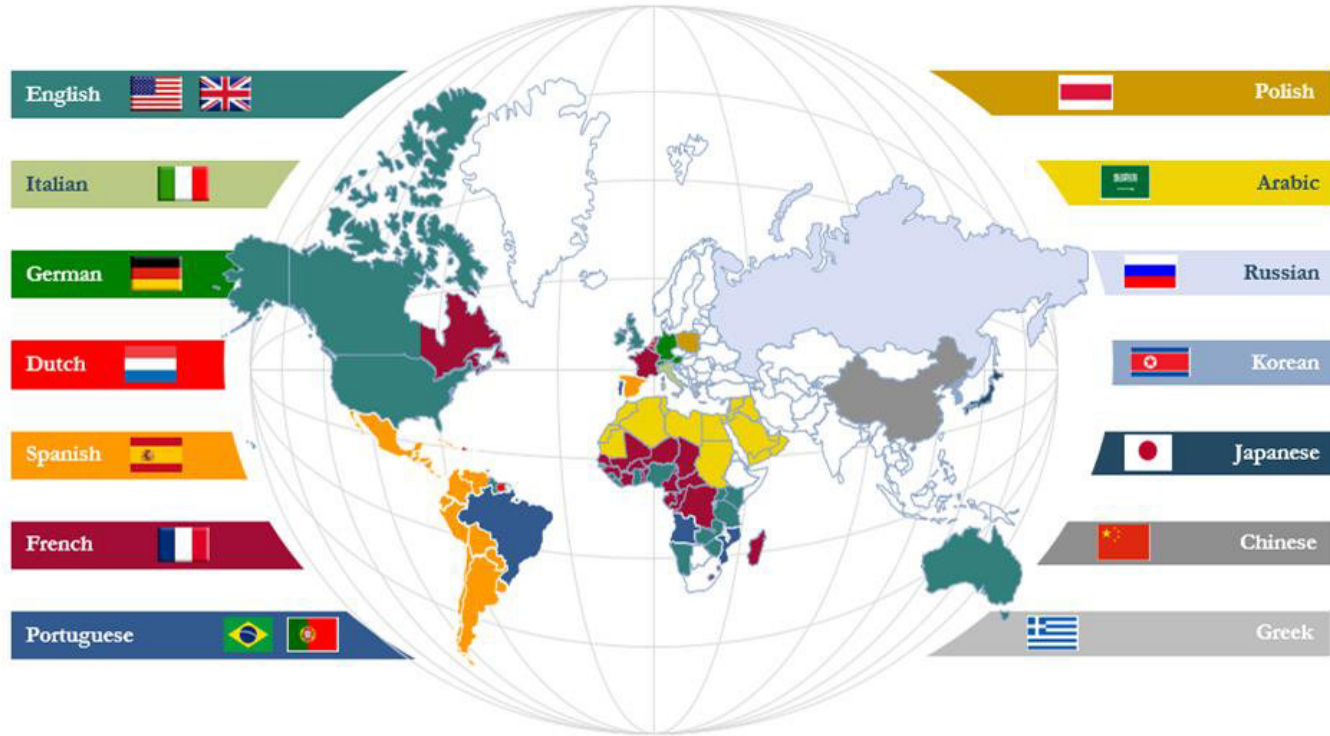


KMWorld



# Global Distribution Network

COGITO TECHNOLOGY SUPPORTS 14 LANGUAGES



BLUE CHIP CLIENT BASE AMONG 100+ CUSTOMERS





# Differentiation

Combining the advantages of **Semantics** (knowledge graph, semantic analysis and disambiguation) with **Machine Learning**

What does this mean?

A couple of hours is all it took for Cogito to read and learn from **Wikipedia**.

# On the eve of a revolution

As a company that has experienced tremendous growth internally while expanding our footprint as a multinational organization, we are on the eve of a revolution.

Se l'intelligenza artificiale scrive report e investe in Borsa

di Vittorio Carlini | 07 settembre 2017

MF  
9 giugno 2017

**Expert S. con Cedat 85 nei servizi voce**

Expert System ha siglato un accordo con Cedat 85 per l'offerta di alcuni servizi innovativi basati su assistenti vocali automatici che integrano intelligenza artificiale e riconoscimento vocale. Nata a Modena nel 1989, Expert System, quotata all'Aim, è oggi tra

nòva

**L'intelligenza artificiale è ubiqua e va redistribuita**

Quando ha aperto i lavori al Build di Seattle, il convegno annuale degli sviluppatori Microsoft, Satya Nadella si è concesso una citazione d'autore: il George Orwell di «1984», il capoluogo della letteratura distopica che immaginava un futuro sotto lo scacco dei totalitarismi e delle loro tecnologie. Orwell temeva un mondo dittatoriale, dove le macchine avrebbero finito per schiacciare i cittadini. Nadella anche, ma il suo richiamo «al valore dell'intelligenza umana» passa per uno strumento sconosciuto a Orwell e alla stessa Microsoft di qualche anno fa: i bot, le app conversazionali che comprendono e riproducono il linguaggio umano. Per ora si tratta solo di un capitolo, anche se influente, tra gli sviluppi dell'intelligenza artificiale. Ma le aspettative sono alte, come rivelano anche gli annunci emersi a Seattle. Nel corso dell'evento, Nadella e i manager ai vertici del colosso di Redmond hanno dedicato buona parte dei propri interventi alle soluzioni che avrebbero reso «più smart» le app create dagli sviluppatori Microsoft. Come ha detto Nadella, «l'intelligenza artificiale è ovunque. Si tratta di distribuirla». Il momento sembra essere stato preso alla lettera. L'azienda ha offerto

Dopo Grammarly è boom di app per le traduzioni

L'investimento record spinge il mercato sopra quota 100 milioni

Nata nel 2008, la californiana Grammarly è diventata nota con un sistema di correzione abilitato da intelligenza artificiale per gli errori di grammatica e ortografia disseminati tra email, documenti e social. In quasi 10 anni di attività non aveva mai ricevuto un

Cogito, ergo capisco come voi umani

di Luca De Biase | 27 agosto 2017

Come influenzerà il lavoro degli umani l'intelligenza artificiale?

**QN il Resto del Carlino**  
8 agosto 2017

del 08 Agosto 2017 | **il Resto del Carlino** | estratto da pag. 4

**RICERCA IR TOP CONSULTING SU AIM ITALIA**  
Ricavi delle quotate: Emilia Romagna seconda

**Gestore automatico**

di Elena Dal Maso

è la profilazione del cliente (di solito online) attraverso un robot che poi indirizza la persona verso un portafoglio messo a punto da un team di economisti. Da qui si arriva all'ultimo stadio, dove un robot crea un portafoglio di investimento. Ma attenzione, dietro a ogni robot c'è un essere umano che programma e gli insegna a ragionare secondo determinati principi. E dietro ai robot della nuova finanza e ai loro algoritmi spesso ci sono italiani. È la storia di Paolo Galvani e Giovanni Daprà, fondatori di

no e vendono i titoli in proprio. «Per realizzare il robo-advisor a team di sei persone ha lavorato quasi tre anni», spiega Narduzzi. Il servizio costa 20 euro al mese di abbonamento, 0,7% di gestione patrimoniale e fino a 200 mila euro e lo 0,5% per importi superiori. Selliewealth.com invece è un passo ulteriore verso la finanza tecnologica. Avviata da poco da Edoardo Narduzzi, fondatore di diverse startup, è un portale di robotica applicata agli investimenti («Il primo robo-advisor al mondo», specifica) Narduzzi è specializzato in economia

presti 79 del segmento Aim





# **M**ARKET OVERVIEW



# Cognitive Systems & AI Forecasts

\$47 billion  
in 2020

Widespread adoption of cognitive systems and artificial intelligence (AI) across a broad range of industries will drive **worldwide revenues from nearly \$8.0 billion in 2016 to more than \$47 billion in 2020 (CAGR +55%)**

\$1.5  
billion in  
banking in  
2016

The industries that invest the most in cognitive/AI systems in 2016 are banking and retail, followed by healthcare and discrete manufacturing (combined, these four industries will generate more than half of all worldwide cognitive/AI revenues in 2016)

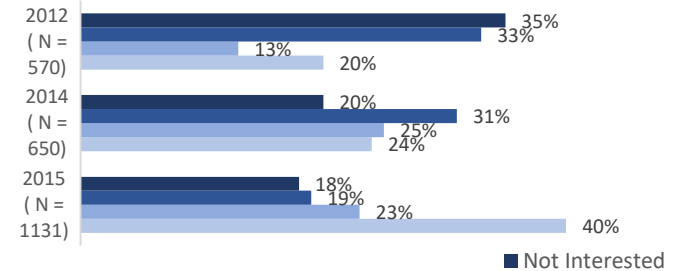
\$6.2  
billion in  
North  
America

**North America (US & Canada) is by far the largest region for cognitive/AI spending with 2016 revenues approaching \$6.2 billion.** Europe, the Middle East and Africa (EMEA) will remain the second largest region throughout the forecast, but cognitive/AI revenues from Asia/Pacific including Japan will nearly close the gap with EMEA by 2020.

Source: *Worldwide Semiannual Cognitive/Artificial Intelligence Systems Spending Guide from International Data Corporation (IDC)*

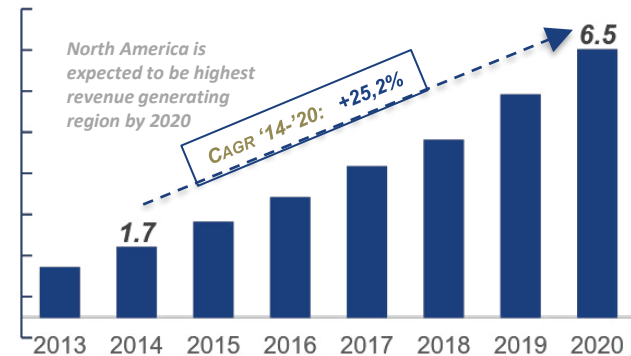
# Text Analytics Market

## Forrester survey: Plans to implement text analytics



Source: *Forrester's Global Business Technographics Data And Analytics Survey, 2015-2014-2013*

## Global Text Analytics Market (\$US Bn)



Source: *World Text Analytics Market - Opportunities and Forecasts, 2013 - 2020*

# Market still immature

- In the last few years, the interest for **AI has progressively increased**, becoming one of the fundamental aspects of future economic development.
- Despite the above consideration, it has not yet been translated into a greater propensity for companies to initiate big projects and investments in this sector, thereby also **modifying their business model**.
- For this reason, there is a general interest in AI now but the market is recording growth that is lower than forecasted and it's still in its "infancy," but with **great potential**.
- In this context, competitors (large/medium and start up) are still continuing to invest in gaining market share and none of them have achieved positive results. At the moment, we are competing in the **early stage of a hi-tech market** that is characterized by these dynamics.
- Expert System is working in this market with financial resources that are often not comparable with those of our competitors. This notwithstanding, **the company is winning important software selection bids** in the USA and Europe.

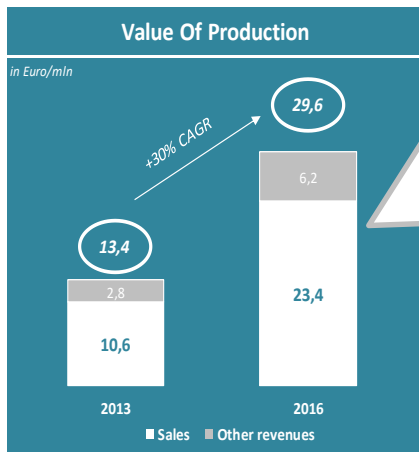
# Some deals

- **Databricks:** Big data analytics platform built by a team that grew out of the Apache Spark project. Raised \$140 million in August 2017 by Andreessen Horowitz. Considering the prior round, Databricks' total funding raised is \$247 million.
- **Google:** Launched a new venture capital program focused on artificial intelligence.
- **Lattice Data:** Apple acquired the AI company Lattice Data for \$200 million. This company was established in 2015 and now has 20 engineers.
- **Element AI:** A Montreal-based studio that tackles problems using machine learning systems; has raised \$102 million.

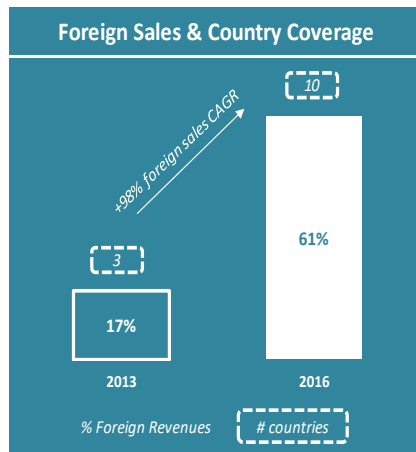


# **B**USINESS OUTLOOK

# 3 years of growth



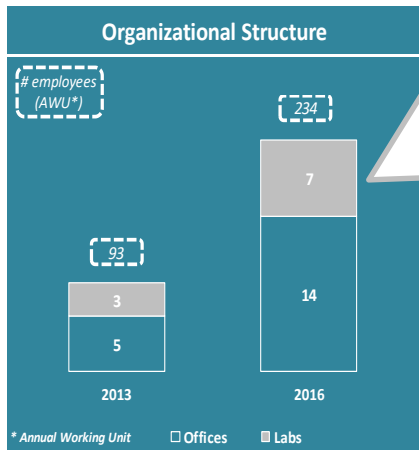
**Strong growth in Value of Production from IPO, also thanks to Temis acquisition in 2015**



**Focus on internationalization**

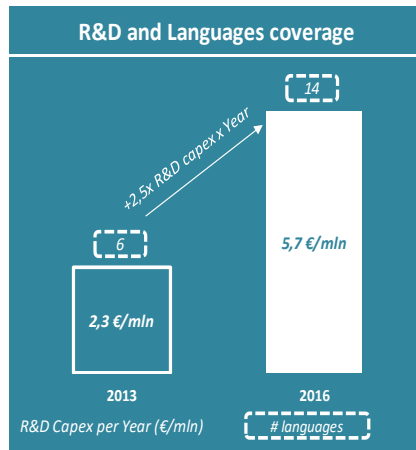
Foreign revenues tripled in the last 3 years

Business areas increase from 3 to 10



**Great geographical and organizational expansion**

**160+ tech employees in the organization**



**Significant investments in R&D to expand semantic software offering and implement new languages**



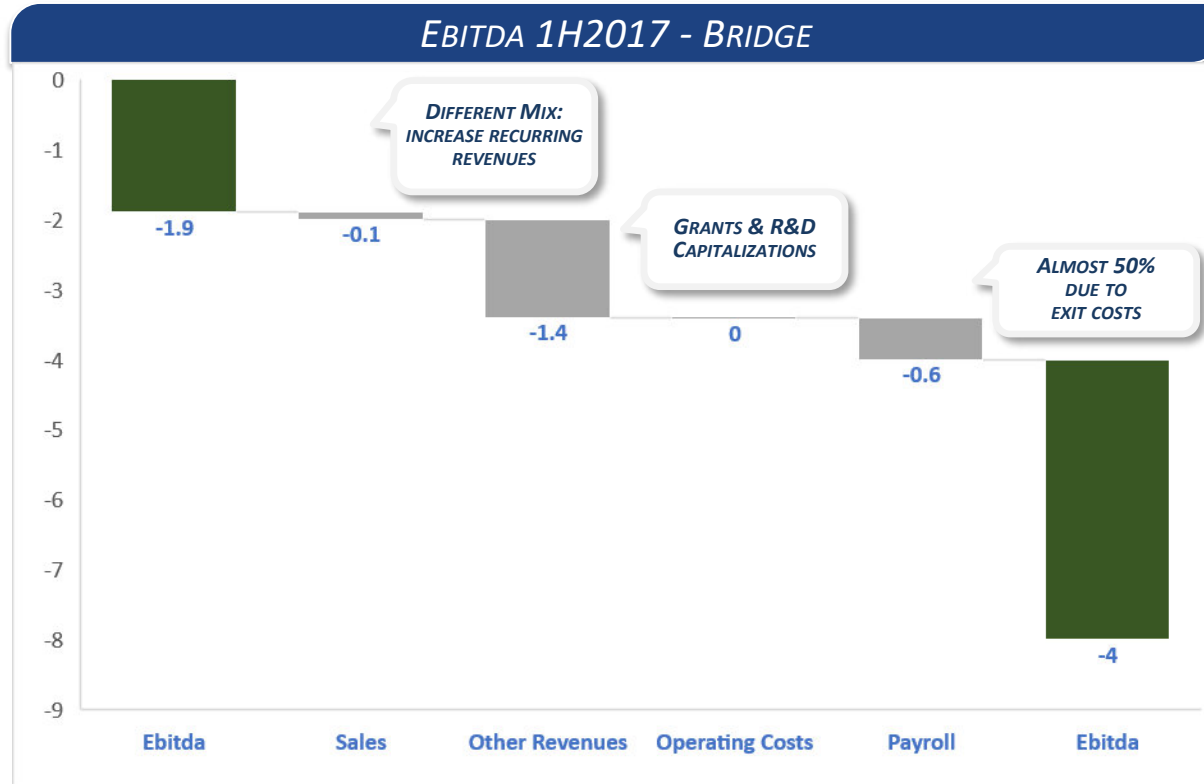
# Profit & Loss

## FINANCIAL HIGHLIGHTS – PROFIT & LOSS

Figures in €/mln

	<u>2015</u>	<u>2016</u>	<u>1H2016</u>	<u>1H2017</u>
Sales	16,4	23,4 +43%	8,6	8,4 -2%
Value of Production	23,2	29,6 +28%	13,2	11,7 -11%
Payroll	(11,3)	(18,5)	(9,1)	(9,8)
Ebitda	1,5	(2,2)	(1,9)	(4,0)
Net Earning	(3,3)	(8,1)	(5,0)	(7,6)

# Profit & Loss



# Profit & Loss

- In recent years, there has been steady growth in sales. The slight decline in the first half of 2017 is primarily linked **to a different mix with an increase in annual license sales against perpetual**. This is consistent with the company's future strategy driven by the increase in the recurring component of revenues.
- The future strategy is also focused on increasing sales overseas, which is also confirmed by the performance of sales in the first half of 2017, where this component has reached **about 62% (+29% compare to 1H2016)**.
- Operating Costs and Payroll are under control (and the management team is working to make further reductions – estimated €2.5-€3.0 Mln in 2018) despite that the company is managing companies in seven countries, is standardizing business procedures and commercial approaches (also with staff turnover) after recent acquisitions.
- The financial cost growth is due to no cash exchange losses (€1.1 Mln).
- The management estimates results for 2017 full year are to achieve the same value achieved in 2016 but with a higher incidence of recurring revenues and expectations of growth, mainly in the US (estimates +20% compared to 2016) and also in Europe (for example, estimates for Spain are +40% compared to 2016) or the UK (+300% compared to 2016).

# Balance Sheet

## FINANCIALS HIGHLIGHTS – BALANCE SHEET

Figures in €/mln

	2015	2016	1H2017	
NWC & Funds	5,5	4,9	(0,5)	TRADE RECEIVABLES REDUCTION (€3,4 MLN)
Fixed Asset	25,7	22,6	24,0	INCREASE IN FINANCIAL ASSETS (€2,2 MLN)
Net Capital Employed	31,2	27,5	23,5	
NFP	11,1	11,1	13,8	CASH AVAILABILITY FROM €9 MLN TO €5,6 MLN. STABLE BANK LOAN (€19,4 MLN)
Equity	20,1	16,4	9,7	

# Strategic guidelines

- **New customer acquisitions** among the largest and most important US and European Government Agencies and Corporations
- Increased shift from perpetual licenses to **recurring subscriptions**
- Focus on the sectors with the **highest growth potential**
- **Offer productization**
- **Consolidation of key partnerships** in support of an increased focus on indirect channels
- **Higher revenue concentration** from top customers



# Why Invest in Expert System

- Outstanding, **unique positioning** in the Cognitive Computing, Artificial Intelligence market
- **International expansion** with both internal and external growth
- A **strong client portfolio, key partnerships, indirect sales channels** with vendors and system integrators



## Thank you!

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