SMS – done properly

Elevating the quality and governance with real-world analytics

Executive Summary

State of the market

- $72-80 billion market & growing
- Encompassing millions of companies in dozens of verticals
- Highly undifferentiated / commodity marketplace

Problem statement

- Undelivered messages, fake delivery receipts, latency, and the use of unlicensed delivery routes permeate the industry
- Lack of transparency means suppliers aren't held accountable
- SMS make several hops until reaching the recipient, when one provider has an issue, the entire chain is compromised

Unique Proposition

- Proprietary technology
- Real-time identification of issues, compliance and outages
- Continuous fast frequency optimization
- Uniquely compliant with GDPR & ISO27001

Team

- Leadership team coming from Skype, Microsoft, SpaceX, Ministry of Defense, Formula-E and Verizon
- Advisors in senior positions at Skype, Microsoft, NTT, and Twilio

The Industry: Who to trust

Messages often make several hops

- After an SMS is sent, it often goes through several providers before reaching the recipient

- A high volume of routing alterations are made everyday (Fast Frequency Transactional Trading). When one provider has an issue, the entire chain is compromised

- With the industry's inability to track quality in real-time, there is no existing company guaranteeing quality
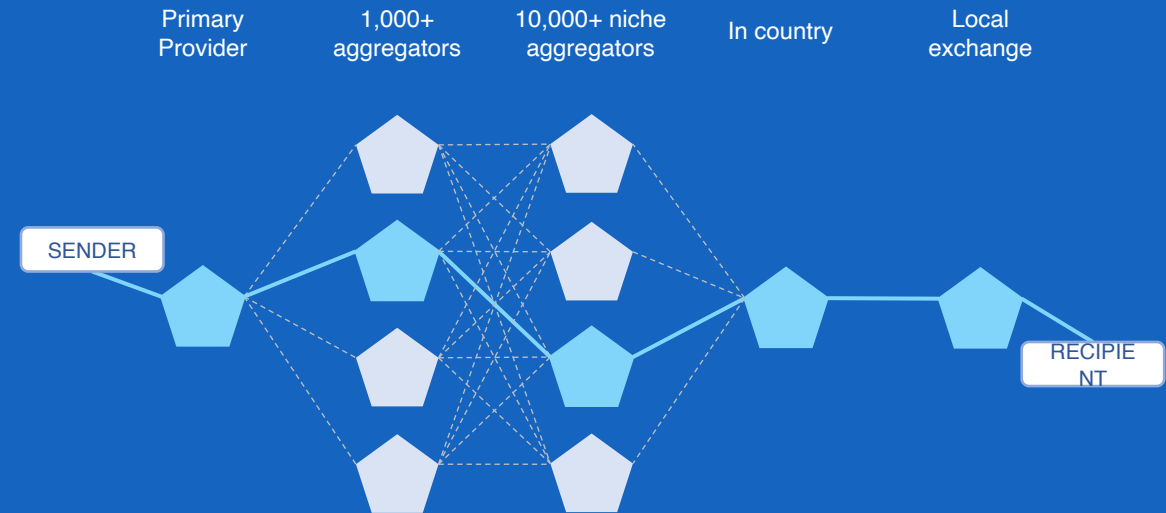
The Industry: The problems

Fake DLR

- Some providers kill a share of the messages sent and generate fake delivery receipts (DLR)
- It is estimated that 1 in 20 SMS messages sent are intentionally killed

Latency

- Messages might take a while to be delivered
- This is often due to avoidable failures
- When waiting for One Time Passwords for 10 seconds, 64% of people have hit 're-send'

SIM Farms

- To reduce costs, companies might send SMS through illegal/unlicensed routes
- SMS is sold at cheap rates, but are unreliable and will change Sender IDs (the sender name seen by the recipient)

Regardless of how much SMS traffic you have, without Augnet, these issues cannot be effectively detected in real time

The Industry: Governance

QUALITY MEASUREMENTS ✗

SERVICE-LEVEL

AGREEMENTS ✗

DATA PRIVACY COMPLIANCE ✗

- It is currently impossible to verify/audit SMS delivery

- An Electronic Delivery Receipt (EDR) is the only indicator of quality, but can be easily manipulated by anyone in the supply chain

- The EDR provides no information on latency or SIM farm usage

- With no governance, the current SMS provision is not fit for purpose

- There is no meaningful way to monitor or compare providers

- Lack of insights means lack of supplier accountability

- Companies pay for every SMS submitted, even if it's not delivered

Real companies that are losing millions to undelivered SMS

VIDEO GAME PLATFORM

Customer payment reminders

- SMS is the most effective communication channel for the platform, >40% better than email
- 90mln users, $11bn revenue with 50% manual renewal

A 5% failed delivery rate and the company would lose $275mln in revenues

RIDE-HAILING APP*

Surge announcement messages

- Operating in 200 cities and have around 400 surges a day (pre-covid)
- Informing 100 drivers of a surge in their area

A 5% failed delivery rate and the company would lose $5.4mln in revenues and have increased customer churn

* Companies' names redacted

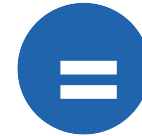# High quality SMS translates to better customer experience & increased revenues

Massive CX improvements + **Operational & compliance benefits** + **Foundation for future Communications as a Platform (CPaaS) innovation** = **Reduce cost of customer churn. Revenue expansion with improved customer conversion**
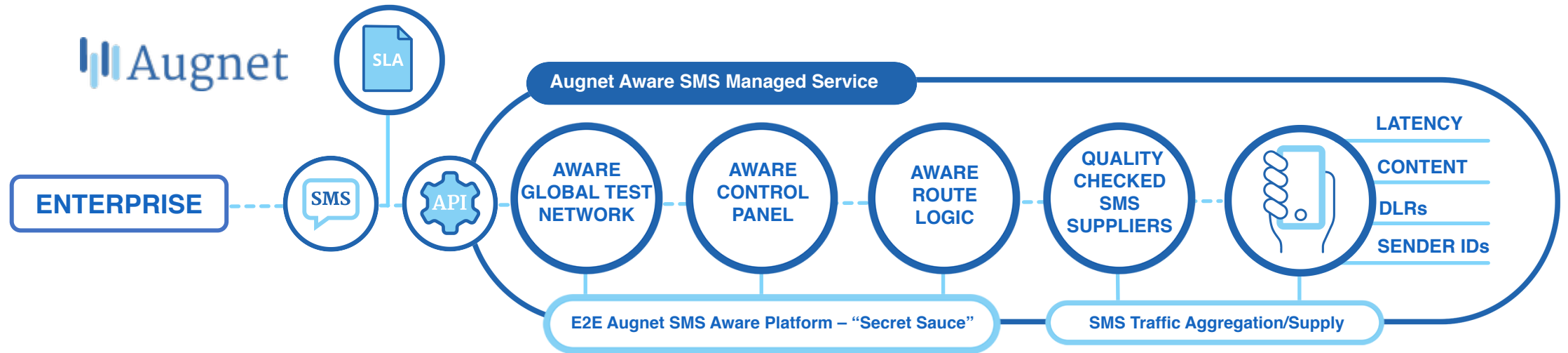
The Solution: What Augnet does

We extract **unique** data points through an encrypted global network of devices to **validate the quality** of hundreds of SMS providers. Your traffic will be **optimized** on the best route available, at all times.

- Augnet has connected devices around the world
- Providing us with encrypted delivery receipts containing SMS meta-data
- Before connecting our customers traffic, we'll validate the quality of multiple suppliers via our secure network.
- We know the quality of the route, before we send our customers traffic
- With multiple suppliers always being tested to every mobile network, our customers can be assured of continuous optimization

Augnet's solution

Augnet Aware SMS Managed Service

ENTERPRISE

SLA

SMS

API

AWARE GLOBAL TEST NETWORK

AWARE CONTROL PANEL

AWARE ROUTE LOGIC

QUALITY CHECKED SMS SUPPLIERS

LATENCY

CONTENT

DLRs

SENDER IDs

E2E Augnet SMS Aware Platform – "Secret Sauce"
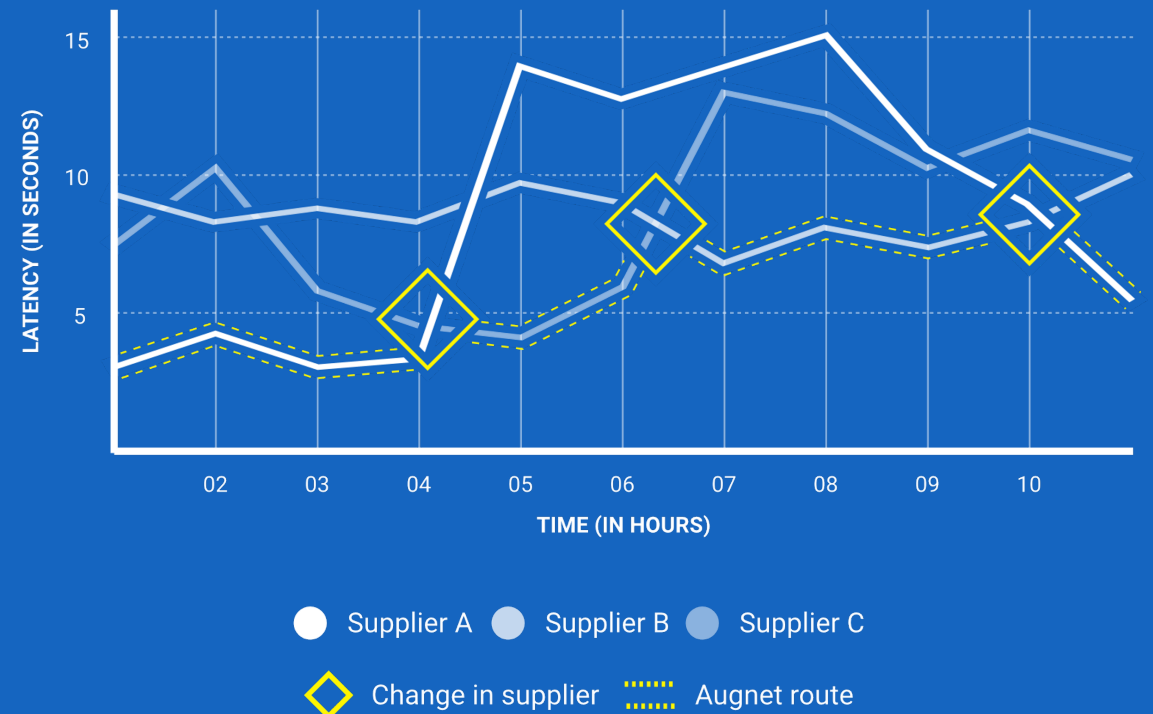
SMS Traffic Aggregation/Supply

Augnet's Unique Capabilities

- **Compliance and governance:** SMS sent via SIM farms, which Augnet can detect, are not GDPR, CCPA, LGPD and POPI compliant.

- **Customer engagement:** The longer a customer has to wait for an SMS, the higher the chance that the customer will churn, especially if it is a One-Time Password.

Average of Latency by Date and Supplier

LATENCY (IN SECONDS)

15
10
5

02 03 04 05 06 07 08 09 10

TIME (IN HOURS)

● Supplier A   ● Supplier B   ● Supplier C

◇ Change in supplier   ⋯ Augnet route

Augnet's Unique Capabilities

…continued

- **Increased revenue:** Fake DLR impacts marketing messages, making it impossible to calculate real conversion. It also impacts companies sending One-Time Passwords for account activation, as undelivered (or even late) messages generate friction.

- **Data insights:** Augnet is the only provider that produces route quality reports, giving companies the ability to attest their quality internally and externally.

Percentage of Fake DLR from all undelivered messages by Date and Supplier

Legend:
- ● Supplier A
- ● Supplier B
- ● Supplier C
- ◇ Change in supplier
- ⋯ Augnet route
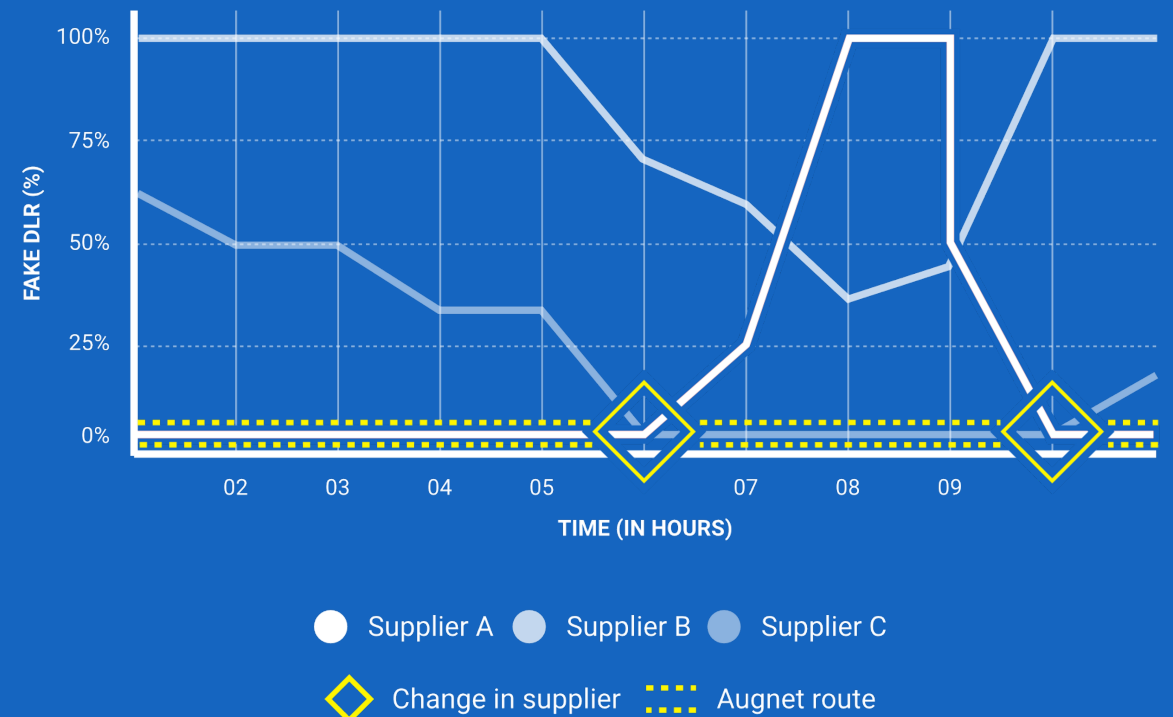
Augnet in practice - a customer case

One of the leading European unicorns had undetected latency issues in South Africa

- This customer previously used Infobip

- An 18 second latency, lasting 47 minutes, was detected

- Without Augnet, the customer's SMS costs would have **doubled** and some customers would have **churned**

- Augnet, in real-time, routed away from Infobip, ensuring consistent quality
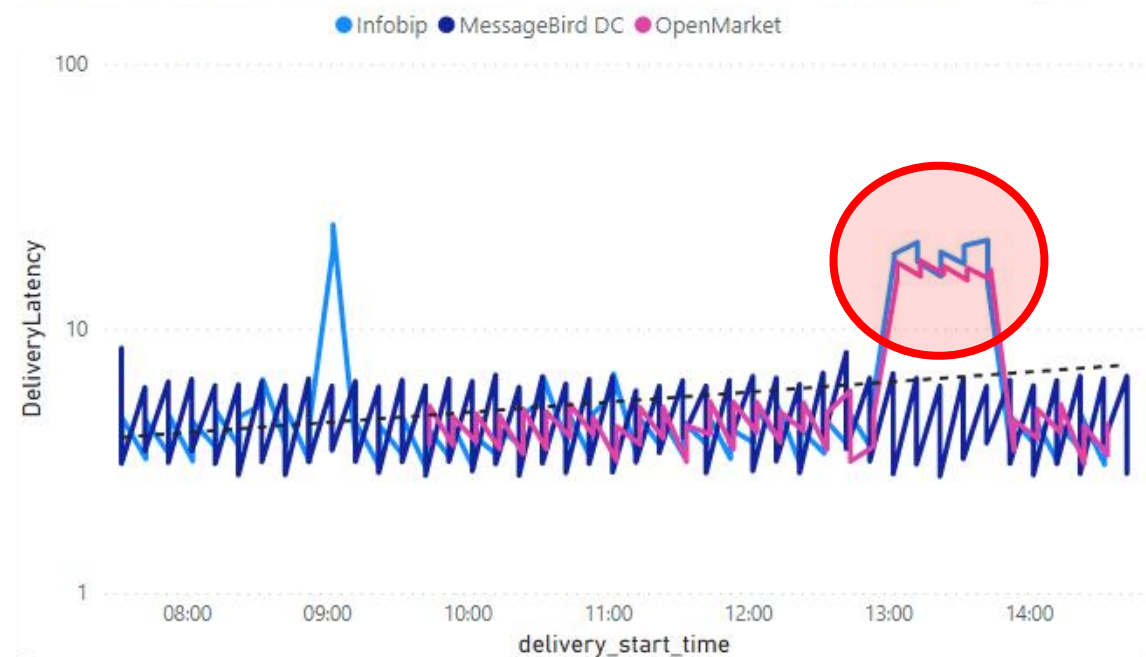
Undifferentiated competition

Today, SMS is virtually a commodity. All current competitors are highly undifferentiated.

	Global	High volume	Dashboard	Latency optimization	Outage mitigation	Fake DLR mitigation	SLA	GDPR compliance
Twilio, FastSMS, MessageBird etc	✓	✓	✓	-	-	-	-	-
Augnet	✓	✓	✓	✓	✓	✓	✓	✓