



**Executive Summary
Technology and Market Review
of
WORDLOGIC Corporation**

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The Company

Introduction

WORDLOGIC Corporation (the "Company" or "WORDLOGIC" or "**WLGC**") is a computer software company that delivers predictive text software solutions which increase the speed and ease of text entry into personal computing devices and for which provide advanced tools for access, manipulation, and management of information.

The core of WORDLOGIC technology is a word-and-phrase text prediction engine. Upon entry of a single letter the system offers a list of completion candidates which can be rapidly selected and inserted into the text, or used as the basis of multi-level branching searches to locate related words and phrases. The system can also be used to select on-screen text upon which to perform searches in user-selected databases such as customizable dictionaries. Tools for text processing and metrics are also available as are customizable links out to other application interfaces such as web browsers.

WORDLOGIC is a publicly traded company (OTCBB: **WLGC**) with principal offices located in Vancouver, British Columbia, Canada. The company web site is accessed at www.WORDLOGIC.com where additional information and links may be found.

Technology Overview

WORDLOGIC has developed an advanced predictive text software tool for use on personal computing devices including conventional **desktop computers, laptops, notebooks**, and tablets as well as handheld personal digital assistants (PDAs), **smart phones, gaming consoles**, eBook readers, global positioning system (**GPS**), and specialized assistive, educational, and industry data capture devices.

The WORDLOGIC Predictive Keyboard software provides a fast and easy-to-use text entry and management system that may be adapted to the vocabulary, language, and tendencies of a user to predict the next most likely letters, words, or phrases. Indeed, whole paragraphs, pages, and volumes may be manipulated.

WORDLOGIC software incorporates customizable tools including multi-lingual symbol capability, spell-checker, calculator, and quick access to Internet websites from within any text based software application on supported platforms.

In addition, the software incorporates a quick search feature by which a user can highlight a word in any text document and quickly activate a web search in the web browser thereby rapidly receiving information from any of the search engine such as Google, dictionaries such as Merriam-Webster, or other databases on the list that the user has configured the software to target.

WORDLOGIC software can be installed directly on computers and hand-held devices running Microsoft Windows or Windows Mobile, or it can be accessed from a portable USB flash drive. The user interface is simple, straightforward, and customizable, as is the database to which the WORDLOGIC software refers.

The Opportunity

Software as a Service (SaaS)

WORDLOGIC's predictive software technology can be easily customized for the enterprise network with professionals working in the field or remotely around the world. The WORDLOGIC software can simultaneously access multiple dictionaries (or databases) that include company specific information. This capability allows WORDLOGIC to deliver their customer's productivity solutions for their mobile professional as well as create a revenue stream from the creation of custom databases for their clients.

Examples of custom dictionaries include:

- an **environmental engineering** firm may wish to have entered a complete list of all laws, regulations, standards, codes, and guidelines, along with all abbreviations and acronyms with their respective expansions for selection.
- a **medical or legal firm** may wish to have an extensive database of terms and definitions at the ready.
- a **legal firm** may wish to develop a comprehensive list of hyperlinks to case law and client files.
- a **journalist covering the Olympics** may wish to have installed a comprehensive list of all names (with correct spelling) and personal information of competing athletes as well as information regarding the country and team(s) they represent and the event(s) in which they are competing.
- a **device manufacturer** may wish to adapt WORDLOGIC software to its operating system in order to gain a sustainable competitive advantage via superior speed and ease of text input and management as well as ready access to additional tools and features of the device and or carrier.

It should be readily apparent to the reader that a significant increase in speed and accuracy can be achieved when mobile professionals have access to custom words, phrases, paragraphs, or whole pages of text that are instantly accessible. Similarly, street and email addresses, phone numbers, links, or technical terms and formulae can be rapidly accessed and inserted into emails and documents.

Enterprise Search

Enterprise search is one of the most urgent and important issues in business today. Storing content is relatively easy and inexpensive compared to increasing cost and

complexity involved in finding information in the ever expanding Internet and in corporate intranets and knowledge bases.

Google Search Appliance (GSA) is a market leader with its search-engine-in-a box solution that dominates the enterprise search market in terms of brand awareness and sheer number of customers. GSA is easy to use and provides a 'ubiquitous' and simple dialogue box which produces a results list with the ability for users to tag and promote results as well as use "search-as-you-type" functionality for word and phrase completion. This text completion functionality in the GSA is a strong validation of equivalent functionality provided by WORDLOGIC technology.

There is an urgent and important need for enterprise search tools and the remarkable capacity of WORDLOGIC to contribute as a Front End Program (FEP) as well as a standalone adjunct product. The overall Enterprise Information Industry is a US\$400 billion¹ per annum market and WORDLOGIC is uniquely situated to deploy as a FEP on any or all of the enterprise computing software systems operating on compatible platforms. With WORDLOGIC companies can quickly and costly effectively retrieve information buried under layers of multiple databases. This patented capability will greatly enhance the productivity of the enterprise network.

Specialty Software

Dyslexia

WORDLOGIC technology as it now exists has been adapted with delight by satisfied customers suffering from dyslexia. On the basis of 15 percent (Dr. Gruen, US National Institute of Health)² of the US population (306,320,858) and the worldwide population (6,776,690,611)³ being dyslexic we calculate the addressable US market potential at 4,594,812 candidates while worldwide we see 1,016,503,591 potential candidates, if the 15% population figures are valid. At the hyper-conservative rate of one tenth of one percent of the worldwide dyslexic market paying US\$50 per licence we see gross revenue estimate of around US\$50,825,179 (1,016,503 x US\$50) which is a respectable niche market to pursue that is currently not well served in the mobile device or desk top PC market segments.

PC Hardware

In 2009-Q1, over 63 million personal computers (PCs) were shipped worldwide by all vendors led by HP (20.5%), Dell (13.6%), Acer (11.6%), Lenovo (7%), and Toshiba (5.4%). While this number is down slightly from the prior year (68 million PCs) some vendors increased while others decreased. [International Data Corporation (IDC)]

¹ <http://www.outsellinc.com/store/products/795>

² <http://www.dyslexia-teacher.com/t139.html>

³ <http://www.census.gov/main/www/popclock.html>

Worldwide Quarterly PC Tracker, 2009-04-15] ⁴ Market leader HP reports that its 2008-Q1 worldwide PC revenue grew by 10 percent to US\$11.2 billion, largely because of strong laptop demand.

IDC also reported that net book shipments totalled 10 million in 2008 and that shipments are expected to double in 2009 as end users become more comfortable with the smaller net books.

Revenue estimates for Apple in fiscal 2009 and 2010 are at \$35.2 billion and \$42.4 billion respectively. The industry expects demand to remain stable during the current period and increase as the economy improves and the migration of users to the Internet world wide continues to pull along computer sales. ⁵

Annual worldwide shipments of hundreds of millions of units of personal computers in addition to over 1 billion PCs already deployed worldwide represents multiple tens of billions of dollars of equipment all of which requires text input and management. This should present significant market opportunity for WORDLOGIC technology participation. WORDLOGIC's technology would integrate well with PC equipment manufacturers as a value added application. In addition, the software could be integrated into the Microsoft Windows and MAC OS platforms to provide a new and efficient method of quickly entering text based information.

Mobile Phones

The US mobile phone industry association CTIA notes there were over 260 million mobile phone subscribers in the US in 2008 representing 84% penetration of the total population and over 17% of the population with wireless only households. The wireless industry 2008 annual revenues exceed \$143 billion in the US and over US\$1 trillion worldwide. ⁶ There are approximately 1 billion mobile phones sold worldwide each year.

With the rise in popularity of mobile texting, email, and Web surfing, many users in the US and elsewhere seek a full alphanumeric set of buttons or a touch screen on their mobile phones hence touch screens and QWERTY keyboards are taking over from traditional phone key pads. At North America's largest cell phone trade show held in March 2009 in Las Vegas, analysts reported ⁷ there were very few new phones for the US market that had a plain numerical keypad instead of an alphabetic keyboard. Touch screens were prevalent amongst the new models on display.

These changes by OEMs are recognition of the widespread and growing popularity of text messaging and wireless Internet use. Industry organization CTIA Wireless reports that US subscribers sent 1 trillion text messages during 2008, three times the figure recorded for 2007. Clearly the growth is in text-based messaging and text-based access

⁴ <http://blogs.zdnet.com/BTL/?p=16435>

⁵ <http://blogs.zdnet.com/BTL/?p=16331> Intel

⁶ <http://www.ctia.org/advocacy/research/index.cfm/AID/10323>

⁷ <http://www.technewsworld.com/rsstory/66723.html>

to web sites and databases.

The convergence of text-based data and Internet access functions on mobile devices could be considered an opportunity for WORDLOGIC to be added to device software offerings to increase the ease and speed of use for text input and manipulation hence the desirability of a mobile device brand amongst business users and consumers.

Social Networking

Ad spending in excess of \$1 billion⁸ associated with the text-centric social network websites represents a significant opportunity for WORDLOGIC technology by way of outright software sales and or by integration by the websites in key word search, text management, and advertising optimization. Likewise, social network games created to be playable within existing major social networking websites seem poised to begin a mini-revolution in the game industry not unlike that seen with downloadable casual games. Games that use social connections have multiplied rapidly on social networking sites and are heavily dependent on text input, output, and management thus offering yet another significant opportunity for WordLogic technology deployment and revenue generation.

These social network games represent a viable business opportunity for game developers and venture capitalists appear to agree having invested around US\$98 million in social network game companies in 2008.⁹ WORDLOGIC's technology can significantly increase the number of text messages sent by mobile customers thus increasing the revenues to mobile carriers that implement WORDLOGIC on their handsets.

Intellectual Property - Patents

Current Status

To date the Company has applied for a total of 9 US patents along with corresponding international patents in Canada (4) and European Union (4). All patent applications and issues are made and held respectively in the name of the Company's wholly-owned subsidiary 602531 British Columbia Ltd.

To date the following patents have been issued:

- **U.S. Patent 7293231** "Data entry for personal computing devices"
- **European Patent 1171813** "Data entry for personal computing devices"
- **European Patent 1356368** "Data entry method and system for personal computer, and corresponding computer readable medium".

⁸ http://news.Yahoo!.com/s/ap/20090419/ap_en_bu/tec_myspace_music

⁹ http://www.gamasutra.com/view/feature/4009/the_social_network_game_boom.php

The Company has **six additional patent applications pending** in the U.S. Patent and Trademark Office (USPTO) which are based on and claim the benefit of U.S. Patent No. 7,293,231 – **three** divisional patent applications (US11/133,770, US11/134,759 and US11/134,810) and **three continuation applications** (US11/871,887, US11/871,900 and US11/871,904). These six additional patent applications have further claims directed to various aspects of data entry for personal computing devices.

The issuance of **U.S. Patent 7293231** "Data entry for personal computing devices" (and corresponding international patents) is notable for at least 2 significant reasons.

- The number of Office actions to which the application was subjected and survived
- The nature of the intellectual property or 'art' claimed in the inventions covered under the patent.

In most cases, patent applications are either successful or abandoned (rejected) after 2 or 3 Office actions. WORDLOGIC **U.S. Patent 7293231** successfully survived an impressive total of 7 Office actions before it was finally issued on 2007-11-06.

There are **two key points** worth highlighting in **U.S. Patent 7293231**:

1. *if the user input signal corresponds to a second type of user selection with the pointing device, replacing the partial text entry with a completion candidate from the search list; and*
2. *obtaining a refined list of completion candidates for display in the search list when a completion candidate in the search list remains selected for a predetermined time limit.*

The scale and scope of the potential force and effect of these two key points upon the technology of the modern day is difficult to comprehend in specific numbers however generally many if not most reasonable and qualified observers would likely agree that the potential can fairly be described as quite possibly if not probably massive and far-reaching. This assertion is related to the fact that the invention touches upon virtually every known method of tactile text input and manipulation for computing devices known today.

Summary

A broad range of strategies are envisioned for development of markets and revenues based on WORDLOGIC technology both as it exists today and as it may be further developed with astute investors who recognized the scale and scope of the opportunities to be addressed by the Company. WORDLOGIC word-and-phrase text prediction engine and key word search technology can be used 'out of the box' currently on major Windows platforms with ANY text-based software in use today. In the future WORDLOGIC technology can be embedded in additional operating systems (Apple,

Linux, RIM, PALM) or programmed into a multitude of text-dependant softwares (Java, Internet browser and mobile OS add-ons).

OEMs (and wireless service providers) with mobile devices having inferior text input systems such as T9 and SureType are likely strong potential candidates for either embedding or laying upon their OS the WORDLOGIC technology to facilitate substantial increase in user satisfaction hence market share by making text input and manipulation easier and faster for users of their mobile devices.

These are but a few of the opportunities that arise when examining parts of the universe of devices that require text input, offer text output, and require text manipulation. This universe includes practically every user accessible text-based device which **creates a total addressable market in the multiple billions of dollars.** The scale and scope of the remarkably diverse potential can be overwhelming thus it necessitates standing back and focusing on the highest potential and most readily accessible narrow vertical markets.

About the author of the original report excerpted herein

Mark Varley provides managing consulting services including investigation, analysis, and business development services including due diligence assessments, market research, and business plans. Mark has served as a director with public (CNSX:AARM), private (Axios Consulting), and charitable organizations (Planned Lifetime Advocacy Network, Editor's Association of Canada, BC Branch, Canadian Society of Safety Engineering), and holds graduate and undergraduate degrees in science from the University of British Columbia. From 2001 to 2006 Mark served as a tenured faculty member at the BC Institute of Technology. Currently based in Vancouver, BC, Mark has worked in North America, the Middle East, and Western Asia.