

Davide Franco, 37, began his distinguished career in the field of information and communication technology. Davide has undergone a journey of continuous professional growth ranging from IT strategy and Business Process Reengineering Manager at Ernst and Young Consultants, to Head of Service Development Marketing for Broadband Multimedia Services at Telecom Italia. The appointment of Davide Franco to the roles of Chief Executive Officer and Chairman of the Board by Loquendo's Board of Directors took effect from January 2008. With a view to getting to know him a little better, we asked Loquendo's new CEO a few questions following his first month in the post.



1. Congratulations on your appointment. At the end of the first month in your new role, can you give us a few of your first impressions?

Being part of Telecom Italia, I was already well aware of Loquendo before coming on board. In fact, I have known of the high quality and diversity of Loquendo's technology from well before I joined Telecom: I gained much valuable experience in the ICT sector and, before my time with Telecom, I worked with CRM and ERP systems, where accessibility across multiple channels and the quality of automated interactions with clients (external or internal) are of primary importance.

As head of Service Development Marketing for Broadband Multimedia Services at Telecom Italia, I then had the chance to evaluate Loquendo's technologies in the field, where they had already been integrated into intelligent network services.

That which I had already suspected, and which I was then able to confirm, was that behind the excellence of Loquendo's speech technologies there is an staggering breadth of knowledge and expertise, .

At Loquendo I have found a rich mix of knowledge and professionalism that makes me even more proud to have become part of the team. After all, a market leading company must invest continually in R&D and product quality, and this is only made possible if one can count on the invaluable resource of a highly skilled workforce.

2. You are clearly impressed with the high level of professionalism you have encountered in the company, but I wonder what challenges you think there may be for the workforce?

I would hope that my colleagues can achieve as high a profile as possible among the scientific community. This I hold to be of vital importance. I believe that a company's reputation depends not only on its product portfolio, but also on the scientific excellence and public profile of its R&D team. There is clearly still considerable room for improvement in the speech technology sector, and without doubt there is still much work to do.

Moreover, while maintaining the same level of excellence, our marketing and sales teams have to be aligned with the new market trends, must fully understand customers' needs, and need to be continually working on improving the effectiveness of our partner network.

3. What opportunities do you foresee in terms of collaborations with the research sector?

I would say it is important to counter-balance the natural tendency, present in all organisations, to be overly inward looking. It is essential that a company be aware of developments in the research sector as well as trends in the market, and that it is prepared to follow new lines of research. It is also vital that a company share its knowledge and the results of its research with the scientific community at large; this is something I have always firmly believed in. A high level of openness is to the benefit of all. Loquendo, founded as a spin off from the research arm of Telecom Italia, has a long tradition of conducting research in collaboration with universities, both as a bilateral cooperation and within the framework of European-funded R&D projects.

We can also help universities to better focus their research topics in the field of speech technology, so that the innovations they generate can more directly help in solving the problems that industry is struggling with.

4. The role you have been entrusted with is a challenging one. The speech technology market is undergoing continual and rapid change, with continuous mergers and acquisitions creating dominant players. Have you thus far managed to formulate a strategy for the short, medium or long term?

First and foremost, we need to maintain continuity with the previous leadership which allowed Loquendo to position itself as a leading player in the international market. Our first priority, therefore, is to maintain and strengthen Loquendo's product excellence and renowned product innovation, to confirm our commitment in being standards compliant, and to continuously broaden our language portfolio. Our aim is to strengthen Loquendo's positioning as Global Player, able to support the major vendors in all markets, from server to desktop and embedded.

Product strategy must be coupled with a corresponding market strategy, by reinforcing existing partnerships and establishing new ones, by targeting vertical markets with a strengthening of Loquendo's solutions, and by being first to penetrate new markets as they emerge: all this by leveraging our core assets such as the company's huge technological expertise and experience, and our innovative and fast-moving company culture.

Competition is growing fiercer, and there is a risk of commoditisation as voice technologies become more and more pervasive. Our customers, however, are recognizing the difference, and the value we are creating for them, and are already spreading the word that "Loquendo does it better".

Our efforts have been rewarded not only by our economic performance, but also by analysts such as Frost and Sullivan, who have just nominated Loquendo as "2008 Emerging Company of the Year".

5. Is there some particular theme that you hold especially close to your heart at this time?

Something that I think is of fundamental importance is the market's perception of what can be done with speech technology, which at the current time is still surprisingly limited.

Coming from the world of application-oriented solutions, I personally believe it is important that Loquendo is not only perceived as the leading supplier of text to speech technology, but also for the excellence of its full range of speech technologies - from automatic speech recognition systems to VoiceXML platforms, voice biometric technologies, embedded speech solutions - and all these technologies add value to our clients' solutions.

Bearing in mind that technology will never be able to substitute all the manifold and extraordinary human talents and capabilities, our products, integrated with Content, Data and Network, serve to greatly improve the human to machine experience in all our daily tasks and to help differently able people to communicate more effectively with the world.

6. Looking back at 2007, can you highlight some of the most important advancements or trends that emerged in the speech technology market?

2007 saw a significant shift **from traditional telephony to IP**, with responses from all network and software players. We believe that in the near future we will see several new proposals for this market and Loquendo will be part of the game.

The **contact centre's** traditional mode of interaction has seen a radical transformation towards automated solutions, based on menus and DTMF. This has seen a move away from menu-based interaction towards a more flexible approach through natural language speech and tools that allow huge improvements in efficiency. New up-and-coming scenarios include video as well as audio interaction that benefit from Loquendo speech technologies. Within this scenario, the **MRCP standard** has consolidated its position during the last year, and we are witnessing massive adoption by the major players, which is rewarding our investments in this field.

Moving from telephony to embedded, 2007 saw a rapid expansion in the use of speech technology in the **automotive and navigation** sector. People are by now used to hearing TTS technology in their cars, and to using speech to voice-control on-board devices such as sat-navs and media players. Consequently, speech technology has now achieved a far higher profile, and end-users are finally beginning to see its true potential.

Loquendo's decision several years ago to miniaturise its technologies, passing from server to embedded, is now reaping the rewards.

We have seen technology on mobile devices in transition from more traditional applications such as voice dialling towards message dictation and voice search, yet nevertheless these remain emerging technologies for the mobile sector. Loquendo is currently developing several solutions in this area.

The **Voice Biometrics** sector, on the other hand, has evolved considerably, not just in Speaker Verification (SV) but particularly in Speaker Identification (SI). The identification of voice characteristics is useful for many applications, both in commercial applications to enable more secure transactions, and in the intelligence sector to support classified operations.

7. You had a number of new releases and announcements last year, what can we expect from Loquendo over the next few years?

The speech market is undergoing diversification at a rapid rate and new sectors and applications are continually opening up to the use of speech. The technology must adapt to cater for this, and one way in which Loquendo is meeting this demand is in the development of advanced features for all products in the Loquendo portfolio.

Last year Loquendo developed and released new versions over the complete range of its products. 2007 also saw a marked increase in take-up of Loquendo speech technologies by high-profile companies worldwide and in every business sector, from voice portals and IVRs to avatars and telematics.

In the meanwhile Loquendo has continued its active involvement with the major bodies for the support and development of standards, many of which are in fact authored by Loquendo.

In August, at the 2007 Speech Industry Awards, Loquendo was also awarded "Market Leader - Best Speech Engine" in recognition of the company's dedicated and long-standing commitment to innovation, as well as in recognition of the excellence of Loquendo TTS and ASR engines.

We are proud of Loquendo's achievements during 2007, and will continue to work in powering our capacity to meet the demands of our customers with high quality products and services.

We were very pleased to receive the 2008 Frost & Sullivan Emerging Company of the Year Award in Telematics and Infotainment, given to Loquendo for its excellence in "new market penetration, strategy innovation, technological innovation and leadership, revenue and market share growth".

8. Do you have any predictions for where the market is headed in 2008 and after?

2008 has been hailed by some as the year of the natural interface – i.e. interaction by voice, sight, touch (e.g. i-phone), etc. While take-up of speech technology in most sectors has been slower than widely predicted, take-up in the navigation market has been relatively rapid, blazing the trail for other sectors to follow suit. With users now accustomed to using voice control in their cars, spill over into other areas is expected to follow over the next year. Likely sectors are home automation and robotics, improved accessibility to technology for the differently able, and a generally more enjoyable human-to-machine experience.

On the telephony application side, the role of VoIP will also certainly increase in the mobile world, to allow video as well as voice interactions. On the application side, unified communications seem to be a very promising sector together with customer care and self-service applications.

Another developing trend is the creation of more lively conversational interfaces where the user will be less constrained compared with currently available applications. Over the next year, for example, we are likely to see the increased presence and sophistication of Virtual Assistants - avatars whose facial expressions are synchronised with synthetic speech - examples of which can be seen on the websites of numerous leading companies. The technology is now also accessible on mobile devices, and users have demonstrated they are very comfortable interacting with this method of providing online customer care. The cost savings compared to traditional customer care, and the improved experience compared to IVRs, are considerable.

Finally, I would also expect to see further expansion of the role of standards in all kind of platforms, and we are currently hoping for the very first release of the next generation of Voice Browsing, where both extended media (video) and multimodality will be included.

9. Thank you Davide for taking time out to talk to us. Do you have any last thoughts before you go?

I am looking forward to meeting the many new challenges the future has to offer. This is clearly an exciting time for the speech technology market, and I am looking forward to guiding the company through continued success and product innovation. I firmly believe that Loquendo represents a standard of Italian excellence, born out of thirty years of experience in the sector, a company that has grown steadily, based on solid foundations, with solutions that are in a continuous process of evolution and development. This is a quality that has been recognised the world over, and it allows us to quickly follow and address new markets, ideas and opportunities as they emerge. We are also fortunate in having the support that comes from being part of a big industrial group like Telecom Italia.

The bottom line is that Loquendo's greatest strength is the genuine passion of our people for what they do – the creation and innovation of products to meet, and hopefully exceed, the expectations of our customers.