

PETER:

Welcome back to Switzer. Around one in six Australians have a hearing impairment. That's a lot of people and from a business person's perspective, it's a large, untapped market. My next guest recognised this and started a captioning service, which has now expanded into many other media solutions. I am joined by Tony Abrahams, the Chief Executive of Innovation Media, and the company's Non-Executive Director, John Martin.

Guys, thanks for joining us.

TONY:

Thank you, Peter.

PETER:

Now, this is a great story and I've come across you, Tony, because you are one of the graduates of UNSW. And you are a really, really interesting story and you are in this book. Tell us what a captioning service is, for those people that wouldn't know what we are talking about.

TONY:

Well, a captioning service is something like subtitles. It's text that runs on the bottom of a screen, so that someone who is deaf or hearing impaired can have access that you or I would have from the soundtrack. People can elect to turn those captions on, or for people who don't wish to see them, they're invisible. It's a value added service that's available on...

PETER:

How long have you guys been going for?

TONY:

We've been going since 2003. We actually introduced captions to FOXTEL in 2004 and we have been steadily building...

PETER:

So pay TV was great for your business.

TONY:

Yeah, and I would like to think that we were great for pay TV too. Expanding the market for...

PETER:

Well, for anyone who is deaf would love to be a subscriber. That is exactly what they would want.

TONY:

That's right.

PETER:

I think the story of why you got into it is interesting as well.

TONY:

Yeah, look, I mean, disability has always been something that's been in the front of my mind. I was fortunate enough to have been exposed to disability while I was at school. I was chosen to be a scribe for someone who was in the year above me, who wasn't able to use his hands. So I was his scribe for five years, as he was doing his exams. Of course, I reckon I got the benefit out of that, because I got to see the exams the year before. But also, he's gone on to do great things – be a medical doctor and an IP lawyer. I'm actually sitting with him on the Board of Northcote Disability Services now. And I guess that really showed me from an early age that people with disability can do anything. Sure, they need a little bit extra assistance to get that done, but to build an inclusive society, we should be in a position where we can provide that. And for people who are deaf or hearing impaired, it's really about providing text, right? It's about providing real-time captions, so people who can't hear the soundtrack can still understand what's going on.

PETER:

OK, now hold that thought for a moment. I won't go to your plans for going into the education system. John, you're chairman of the company, OK, so what is your main purpose?

JOHN:

My main purpose really, Peter, was to, like all chairmen, you're there to provide leadership at the board level and help Tony really build out a board. As the company expands, we go to markets, we raise money, investors want

to see that there's balance at the board. You've got to remember that directors are really representative of the shareholders. So therefore, non-executive directors become the, if you like, the balancing factor on a board to ensure that the interests of shareholders are looked after as well.

PETER:

Who have been the shareholders in this organisation?

JOHN:

Well, the shareholders to date really is Tony, and some of the senior management and family and friends. The sort of shareholders that get a lot of new enterprises off the ground.

PETER:

Yeah, of course.

JOHN:

This is the first time the company has gone from its funding roots from its family and friends out to the more serious market. It's a bit of a milestone for the company, and to do that, you have to behave with the sort of corporate health standards of a public company. That is really what part of my job is about – to make sure the investors see that Ai-Media behaves almost like a much bigger company than it really is.

PETER:

And in a sense, Tony, the business was started with heart, and now you've got yourself a head.

JOHN:

(Laughs) I've been called worse things, Peter.

PETER:

OK, fantastic. Now, OK, so you've succeeded in a television space, but you also realised there was an enormous need to help kids in schools and universities, but particularly schools. What's the plan there?

TONY:

Well, I mean, there are 10,000 deaf kids in Australia. How do we educate deaf kids is actually a problem that's eluded us until now.

PETER:

So I guess if they are having education problems they then have, sort of, social fit problems as well.

TONY:

Well, then there's employment problems, because if you don't get an education, how do you get a job? And of the 800,000 Australians on disability support at the moment, 160,000 have difficulty hearing. So there's a huge...

PETER:

An accumulation of all these people who've been deaf and have had a poor education and the problems go on and on.

TONY:

That's right. So at some point, we have to say, OK, we're going to make an investment that's going to ensure that people who have difficulty hearing actually can get an education in the first place. And that's what our solution of Ai-Live™ does.

PETER:

Ai-Live™?

TONY:

Ai-Live™.

PETER:

Actually describe what happens. You've done a pilot and you've done really well with the pilot. Tell us what actually happens.

TONY:

So, Ai-Live™ works to deliver real-time, word-accurate speech-to-text, anywhere. How it works is in a class situation, we put a microphone on a teacher. We then get the audio out of that classroom to a remote captioner.

PETER:

So it could be a person sitting in a house that gets the link between the teacher sitting in maybe Sydney, or this person could be in Melbourne even, and the captioner is hearing what he says and starts typing...

TONY:

No.

PETER:

No?

TONY:

No. Respeaks.

PETER:

Respeaks...

TONY:

Because you can't type quick enough to get the pace out there for real-time.

PETER:

And then the deaf person can't hear, but how does the respeaker get into the deaf person's eyes?

TONY:

Ah, well, that's the core bit of Ai-Live™. So, the respeaker is listening to what's being said, simultaneously speaking, adding punctuation, speaking robotically, in a way that the speech recognition software gets it to the required...

PETER:

Software, yes.

TONY:

To the required standard. Then Ai-Live™ streams that back over the internet with a less than seven second delay back to a laptop or an iPad.

PETER:

So, a kid sitting in a classroom can be like a normal student and can hear what the teacher is saying, or read what the teacher is saying, via this service. OK, it's new...

TONY:

And then they've got the notes after the class.

PETER:

Oh, terrific. And so, the Government is going to support you to make this happen. This is a Government thing, isn't it? Are governments jumping on board?

TONY:

Look, we've had a lot of indications of support from all around Australia. For people really wanting to see whether we can now extend beyond this preliminary pilot, which has been going on for four years. We wanted to make sure that we got it right. Now what we are looking to do is get a National Schools Pilot, where we've got representatives from schools in every state and territory, both metropolitan and rural and regional. And make sure that we can really, I guess, iron out the bugs at that next level of scale before we are talking about a broader national rollout.

PETER:

Now, John, I guess you're the person who would have to do the kind of the risk managements, because if you're going to try and get other people to put in, you have to work out if the Government will eventually come to the party. It is going to be a coupling, isn't it? Of private and public money. What do you reckon is going to happen, public-wise?

JOHN:

Well, I think in terms of getting investors on board, most investors just want to see what I would describe as reasonable assumptions about the future.

PETER:

Yeah, of course.

JOHN:

You know. Therefore, in terms of getting investors to say, is the core business good? Are their assumptions about the future reasonable? And what risks have they factored in, in terms of being able to deliver on those assumptions?

So, you know, I'm one of these people that works backwards from where we want to be. So what we have done in the Information Memorandum is talked about where we expect to be in 18 months time. And, you know, we've had a pretty disciplined process before putting the IM in the marketplace, which says, how reasonable is it for us to make that journey for those 18 months and to get there? We have set ourselves modest targets rather than outrageous targets. So, when we are talking to investors, what we want to do is over-deliver in 18 months. And we think that in terms of being able to achieve our financial goals and our business goals, we've got a pretty good chance of getting there within 18 months and over-delivering for investors.

PETER:

But do you suspect that along in 18 months there will be some Government support that you are not getting now?

JOHN:

Look, we're quietly optimistic that there is a real reason for Government to support this. One is that it works. Two, the children who have used this have said it helps change their lives. Three, Government spends a lot of money today on providing services to deaf and hearing impaired kids in schools.

PETER:

Which is not as good as this.

JOE:

Well, there's another way to look at it – they're spending more money than we think that we would need if we were providing similar services. And I think that the Government are always looking for wins, particularly when it is delivered through better technology. And so, that is part of our selling proposition is that the focus of the business, the technology solution, the fact that it works, the fact that it has been built up through the broadcast industry, where it's actually delivered in a commercial setting, means that Government risk is low and the upside is high.

PETER:

Yeah. Now, you must have cheered, quietly, when you heard Bill Shorten was made Assistant Treasurer. Because Bill actually has been involved in supporting disability issues, hasn't he?

TONY:

Look, Bill was a fantastic, and remains a fantastic, advocate for people with impairment.

PETER:

I'll prod him for money as well, and make him put his hand in his pocket.

TONY:

And look, in some ways, many in the disability sector were sad to see Bill move on. But at the end of the day, it's important that people see disability as a mainstream issue. Where you've got 800,000 people on disability support pensions, we should be talking a lot more about how we can get those people back into work. The Productivity Commission currently is investigating a National Disability Insurance Scheme, which has cross-party support to... which would basically allow people with a disability to a voucher, if you like, to go and acquire the services that they need to deliver them effective access and inclusion to education, employment and social participation opportunities that you and I might take that for granted, but currently they don't have access to. And Bill has been a terrific supporter for that. Now as the Assistant Treasurer, as he is looking over the Productivity Commission, we've got high hopes that something will come out of it.

PETER:

It's good to have someone who cares about the issue, but also has the ability to be an advocate in the right department, because the Treasury is a bunch of scrooges and we have to really give it to them and he's the right man to have.

Guys, thanks for joining us on the program and I wish you a lot of luck. Do you think this will ever be a listed company, mate?

JOHN:

I don't think we should be afraid of listing the company. Companies should list for the right reasons. Rather than the fact they are growing, and they were once an entrepreneurial company, so the natural consequence is to list.

I think that if the company, if the pathway for the company is to have access to capital, which is all about its growth and success, then a listed market may well be an appropriate place for the company to be. It's a social enterprise, which means that it is focused on the disability sector, rather than the highest margin opportunities it can find. So therefore, the sort of people who will invest in us will be those who, I think, want to be part of what the company stands for and is trying to achieve. So my guess is a listing could be a reality, but I'd hate to say that that's exactly the path we'll take.

PETER:

It certainly is the age of ethical investment, so that could be a good thing. Guys, once again, thanks for joining us on the program.

JOHN:

Pleasure.