



Third Quarter 2011 Earnings

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Continued Improvement in Operating Results; New Sales Strategy On-track

- **Continued improvement in operating results**
 - Revenue of USD 10.2 million; flat Q/Q, an increase of 6% Y/Y
 - EBIT of USD 0.63 million; a 21% increase Q/Q, USD 1.03 million increase Y/Y
 - Net income of USD 0.27 million; an 80% increase Q/Q, USD 1.1 million increase Y/Y
- **Total user count exceeds 328,000; a 2% increase Q/Q, a 33% increase Y/Y**
 - New user bookings increased 22% Q/Q
 - Same store growth continues to trend positively
 - Churn improved 24% Q/Q
 - ARPU stable at USD 14.85 excluding Speedway; USD 10.40 all in
- **New sales strategy is taking hold**
 - Signed Insight, a USD ~5 billion global provider of IT products and services
 - Network Solutions on track to add almost USD 0.5 million of annual revenue in first year
 - Indirect sales represent almost 15% of new user bookings up from 8% in Q2-11
 - Dollar value of direct sales increased 28% Q/Q dollar value of indirect sales increased 125% Q/Q; increases driven by expanded uptake of service portfolio

Key Performance Indicators

\$ in Millions	Trend	Q3 - 11	Q2 - 11	Q/Q	Q3 - 10	Y/Y
Users (including Speedway)	↑	328,000	321,000	2%	247,000	33%
ARPU*	↔	\$14.85	\$14.95	-1%	\$15.28	-3%
Revenues	↔	\$10.16	\$10.12	0%	\$9.59	6%
Gross Margins	↔	70%	71%	-1%	72%	-3%
EBIT	↑	\$0.63	\$0.52	21%	(\$0.40)	258%
Net Earnings	↑	\$0.27	\$0.15	80%	(\$0.84)	132%

*For comparative purposes ARPU shown Net of Speedway. Full ARPU = \$10.40

- **Mid-market and VoIP driving user and revenue gains Y/Y**
- **ARPU and Gross Margins stable; VoIP and Security/ Compliance gains offsetting shift to indirect sales model**
- **Tracking positive Net Income for all 2011**

Comparative Cash Flows

Cash Flow Statement:					
	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11
Net income/(loss)	\$ (840)	\$ (413)	\$ 6	\$ 154	\$ 271
Depreciation, amortization and impairment	915	788	827	821	854
Stock based compensation	80	(29)	70	80	58
Net changes in working capital & FX impact	(528)	398	28	4	(559)
Cash from (used in) operating activities	(373)	743	931	1,059	624
Fixed asset purchases, net of financings	(54)	(119)	(119)	(175)	(80)
Debt and lease related payments	(943)	(830)	(850)	(950)	(960)
Proceeds from working capital & debt facility	1,350	-	-	100	250
Cash from (used in) financing & investing	353	(949)	(969)	(1,025)	(790)
Change in cash position during the period	(20)	(206)	(38)	34	(166)
Beginning period cash	1,192	1,172	966	928	962
Ending period cash	\$ 1,172	\$ 966	\$ 928	\$ 962	\$ 796

- Positive operating cash flow trend continues across the business
- Overall leverage ratios improving due to operating income and reduced debt load
- Liquidity of approximately USD 1.1 million, including cash balances and available borrowings

Channel Aligned to Capitalize on Targeted Market Segments

- **Create force multipliers to increase reach into the marketplace**
 - **Provide “value add” to enhance customer retention**



> 2,000 Employees

----- Enterprise Adoption

- World Class Integrators such as Fujitsu America
- Global IT providers like Insight
- Industry-leading Data Centers such as SAVVIS



50 to ~2,000
Employees

----- Market Verticals

- Specialty Associations such as AICPA / CPA2Biz
- Targeted Direct Sales → Financial, Health Care, and Legal



< 50 Employees

----- Rising Small Business Market

- Broadband providers like Bell Canada and Cox Communications
- Business Service Organizations such as Network Solutions
- Broad Market (*Referral and Reseller Program*)

VIP/Channel Support – Account Executive Model

- Account Management • Priority Routing • Alpha/Beta Participation • Customer Advisory Board

Driving Top Line Increase Is Our Priority

- **Partner success in 2011 positions us for strong organic growth in 2012**
 - Early success seen in H2 2011 with partners like Network Solutions
 - Existing channels will supercharge 2012 bookings growth
- **Vertical focused direct sales model showing success**
 - Targeted direct sales model is showing strong growth with a 28% increase in bookings value after just one quarter
 - Sales of greater than 100 (GT100) user customers continue to grow; bookings value increased 70% Q/Q
- **Enhanced customer management model and priority routing showing early success**
 - 24% decrease in churn during third quarter
 - Expanded uptake of VoIP and Security/Compliance at least off-setting email pricing pressure
 - Solid same store growth in existing base
- **Targeted infrastructure investments will be made in early 2012 to support partner and bookings growth**
 - Platform and network expansion to support user growth
 - Headcount investments to ensure partners selling efforts are supported
 - Anticipate flattening of “net income” trend in early 2012 as a result of investments
- **Looking for double digit top line growth in 2012**



Q & A