



# LEADING A GLOBAL ECOSYSTEM CONFERENCE

## Strategic Leadership Skills Simulation Briefing



Welcome to the simulation experience! A core part of the program is the MessageMerge Business Simulation. It is designed to be an integrative experience, allowing you to explore and practice leadership skills and behaviors in a challenging business setting.

In preparation for this experience, please read the following case study and be prepared to discuss the questions posed on the next page during your first team meeting.

Good luck!

# Preparation for the Simulation

As you read this case study, ask yourself the following questions. This thinking will prepare you for your first discussion with your team.

## Assess the business. What is MessageMerge’s current situation?

- What are the company’s strengths?
- What are the challenges it faces internally?
- What are the external/market conditions and trends impacting the business?

## How will you achieve IIC’s strategic direction and deliver MessageMerge results?

|                                                                                                                                                                                                 |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Where Will We Play?</b><br>What will be our market focus for MessageMerge?<br>Which customers will we target?                                                                                |  |
| <b>How Will We Win?</b><br>What will make us distinctive from the competition?<br>How will the team make the explicit choices (what to do and what not to do) needed to win in the marketplace? |  |
| <b>What Capabilities Must We Have?</b><br>What capabilities are critical in order to win?<br>What are our top three priorities for the business in the year ahead?                              |  |

Adapted from Lafley, A. G., and Roger L. Martin. *Playing to Win: How Strategy Really Works*. Boston: Harvard Business Review Press, 2013.

# Overview



During the business simulation, you and your fellow participants will be organized into teams. Collectively, your team will assume the role of the General Manager of a fictional company called MessageMerge, an independent business unit of International Information Corporation (IIC). The simulation will present a variety of leadership issues and challenges, and your team's decisions will impact the results of the business. Each round of decision-making will advance time one quarter. You will be able to share perspectives with your peers about how to proceed and see the impact of your leadership actions and decisions on business results over time.

## IIC at a Glance

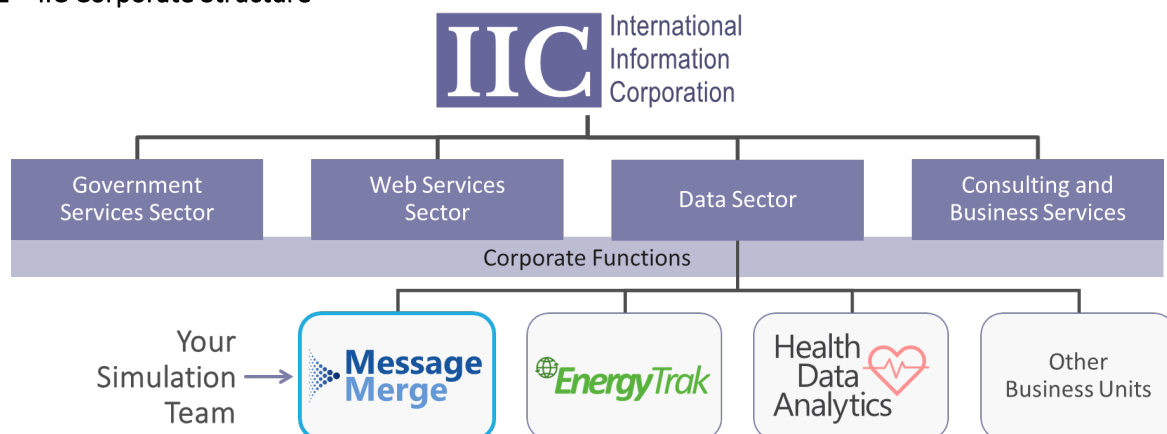
MessageMerge is one of over 30 independent business units of International Information Corporation (IIC). IIC's portfolio of companies provides software, hardware, and services for information management to corporations worldwide. Last year IIC had more than \$10 billion in sales.

### IIC Vision:

We will be the world's leading provider of information management products and services.  
We will do this by combining great people and great products, working together to deliver excellence in everything we do, each and every day.

The IIC Data Sector has a range of additional business units and comprises almost \$1.5B of IIC's revenues.

Figure 1 – IIC Corporate Structure



## IIC Strategic Goals

IIC has clear and common overall strategic objectives for its businesses.



Deliver industry leading customer satisfaction



Deliver sustainable EBITDA and improve profitability quarter over quarter



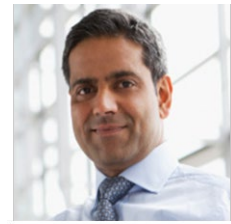
Develop the organization and build capabilities to carry the business into the future

Given the scope and diversity of its business units, IIC allows a degree of autonomy at the business unit level to align to the IIC strategy.

## IIC Leadership

IIC is led by its CEO, Ram Muneer. He came to IIC 10 years ago as Senior Vice President of Technology for the Secure Systems division; moved quickly to IIC corporate positions; was named President four years ago; and became CEO soon after.

Ram is known as a direct, no-nonsense leader, a brilliant technologist, and a strong strategic thinker. He has a reputation for being decisive and action-oriented, but he is willing to consider thoughtful ideas from others.



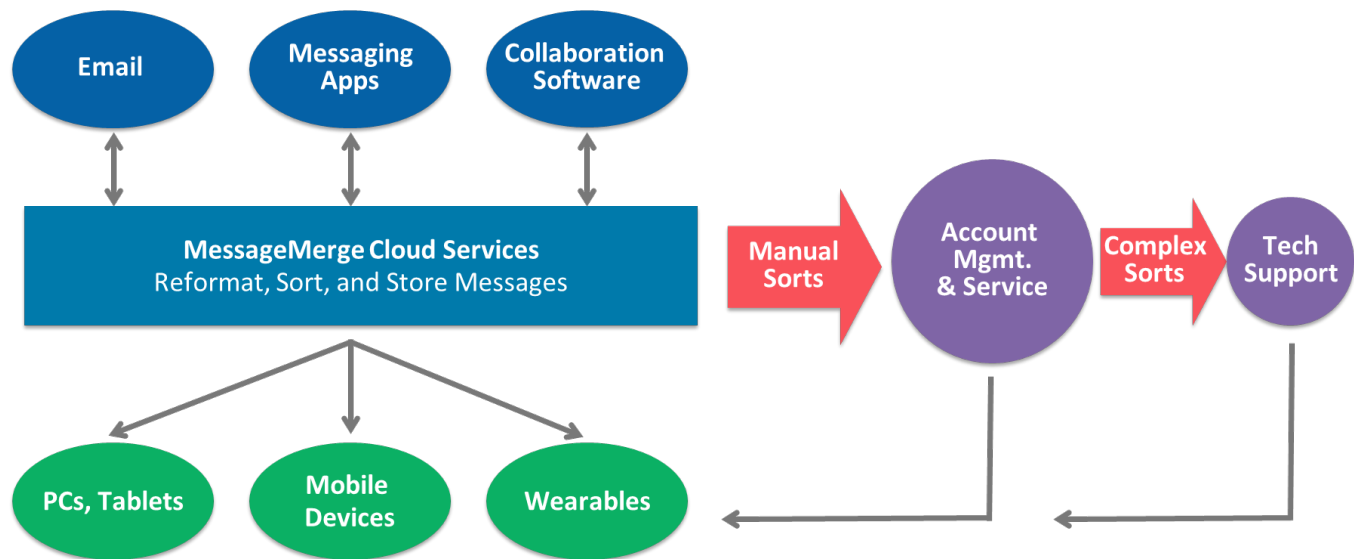
Ram Muneer  
IIC CEO

## Your Business Unit: MessageMerge



MessageMerge is a business unit of IIC. MessageMerge sells an information management system that retrieves, compiles, and consolidates messages from multiple communication systems and consolidates them into a single interface. The product is sold as a productivity and efficiency tool for users.

Figure 2 – MessageMerge Communication Architecture



MessageMerge software is designed and developed to work automatically with a variety of messaging formats and hardware devices used by customers. Because new technologies are continuously introduced to the marketplace, MessageMerge software cannot always retrieve, reformat, sort, and store all customer messages. When this happens, the incompatible messages are manually reformatted and sorted by Account Management and Service (AMS) representatives. This is a time-consuming service but an extremely important one. Customers expect to receive all their messages. Complex message-sorting issues that the AMS group cannot resolve may be forwarded for technical support to the Technical Support & Development (TSD) engineers.

MessageMerge is supported by three important functional groups: Sales & Marketing, Account Management and Service, and Technical Support and Development. These functions are managed by three team leaders.

At the back of this briefing you'll find a report on last year's performance for each function.



### Sales and Marketing (S&M)

#### Responsibilities:

- Account acquisition and retention.
- Spending time with existing accounts and finding new accounts.
- Developing all MessageMerge marketing programs.

#### Department concerns:

- Need to balance time across market segments strategically.



**Team Leader:**  
Tom Roberts

#### About Tom:

- Extroverted.
- Hands-off leadership style.
- Recruiting philosophy is to hire highly qualified and experienced sales professionals and count on them to deliver results.



### Account Management and Service (AMS)

#### Responsibilities:

- Provides basic account services for MessageMerge's largest department.
- Spends majority of time performing thousands of manual sorts each quarter.
- Account management time dependent upon customer type.

#### Department concerns:

- The department workload is triggered by the manual routing rate (the % of messages that require manual attention).
- Increased workload impacts cost of service and customer satisfaction.



**Team Leader:**  
Maria Estevez

#### About Maria:

- Has high standards and expectations for her group.
- Cares deeply about the customer and service levels.
- Protective and loyal to those she has worked with over time.
- Some believe she is a micromanager.



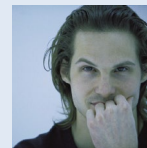
### Technical Support and Development (TSD)

#### Responsibilities:

- Installation and configuration of MessageMerge software onto the servers used by customers.
- Technical support.
- Development of new MessageMerge products.
- Manual sorts that cannot be fixed by AMS.
- Improving software quality to reduce the quantity of manual sorts.

#### Department concerns:

- When the AMS department cannot perform the manual sort, then it requires tech support from TSD.
- Tech support takes sim away from development of features (technical offering).



**Team Leader:**  
Viktor Samsanov

#### About Viktor:




- Energetic and enthusiastic.
- Described as a change agent.
- An innovator with several patents.
- Demanding of his group when it comes to creativity and innovation.

# The Marketplace

MessageMerge has two commercial business models. For direct customers, MessageMerge receives revenue from ongoing quarterly subscription fees and one-time new installation fees. MessageMerge also sells through IIC International Enterprise Business Unit (IEBU), who manage their own AMS services for customers. MessageMerge receives a transfer of a percentage of revenue for all IEBU sales.

## Customer Segmentation

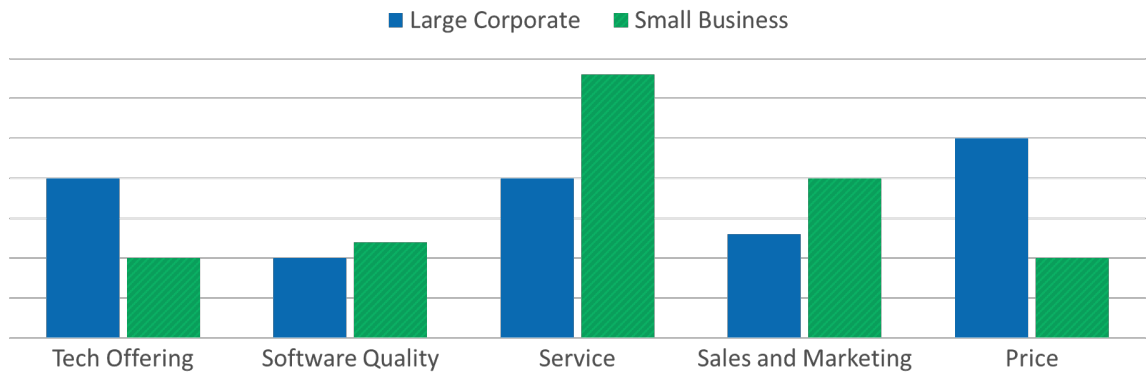
MessageMerge serves Large Corporate and Small Business customers in the local market and sells products globally through the IIC International Enterprise Business Unit (IEBU). The demand for message management began with large corporations. A typical account was a member of the Fortune 2000. In recent years, the Small Business segment has emerged and now represents a sizeable share of the market for message management.

|                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Large Corporate</b></p>                                                                                                                                                                                                                                                                             |  <p><b>Small Business</b></p>                                                                                                                                                                                                                                                                       |  <p><b>IEBU</b><br/><b>The International Enterprise Business Unit (IEBU)</b></p>                                                                                                                                                                                                                                                     |
| <p><b>Key Competitor:</b><br/>Information Management, Ltd.</p> <ul style="list-style-type: none"> <li>Primarily served by suppliers known for providing a broad portfolio of products and services</li> <li>Includes Government Customers</li> <li>Most concerned with technical offering and price</li> <li>Accounts can range from 500 – 10,000 users per account.</li> </ul>             | <p><b>Key Competitor:</b><br/>YourInfoNow, Inc.</p> <ul style="list-style-type: none"> <li>Much less complicated communication systems</li> <li>Most concerned with service support</li> <li>Primarily served by suppliers known for providing highly customized service</li> <li>Accounts tend to have between 10 and 500 users per account.</li> </ul>                             | <ul style="list-style-type: none"> <li>Created 2 years ago as an alternate channel to serve international both Large and Small Business customers</li> <li>Is headed by IEBU GM Alex Fitzgerald</li> <li>IEBU provides sells and provides account support to customers but depends on MessageMerge for tech support and engineering</li> <li>MessageMerge receives a Transfer Share of revenue from the IEBU</li> </ul> |
| <p>Overheard in the Large Corporate market:<br/> <i>"We expect a lot from our vendors. We expect an innovative and high-quality product. We expect capable technical support engineers who can work with our internal resources to meet the diverse needs of our users. We expect competitive pricing. We offer a vendor a lot of business, so we will push to get the best price."</i></p> | <p>Overheard in the Small Business Corporate market:<br/> <i>"Our service needs are straightforward, but essential—we need account management support, we need manual sorting support, and we need technical support for our questions and problems. We look for a company that has a responsive, capable service staff that can handle our questions quickly and reliably."</i></p> | <p>Overheard in the IEBU market:<br/> <i>"Our greatest challenge in the IEBU is growth. We see enormous growth in the underlying economies in the geographies we serve, and the markets are highly variable and fast moving. While we have underperformed in terms of margin historically as our business has grown, the profitability of our operations has improved."</i></p>                                         |

## Customer Buying Criteria

Customers in each segment consider several factors when purchasing from MessageMerge or one of its competitors. The higher the bar below the more important this need is when a customer is making a buying decision.




Figure 3 – Customer Needs Weighting of Importance



| CRITERIA            | WHAT CUSTOMERS CONSIDER                                                                                                                                                                                                        |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technical Offering  | The level of innovation of the product, which includes the features and functionality provided to users.                                                                                                                       |
| Software Quality    | The quality and reliability of the software offered, reflecting performance to specifications and the rate of bugs identified in releases.                                                                                     |
| Service             | The direct support provided to customers in their interactions with AMS and TSD. When evaluating a provider’s account service, customers consider the skill, attitude, and responsiveness of their AMS reps and TSD engineers. |
| Sales and Marketing | The brand awareness, marketing programs, and capability of the sales organization.                                                                                                                                             |
| Price               | The overall quarterly cost of the message management solution. Customers evaluate price relative to the product and service provided by the message management vendor.                                                         |

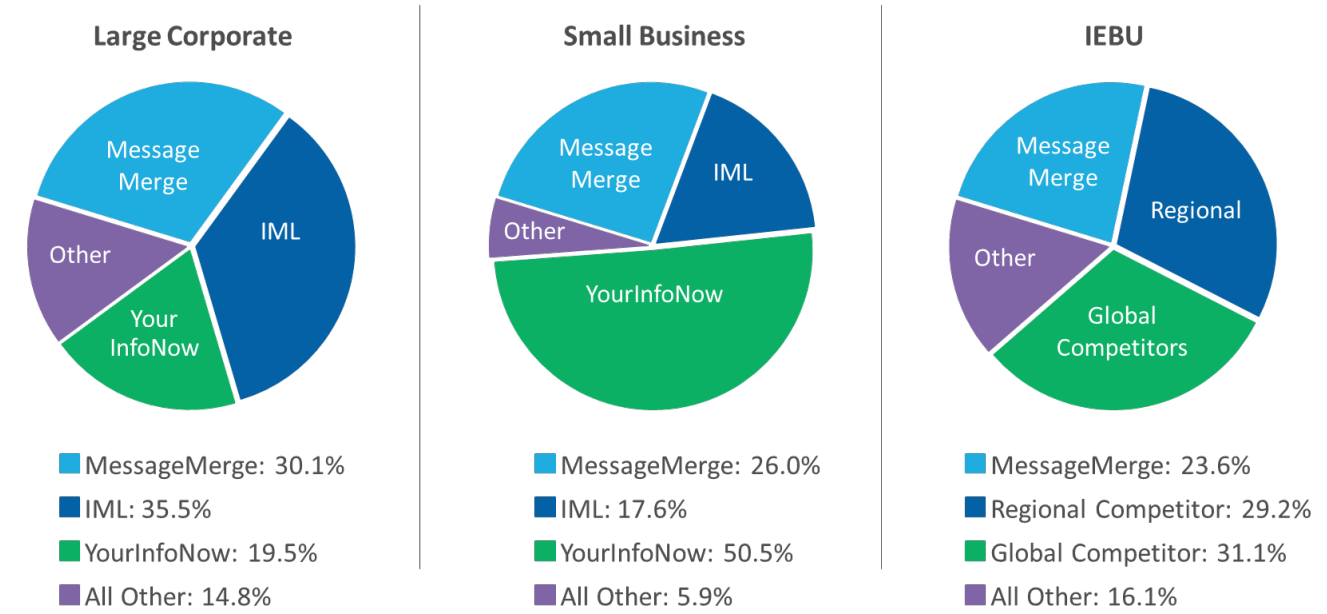
# Competition

MessageMerge was the pioneer in the field of message management software and service. While MessageMerge has historically held a dominant share, especially in the Large Corporate segment, there is increasing competition from three classes of competitors.

|                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                        |                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Diversified Technology Companies</b></p>                                                                                                                                                                    |  <p><b>Independent Message Management Companies</b></p>                                                                                               |  <p><b>Global Companies</b></p>                                                                                     |
| <p>Key Player:<br/><b>Information Management Ltd.</b></p>                                                                                                                                                                                                                                           | <p>Key Player:<br/><b>YourInfoNow</b></p>                                                                                                                                                                                              | <p>Key Player:<br/><b>Global Competitors</b></p>                                                                                                                                                       |
| <ul style="list-style-type: none"> <li>• Larger. Offer message management services as part of their enterprise solutions.</li> <li>• Feature/functionality set is considered substantially stronger than MessageMerge’s. However, they provide only basic levels of service and support.</li> </ul> | <ul style="list-style-type: none"> <li>• Smaller. Highly specialized providing customized service offerings.</li> <li>• YourInfoNow invests heavily in service support by assigning dedicated account reps to each account.</li> </ul> | <ul style="list-style-type: none"> <li>• Compete on cost by utilizing offshore service operations to lower labor and development costs.</li> <li>• Criticized for poor product and service.</li> </ul> |

The charts below illustrate competitive market shares for each customer segment by competitor class.

Figure 4 – Competitive Market Shares





# MessageMerge Business Performance and Reports

During MessageMerge’s initial years of business, it experienced tremendous growth. In the last year, sales growth has slowed, while profit performance has been steady. The business, however, is falling short of IIC’s corporate performance targets.

Figure 5 – Profit and Loss Statement, Prior Year Quarter 4

| All \$ in 1000                       | PYr Qtr 1         | PYr Qtr 2         | PYr Qtr 3         | PYr Qtr 4         | Delta          | % Rev         | Yr Total          |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|----------------|---------------|-------------------|
| <b>Revenue</b>                       |                   |                   |                   |                   |                |               |                   |
| <b>Large Corporate</b>               |                   |                   |                   |                   |                |               |                   |
| New Install Revenue                  | \$288.0           | \$300.0           | \$288.0           | \$288.0           | 0.0%           | 1.6%          | \$1,164.0         |
| User Fee Revenue                     | \$10,852.2        | \$10,559.6        | \$10,177.2        | \$9,874.6         | -3.0%          | 55.1%         | \$41,463.6        |
| <b>Small Business</b>                |                   |                   |                   |                   |                |               |                   |
| New Install Revenue                  | \$524.3           | \$555.0           | \$562.5           | \$580.5           | +3.2%          | 3.2%          | \$2,222.3         |
| User Fee Revenue                     | \$6,647.1         | \$6,145.6         | \$5,805.8         | \$5,605.2         | -3.5%          | 31.3%         | \$24,203.7        |
| <b>IEBU Transfer to MessageMerge</b> | <b>\$1,318.5</b>  | <b>\$1,391.2</b>  | <b>\$1,483.2</b>  | <b>\$1,562.3</b>  | <b>+5.3%</b>   | <b>8.7%</b>   | <b>\$5,755.1</b>  |
| <b>Total Revenue</b>                 | <b>\$19,630.0</b> | <b>\$18,951.4</b> | <b>\$18,316.6</b> | <b>\$17,910.7</b> | <b>-2.2%</b>   | <b>100.0%</b> | <b>\$74,808.7</b> |
| <b>Cost of Service</b>               |                   |                   |                   |                   |                |               |                   |
| AMS Labor                            | \$5,750.0         | \$5,790.0         | \$5,834.2         | \$5,874.1         | +0.7%          | 32.8%         | \$23,248.2        |
| AMS Overtime                         | \$1,501.0         | \$923.3           | \$618.8           | \$367.7           | -40.6%         | 2.1%          | \$3,410.8         |
| Tech Support Labor                   | \$2,155.4         | \$2,079.4         | \$2,023.6         | \$2,047.7         | +1.2%          | 11.4%         | \$8,306.1         |
| Tech Support Overtime                | \$672.7           | \$488.6           | \$598.0           | \$663.1           | +10.9%         | 3.7%          | \$2,422.4         |
| Hosting Expense                      | \$817.1           | \$780.3           | \$746.7           | \$723.2           | -3.1%          | 4.0%          | \$3,067.2         |
| <b>Tot Cost of Service</b>           | <b>\$10,896.2</b> | <b>\$10,061.6</b> | <b>\$9,821.2</b>  | <b>\$9,675.8</b>  | <b>-1.5%</b>   | <b>54.0%</b>  | <b>\$40,454.8</b> |
| <b>Gross Margin</b>                  | <b>\$8,733.8</b>  | <b>\$8,889.8</b>  | <b>\$8,495.4</b>  | <b>\$8,234.9</b>  | <b>-3.1%</b>   | <b>46.0%</b>  | <b>\$34,353.9</b> |
| <b>Gross Margin %</b>                | <b>44.5%</b>      | <b>46.9%</b>      | <b>46.4%</b>      | <b>46.0%</b>      | <b>-0.4</b>    |               |                   |
| S&M Labor                            | \$639.0           | \$647.1           | \$654.4           | \$679.0           | +3.8%          | 3.8%          | \$2,619.4         |
| Marketing Programs                   | \$3,200.0         | \$3,200.0         | \$3,200.0         | \$3,200.0         | 0.0%           | 17.9%         | \$12,800.0        |
| TSD Additional Labor                 | \$755.0           | \$848.5           | \$998.6           | \$1,025.7         | +2.7%          | 5.7%          | \$3,627.7         |
| Training & Tools Cost                | \$296.3           | \$296.3           | \$296.3           | \$296.3           | 0.0%           | 1.7%          | \$1,185.0         |
| Hiring/Firing                        | \$333.2           | \$212.9           | \$228.9           | \$240.2           | +4.9%          | 1.3%          | \$1,015.2         |
| G & A                                | \$3,340.1         | \$3,248.4         | \$3,162.7         | \$3,107.9         | -1.7%          | 17.4%         | \$12,859.2        |
| <b>Tot Operating Costs</b>           | <b>\$8,563.5</b>  | <b>\$8,453.2</b>  | <b>\$8,540.9</b>  | <b>\$8,549.0</b>  | <b>+0.1%</b>   | <b>47.7%</b>  | <b>\$34,106.5</b> |
| <b>Operating Profit</b>              | <b>\$170.3</b>    | <b>\$436.6</b>    | <b>(\$45.5)</b>   | <b>(\$314.1)</b>  | <b>-590.3%</b> | <b>-1.8%</b>  | <b>\$247.3</b>    |
| <b>EBITDA</b>                        | <b>0.9%</b>       | <b>2.3%</b>       | <b>(0.2%)</b>     | <b>(1.8%)</b>     | <b>-1.6</b>    |               | <b>0.3%</b>       |
| <b>Budget</b>                        |                   |                   |                   |                   |                |               |                   |
| Total Spending                       | \$19,459.7        | \$18,514.8        | \$18,362.1        | \$18,224.8        | -0.7%          | 101.8%        | \$74,561.4        |
| Over/(Under) Budget                  | \$959.7           | \$14.8            | (\$137.9)         | (\$275.2)         | -99.6%         | -1.5%         | \$561.4           |

## Key Financial Terms Definitions

| METRIC                  | DEFINITION                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Revenue</b>          | Customer billings and invoices related to a company's core activities. Revenue is equal to price * unit volume.                                                                                                                                                                                                                                                                                          |
| <b>Cost of Service</b>  | The costs attributable to the production of the goods sold (or the services performed) by a company, including materials, direct labor, and depreciation of infrastructure. Includes Technical Support salaries and overtime and AMS salaries and overtime.                                                                                                                                              |
| <b>Gross Margin \$</b>  | Is equal to revenue less cost of service. Also known as gross profit, it is the profit a company makes after deducting the costs of making and selling its products, or the costs of providing its services.                                                                                                                                                                                             |
| <b>Gross Margin %</b>   | Is equal to (Sales – Cost of Service)/Sales. Gross margin reflects the relationship between price and cost of sales. It represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold.                                                                                                                   |
| <b>Operating Costs</b>  | Also known as Sales, General and Administration (SG&A), these include sales and marketing expenses, TSD product development costs, tools and training expenses, employee recruiting expenses, and general and administrative expenses.                                                                                                                                                                   |
| <b>Operating Profit</b> | The profit generated from a business's core activities after accounting for cost of service and operating costs. It is a company's profit before accounting for interest and taxes.                                                                                                                                                                                                                      |
| <b>Operating Margin</b> | Operating Margin is a measurement of a company's operating profitability as a percentage of its total revenue. It is equal to earnings before interest, tax, depreciation, and amortization divided by total revenue. Because Operating Margin excludes interest, depreciation, amortization, and taxes, Operating Margin is often used as a proxy of a company's operating profitability and cash flow. |

Figure 6 –Customer Segment Performance, Prior Year Quarter 4

| Account Status - Large Corporate                | PYr Qtr 1          | PYr Qtr 2          | PYr Qtr 3          | PYr Qtr 4          | Delta        |
|-------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------|
| <b>Starting Accounts</b>                        | <b>121</b>         | <b>116</b>         | <b>113</b>         | <b>109</b>         | <b>-3.5%</b> |
| Accounts Lost                                   | -29                | -28                | -28                | -27                | -3.6%        |
| Accounts Added                                  | <u>24</u>          | <u>25</u>          | <u>24</u>          | <u>24</u>          | 0.0%         |
| <b>Ending Accounts</b>                          | <b>116</b>         | <b>113</b>         | <b>109</b>         | <b>106</b>         | <b>-2.8%</b> |
| Average # of Users/Account                      | 3,537              | 3,533              | 3,530              | 3,522              | -0.2%        |
| % Change in Users/Account                       | (5.4%)             | (0.1%)             | (0.1%)             | (0.2%)             | -0.1         |
| Total Users                                     | 410,292            | 399,229            | 384,770            | 373,332            | -3.0%        |
| Average Price/User (Annual)                     | \$105.80           | \$105.80           | \$105.80           | \$105.80           | 0.0%         |
| Revenue (User Fees + New Installs)              | \$11,140.2         | \$10,859.6         | \$10,465.2         | \$10,162.6         | -2.9%        |
| Market Share (Accounts)                         | 31.0%              | 29.9%              | 28.9%              | 27.9%              | -1.0         |
| <b>Large Corp Market Share (Users)</b>          |                    |                    |                    |                    |              |
| MessageMerge                                    | 33.4%              | 32.3%              | 31.3%              | 30.1%              | -1.2         |
| IML                                             | 33.7%              | 34.1%              | 34.9%              | 35.5%              | +0.6         |
| YourInfoNow                                     | 17.9%              | 18.7%              | 19.0%              | 19.5%              | +0.5         |
| Other                                           | 15.0%              | 14.9%              | 14.8%              | 14.8%              | 0.0          |
| % Change in Users                               | 1.1%               | (2.7%)             | (3.6%)             | (3.0%)             | +0.6         |
| Market Growth                                   | 1.2%               | 0.6%               | (0.5%)             | 0.8%               | +1.3         |
| % Change in Revenue                             | 1.1%               | (2.5%)             | (3.6%)             | (2.9%)             | +0.7         |
| <b>Large Corporate Customer Satisfaction</b>    |                    |                    |                    |                    |              |
| Tech Offering                                   | 64.0%              | 62.0%              | 60.0%              | 58.0%              | -2.0         |
| Account Service                                 | 60.5%              | 64.4%              | 65.9%              | 67.0%              | +1.1         |
| Technical Support                               | 57.5%              | 57.5%              | 58.2%              | 57.1%              | -1.1         |
| Price                                           | 65.1%              | 64.8%              | 64.4%              | 63.9%              | -0.5         |
| Software Quality                                | 74.7%              | 74.5%              | 74.2%              | 73.9%              | -0.3         |
| Marketing                                       | 64.2%              | 64.2%              | 61.4%              | 61.4%              | 0.0          |
| Sales                                           | <u>56.9%</u>       | <u>57.0%</u>       | <u>57.5%</u>       | <u>58.0%</u>       | +0.5         |
| <b>Customer Satisfaction Overall</b>            | <b>64.3%</b>       | <b>63.8%</b>       | <b>63.3%</b>       | <b>62.6%</b>       | <b>-0.7</b>  |
| AMS FTEs Needed for Account Mgmt                | 24.2               | 23.2               | 22.6               | 21.8               | -3.5%        |
| <b>Customer Profitability - Large Corporate</b> |                    |                    |                    |                    |              |
| (All \$ are per Account)                        | PYr Qtr 1          | PYr Qtr 2          | PYr Qtr 3          | PYr Qtr 4          | Delta        |
| <b>Revenue per Account</b>                      | <b>\$96,036.41</b> | <b>\$96,102.72</b> | <b>\$96,010.70</b> | <b>\$95,873.88</b> | <b>-0.1%</b> |
| <b>Direct Costs per Account</b>                 |                    |                    |                    |                    |              |
| AMS Cost doing Manual Routing                   | \$40,541.37        | \$39,345.25        | \$39,448.35        | \$39,381.41        | -0.2%        |
| AMS Cost Account Mgmt                           | \$5,310.87         | \$5,077.32         | \$5,121.45         | \$5,059.40         | -1.2%        |
| TSD Cost for New Installs                       | \$411.85           | \$419.92           | \$442.84           | \$469.99           | +6.1%        |
| TSD Cost for Tech Support                       | <u>\$12,099.98</u> | <u>\$11,526.02</u> | <u>\$12,248.45</u> | <u>\$12,653.38</u> | +3.3%        |
| <b>Total Direct Costs</b>                       | <b>\$58,364.07</b> | <b>\$56,368.51</b> | <b>\$57,261.08</b> | <b>\$57,564.18</b> | <b>+0.5%</b> |
| <b>Gross Margin</b>                             | <b>\$37,672.34</b> | <b>\$39,734.21</b> | <b>\$38,749.62</b> | <b>\$38,309.70</b> | <b>-1.1%</b> |
|                                                 | <b>39.2%</b>       | <b>41.3%</b>       | <b>40.4%</b>       | <b>40.0%</b>       | <b>-0.4</b>  |
| S&M Costs                                       | \$4,406.90         | \$4,581.24         | \$4,802.86         | \$5,124.16         | +6.7%        |
| Marketing Costs                                 | <u>\$17,241.38</u> | <u>\$17,699.12</u> | <u>\$18,348.62</u> | <u>\$18,867.92</u> | +2.8%        |
| <b>Net Margin Before Overhead</b>               | <b>\$16,024.06</b> | <b>\$17,453.85</b> | <b>\$15,598.13</b> | <b>\$14,317.62</b> | <b>-8.2%</b> |
|                                                 | <b>16.7%</b>       | <b>18.2%</b>       | <b>16.2%</b>       | <b>14.9%</b>       | <b>-1.3</b>  |
| Average TSD Cost per New Install                | \$1,990.62         | \$1,898.05         | \$2,011.22         | \$2,075.80         | +3.2%        |

Customer Segment Performance, Prior Year Quarter 4— *continued*

| Account Status - Small Business                | PYr Qtr 1         | PYr Qtr 2         | PYr Qtr 3         | PYr Qtr 4         | Delta        |
|------------------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| <b>Starting Accounts</b>                       | <b>3,990</b>      | <b>3,579</b>      | <b>3,309</b>      | <b>3,126</b>      | <b>-5.5%</b> |
| Accounts Lost                                  | -1,110            | -1,010            | -933              | -882              | -5.5%        |
| Accounts Added                                 | <u>699</u>        | <u>740</u>        | <u>750</u>        | <u>774</u>        | <u>+3.2%</u> |
| <b>Ending Accounts</b>                         | <b>3,579</b>      | <b>3,309</b>      | <b>3,126</b>      | <b>3,018</b>      | <b>-3.5%</b> |
| Average # of Users/Account                     | 68                | 68                | 68                | 68                | 0.0%         |
| % Change in Users/Account                      | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0          |
| Total Users                                    | 243,372           | 225,012           | 212,568           | 205,224           | -3.5%        |
| Average Price/User (Annual)                    | \$109.25          | \$109.25          | \$109.25          | \$109.25          | 0.0%         |
| Revenue (User Fees + New Installs)             | \$7,171.3         | \$6,700.6         | \$6,368.3         | \$6,185.7         | -2.9%        |
| Market Share (Accounts)                        | 33.5%             | 30.4%             | 28.3%             | 26.7%             | -1.6         |
| <b>Small Bus Market Share (Users)</b>          |                   |                   |                   |                   |              |
| MessageMerge                                   | 32.5%             | 29.6%             | 27.5%             | 26.0%             | -1.5         |
| IML                                            | 13.4%             | 15.3%             | 16.6%             | 17.6%             | +1.0         |
| YourInfoNow                                    | 48.1%             | 49.0%             | 49.8%             | 50.5%             | +0.7         |
| Other                                          | 6.0%              | 6.1%              | 6.0%              | 5.9%              | -0.1         |
| % Change in Users                              | 2.1%              | (7.5%)            | (5.5%)            | (3.5%)            | +2.0         |
| Market Growth                                  | 1.5%              | 1.5%              | 1.6%              | 2.4%              | +0.8         |
| % Change in Revenue                            | 2.1%              | (6.6%)            | (5.0%)            | (2.9%)            | +2.1         |
| <b>Small Business Customer Satisfaction</b>    |                   |                   |                   |                   |              |
| Tech Offering                                  | 59.0%             | 57.0%             | 55.0%             | 53.0%             | -2.0         |
| Account Service                                | 60.5%             | 64.4%             | 65.9%             | 67.0%             | +1.1         |
| Technical Support                              | 57.5%             | 57.5%             | 58.2%             | 57.1%             | -1.1         |
| Price                                          | 59.2%             | 58.9%             | 58.6%             | 58.1%             | -0.5         |
| Software Quality                               | 74.7%             | 74.5%             | 74.2%             | 73.9%             | -0.3         |
| Marketing                                      | 44.7%             | 44.7%             | 44.7%             | 44.7%             | 0.0          |
| Sales                                          | <u>30.5%</u>      | <u>30.3%</u>      | <u>30.5%</u>      | <u>30.7%</u>      | <u>+0.2</u>  |
| <b>Customer Satisfaction Overall</b>           | <b>59.1%</b>      | <b>57.5%</b>      | <b>57.4%</b>      | <b>57.1%</b>      | <b>-0.3</b>  |
| AMS FTEs Needed for Account Mgmt               | 20.0              | 17.9              | 16.5              | 15.6              | -5.5%        |
| <b>Customer Profitability - Small Business</b> |                   |                   |                   |                   |              |
| (All \$ are per Account)                       | PYr Qtr 1         | PYr Qtr 2         | PYr Qtr 3         | PYr Qtr 4         | Delta        |
| <b>Revenue per Account</b>                     | <b>\$2,003.73</b> | <b>\$2,024.97</b> | <b>\$2,037.19</b> | <b>\$2,049.60</b> | <b>+0.6%</b> |
| <b>Direct Costs per Account</b>                |                   |                   |                   |                   |              |
| AMS Cost doing Manual Routing                  | \$397.95          | \$378.06          | \$379.46          | \$379.90          | +0.1%        |
| AMS Cost Account Mgmt                          | \$141.90          | \$133.74          | \$130.73          | \$127.41          | -2.5%        |
| TSD Cost for New Installs                      | \$19.88           | \$21.17           | \$24.06           | \$26.58           | +10.5%       |
| TSD Cost for Tech Support                      | <u>\$232.63</u>   | <u>\$221.84</u>   | <u>\$235.95</u>   | <u>\$244.30</u>   | <u>+3.5%</u> |
| <b>Total Direct Costs</b>                      | <b>\$792.37</b>   | <b>\$754.81</b>   | <b>\$770.20</b>   | <b>\$778.19</b>   | <b>+1.0%</b> |
| <b>Gross Margin</b>                            | <b>\$1,211.36</b> | <b>\$1,270.17</b> | <b>\$1,266.99</b> | <b>\$1,271.40</b> | <b>+0.3%</b> |
|                                                | <b>60.5%</b>      | <b>62.7%</b>      | <b>62.2%</b>      | <b>62.0%</b>      | <b>-0.2</b>  |
| S&M Costs                                      | \$35.71           | \$39.11           | \$41.87           | \$44.99           | +7.5%        |
| Marketing Costs                                | <u>\$335.29</u>   | <u>\$362.65</u>   | <u>\$383.88</u>   | <u>\$397.61</u>   | <u>+3.6%</u> |
| <b>Net Margin Before Overhead</b>              | <b>\$840.37</b>   | <b>\$868.41</b>   | <b>\$841.25</b>   | <b>\$828.80</b>   | <b>-1.5%</b> |
|                                                | <b>41.9%</b>      | <b>42.9%</b>      | <b>41.3%</b>      | <b>40.4%</b>      | <b>-0.9</b>  |
| Average TSD Cost per New Install               | \$101.81          | \$94.65           | \$100.29          | \$103.66          | +3.4%        |

Customer Segment Performance, Prior Year Quarter 4— *continued*

| Account Status - IEBU                    | PYr Qtr 1 | PYr Qtr 2 | PYr Qtr 3 | PYr Qtr 4  | Delta |
|------------------------------------------|-----------|-----------|-----------|------------|-------|
| Market Share                             | 25.0%     | 24.6%     | 24.2%     | 23.6%      | -0.6  |
| Accounts                                 | 562       | 574       | 594       | 613        | +3.2% |
| Average # of Users/Account               | 544       | 562       | 579       | 591        | +2.1% |
| % Change in Users/Account                | 3.6%      | 3.2%      | 3.0%      | 2.1%       | -0.9  |
| Total Users                              | 305,728   | 322,588   | 343,926   | 362,283    | +5.3% |
| Average Price/User (Annual)              | \$115     | \$115     | \$115     | \$115      | 0.0%  |
| Total Revenue (User Fees + New Installs) | \$8,789.7 | \$9,274.4 | \$9,887.9 | \$10,415.6 | +5.3% |
| Transfer Share to MessageMerge           | 15.0%     | 15.0%     | 15.0%     | 15.0%      | 0.0   |
| Transfer Revenue to MessageMerge         | \$1,318.5 | \$1,391.2 | \$1,483.2 | \$1,562.3  | +5.3% |
| % Change in Users                        | 3.0%      | 5.5%      | 6.6%      | 5.3%       | -1.3  |
| Market Growth                            | 3.2%      | 4.1%      | 5.1%      | 5.7%       | +0.6  |
| % Change in Revenue                      | 3.0%      | 5.5%      | 6.6%      | 5.3%       | -1.3  |

| IEBU Customer Satisfaction           |              |              |              |              |             |
|--------------------------------------|--------------|--------------|--------------|--------------|-------------|
| Tech Offering                        | 63.0%        | 61.0%        | 59.0%        | 57.0%        | -2.0        |
| Account Service                      | 61.0%        | 61.0%        | 61.0%        | 61.0%        | 0.0         |
| Technical Support                    | 52.5%        | 52.5%        | 53.2%        | 52.1%        | -1.1        |
| Software Quality                     | <u>74.2%</u> | <u>73.4%</u> | <u>72.6%</u> | <u>71.8%</u> | <u>-0.8</u> |
| <b>Customer Satisfaction Overall</b> | <b>61.2%</b> | <b>60.5%</b> | <b>60.1%</b> | <b>59.0%</b> | <b>-1.1</b> |

| Customer Profitability - IEBU<br>(All \$ are per Account) | PYr Qtr 1         | PYr Qtr 2         | PYr Qtr 3         | PYr Qtr 4         | Delta         |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| <b>Revenue Sent to MessageMerge per Account</b>           | <b>\$2,346.00</b> | <b>\$2,423.63</b> | <b>\$2,496.94</b> | <b>\$2,548.69</b> | <b>+2.1%</b>  |
| Tech Support Cost per Account                             | <u>\$2,159.58</u> | <u>\$1,885.44</u> | <u>\$2,043.09</u> | <u>\$2,183.29</u> | <u>+6.9%</u>  |
| <b>Contribution per Account</b>                           | <b>\$186.42</b>   | <b>\$538.18</b>   | <b>\$453.85</b>   | <b>\$365.40</b>   | <b>-19.5%</b> |
| <b>%</b>                                                  | <b>7.9%</b>       | <b>22.2%</b>      | <b>18.2%</b>      | <b>14.3%</b>      | <b>-3.9</b>   |

Figure 7 – Quarterly Business Summary, Prior Year Quarter 4

## Business Update

| Projected Market Dynamics | Current   | Projected |      |      |      |
|---------------------------|-----------|-----------|------|------|------|
|                           | PY Q4     | Q1        | Q2   | Q3   | Q4   |
| <b>Large Corporate</b>    |           |           |      |      |      |
| Market Growth             | 0.8%      | 1.4%      | 1.5% | 1.8% | 1.5% |
| Market Size (Users)       | 1,238,965 |           |      |      |      |
| <b>Small Business</b>     |           |           |      |      |      |
| Market Growth             | 2.8%      | 4.2%      | 4.5% | 3.8% | 4.1% |
| Market Size (Users)       | 790,826   |           |      |      |      |
| <b>IEBU</b>               |           |           |      |      |      |
| Market Growth             | 8.3%      | 9.1%      | 8.9% | 9.8% | 8.3% |
| Market Size (Users)       | 1,533,645 |           |      |      |      |

Source: MessageMerge Marketing Group, DataFirst Market Estimates, Inc.

## Business Team Overview - Sales &amp; Marketing

| S&M Employee Engagement Survey                         | PYr Qtr 3    | PYr Qtr 4    | Delta       |
|--------------------------------------------------------|--------------|--------------|-------------|
| I have the skills to do my job                         | 58.4%        | 59.9%        | +1.5        |
| I have the tools to do my job                          | 50.0%        | 50.0%        | 0.0         |
| I receive clear & useful communication from leadership | 60.0%        | 60.0%        | 0.0         |
| I trust the leadership of the company                  | 60.9%        | 60.9%        | 0.0         |
| I enjoy my work                                        | 54.0%        | 53.7%        | -0.3        |
| I am happy with my workload                            |              |              |             |
| - Working with Large Corporate Segment                 | 64.0%        | 63.7%        | -0.3        |
| - Working with Small Business Segment                  | 40.8%        | 41.2%        | +0.4        |
| <b>Overall</b>                                         | <b>56.0%</b> | <b>56.3%</b> | <b>+0.3</b> |

| S&M Employee Performance                                | PYr Qtr 3 | PYr Qtr 4 | Delta |
|---------------------------------------------------------|-----------|-----------|-------|
| <b>Large Corporate</b>                                  |           |           |       |
| Average Time Spent on Each New Account Lead (Hours/Qtr) | 48.0      | 47.5      | -1.0% |
| Average Time Spent on Each Existing Account (Hours/Qtr) | 33.4      | 34.4      | +3.0% |
| Yield Rate                                              | 32.0%     | 31.6%     | -0.4  |
| <b>Small Business</b>                                   |           |           |       |
| Average Time Spent on Each New Account Lead (Hours/Qtr) | 0.4       | 0.4       | 0.0%  |
| Average Time Spent on Each Existing Account (Hours/Qtr) | 0.3       | 0.3       | 0.0%  |
| Yield Rate                                              | 29.5%     | 29.3%     | -0.2  |
| Productivity Profile                                    | 99.4%     | 99.5%     | +0.1  |

## Customer Satisfaction

|                             |       |       |      |
|-----------------------------|-------|-------|------|
| Price (Large Corporate)     | 64.4% | 63.9% | -0.5 |
| Price (Small Business)      | 58.6% | 58.1% | -0.5 |
| Marketing (Large Corporate) | 61.4% | 61.4% | 0.0  |
| Marketing (Small Business)  | 44.7% | 44.7% | 0.0  |
| Sales (Large Corporate)     | 57.5% | 58.0% | +0.5 |
| Sales (Small Business)      | 30.5% | 30.7% | +0.2 |

**Business Team Overview - Account Management & Service**

| AMS Employee Engagement Survey                         | PYr Qtr 3    | PYr Qtr 4    | Delta       |
|--------------------------------------------------------|--------------|--------------|-------------|
| I have the skills to do my job                         | 58.9%        | 58.8%        | -0.1        |
| I have the tools to do my job                          | 50.0%        | 50.0%        | 0.0         |
| I receive clear & useful communication from leadership | 60.0%        | 60.0%        | 0.0         |
| I trust the leadership of the company                  | 61.1%        | 60.8%        | -0.3        |
| I enjoy my work                                        | 64.2%        | 66.0%        | +1.8        |
| I am happy with my workload                            | <u>79.8%</u> | <u>84.0%</u> | <u>+4.2</u> |
| <b>Overall</b>                                         | <b>60.4%</b> | <b>60.9%</b> | <b>+0.5</b> |

| AMS Employee Performance            | PYr Qtr 3 | PYr Qtr 4 | Delta  |
|-------------------------------------|-----------|-----------|--------|
| Workload                            | 108.5%    | 105.0%    | -3.5   |
| Manual Routing Rate                 | 0.43%     | 0.43%     | 0.00   |
| Manual Sort Response Time (Minutes) | 8.26      | 7.34      | -11.1% |
| Productivity Profile                | 101.0%    | 101.1%    | +0.1   |

**Customer Satisfaction**

|                 |       |       |      |
|-----------------|-------|-------|------|
| Account Service | 65.9% | 67.0% | +1.1 |
|-----------------|-------|-------|------|

**Business Team Overview - Technical Support & Development**

| TSD Employee Engagement Survey                         | PYr Qtr 3    | PYr Qtr 4    | Delta       |
|--------------------------------------------------------|--------------|--------------|-------------|
| I have the skills to do my job                         | 62.5%        | 62.4%        | -0.1        |
| I have the tools to do my job                          | 50.0%        | 50.0%        | 0.0         |
| I receive clear & useful communication from leadership | 60.0%        | 60.0%        | 0.0         |
| I trust the leadership of the company                  | 60.3%        | 60.6%        | +0.3        |
| I enjoy my work                                        | 54.6%        | 53.2%        | -1.4        |
| I am happy with my workload                            | <u>56.0%</u> | <u>53.0%</u> | <u>-3.0</u> |
| <b>Overall</b>                                         | <b>57.2%</b> | <b>56.7%</b> | <b>-0.5</b> |

| TSD Employee Performance                       | PYr Qtr 3 | PYr Qtr 4 | Delta |
|------------------------------------------------|-----------|-----------|-------|
| Workload                                       | 139.0%    | 142.0%    | +3.0  |
| Tech Support Calls                             | 2,726.3   | 2,649.0   | -2.8% |
| Time Per Tech Support Call (Hours)             | 0.63      | 0.63      | 0.0%  |
| Technical Offering of Product                  | 64.0%     | 62.0%     | -2.0  |
| Change in Technical Offering This Quarter      | (2.0%)    | (2.0%)    | 0.0   |
| Software Quality Rating                        | 73.8%     | 73.4%     | -0.4  |
| Change in Software Quality Rating This Quarter | (0.4%)    | (0.4%)    | 0.0   |
| Productivity Profile                           | 100.3%    | 99.8%     | -0.5  |

**Customer Satisfaction**

|                                 |       |       |      |
|---------------------------------|-------|-------|------|
| Tech Offering (Large Corporate) | 60.0% | 58.0% | -2.0 |
| Tech Offering (Small Business)  | 55.0% | 53.0% | -2.0 |
| Tech Offering (IEBU)            | 59.0% | 57.0% | -2.0 |
| Technical Support               | 58.2% | 57.1% | -1.1 |
| Software Quality                | 74.2% | 73.9% | -0.3 |

| EMPLOYEE METRIC                        | DEFINITION                                                                                                                                                                                                                                                                                           |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Skill</b>                           | This measures how well an employee can do his or her job.                                                                                                                                                                                                                                            |
| <b>Tools</b>                           | This provides feedback on an employee's satisfaction with the tools he or she has to improve work productivity.                                                                                                                                                                                      |
| <b>Communication</b>                   | This is employee feedback on the quality and usefulness of the messages that they hear from the General Manager.                                                                                                                                                                                     |
| <b>Trust in Leadership</b>             | This is feedback on the employee's confidence and trust in leadership. It can reflect an employee's perception about the time invested in communication (talking the talk), the market reputation of the company, and the investment decisions made by leadership (walking the walk).                |
| <b>Workload/<br/>Time to do my job</b> | This measures the workload that employees are asked to complete within their regular work week. A workload over 100% indicates requests for employee effort beyond their available time, but does not suggest that they were able to complete all of that work.                                      |
| <b>Morale</b>                          | This provides a measure of an employee's morale and happiness about the MessageMerge organization and their job. Workload can be a major factor in morale.                                                                                                                                           |
| <b>Productivity Profile</b>            | This indicates the ratio of actual work completed within available work hours. An index of over 100 suggests higher than average productivity in the organization.                                                                                                                                   |
| <b>Overall Performance</b>             | This is an overall measure of employee performance in the function that reflects all of the elements above. Employee groups with low overall performance can adversely affect customer relationships, while those with high performance can build and sustain deep customer relationships over time. |



Figure 8 – Staffing Report, Prior Year Quarter 4

| Staffing                                | PYr Qtr 1      | PYr Qtr 2      | PYr Qtr 3      | PYr Qtr 4      | Delta        |
|-----------------------------------------|----------------|----------------|----------------|----------------|--------------|
| Sales & Marketing                       | 20             | 20             | 20             | 20             | 0.0%         |
| Account Management & Service            | 250            | 250            | 250            | 250            | 0.0%         |
| Technical Support & Development         | 75             | 75             | 75             | 75             | 0.0%         |
| Turnover at the end of Quarter          | % of Workforce |                |                |                |              |
| Sales & Marketing                       | 2              | 2              | 2              | 2              | 9.7%         |
| Account Management & Service            | 20             | 24             | 24             | 25             | 9.7%         |
| Technical Support & Development         | 9              | 8              | 9              | 9              | 11.4%        |
| Time Allocation (FTEs)                  | PYr Qtr 1      | PYr Qtr 2      | PYr Qtr 3      | PYr Qtr 4      | Delta        |
| <b>Sales &amp; Marketing</b>            |                |                |                |                |              |
| Coaching                                | 0.0            | 0.0            | 0.0            | 0.0            | -5.1%        |
| Training                                | 0.3            | 0.3            | 0.3            | 0.3            | 0.0%         |
| Meeting with Senior Management          | 0.7            | 0.5            | 0.6            | 0.5            | -5.1%        |
| Working with Large Corp Segment         | 15.1           | 15.2           | 15.2           | 15.2           | +0.2%        |
| Working with Small Bus Segment          | <u>3.9</u>     | <u>3.9</u>     | <u>3.9</u>     | <u>3.9</u>     | +0.1%        |
| <b>Total</b>                            | <b>20.0</b>    | <b>20.0</b>    | <b>20.0</b>    | <b>20.0</b>    | <b>0.0%</b>  |
| <b>Account Management &amp; Service</b> |                |                |                |                |              |
| Coaching                                | 0.3            | 0.3            | 0.3            | 0.3            | -5.2%        |
| Training                                | 4.2            | 4.2            | 4.2            | 4.2            | -0.2%        |
| Meeting with Senior Management          | 8.6            | 6.5            | 7.1            | 6.7            | -5.2%        |
| Account Management                      | 44.2           | 41.1           | 39.1           | 37.4           | -4.4%        |
| Routing                                 | <u>244.9</u>   | <u>229.9</u>   | <u>220.6</u>   | <u>214.0</u>   | -3.0%        |
| <b>Total</b>                            | <b>* 302.2</b> | <b>* 281.9</b> | <b>* 271.2</b> | <b>* 262.5</b> | <b>-3.2%</b> |
| <b>Tech Support &amp; Development</b>   |                |                |                |                |              |
| Coaching                                | 0.1            | 0.0            | 0.0            | 0.0            | -5.5%        |
| Training                                | 2.5            | 2.5            | 2.5            | 2.5            | -0.4%        |
| Meeting with Senior Management          | 2.5            | 1.9            | 2.1            | 2.0            | -5.5%        |
| New Installs                            | 2.5            | 2.6            | 2.6            | 2.6            | +2.0%        |
| Tech Support - MessageMerge             | 46.8           | 44.7           | 42.9           | 41.7           | -2.8%        |
| Tech Support - IEPU                     | 33.3           | 29.3           | 32.6           | 35.6           | +9.2%        |
| Product Development Projects            | 6.0            | 8.0            | 10.0           | 10.0           | 0.0%         |
| Available For Product Development       | <u>0.0</u>     | <u>0.0</u>     | <u>0.0</u>     | <u>0.0</u>     | 0.0%         |
| <b>Total</b>                            | <b>* 93.7</b>  | <b>* 89.1</b>  | <b>* 92.7</b>  | <b>* 94.4</b>  | <b>+1.8%</b> |

(\*) Indicates this included overtime.

Figure 9 – Market Research Report, Prior Year Quarter 4

| Large Corporate                     | MessageMerge |      | IML     |      | YourInfoNow |      |
|-------------------------------------|--------------|------|---------|------|-------------|------|
| Market Share (Users)                | 30.1%        | -1.2 | 35.5%   | +0.6 | 19.5%       | +0.5 |
| Discount (% Discount to List Price) | 8.0%         | 0.0  | 6.0%    | 0.0  | 5.0%        | 0.0  |
| Marketing Investment                | \$2,000      | 0.0% | \$4,000 | 0.0% | \$1,500     | 0.0% |
| Satisfaction w/Tech Offering        | 58.0%        | -2.0 | 76.0%   | +1.0 | 58.0%       | 0.0  |
| Satisfaction w/Account Service      | 67.0%        | +1.1 | 68.6%   | +0.2 | 77.5%       | +0.5 |
| Satisfaction w/Technical Support    | 57.1%        | -1.1 | 70.0%   | 0.0  | 62.0%       | 0.0  |
| Satisfaction w/Software Quality     | 73.9%        | -0.3 | 71.4%   | -0.2 | 63.0%       | 0.0  |
| Satisfaction w/Sales                | 58.0%        | +0.5 | 75.3%   | +0.1 | 55.0%       | 0.0  |

| Small Business                      | MessageMerge |      | IML     |      | YourInfoNow |      |
|-------------------------------------|--------------|------|---------|------|-------------|------|
| Market Share (Users)                | 26.0%        | -1.5 | 17.6%   | +1.0 | 50.5%       | +0.7 |
| Discount (% Discount to List Price) | 5.0%         | 0.0  | 5.0%    | -1.0 | 2.0%        | 0.0  |
| Marketing Investment                | \$1,200      | 0.0% | \$2,200 | 0.0% | \$2,800     | 0.0% |
| Satisfaction w/Tech Offering        | 53.0%        | -2.0 | 66.5%   | +0.5 | 71.2%       | +0.4 |
| Satisfaction w/Account Service      | 67.0%        | +1.1 | 53.5%   | -0.5 | 84.0%       | +1.0 |
| Satisfaction w/Technical Support    | 57.1%        | -1.1 | 63.9%   | +0.3 | 75.6%       | +0.2 |
| Satisfaction w/Software Quality     | 73.9%        | -0.3 | 70.0%   | 0.0  | 72.0%       | 0.0  |
| Satisfaction w/Sales                | 30.7%        | +0.2 | 54.7%   | -0.1 | 70.0%       | 0.0  |

| IEBU                             | MessageMerge |      | Regional Competitor |      | Global Competitor |      |
|----------------------------------|--------------|------|---------------------|------|-------------------|------|
| Market Share                     | 23.6%        | -0.6 | 29.2%               | +0.2 | 31.1%             | +0.3 |
| Price                            | \$115        | 0.0% | \$100               | 0.0% | \$150             | 0.0% |
| Satisfaction w/Tech Offering     | 57.0%        | -2.0 | 68.5%               | +1.2 | 83.0%             | +1.0 |
| Satisfaction w/Account Service   | 61.0%        | 0.0  | 78.8%               | +1.3 | 63.9%             | +1.3 |
| Satisfaction w/Technical Support | 52.1%        | -1.1 | 73.0%               | +1.0 | 78.9%             | +1.3 |
| Satisfaction w/Software Quality  | 71.8%        | -0.8 | 73.0%               | +1.0 | 83.0%             | +1.0 |

Smaller numbers to the right of the columns indicate change from prior quarter. Changes in percentages are shown as the absolute change. Changes in other values are shown as the percentage change.

Figure 10 – Executive Time Report, Prior Year Quarter 4

| Time Allocation                | Intended      | Actual        |
|--------------------------------|---------------|---------------|
| Coaching Tom Roberts (S&M)     | 2.0%          | 0.9%          |
| Coaching Maria Estevez (AMS)   | 2.0%          | 0.9%          |
| Coaching Viktor Samsanov (TSD) | 1.0%          | 0.4%          |
| Meeting With All Employees     | 5.0%          | 2.1%          |
| Working With Customers         | 20.0%         | 18.5%         |
| Working With Senior Management | 20.0%         | 16.6%         |
| Working With Peers             | 18.0%         | 7.7%          |
| Planning and Reflection        | 2.0%          | 0.9%          |
| Managing Urgent Issues         | 30.0%         | 52.1%         |
| <b>Total</b>                   | <b>100.0%</b> | <b>100.0%</b> |