

Q2 2010

31.08.10



Cloud Computing – The future of Software



Unlimited power. Unlimited access.

Record revenue and strategy update

Highlights 2Q 2010

- Record revenue of MNOK 24.9 in 2Q10, up 38% compared to 2Q09
- Operating revenue in Sweden up 23% from 2Q09
- Software revenue up 34%, compared to 1H09
- Changed Group name to 24Seven Technology Group ASA and focused company strategy purely towards technology and innovation.
- Acquired Propartner Holding AS and sold the daughter company Propartner Defence AS, containing the manual production activities to the Propartner Defence management.
- Sold AccountOnlt for MNOK 25, received MNOK 12 bid on Phonzo's private customer portfolio and received an offer for a credit line of MNOK 17.

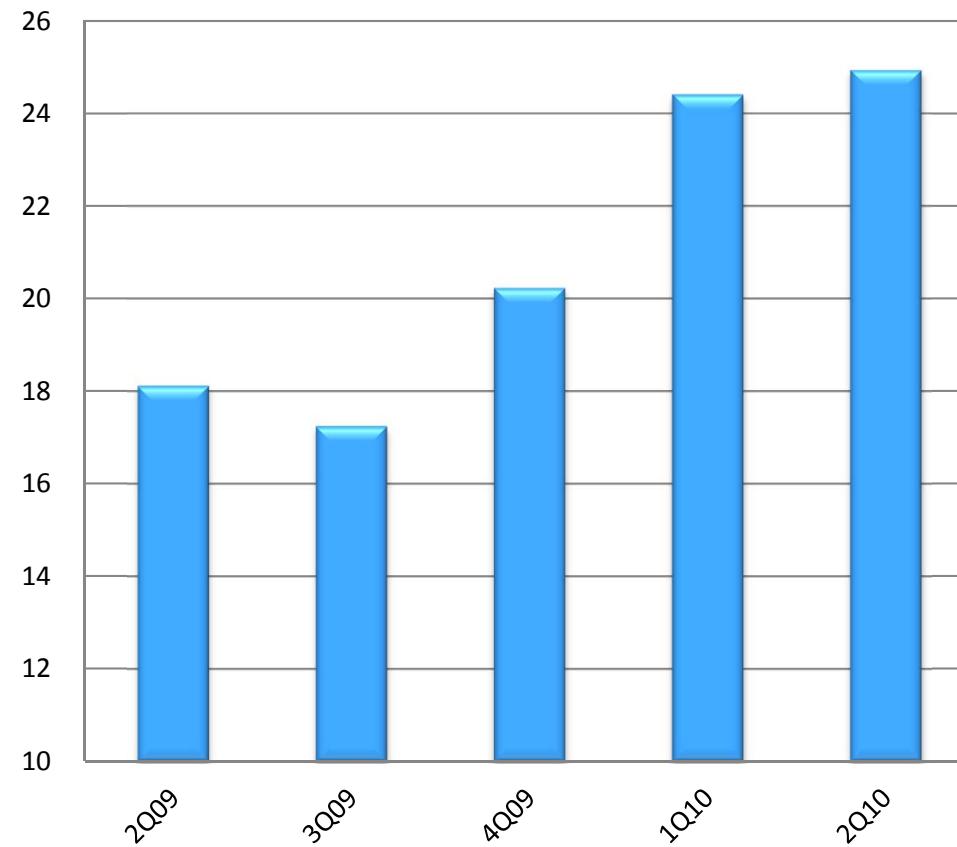


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Revenue

Record revenue of MNOK 24.9 in 2Q10, up 38 % compared to 2Q09.

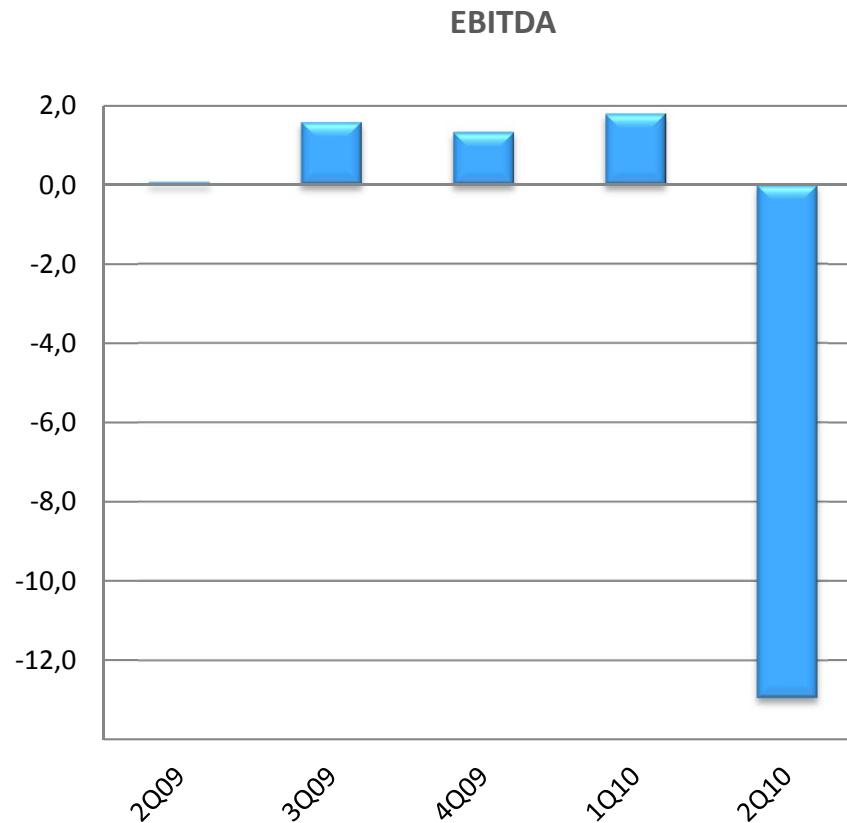
OPERATING REVENUE



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EBITDA

EBITDA ended at MNOK -12.9 in 2Q10. The negative EBITDA is due to expenses and accruals made in connection with the law suit from Active 24



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Profit & loss

(all figures in NOK 1.000)

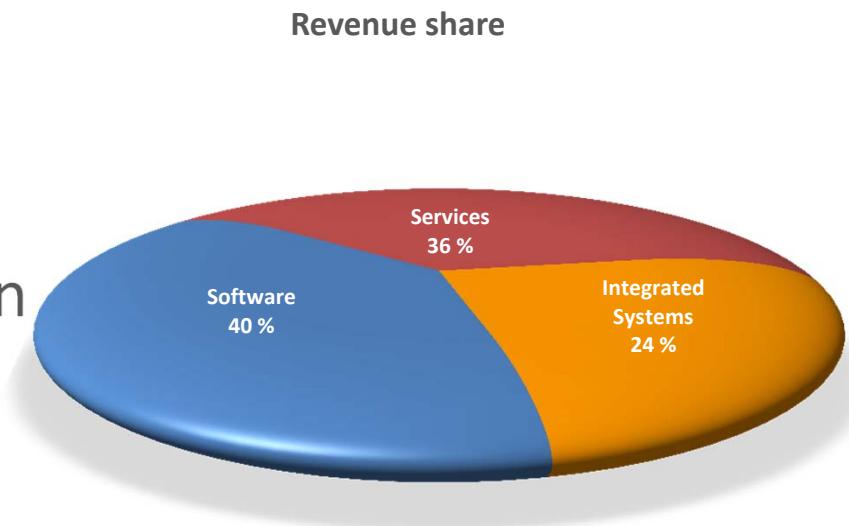
	Q2 - 2010	YTD 2010	Q2 - 2009	YTD 2009	2009
Revenue					
Operating Revenue	24 943	49 361	18 121	37 184	74 977
Other Income	-	-	-	-	10
Expenses					
Cost of sales	7 786	13 577	3 404	6 554	18 558
Wages and salaries	10 993	21 921	8 739	21 065	36 746
Other operating expenses	19 114	25 006	5 906	14 788	22 041
Total operating expenses	37 893	60 504	18 049	42 408	77 345
EBITDA	(12 949)	(11 143)	73	(5 224)	(2 358)
Depreciation, amortisation & write-down	1 379	2 671	1 057	2 448	5 008
EBIT	(14 329)	(13 814)	(985)	(7 672)	(7 365)
Net financial items	132	474	208	437	1 258
EBT	(14 461)	(14 288)	(1 193)	(8 109)	(8 624)
Taxes	(3 959)	(3 612)	207	42	(19 107)
Net profit / loss	(10 502)	(10 676)	(1 400)	(8 151)	10 483



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Segment revenue information

- Software MNOK 10.8 in 2Q10
 - Up 34% from 2Q09
- Services MNOK 9.7 in 2Q10
 - Up 13% from 2Q09
- Integrated Systems MNOK 6.4 in 1Q20
 - Up 158% from 2Q09



Segment information 2Q10

Q2 - 2010

Business segment	Software	Services	Integrated Systems	Elimination	Total
Operating Revenue	10 758	9 667	6 427	(1 909)	24 943
Other Income	-	-	-	-	-
Operating Expenses	24 178	9 592	6 031	(1 909)	37 892
Operating profit before depreciation	(13 420)	75	396	-	(12 949)
Depreciation	594	496	313	(24)	1 379
Operating Result	(14 014)	(421)	83	24	(14 328)

Q2 - 2009

Business segment	Software	Services	Integrated Systems	Elimination	Total
Operating Revenue	8 033	8 553	2 494	(958)	18 121
Other Income	-	-	-	-	-
Operating Expenses	9 244	7 223	2 540	(958)	18 049
Operating profit before depreciation	(1 211)	1 330	(47)	-	73
Depreciation	629	504	48	(123)	1 057
Operating Result	(1 840)	826	(94)	123	(985)



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Balance sheet

ASSETS	30.06.2010	30.06.2009	31.12.2009
<i>Non current assets</i>			
Deferred tax asset	23 829	695	19 736
Development cost / Technology	9 676	7 163	7 837
Goodwill	57 976	21 991	20 856
Customer bases	3 346	5 404	4 363
Brand name	962	962	962
Property, Plant & Equipment	14 157	2 494	1 402
Other non-current assets	2 000	23	159
Total non current assets	111 946	38 731	55 315
<i>Current assets</i>			
Inventory	69	98	70
Trade receivables	18 777	8 255	9 263
Other current receivables	14 387	7 600	8 515
Cash and short-term deposits	10 091	7 516	8 115
Total current assets	43 324	23 469	25 962
TOTAL ASSETS	155 270	62 200	81 278



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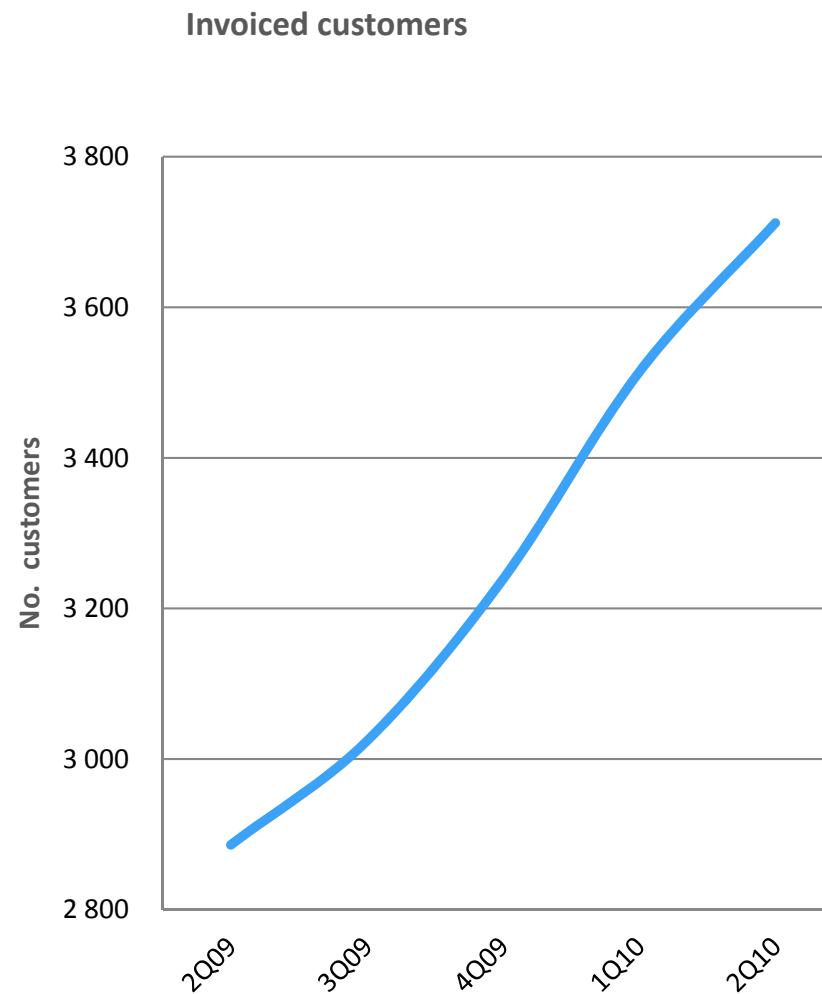
Balance sheet

EQUITY AND DEBT	30.06.2010	30.06.2009	31.12.2009
<i>Equity</i>			
Share capital	1 900	1 755	1 755
Share premium	108 123	95 633	95 633
Translation reserve	-160	-174	-158
Retained earnings	<u>-80 111</u>	<u>-87 397</u>	<u>-67 900</u>
Equity before minority interest	29 751	9 817	29 331
Minority	695	2 885	1 931
Total equity Capital	<u>30 446</u>	<u>12 702</u>	<u>31 261</u>
<i>Liabilities</i>			
Debt to credit institutions	30 743	5 466	4 179
Sellers credit	29 259	12 027	11 501
Deferred taxes	<u>1 334</u>	<u>2 077</u>	<u>1 648</u>
Total non current liabilities	<u>61 336</u>	<u>19 570</u>	<u>17 327</u>
Accounts payable	16 231	7 286	7 659
Deferred revenue	4 567	3 417	4 156
Public duties payable	3 635	3 419	3 947
Taxes payable	1 080	0	325
Debt to credit institutions	7 311	6 057	8 436
Other current liabilities	<u>30 664</u>	<u>9 749</u>	<u>8 166</u>
Total current liabilities	<u>63 488</u>	<u>29 929</u>	<u>32 689</u>
Total liabilities	<u>124 824</u>	<u>49 499</u>	<u>50 016</u>
TOTAL EQUITY AND LIABILITIES	<u>155 270</u>	<u>62 200</u>	<u>81 278</u>



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Customer growth



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Software as a Service (SaaS*) business model

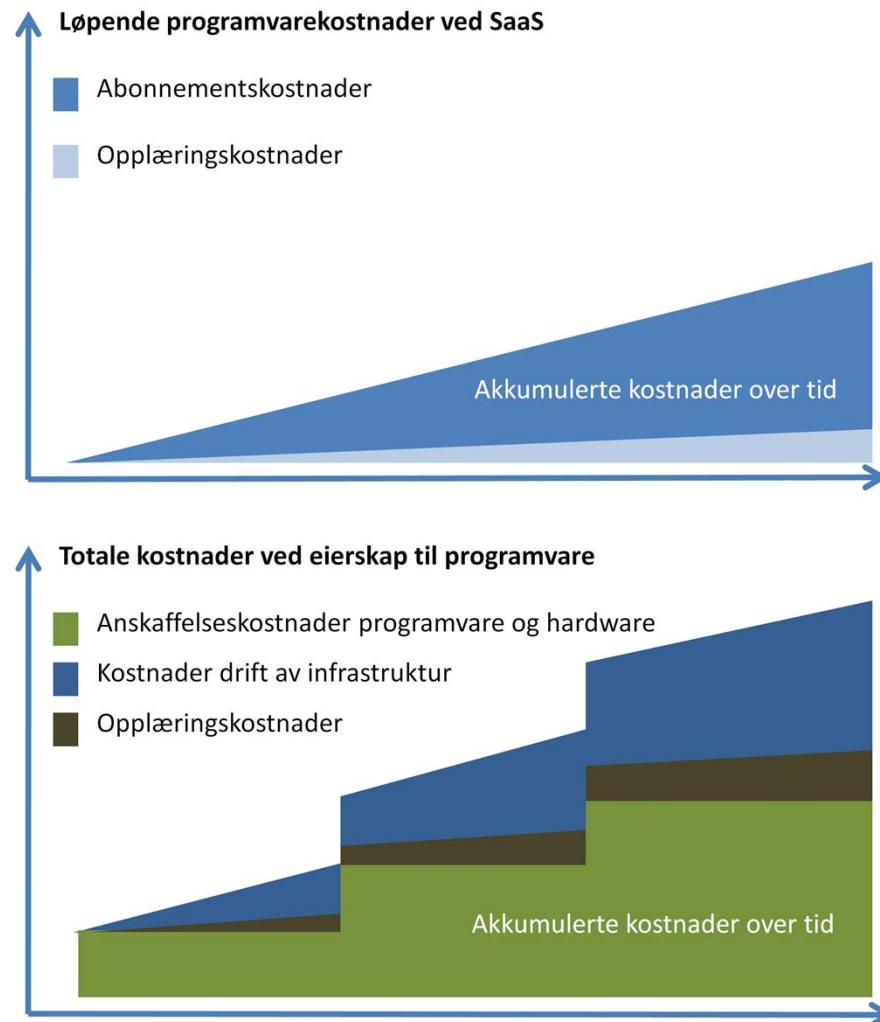
Benefits for the customer

- Small or no initial investment
- No need to develop and maintain complex infrastructure
- More frequent software upgrades at no additional costs
- Always up to date
- Automatic backup of data
- Software can be accessed from any PC with internet connection, not only from the office

Benefits for the provider

- Predictable recurring revenue stream.
- Easier to upgrade/develop software as it resides in the providers premises.

SaaS vs. traditional software



*SaaS is short for Software as a Service and is the term used for software where an application is hosted as a service provided to customers across the Internet through the web browser.



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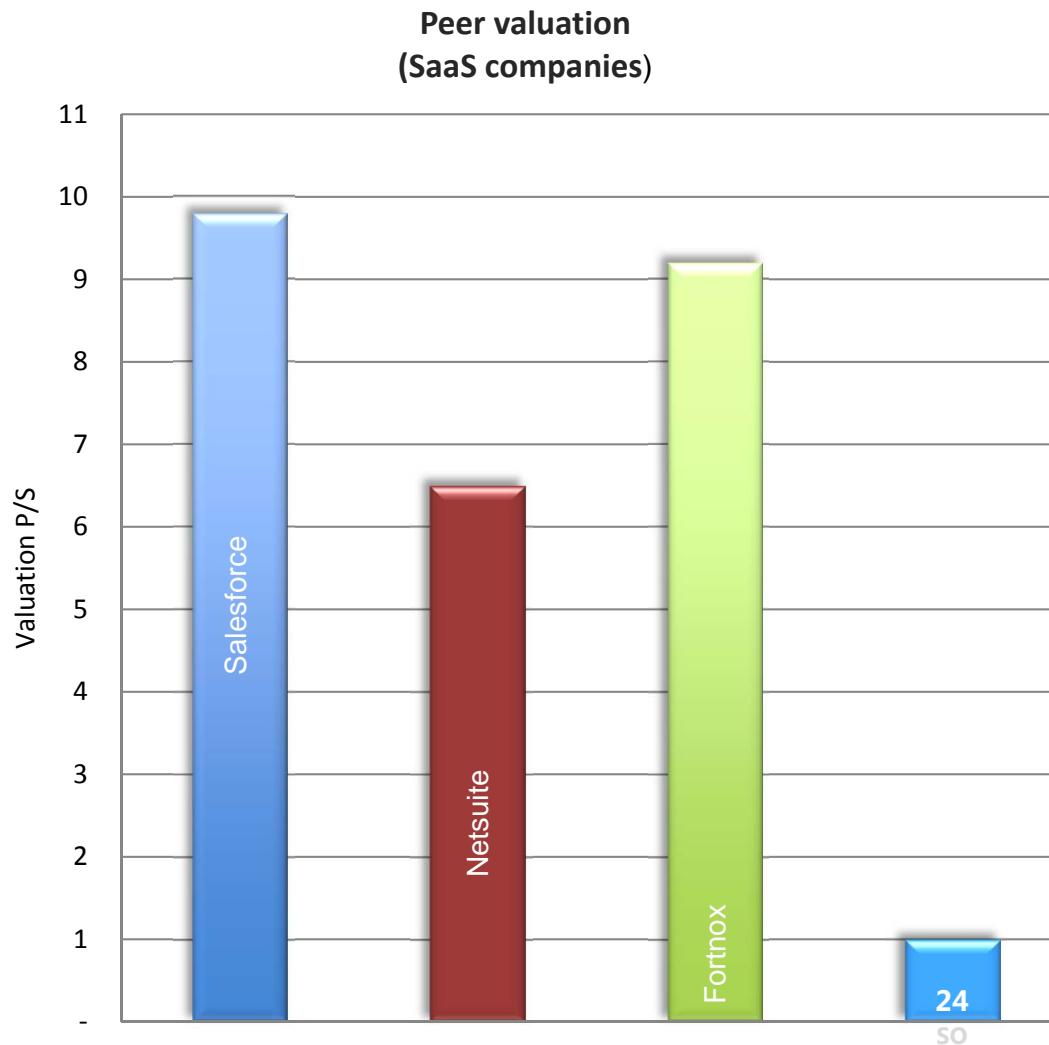
Cloud Computing/ SaaS market growth - according to IDC

IDC predicts that the Internet based cloud computing/ SaaS market for infrastructure, software and services will grow by 27% annually over the next four years , in contrast to traditional license based local installations, that will grow 4% annually during the same period.



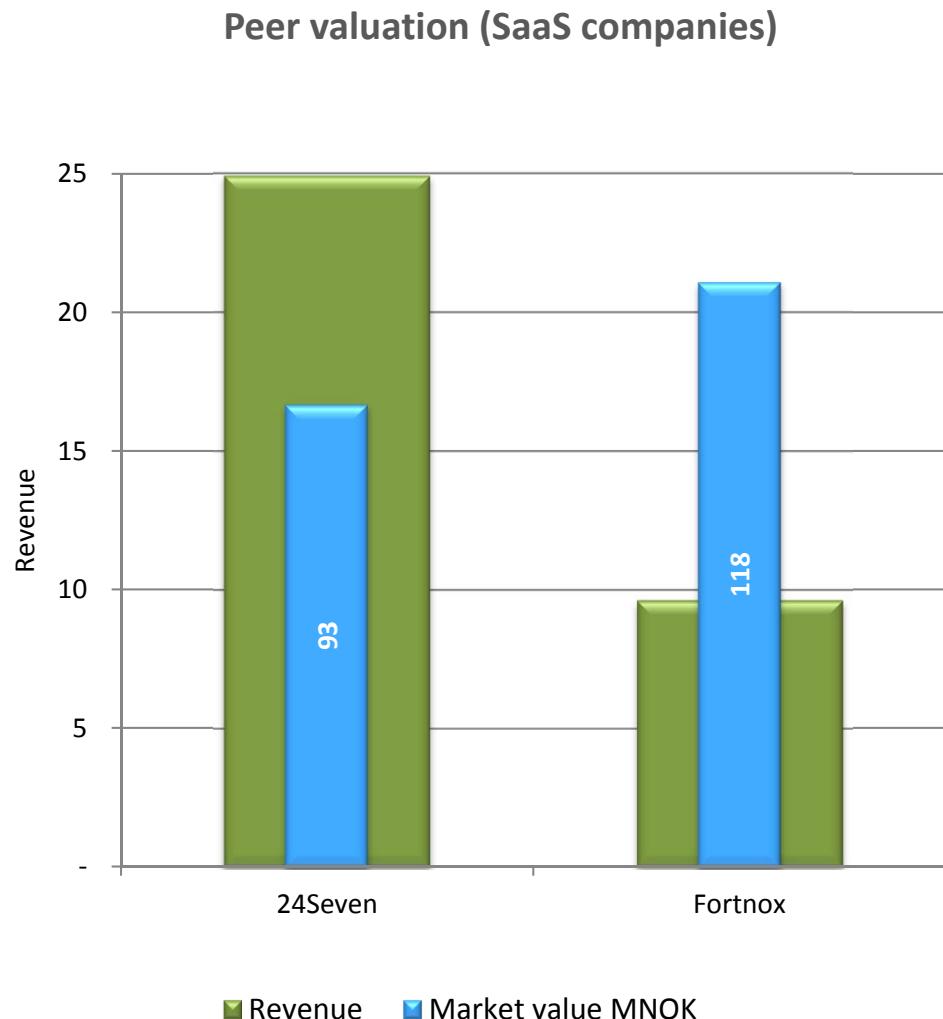
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SaaS valuation internationally



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Peer revenue v.s. market value



24Seven Technology Group ASA

- International growth -



Products



Oyateli 
Bringing Telecom to the Cloud



Status

- Listed at Oslo Stock Exchange, Axess list, in 2007 with focus on high growth, reaching critical mass and show profitability
 - 20 MNOK to over 100MNOK in three years
 - Profitability since 2Q09
- Company structured as a pure technology company with mostly recurring revenue
- Solid cash position after sale of these non strategic business units

Waiting for the right timing

Market

- SaaS have high growth compared with traditional software
- Marketplaces for third party apps getting traction
 - Google
 - Microsoft
 - Apple

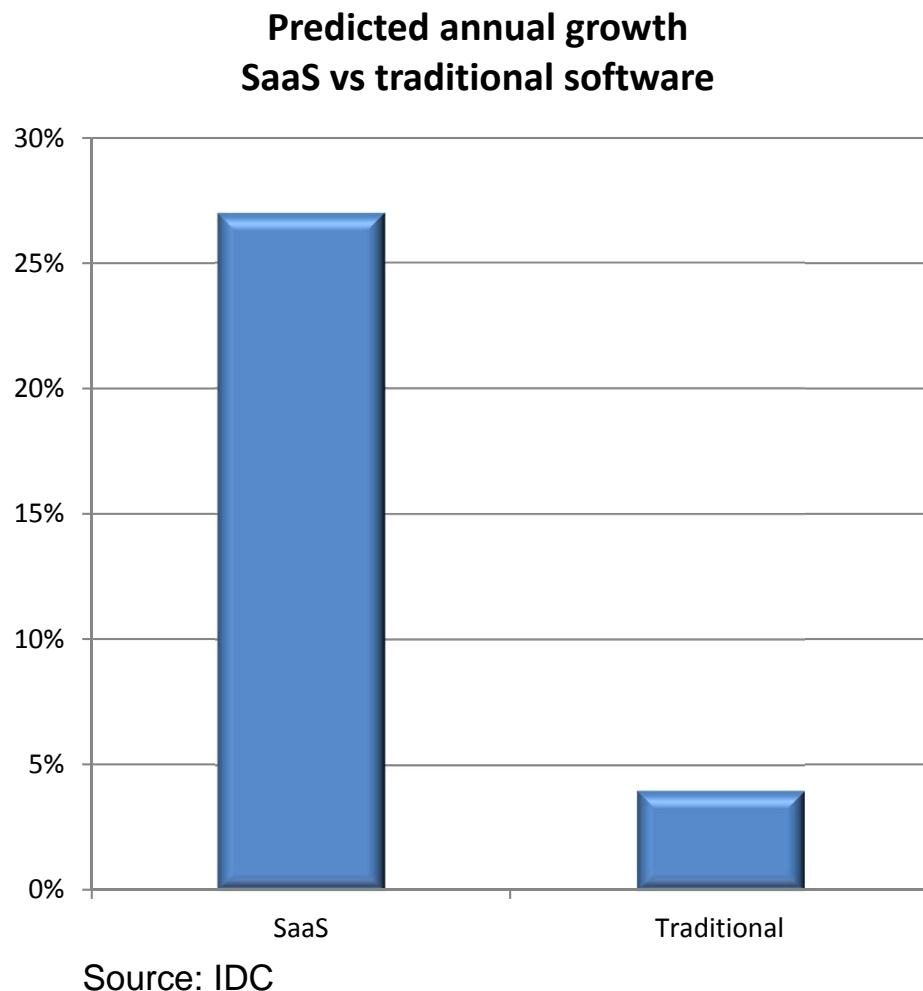
Technology

- We have invested heavily the last three years in preparing products and infrastructure for international growth

Organisation

- Organisation “fully trained” and ready to manage international growth

Market >> SaaS Growth



- 30% of all new software in the business market will be delivered as SaaS by 2012
 - Source: Gartner
- SaaS will be the business standard in the SME market by 2020
 - Source: Social Issues Research (SIRC)
- Transition from traditional software to SaaS will be more a revolution than an evolution
 - Source: Gartner

Market >> Marketplaces

- Google Apps Marketplace promoting and selling third party apps integrated with Google Apps such as Google Docs, Gmail and Google Calendar
 - 25 million users, 2 million companies
 - 3000 new companies every day
- Microsoft Marketplace
 - Will launch in September 2010
- Apple's The App Store
 - 5 billion app downloads since its inception two years ago

Market >> Marketplaces >> Potential

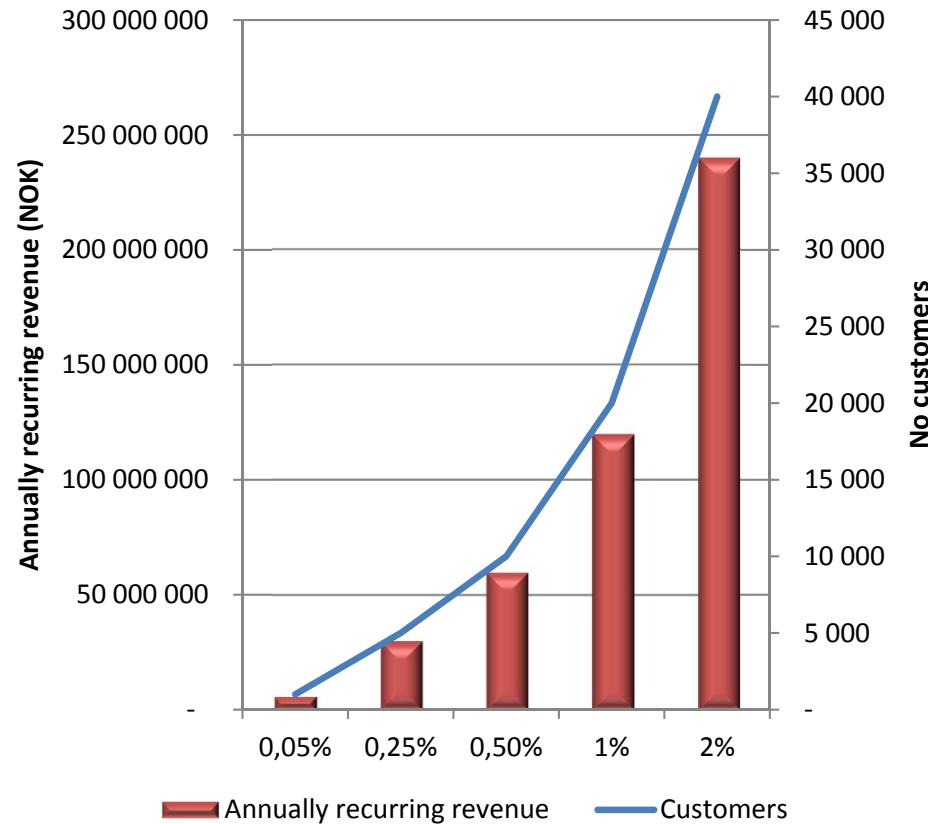


Figure shows potential customers and annually recurring revenue based on how many of existing customers 2 million companies in Google Apps Marketplace start using 24SevenOffice modules. Average price per company is forecasted at 500 NOK per month (compared to 2000 NOK per month today)

- Basecamp has a simple project management solutions with more than 5 million users worldwide and 1000 companies signing up every week
- Angry Bird, a Iphone/Ipad game developed by Rovio and sold on Apple's App Store has sold 6.5 million copies without any advertising

– Source: www.tuaw.com

Technology

- Invested heavily last 3 years preparing the product and infrastructure
- Cross-browser
 - 24SevenOffice was one of the pioneers in AJAX programming and IE was only browser supporting this technology at that time
 - 24SevenOffice core technology cross-browser compatible
 - All new modules are cross-browser compatible
 - Work on all browsers such as Firefox, Opera, Chrome, etc
- International infrastructure
 - Virtualisation of infrastructure
 - Independent of geography
 - Working environment in the US

Technology

- Invested heavily last 3 years preparing the product and infrastructure
- Mobile applications
 - Trend toward mobile workforce and smart phones such as Iphone and Android
 - Developed mobile applications to be launched on Apple's App Store
- Community and viral
 - 24SevenOffice platform is community based allowing users to share information across companies
 - New modules are developed on this platform
 - Effective marketing tool for viral spread (can be compared to facebook, linked in, etc)
- Synchronisation
 - Developed a synchronisation engine that synchronise contacts, emails, tasks and appointments between local computer, Outlook and mobile phones with the web

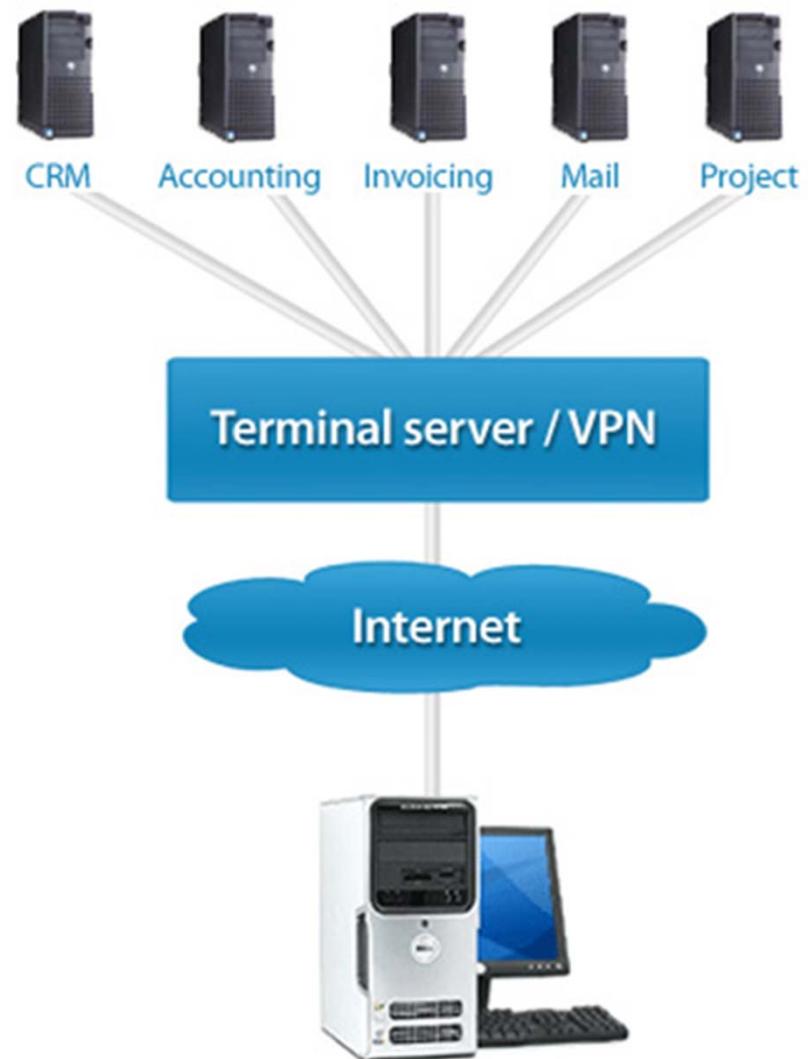
Partner strategy

- Build and develop partner program allowing others to connect with 24SevenOffice
- Increase distribution through resellers
- Closing phase of important strategic US partner

Sales and marketing

- Product and infrastructure investments already taken
- Internationalisation is pure sales and marketing job
- Only variable sales and marketing costs
- All marketing initiatives will be tracked from A-Z for optimising ROI
- All marketplaces are based on revenue share on actual sales
 - Google marketplace listing at \$100 and 20% revenue share
- Google marketing with optimization software where ads are linked directly to sales value
- Viral spread
- Blogs
- Press and analysts
- Social media

24SevenOffice vs Traditional model



Software as a Service (SaaS*) business model

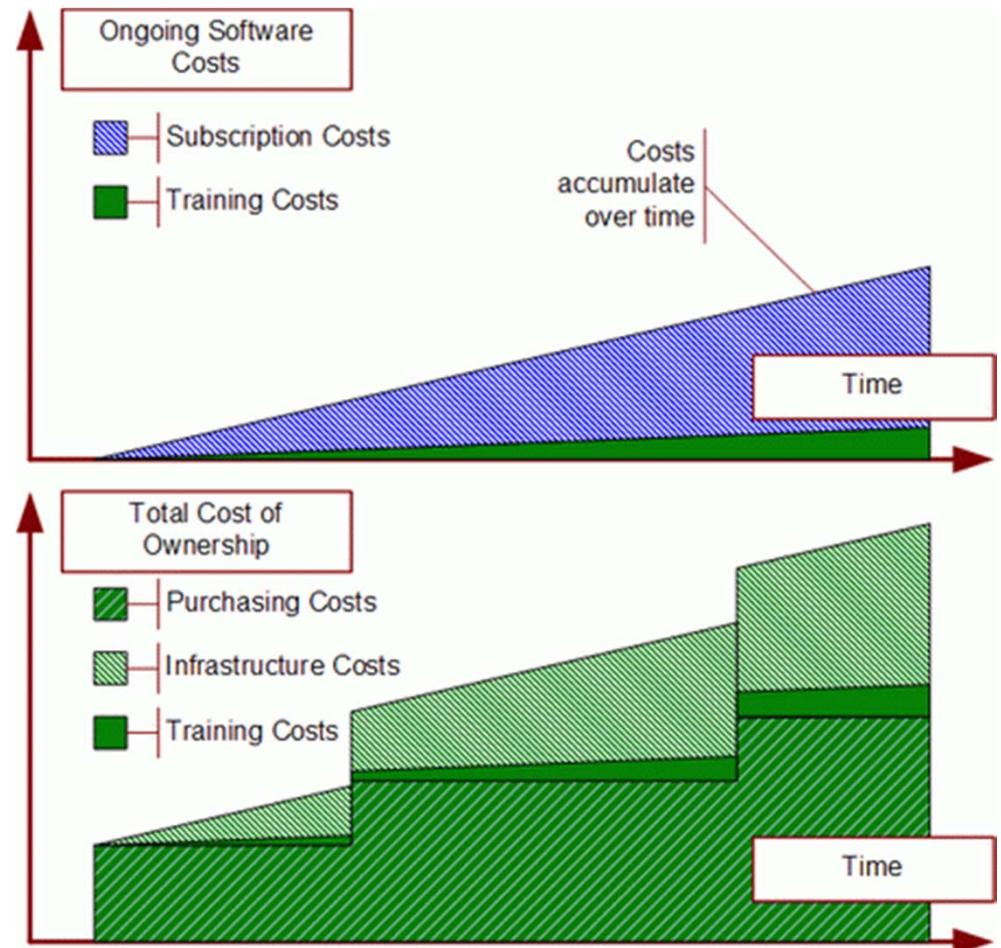
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Source: tynerblain.com

Partners



filial av Danske Bank



Total market size for business software and VoIP in existing SMB segment

Market / region	Total market size (billion NOK annually)
Norway	14
Sweden	27
Northern Europe*	360

*Scandinavia, Netherlands, Germany and UK



24SevenOffice will present its 3Q 2010 figures on November 30th 2010