

NETWORK
INFRASTRUCTURE 

WIRELESS
SERVICES 

TELEPHONY 

ELECTRONIC
SECURITY SYSTEMS 

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PROGRESS REPORT

APRIL 2002

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Dear Customers, Employees & Investors:

I appreciate the opportunity to update you on recent developments at NetVersant Solutions. This report, like previous ones, is intended to keep you informed of our progress. While most privately owned entities do not correspond with investors in this fashion, we view our Progress Reports as an important tool for communicating with the Company's valued shareholders.

ECONOMIC OVERVIEW

With improving economic indicators and expected increasing demand for our service offerings, profitable growth is the central theme for NetVersant in 2002. As we indicated in our December 2001 Progress Report, it was our belief that the business slowdown we experienced in the latter portion of 2001 would be temporary and that 2002 would offer an improved climate for business growth.

While the economy is not yet back at full strength, improved operating results for the first quarter of 2002, as compared to the immediately preceding quarter, have us off to a very solid start and early indications for the remainder of the year are encouraging.

LEADERSHIP FORUMS

The success of our business plan to develop a nationally integrated operating entity is dependent on a coordinated strategy and consistent practices across many geographic locations. Effective implementation of these practices requires our operational leadership to have superior tools to market NetVersant's services and manage local operations.

Identifying and executing these best practices are among the many topics discussed at our Company's Leadership Forums held throughout the year. Key members of senior management from each of our operating locations attend these interactive meetings to share ways NetVersant can increase growth, improve operating efficiencies and further capitalize on our competitive advantages.

The Top Line

At our recently completed April 2002 Leadership Forum, we addressed a number of key revenue growth strategies, including:

- cross-selling opportunities within our existing customer base for our four core service lines - network infrastructure, telephony, electronic security systems and wireless networks;
- specific techniques and marketing tools for expansion of local market business;
- identification and qualification of potential national account opportunities by local market sales professionals; and
- case studies related to multiple service and dedicated service models that have proven successful.

The Bottom Line

In addition to strategies designed to increase revenues, an equal amount of time was dedicated to methods and practices designed to increase efficiency, reduce costs and improve the bottom line. These included:

- key technology tools for analyzing/improving financial performance;
- NetVersant-sponsored project management training programs; and
- cost advantages of national purchasing relationships with key technology manufacturers and distributors.

Our Leadership Forums, which we believe gather the best operating minds in our industry, are an integral part of our strategy because they contribute to increased consistency and standardization of operating methods and processes.

NATIONAL CUSTOMER RELATIONSHIPS

During the first quarter of 2002 and for the first time since NetVersant was formed, national customer relationships contributed significantly to the Company's operating results. While delivering services to multi-location customers has been a strategic focus for our organization since inception, considerable time has been required to assemble a national sales team, create a consistent national delivery model, identify potential target customers and, finally and most importantly, successfully present our service offerings and capabilities to customers that will benefit from a single national service provider.

NetVersant's progress in this area is gratifying because of the significant effort and investment required, and because each success significantly strengthens our resumé as we continue to pursue expanded working relationships with many of the nation's most prestigious multi-location companies. Creation of our NetVersant National division has formalized within our organization the single point of contact service model. For multi-location customers, a single contact for project planning, management, administration and billing increases efficiency and reduces costs. We believe NetVersant is the *only* company today that can truly offer national customers a broad range of technology solutions, consistency of service and process and the critical experience necessary to plan, manage and execute a large, national communications infrastructure implementation. It is an understatement to say that we have high expectations for accelerating growth in this area of our business.

OUTLOOK

We are very encouraged by the increased demand for NetVersant's services during the first quarter of 2002. We believe our discipline during the latter portion of 2001 and the decisions we made to position NetVersant for increased profitability will continue to pay off in the future. Looking forward, our core service offerings continue to be mission critical to customers that desire to remain competitive in a constantly changing technology environment.

On behalf of NetVersant's Board of Directors, I offer our appreciation for your continued support and confidence. Please let us hear from you with any questions or comments.

Respectfully,



Scott L. Fordham
Chairman & CEO

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Watch our website for exciting enhancements, including key information about NetVersant's core business lines.