

ONE

*NetVersant*sm
network solutions for an e-world

PROGRESS REPORT
NOVEMBER 2003

Dear Shareholders:

As we move into the final months of 2003, I appreciate the opportunity to update you on recent developments and continued progress.

In contrast to the last half of 2002, NetVersant has experienced consistent demand for our services and more stable revenue levels through the first nine months of 2003. And while the Company has not yet realized the full benefit of a sustained recovery in technology spending, we do see encouraging business indicators in our backlog and in discussions with customers and business partners. Accordingly, NetVersant has remained focused on executing our business plan and today has fully integrated operations, excellent customer service and a superior multi-location delivery model.

DISCIPLINED MANAGEMENT

Positive business indicators are encouraging and important, but until they translate into revenue growth, we will continue to manage our business at current activity levels. A review of our financial statements provides evidence of our progress in reducing fixed costs and improving cash flow. Since the beginning of 2003, NetVersant has reduced debt by \$7.4 million and cut general and administrative expenses substantially. Gross margins have decreased only slightly on a smaller revenue base, another indicator that we have properly managed our fixed cost structure over the past year. More important, however, NetVersant is well positioned for 2004 and beyond. With an improving economy and increased demand for our services, this more cost-efficient organization will be able to deliver strong profitable growth going forward.

A SHIFT FROM MACRO TO MICRO: ONE NETVERSANT

Key to NetVersant's future success is the continued effort to increase consistency and standardize operations across our various operating locations. The Company has made significant progress to date in the macro with our four core service offerings (network infrastructure, telephony, electronic security systems and wireless networks), national branding program, fully integrated business information system and common employee benefit programs. With these cornerstones now in place, what remains is standardization in the micro: standardization of the routine day-to-day processes employed by each of our Customer Support Centers in order to provide a "One NetVersant" experience for our valued customers. It is a logical next step.

Project pricing and estimating, materials procurement, project management and review, among others, are all day-to-day business processes that will benefit from consistency and be standardized across all operating locations.

Concurrent with this effort, the Company will expand the shared services model used successfully at NetVersant National to centralize or regionalize certain administrative

functions, including, initially, accounts payable, human resources administration, collections and contract administration. This will improve operating efficiency, expand margins and enhance managerial review and oversight.

LEADERSHIP FORUM

The One NetVersant concept was a key topic at our most recent Leadership Forum. These two-day meetings bring together the top operations and financial management from each of our locations. The topics covered at these meetings range from effective selling techniques at the front end of the business cycle to methods for improved collections on the other. Proven best practices for growing top-line revenues and enhancing quality both internally in operations and externally as a service provider to our customers are presented by our business leadership. As a group, NetVersant has the best collection of industry professionals managing its operations, and gathering that expertise and experience in one setting is a significant competitive advantage.

THE NETVERSANT EXPERIENCE

From strategic national endeavors to the focus of One NetVersant, our Company remains mindful that countless companies can install cable, telephone jacks and door readers. What makes NetVersant different is consistency, reliability and unmatched service, supported by strong technical training, our national Call Center and other customer-focused initiatives. These attributes are acknowledged contributors to ultimate customer loyalty.

We are dedicated to providing a unique "NetVersant Experience" for our customers based on how we act and interact. From the reception desk to billing, scheduling, on-site technical execution and every position in between, customers expect us to be polite, prompt, professional and appreciative. Across the Company, our employees recognize the NetVersant Experience as a key component of our corporate culture.

LOOKING FORWARD

The Board of Directors joins me in offering our continued appreciation for your confidence and support. As we strive to make NetVersant Solutions an even greater organization in 2004, please let us hear from you with questions, comments and customer opportunities.

Respectfully,



Scott L. Fordham
Chairman & CEO

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