

Location is everything



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PROGRESS REPORT
AUGUST 2001

Dear Customers, Employees & Investors:

I am pleased to update you on recent developments and discuss several important internal initiatives underway at NetVersant Solutions.

As you are aware, the media is full of articles and stories about softer economic conditions and, without question, the first half of 2001 has been challenging. Many companies, including technology manufacturers, suppliers, service providers and other firms in our industry, as well as many of our customers, have experienced significant contractions in their businesses. While NetVersant was impacted by reduced business activity in certain of our markets, our revenue for the first half of 2001 was unchanged from the corresponding period in 2000, a significant accomplishment in light of the current economic environment. More importantly, we believe these conditions are temporary and that NetVersant is uniquely positioned to emerge even stronger given our size, scale and service scope.

Regardless of economic cycles, NetVersant's operations continue to focus on a long-term strategy encompassing customer diversity, a complete range of complimentary services and our appeal to multiple location customers. Pursuit of this strategy will deliver a more stable, recurring and diversified revenue stream, an important advantage in any economic climate.

KEY BENEFITS FOR MULTIPLE LOCATION CUSTOMERS

We continue to observe a positive trend toward consolidation of supplier bases by many multiple location customers, further supporting our position as the logical service provider of choice. As the premier national provider of comprehensive network infrastructure solutions, our Company is uniquely positioned to offer many key benefits to multiple location customers:

- **a single point of contact** who oversees a project from inception through completion;
- **a quality assurance process** for optimal performance, peak efficiency and reliability of multi-location systems;
- **customer responsiveness** with a complete spectrum of branded services executed by highly trained technicians; and
- **an ease of doing business** as a result of our national footprint, extensive technical capabilities and streamlined processes.

Reflecting our strength, Avaya has approved NetVersant as the only fully nationally authorized Value Added Reseller (VAR) for SYSTIMAX® Structured Connectivity Solutions that serves all 50 states.

LOCATION IS EVERYTHING

We are continuing to identify key markets for geographic expansion. Since our April 2001 Progress Report, NetVersant has opened offices in Denver, Colorado, and Reno, Nevada, as part of our ground-up, customer-focused expansion program. Our Company also has near-term plans for new operations in Dallas, Texas, and Phoenix, Arizona.

These four cities are dynamic areas with high demand for our array of services, and we are excited about the opportunities available to NetVersant in these new markets.

INTEGRATION UPDATE: STANDARD BUSINESS PROCESSES

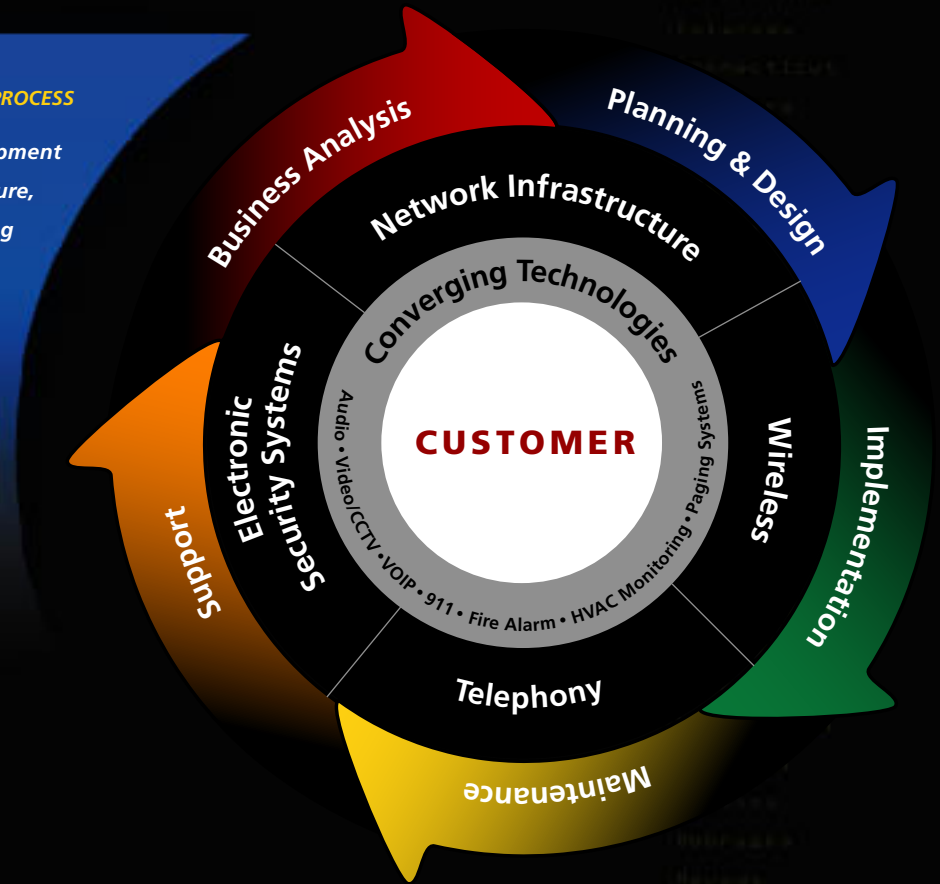
With NetVersant focused on our long-term strategy of building a fully integrated company, we continue to make strategic financial and personnel investments that push toward standardization and consistency. We are confident that the return on these investments — streamlined processes and operating efficiencies — will further strengthen our ability to serve customers and propel NetVersant's operations to an even higher level.

NetVersant has established a standard business methodology to guide our 28 locations. We have documented processes and procedures for a wide range of day-to-day operating activities to increase consistency and reliability. Documentation and adherence to an established NetVersant business model will enable our operating locations to successfully deliver consistent, high-quality services to customers.

- **Oracle Business Information System.** This project is progressing on schedule, with more than half of our operating locations now converted. The Oracle Business Information System should be fully operationally across the Company by year-end, completing another important step toward establishing consistent operating methodologies and procedures.
- **Workflow Management Tools.** NetVersant has implemented a new web-based workflow system for project management to standardize the reporting of job status, manpower requirements and completion estimates. This system serves as our central information source for scheduling, document management and collaboration. Representing a valuable addition to our workflow management process, this system supports the logical allocations of resources against scheduled tasks while communicating project progress in a collaborative, real-time fashion.
- **Cost Estimating and Proposal Preparation.** We recently selected and are currently implementing across our operating locations a common estimating software program to enhance our local, regional and national account opportunities. Using an established NetVersant methodology, this streamlined process will result in more uniform estimates and improve our proposal preparation process.
- **Salesforce.com.** This company-wide sales management and development tool is a web-based application for managing and sharing customer information. As a powerful on-line Customer Relationship Management resource, Salesforce.com improves NetVersant's ability to recognize, acquire and retain

NETVERSANT NETWORK QUALITY ASSURANCE PROCESS

NetVersant's proactive business development endeavors, woven into our corporate culture, are driving additional growth at our operating locations. The Company is working diligently to ensure that each location provides NetVersant's complimentary core service lines: local and wide area network infrastructure, electronic security and access control systems, wireless network installations and high-end telephony systems and applications. NetVersant is strategically positioned as the premier single resource for an extensive range of complimentary, value-added services.



customers by (i) efficiently and automatically capturing and measuring returns on our marketing investments and strategic alliances, and (ii) increasing productivity while producing timely and accurate insight about our existing and prospective opportunities.

- **Call Center.** NetVersant plans to unveil a toll-free telephone number during the third quarter to streamline service requests, dispatch technicians and route customer inquiries. This centralized process will move forward our service strategy for customers to conduct business at NetVersant with our one phone number and one contact person protocol.

ORGANIZATIONAL ENHANCEMENTS

Two significant senior leadership additions have bolstered NetVersant's marketing team. Our new Vice President - Business Development will focus on identifying, developing and managing strategic relationships and partnerships with manufacturers, distributors and customers. In addition, as part of the Company's focus on expanding our electronic security systems business, NetVersant has added a Vice President - Electronic Security Systems to lead our efforts for this service line.

COMMUNICATIONS ENDEAVORS

Since inception, NetVersant has placed a high level of value on our communications with investors, employees and customers and I am pleased to inform you that our communications excellence

has been recognized by experts. NetVersant has won several local and national awards for our web site, Progress Reports and marketing materials from such respected industry groups as Public Relations Society of America, APEX Communications Concepts and Warwick Publishing. To further enhance the NetVersant brand, we are currently developing additional literature to better educate customers about who we are, what we do and where we do it.

CLOSING COMMENTS

Given NetVersant's unique combination of size, geographic coverage, technical expertise and customer fulfillment capabilities, we remain positive about our future. Each person associated with NetVersant — employees, customers, investors, vendors, suppliers — plays an important role in our success. On behalf of the Board of Directors, your continued support and confidence is appreciated. As always, please let us hear from you with any questions, comments or suggestions.

Respectfully,

Scott L. Fordham
Chairman & Chief Executive Officer

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Watch our website in fall 2001 for exciting enhancements, including key information about NetVersant's core business lines.