Positioning White Paper

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Introducing Cynocom

The Internet has been, among other things, an equalizer.

It has given small- to mid-sized businesses (SMBs) a playing field on which they can compete effectively with much larger corporations. Industries which heretofore have required enormous investments in marketing – commonly 25 to 30 percent of revenues, or more – to establish even a presence (much less market leadership) are being completely transformed. Small players with modest resources are bypassing traditional brick-and-mortar operations and reaching directly into their customers' homes and offices, through the World Wide Web.

> While the economy begins to slow down, economists continue to measure productivity gains, citing broadening adoption of IT and Internet-based business processes. One of the most important of these is e-Service.

After more than a decade of unprecedented growth, the economy is slowing. But analysts expect the growth of at least one sector of the economy – Information Technology and Services – to continue being robust. IT adoption and e-commerce methods, especially the emergence of Customer Relationship Management strategies emphasizing stronger, more intimate ties between firms and their customers, have fundamentally changed the way business is done.

"e-Commerce" has brought huge productivity gains, compressed product delivery cycles and effectively made all markets global, 24-hour-a-day markets. Customers have virtually unlimited choice, and the ability to specify what they want, when they want it. As suppliers compete to tailor their products and services to individualized demands, differentiation between products is increasingly difficult to sustain. Often, the only sustainable differentiator is the quality of the relationship with the vendor – in other words, fast, effective customer service.

The most important component of this revolution is **e-Service** – the ability to provide fast, effective customer service and support over the Web. As a result, service delivery, and survival in the marketplace, has become more IT-dependent than ever before.

Enterprise systems management technology has become an essential asset for IT departments in large corporations. While it helps to maximize system availability, increases productivity and ultimately saves money, enterprise systems management technology requires a large investment in technology and services that has been beyond the resources of SMBs. Many SMBs have IT

infrastructures sophisticated enough so that the companies could benefit materially from these tools, but the cost of enterprise systems management technology, generally run in a client/server environment, is simply too high.

Systems Management:

A set of management disciplines designed to insure that service level agreements are met and that growth can be managed without impact on the quality of end-user service. Some key functions are:

- **Problem Management**: The process of managing problems, incidents and critical situations from their detection through their final resolution.

- **Change Management**: The process that insures there are no disruptions to service when changes are made to the systems, network, databases and applications.

- **Configuration Management**: The collection of facilities and processes needed to plan, develop and maintain the operational properties and interrelationships of resources within the enterprise.

- **Operations Management**: Deals with tasks that plan, distribute, evaluate, and control workload.

- **Performance Management**: Addresses the effectiveness with which information systems deliver services to their customers

A key determinant of success or failure in the current economy is the availability of strategic IT assets and applications. Larger, more mature companies have had the IT resources to manage enterprise networks efficiently; small to midsize businesses have not. The Internet can change this entire equation.

Cynocom levels the IT playing field

Cynocom Corporation provides Internet-based technology that enables these mid-sized companies to have the benefits of systems management at a fraction of the total cost of enterprise tools. The Company accomplishes this by delivering sophisticated systems management tools, hosted by Cynocom, via the Web – a powerful, platform-independent, scalable medium for systems management.

Cynocom's first offering, **iAsyst™**, provides a cost effective, scalable solution that maximizes application availability through self-healing and proactive monitoring. ASP delivery of iAsyst enables Rapid Time To Benefit (RTTB), lower Total Cost of Ownership (TCO) and superior scalability. iAsyst, enables people-

to-people, machine-to-people and machine-to-machine support. Stated simply, as network usage grows, businesses of any size can support a larger network infrastructure with fewer people if they employ iAsyst. With iAsyst a company has the capability to route electronic or human requests to the person or group that is best equipped to handle them.

Because iAsyst is offered as a hosted subscription based service, it makes Enterprise level capability affordable for SMBs. By hosting the system on its own servers, Cynocom obviates the client's need for local network infrastructure dedicated to systems management. That means the client's IT professionals can concentrate on developing and maintaining the tools that contribute directly to productivity.

Cynocom's technologies can be deployed across – and can be used to support – communications channels including the Web, multiple server and operating system types, and many kinds of wireless devices – the tools that make companies competitive. They represent the **Fourth Utility** – along with power, water and phone service – providing the pipeline for enterprise information services.

Cynocom sells through established Value Added Resellers (VARs) who focus on the SMB market and departments of large corporations. Forrester Research reports that 54% of SMB's utilize resellers for IT purchases. As a Premier Citrix Business Alliance Partner the Company has initially leveraged the Citrix VARS and plans to establish a strong presence in the IBM and Hewlett Packard VAR channels in 2001.

What are the specific advantages of a hosted solution?

Providing systems management tools through an externally hosted solution makes it possible to have this advantage without owning a rapidly depreciating network infrastructure to house it. Remote hosting enables Cynocom to leverage its software assets so that costs are shared among multiple client companies, any one of whom would be reluctant or unable to license such tools for its own IT department.

Nor is it necessary to devote scarce technical manpower resources to installing, maintaining or upgrading the systems management software. Because they do not have to be responsible for systems management tools, IT staff can be trained more quickly and brought up to full competence faster on applications and hardware closer to the company's business priorities.

When system upgrades take place, this process is largely invisible to the client company. It takes place at the host facility, without an interruption in service and requires no direct involvement of the client's IT management or staff.

What does Cynocom actually sell?

Cynocom markets a combination of internally developed, proprietary technology, tools licensed from third party developers, and partnerships with industry leaders such as Hewlett-Packard, Ripple Technologies and Citrix. Cynocom can deliver cost-effective end-to-end solutions based entirely on its own branded technology, or solutions that leverage high-end tools like HP-OpenView, in cases where the customer already is committed to these tools.

Real-time Monitoring

- Event logs
- Services
  - Health
  - Restart
  - Reboot
- ASCII logs
  - Changes and text matches
- Performance Counters
  - NT Systems and Application Counters
- TCP/IP Devices
  - Systems
  - Routers
  - Web Servers
  - Mail Servers
  - Print Servers, etc.

All Monitoring and Filtering is Done at the AGENT Level for *Fast* Real-time Response

Cynocom's tools monitor a wide range of events in real time.

While Cynocom's solutions are distinguished by being entirely Web-centric, Java-based, and remotely hosted, they can be tightly integrated with conventional client/server and other legacy systems management tools. Thus, Cynocom can take advantage of opportunities within SMBs, where it can supply a complete solution, or in much larger enterprises where it can provide point solutions and technical expertise to enable successful, Web-based systems management.

Either way, Cynocom's technology is far less expensive than conventional solutions that must be licensed and maintained in-house by highly-paid network engineers. The IT department also is spared the expense and upheaval each time the software undergoes a version upgrade, as these changes are managed not at the customer's site, but at Cynocom's host site.

Cynocom's flagship product is **iAsyst**, an eManagement solution that takes requests for information, help, support or system management alerts and automatically routes them to the group best suited to respond. iAsyst provides extensive tracking, escalation and automated control of each service request. It provides a common solution that can be applied to a broad range of internal and external

business process communications and support issues.

iAsyst includes a Web-based eSupport tool which can replace the traditional telephone interface to the call center for management of help desk problems. This includes the capability to route electronic or human requests to the group that is best equipped to handle them on the first pass. Cynocom can provide additional eManagement solutions through integrations with the iAsyst infrastructure.

iAsyst also incorporates a real-time full duplex chat facility between the person making a request and the agent responding. It also allows the ability to drag and drop pertinent information (i.e. web pages, technical documents, procedures or marketing materials) directly to the desktop.

Other Cynocom eManagement solutions include:

iRelay for OpenView ä is a system management software plug-in that runs with the enterprise management platform from Hewlett-Packard's OpenView. It automatically relays system alerts to the iAsyst eManagement infrastructure, where a problem ticket is created and routed to the proper service technician. iAsyst then notifies the end user helpdesk of any system, server or application outage.

iRelay for Windows NT ä is a systems management application for NT server domains where the customer has not installed OpenView™. It monitors the domain servers, software, applications, routers, printers, hubs, and firewall. Upon detection of an outage, a system alert is sent to the iAsyst eManagement platform for routing to the proper support group. It will attempt to restart any application or printer before sending the system alert.

What types of organizations can benefit from Cynocom's approach?

Any organization that has a mission-critical IT infrastructure sophisticated enough to benefit from systems management and monitoring can leverage the power of Cynocom's technology. Clearly, SMBs have the most to gain from the economic advantages of Cynocom's solutions, given their limited IT resources and budgets and their urgent need for e-business tools to maintain their competitiveness vs. larger companies.

Cynocom's technology also is ideal to power an emerging class of IT services outsourcing company: The Management Service Provider (MSP). MSPs offer provide subscription based services that include monitoring network status and security, software

delivery and maintenance, reporting, and other services related to corporate networks. The consulting firm IDC estimates the worldwide market for MSP services was $78 million in 2000, and that it will grow to $524 million by 2004.

Outsourcing infrastructure management is not new in IT. What is new is the burgeoning demand for these services because of the e-business revolution and the availability of remotely hosted systems management tools like Cynocom's. What distinguishes MSPs from other outsourcers is their use of such tools to bring the costs of these services down, by leveraging their staffs and technology across multiple subscribers. Cynocom can provide essentially all the tools an MSP needs to provide these services.

But the iAsyst architecture can manage virtually any contact center operation, particularly where robust systems management capabilities are needed but the budget is constrained.

Some examples of customers Cynocom serves directly include:

- Municipal Governments – Using the Internet, a cost-effective solution can resolve interdependent support issues between different departments of government; speeding up the process of requests and orders through static bureaucracies, improving services to employees and constituents, without significant capital investments. The City of Oakland Park, FL is one of Cynocom's first government customers.

- Insurance or financial services firms can use Cynocom's technology improve customer satisfaction with services provided to insurance agents and their customers. By using a hosted solution, the customer service managers of these companies can bypass the annual process of justifying additional capital purchases to keep up with technology, as well as a significant proportion of the cost of training for technical personnel.

- Security services companies can improve their overall quickness to identify security issues and respond to them, leveraging the increasingly sophisticated wireless technologies that enable mobile field forces to respond to incidents and alerts.
- Property management companies can provide more inclusive services in the base lease to retain high-value tenants and attract new ones. The tenant can report and

> monitor facilities issues through a browser or wireless device to the property management firm. The firm can even offer tenants the use of its iAsyst system for their own service and support needs, as a differentiating service.

iAsyst and the infrastructure technology to support it was developed by Novasoft, an innovative web software company based in Burlingame, CA. Its architecture is Java based, and its compliance with industry standards such as Java Data Base Connectivity (JDBC) insures that it can leverage a wide variety of software components.

iAsyst Help Desk Architecture
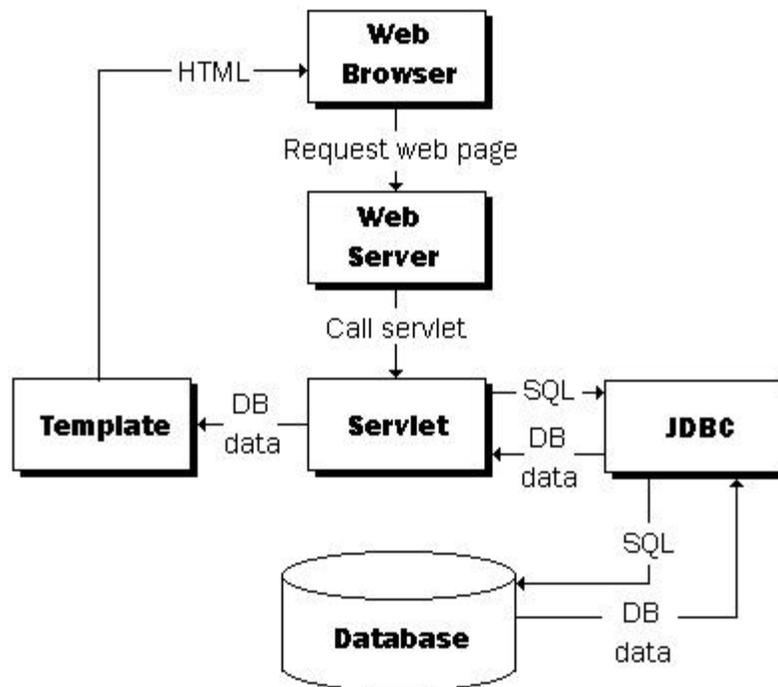
The architecture is new and developed specifically for the Web – unlike older Customer Relationship Management (CRM) or help desk tools that were developed originally as client/server applications. Most of these older tools still include client/server components for important functions on the user's desktop, and therefore require the user to install software on his local hard drive – software taking up significant memory and disk space. Cynocom's tools are hosted remotely; they require the user only to have a common Web browser.

Is Cynocom an ASP?	Cynocom's delivery of a hosted solution is in some respects similar to the Application Service Provider (ASP) business model. But Cynocom is not, strictly speaking, an ASP. The company hosts only its own technology – this is different from the vendor-neutral, hosting-for-hire model of a conventional ASP. Cynocom's model is much closer to that of an independent software vendor, enabling Cynocom to command higher gross margins than the typical ASP. As a result, it has a more stable revenue base and can be a more stable partner to its customers. Along with the recurring rent on its applications, Cynocom derives revenue from professional services to develop a complete, tailored solution for each customer, integrating its tools where necessary with legacy systems.
How does the organization measure a return on its investment in Cynocom's technology?	The ROI from Cynocom's technology begins with iAsyst and the shifting of customer contacts from the phone to the web. It is now well accepted that high percentages of customer calls – requests for problem resolution, product or service information, order fulfillment, passwords, policies and procedures, etc. – can be managed through e-mail or Internet form submissions as effectively as they are by phone. Many customers in fact prefer this mode of communication, as it eliminates long waits in phone queues and gives the customer a sense of control over the interaction. And the economics of "customer self-help" are enormously attractive to companies, because people are by far the most expensive assets in call centers, and diverting contacts to the Web enables cost-constrained call centers to do far more with static or declining resources. iAsyst provides an inexpensive, hosted platform for customer self-support.

How much of an impact can this really have? If the call center is staffed according to the volume of calls it receives, the effect can be very significant.

Diverting customer contacts to iAsyst would enable these issues to be resolved by specialists who do not also have to take calls, so these issues can be resolved more quickly and accurately. The diverted calls will tend to be those issues that are less severe and less urgent – but these typically make up the bulk of a call center's volume, often 85 to 95% of all calls.

The actual call center staff will tend to receive the more severe and pressing issues, but can handle them quickly and effectively because they are not burdened with as many routine problems such as lost passwords or how-to questions. As a result, the call center can manage a rapidly rising call volume without sharply |

increasing head count. If the call volume is growing more slowly, the call center may in fact have the opportunity to reduce its staff, and its payroll.

Example:

- A call center employs **12 agents** at a monthly payroll expense of **$42,000**;
- It receives an average of **3000 calls,** resulting in **2500 problem "tickets," per month**;
- Most of the issues it handles – **85% – are routine and simple**, but **5% are "Severity 1"** and **10% are "Severity 2."**

If significant proportions of these tickets – especially those for the more routine problems – can be diverted to iAsyst, then there will be substantially fewer calls.

If customers submit **90% of the routine issues** through iAsyst, along with **75% of the Severity 2 issues** and just **25% of the Severity 1 issues**, then the staff can spend **85.25% less time on the phone**.

If the center can, consequently, reduce its staff or at least control its growth to maintain a constant calls/agent ratio (not possible in every case, but a useful benchmark nonetheless), then there is an **85.25% reduction in agent payroll costs -- $35,805 per month or $429,660 per year**.

These figures apply to any solution that enables the call center to provide Web-based self-help. The difference with iAsyst is the cost; the fully burdened cost of implementing a licensed Customer Relationship Management software tool, installed and supported in the company's own webserver, will be in six figures, possibly as much as the projected annual payroll savings. By contrast, the monthly rental fee for iAsyst is substantially less than the projected monthly payroll reduction. So **iAsyst provides a significant return on investment in the first month.**

The organization can realize even greater savings from automatically monitoring network availability and security to improve system uptime, vs. responding to events as they occur. The developers of systems management software, such as HP and Computer Associates, have clearly demonstrated the cost-effectiveness of proactively managing the health of networks, even given the high price of owning these tools and using corporate IT resources to maintain them. If the prospective subscriber has no systems management framework in place, the same argument (focused on the cost of application outages) holds for Cynocom's hosted approach.

But the total cost of ownership (TCO) of the hosted solution is clearly lower than that of licensing the enterprise tools. The key

costs to focus on are:

- The initial cost of the license for the enterprise tools, vs. the contract rental fees for the Cynocom software;
- The cost of hardware and network infrastructure to house the enterprise systems management software – costs which are eliminated in the case of Cynocom's hosted solution;
- The annual maintenance fees, generally in the neighborhood of 18% of the license fee for the enterprise software, *annually*;
- The cost of training IT personnel to use and maintain the enterprise systems management tools, costs which do not apply to the rental of Cynocom's software;
- The speed of implementation of the Cynocom tools, vs. the installation of the enterprise tools; and
- The cost of the disruption when the enterprise systems management tools go through version upgrades.

Conclusion

The market needs an e-Support infrastructure that improves service through more timely response and improved application availability. Cynocom provides a solution that improves call center efficiency, increases application availability and customer satisfaction. How?

- By shifting telephone volume to the web which permits for improved workload balancing and allocation of resources.
- By increasing application availability through proactive monitoring, self-healing and remote access.
- Increased application availability leads to increased customer satisfaction.

Cynocom is responding to this urgent need by providing a robust, extensible event management platform for the efficient support of IT and other resources, in the context of limited availability of skilled personnel. It's a simple business idea, and it makes Cynocom the ideal source for enterprise customer support solutions.