



Clarity Now

2005 IntelliClear Annual Report

YOU MAY ASK what a private company is doing issuing an annual report? Although such an endeavor is unusual, IntelliClear believes such an effort is literally required when you do business with the titans of industry. As our clients and prospects consider doing business with IntelliClear, it's only fair that IntelliClear provide a forthright overview of our business for review and consideration.

2005 will be remembered as the year IntelliClear established its name and reputation in the IT industry. Coming off a wildly successful company launch in 2004, IntelliClear substantially increased the number of project completions and revenues in 2005, while averaging an astounding four projects per client, indicating a high degree of customer satisfaction, confidence, and trust. IntelliClear's unyielding pursuit of excellence leaves little time for celebration and reflection of these great achievements and more time spent on continuous improvement in operations and results-oriented project delivery.

2005 Milestones

- IntelliClear increased integration efforts with partner network participants, leading to streamlined communications, greater operational efficiency, and higher quality deliverables
- IntelliClear completed 25% more projects and increased the average value per project by 39%
- IntelliClear experienced steady growth in the adoption of multi-vendor data synthesis services as clients embrace secure data exchange leading to increased ROI from the unbiased analysis of re-purposed syndicated data.
- IntelliClear experienced explosive growth in tactical business services adoption as clients become more aware of IntelliClear's capabilities beyond market research and data synthesis
- IntelliClear added an office in Colorado Springs along with the installation of a voice over IP (VoIP) telephony system, allowing seamless communication between domestic and ad-hoc international offices
- IntelliClear drew national media exposure from the publication of seven global technology whitepapers
- IntelliClear initiated the Clarity Trust, donating 1% of its corporate net income to a Houston-based charity, while donating additional funds and labor to help victims of Hurricane Katrina

2005 Financial Highlights - Year Ended December 31, 2005

- Revenue trend: 74.3% increase in revenue year over year
- Cost of Research trend: 7.8% increase in COR year over year as a percentage of revenue
- Expense trend: 9.9% decrease in OPEX year over year as a percentage of revenue

2005 Clients

IntelliClear's client strategy is to focus on servicing a small number of diversified multinational corporations, allowing for participation in projects across multiple technologies, markets, and geographies. This strategy allows for optimal client servicing and coverage, while limiting competitive conflicts and revenue dependency exposure. 65% of IntelliClear clients are from *The Fortune 500*.

100% of the IntelliClear projects for 2005 were repeat business, with an average of four projects per client and a 39% increase in the average value per project from 2004. The ongoing acquisition of higher value repeat business points to a strong track of record customer satisfaction, leading to deeper vertical penetration across multiple departments and divisions for clients.

"Intel benefited from the experience, perspectives, and recommendations of IntelliClear across a wide variety of market research and strategic business projects in 2005." Victoria Quintana, Intel Corporation Americas Marketing Group

Laying the Foundation

In 2005 IntelliClear for the first time published formal written statements for the vision, mission, values and non-compete policy of the company, leaving no ambiguity as to the firm's business fiber and purpose:

IntelliClear's Vision: To develop a team of skilled personnel and partners who desire to leverage industry experiences and problem solving expertise to help clients better understand market dynamics and develop successful go-to-market strategies.

IntelliClear's Mission: To bring clarity to IT market intelligence by delivering results-oriented research, responsive industry experience, and effective data synthesis - leading to confident go-to-market plans. The mission of IntelliClear is *not* growth of the company, but rather to delight customers while doing something that we love to do.

IntelliClear's Values: We are a client-focused company that believes the following core values will drive our success and build valued relationships with customers, partners, suppliers, and employees: Integrity, Thought Leadership, Execution, Flexibility, Compassion, Innovation, and Humility.

IntelliClear's Non-Compete Policy: In order to maintain the highest level of integrity as a company, avoid conflicts of interest, and protect clients' intellectual property, IntelliClear employs a disciplined non-compete policy. This policy evaluates each project on a three-vector basis across Technology, Markets, and Geographies. IntelliClear's policy is to not accept projects for two or more competitors in a span of less than 12 months in cases where these three vectors coincide.

2005 Services and Coverage

As a market research and business consulting firm committed to the delivery of actionable market intelligence to the global IT community, IntelliClear delivered four key categories of services in 2005:

- **Qualitative Primary Research** – including focus groups, one-on-one interviews, and mystery shopper
- **Quantitative Primary Research** – including surveys and conjoint analysis
- **Multi-Vendor Data Synthesis** – including analyzing of data from world class vendors such as IDC, Forrester, In-Stat, Gartner, AMI-Partners, TBR, Parks Associates, and others
- **Tactical Business Services** – including market segmentation, go-to-market strategies, segment classification gearboxes, white papers, workshops, and presentations

IntelliClear leveraged the experiences of seasoned IT and market research professionals, while utilizing its global network of industry consultants and research partners, to execute a wide variety of strategic projects across a broad spectrum of geographies and disciplines in 2005:

- **Geographies:** US, UK, France, Germany, Italy, Poland, Turkey, Russia, India, Australia, Brazil, Mexico, China, and Japan
- **Sectors:** Consumers, small-medium-large businesses across multiple vertical industries, IT service providers (VARs, resellers, integrators, etc.), and technology distributors
- **Categories:** Hardware, Software, Services, and Sales & Marketing Programs
- **Technologies:** PCs, Servers, Handhelds, Storage, Tablet PCs, VoIP, Printers, Wireless, Software Applications Software Licensing, and Internet Services

2005 IntelliClear Partner Network

2005 was a year of process refinement and relationship building for the IntelliClear Partner Network (IPN). The IPN makes available over 500 full-time domestic-based resources in the US, with access to hundreds more through out the world in 65 different countries. Partners such as Lieberman Research Worldwide, among the top 20 US custom research companies, allowed IntelliClear to keep its US based workforce to less than five employees in 2005, while focusing on the highest value-add activities in the research value chain, mainly synthesis and recommendations. Other key partners in 2005 included Luth Research, Focus Pointe, and numerous independent contractors.

"IntelliClear has been a model research partner providing detailed research specifications, creative designs, disciplined project management, and a positive work environment." Tim McGrew, Lieberman Research Worldwide Managing Director

2006 Plans

- IntelliClear will work closely with clients and prospects to ensure projects accepted meet company resource loading guidelines while optimizing IntelliClear capabilities towards client success
- IntelliClear will continue to work with research partners to increase the effectiveness of operations and ensure timely deliverables at the appropriate levels of quality
- IntelliClear will refine communications and business development efforts towards suitably increasing the revenue mix for data synthesis and tactical business service offerings

Final Thoughts

When IntelliClear was launched in 2004 the value proposition was simple – offer research and consulting services that bring a real-world perspective and actionability to market intelligence. We knew it was time for such an offering, but had no idea that the response would be so overwhelming. As we strive to navigate these opportunities, it's incumbent upon IntelliClear's management team to be selective in project acceptance, diligent in resource management, and relentless in results-oriented delivery. Such a strategy may cause IntelliClear to turn down a project from time-to-time in order to ensure that every project accepted will have the attention and focus required to deliver the highest quality insights and recommendations. We feel blessed to have the trust of some of the world's leading companies, and to work with some of the industry's most talented individuals. Thank you for your continued support and consideration of IntelliClear.



Eric C. Shuster
Founder and CEO
IntelliClear Inc.



Alexander A. Kalamarides, Ph.D.
Managing Director and General Partner
IntelliClear Inc.

Company Information

Corporate Headquarters:

IntelliClear Inc.
12594 Woodmont Drive,
Suite 120
Colorado Springs, CO 80921
USA
Tel: 719-488-4573
Fax: 719-488-4574

Houston Texas Office:

IntelliClear Inc.
1601 S. Shepherd Drive,
Suite 267
Houston, TX 77019
USA
Tel: 719-488-4573
Fax: 719-488-4574

Executive Officers:

Eric C. Shuster
Founder and CEO

Alexander A. Kalamarides, Ph.D.
Managing Director and
General Partner

Core Service Partners:

Steve L. Gaines
Holme Roberts and Owen LLP
Outside Legal Services

Ashley A. Wiechmann
Wiechmann Boyce & Associates LLP
Accounting and Tax Compliance