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ClearMomentum

CompanyNewsLetter

In This Issue:

- ✓ Editorial
- ✓ Navigating Niche
- ✓ Fast Facts
- ✓ Company News

Portfolio Performance: To Go

Alternative asset professionals can now take the power of the industry-leading analytics and reporting software anywhere, anytime. ClearMomentum's new mobile app provides subscribers with income statement summaries, balance sheets and vital statistics of portfolio company performance directly on their iPad or iPhone. *Available in the App Store!*

The New Private Equity and Venture Portfolio Co. Mgmt.

By John Grabski,
Chief Executive Officer

These are exciting times for PE fund managers bent on creating value for their portfolio companies. The interconnectedness of the world and everything in it makes communication faster and time horizons shorter. Opportunities can dissipate in an instant while problems can appear out of nowhere in a heartbeat. Perhaps nowhere can we feel the reality of technology induced time and space compression more acutely than in the competitive matrix of Private Equity and Venture Capital. Time is much more than money; time is everything.

Think of the PE manager as the owner of a world class sports team or the trainer of a super elite athlete. The right combination results in the dream team while the wrong combination results in a dream team trapped in a seven year nightmare. Great coaches know their athletes inside and out and spare no expense on keeping them healthy. Diet, body-fat, blood pressure, blood and VO2 Max levels are monitored continually to detect anomalies and avoid unwanted setbacks down the road. The faster issues are identified, the more time there is available to respond with a solution to maintain peak performance.

The analog is obvious. Like the pro sports owner, PE and VC firms identify the elite performers to which they commit both their expertise and their cash. Great capital managers get to know their team inside and out. They spare no effort or expense on getting them in top shape. The diet (inventory or services), excess body-fat (non-performing assets), blood and VO2 levels (cash flow) are optimized and monitored. Risks are identified and managed.

Today's investment managers are wired directly into their portfolio companies, measuring their pulse, modeling performance while seeking opportunities to mitigate the risk of crossing the red-line. Technology is available today to make this direct-wiring completely non-intrusive to the portfolio company. Covenant headroom, cash flow, operating efficiencies, liquidity levels and other vital signs are not only reported monthly or quarterly, they are programmed to provide advance warning that their idiosyncratic behavior is in a range that may be out of the norm. Like two elite athletes, one may have a normal resting heartbeat of 38 beats per minute while the other runs at 48. The key is recognizing early that the resting heart-rate is out of behavioral normal range specific to each individual.

The interconnectedness of the world and the compression of time can be your friend or it can be your foe. Count on our company to provide you with the best analytic, diagnostic and risk management tools available in the industry to make shorter time horizons a competitive advantage. More visibility, insight and time to respond to competitive threats and other risks represent one way to help your team reach their elite potential performance levels consistently.

Navigating Niche

By Daniel Piehler

Business philosophy #1: the customer is always right. Right? It is an expression that has been drilled into the brains of employees for as long as many can remember, but has it been supported? Until recently, the influences of mass-marketing have allowed producers and sales-teams to tell consumers what is *right for them*. However, as the costs and difficulties of finding products outside the realm of "one-size-fits-all" decrease, people and organizations are finding that many of their preferences lie within more extraneous, niche categories. A concept commonly used to explain this growing behavior is known as long-tail economics. This theory maintains that so long as there are proper tools to allocate consumers to niche products, they will consistently choose them over their "cookie-cutter" alternatives. While this model can be easily adapted to analyze the success of media hubs such as iTunes, NetFlix and Amazon.com, how can it be applied to financial software?

With the effectiveness of navigational tools embedded within most software today, it is easy to take their capabilities for granted. Customer recommendations and algorithms that track user's preferences have revolutionized the way we discover new products further down the long-tail. For example, when Dave Matthews is typed into iTunes, customer recommendations and the "Genius" functionality lead users to the alternative band O.A.R. From there they are taken to reggae music by Bob Marley and eventually end up listening to Toots and the Maytals. Would most Dave Matthews listeners discover the reggae-funk music of Toots and the Maytals without iTunes' guidance? Probably not.

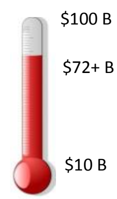
Why then could this same functionality not be applied to financial software? With the rapid development of new tools and the ways in which they are used, many have found it difficult to fully understand and employ these products to their maximum capacity. Imagine a feature that recognized your preferences and was able to suggest new methods that fit your firm's reporting tendencies. Similar to iTunes, users could casually discover new techniques and metrics they may have not otherwise found. Regardless of whether or not firms were satisfied with their current analytic procedures, would they ignore new options if they were routinely recommended to them?

Although it is clearly important to develop new and advanced products, we must also remain conscious of ways to guide consumers through existing features they may not be familiar with. Webinars, training sessions and customer support may remain the best ways of educating customers on the functionalities of a product, but they all come at a cost. Incorporating a long-tail component that steers customers to new features relative to their behavior not only enriches the user experience, but may also reduce the time and resources used by developers on training.

As solution providers, our aim is to enhance the ways that our customers aggregate, analyze and organize financial data. However, it is also our intent to introduce users to new techniques, metrics and best practices that will allow them to understand and manage their portfolios at the highest caliber.

Fast**Facts**

- ✓ ClearFinancials® collects, aggregates, and analyzes data for ≈ 1,000 portfolio companies from both the United States and United Kingdom
- ✓ CM customers represent over $72 billion of Assets Under Management



ClearFinancials® the SaaS solution offered by ClearMomentum dramatically improves efficiency, accuracy, transparency and bottom line profit for the capital provider. In sharp contrast to traditional methods, ClearFinancials® improves the speed, accuracy and security of managing private company financial performance data. With over 100 standard metrics that include acid ratio, free cash flow, adjusted EBIDTA and synthetic Z-score, ClearFinancials® enables comprehensive, drill through analytics for portfolio companies, capital managers and commercial lenders.

BeClear®

Company**News**

Educational Webinar Series

ClearMomentum is pleased to announce the first in a quarterly series of educational webinars designed to communicate best practice methodology and introduce new products and features to our existing customer base. This series of 30 minute presentations will be open to the general public and cover such topics as:

- ✓ *Loan covenant monitoring*
- ✓ *Report and dashboard customization*
- ✓ *Satisfying the increasing demands of the LP community*
- ✓ *Cap table management and pro forma scenario analysis*

When: **Monday, December 5 at 1:00PM ET.**

Topic: **Creating Custom Analytics with the ClearFinancials® Metric Builder**.

To register, click *here*

About Clear**Momentum**

ClearMomentum provides industry-leading analytics and reporting for Private Equity, Venture, Hedge, Lenders and Mezzanine Funds and their Portfolio Companies. For more information please visit *www.clearmomentum.com*

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