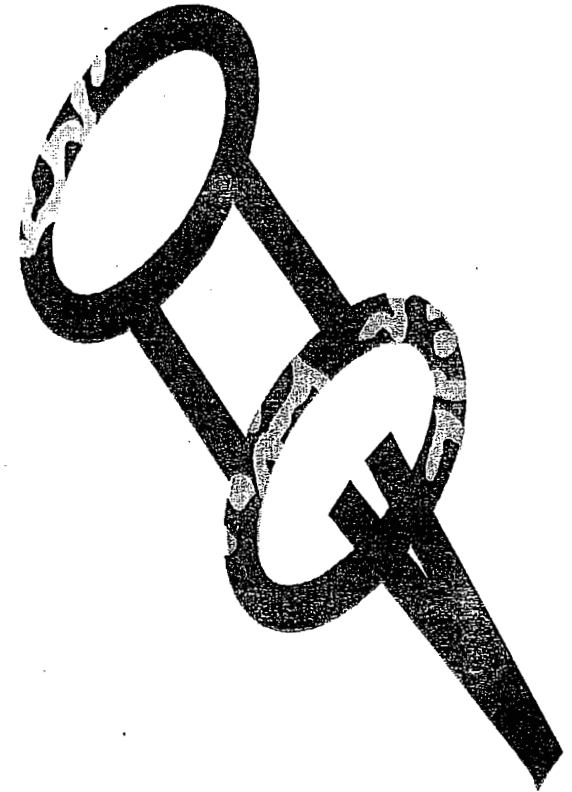


NORVERGENCE

Business Plan
Presentation
March 2003

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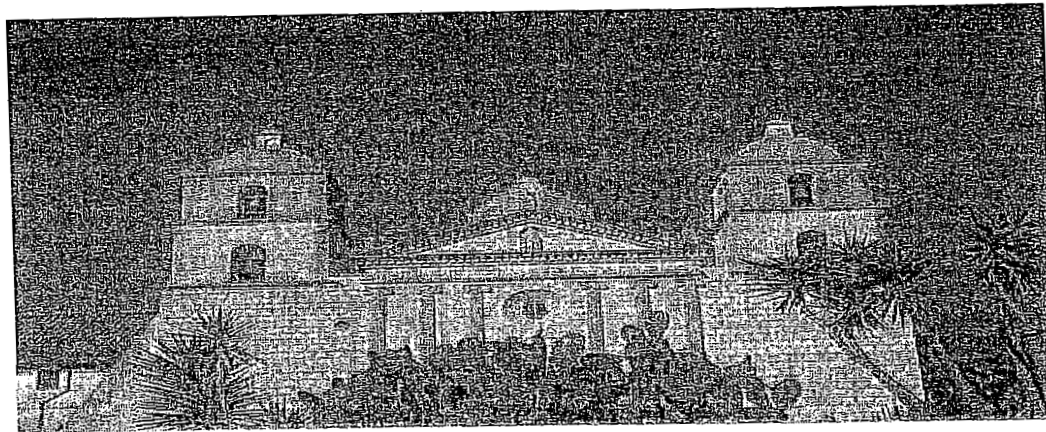
- Mission Statement
- Revenue Strategy
- Credit Department
- Product Management
- Concept Marketing
- Internal Operations
- Long Term Strategies



MISSION STATEMENT

To Drastically Reduce the Total Telecom Costs for Small and Medium Business Worldwide. To Accomplish this, while Attaining an Elite level of Customer Satisfaction.

To be a billion dollar company by 2006.



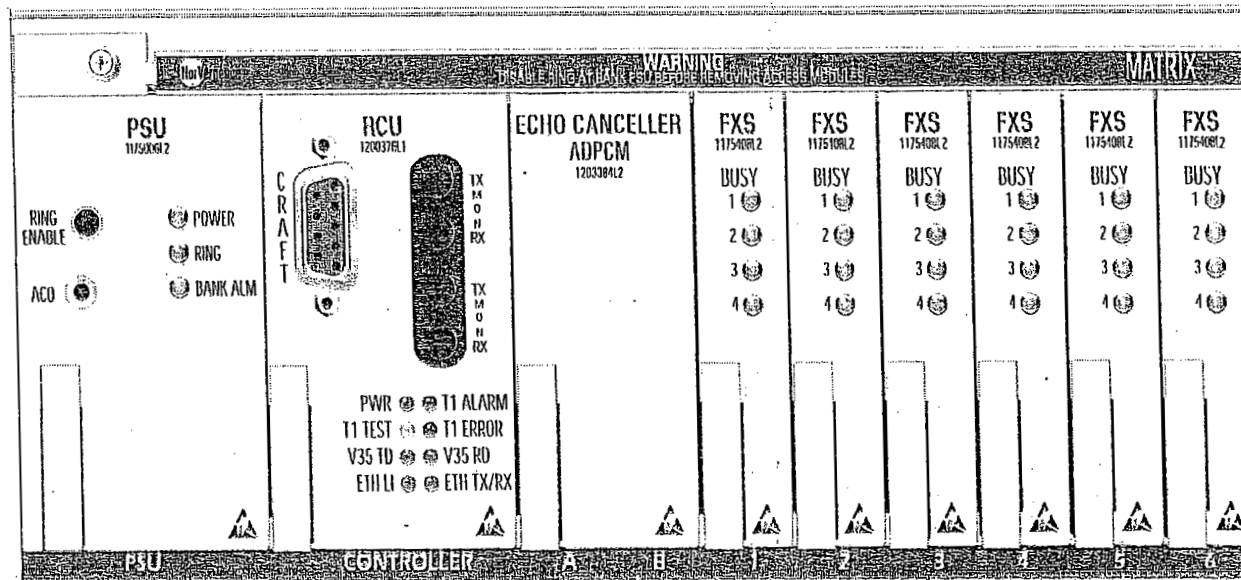
What we do?

- After careful review of our customer's telecom expenditures.
- NorVergence engineers a MATRIX box along with access facilities pricing to come up with a FLAT monthly rate
- Normally this new monthly rate represents 20%-60% monthly cost savings to the customer
- This motivates the customer to rent the box and the access facilities

Business Model

- Built from Pitney Bowes Model
 - Sell them the Mail Machine (MATRIX)
 - Rent them the Postage Meter (Monthly Access Facility Revenue)
 - Develop 70% reoccurring revenue!
- Comparable to Gillette Razor Model
 - Razor Blade is Monthly Access Facility Revenue
- Cisco – outsourced manufacturing model produces hardware at high margins
 - Low Manufacturing Costs
 - OEM relationship with manufacturers
 - No need to carry or maintain manufacturing facilities

PRODUCT MANAGEMENT MATRIX 2001



Product Description

- Allows VOICE and DATA to be *DYNAMICALLY* allocated over 1 T1
- Up to a FULL T1 of Voice (24 voice calls) AND
Up to a FULL T1 of DATA on the SAME T1

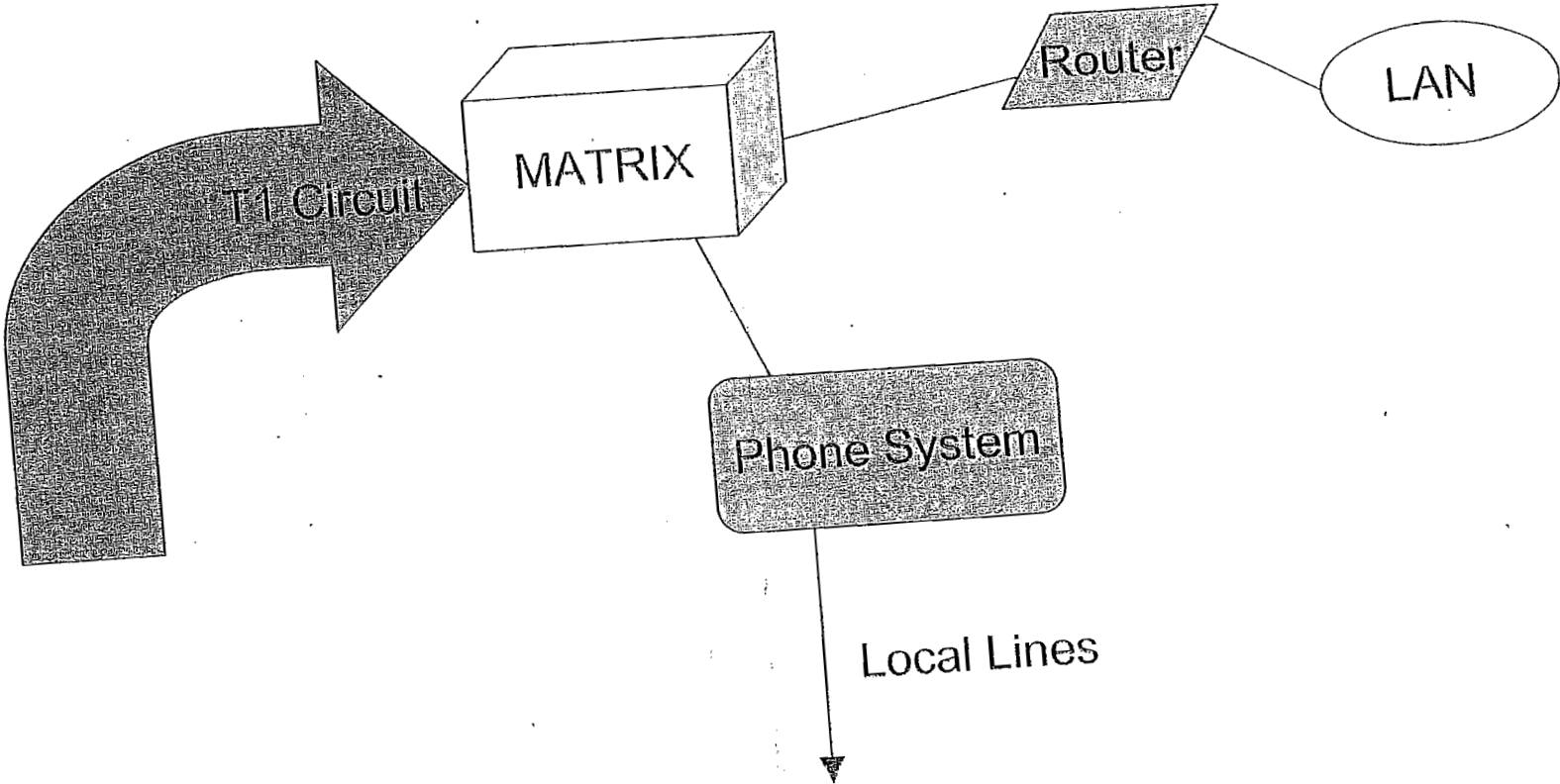
COMPARED TO

- Static “nailed-up” Allocation of Voice and Data over 1 T1 – which means the T1 must be **DIVIDED** (usually $\frac{1}{2}$ and $\frac{1}{2}$)
- Also, TOLL QUALITY VOICE
- T1 Speed Internet (6 times faster than DSL)

Manufacturing

- Pitney Bowes Model – Outsourced Manufacturing of their copiers, metering, and weighting systems
- Cisco Model -Outsourced Manufacturing of routers to OEM Manufacturer to reduce carrying costs, and develop per unit cost budget
- NorV's OEM Manufacturer manufactures equipment for Nortel, Lucent, and AT&T
 - 360+ million dollar company, in business over 20 years
- OEM Volume Purchasing Agreement decreases NorV's cost of manufacturing as sales volume increases
- OEM manufacturing could be switched to other company in short amount of time if necessary, for replacement or augmentation

Customer Premise Diagram of Solution



Opportunity Market Analysis

- 8.3 Million Small and Medium Enterprises Nationwide
 - Defined as 3 to 300 employees
- Traditionally Underserved by Telecom Companies (their focus is Fortune 2000 or larger, and Residential)
- Large opportunity for Cost Savings, and increased Customer Satisfaction
 - Most small businesses are serviced by a call center rather than a dedicated rep

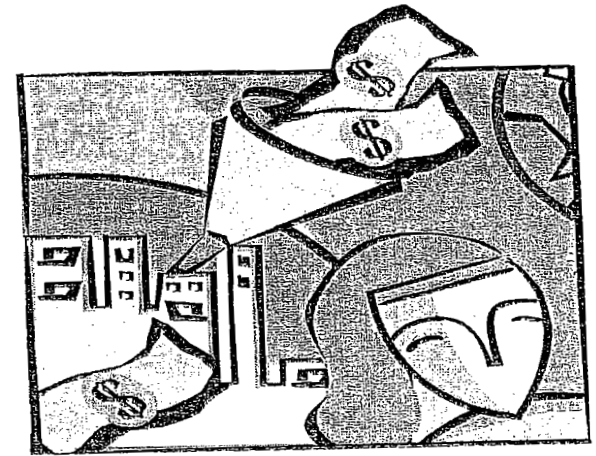
REVENUE STRATEGY

Two Major Forms of Revenue

- Selling MATRIX Units
- Reselling Access Facilities

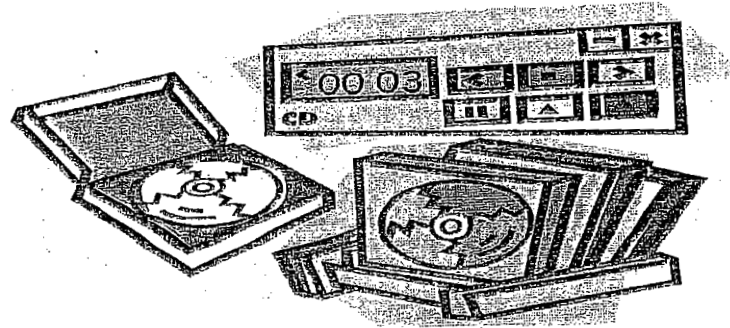
Other Revenue Streams

- Add-On Services/Products
- Re-Upping Rental Agreements in 39-43 months



Selling Boxes

- MATRIX 2001 released Dec 2001
- Modular Card & Chassis System that scales to \$159,289 List at maximum configuration
- *Additional Info* for Component Pricing available on “Schedule A” and “North America Pricing List”



Reselling Access Facilities

- NorVergence has a reseller relationship with:
 - Qwest
 - AT&T
- TARGET OF 40% MARGIN on all resold access facilities
- Each Access Facility resold has an individual term of service length with the carrier that is independent of NorV



Competitive Analysis

- NORTEL has competitive products that are over-priced for SME. 350K to 800K per box, only suitable for Carrier Market
- NORTEL has abandoned the SME market to CISCO
- CISCO has no VoATM product at this time
- LUCENT has VoATM product with less features, and more expensive (similar to NORTEL)
- No new competitors in market currently

Future Competitive Analysis

- New Competitors can and will enter the market against us. Important to develop large customer base, and strong market momentum as quickly as possible
- Currently, though, no Venture Capital Firms are funding VoATM technology
- VoIP is a failure, no Toll Quality Voice, and has not been able to keep up with features, stability
- Current Projections: No real competitors till 2005 or 2006

Add-On Services/Products

- Firewall Service charged monthly
- VPN Services charged monthly
- Private Networking charged monthly
- Cell Phones charged monthly
- Cellular Access charges monthly
- Packetized T-1 Facilities charged monthly

This huge recurring monthly revenue stream and long term collection is why we are so focused on customer service!

NorV Corporate Info Available for Review

Additional Info

- “Management Bios” available on the web or in print
- Full listing of NorV’s Trade & Credit References
- copy of Latest NorV’s D&B report
- copy of Patent Filing for MATRIX ‘super-IAD’ system
- Due Diligence Presentation -- Dec 2002
- Schedule A Configuration List
- North America Component Pricing List
- Web Site Documents
 - Matrix Tech Spec sheet
 - Service Level Agreement for Customers

Market Penetration Strategy

- Massive Telemarketing Efforts
- One Screening Manager dedicated to 4000 D&B pre-filtered lead opportunities
- 1.5 Inside Sales Reps Telemarketing for the Screening Manager
- Easy to Build Remote Markets through “virtual sales offices” housing only outside force, management, and install technicians
- No need to build out Network
- Qwest & AT&T already Nationwide



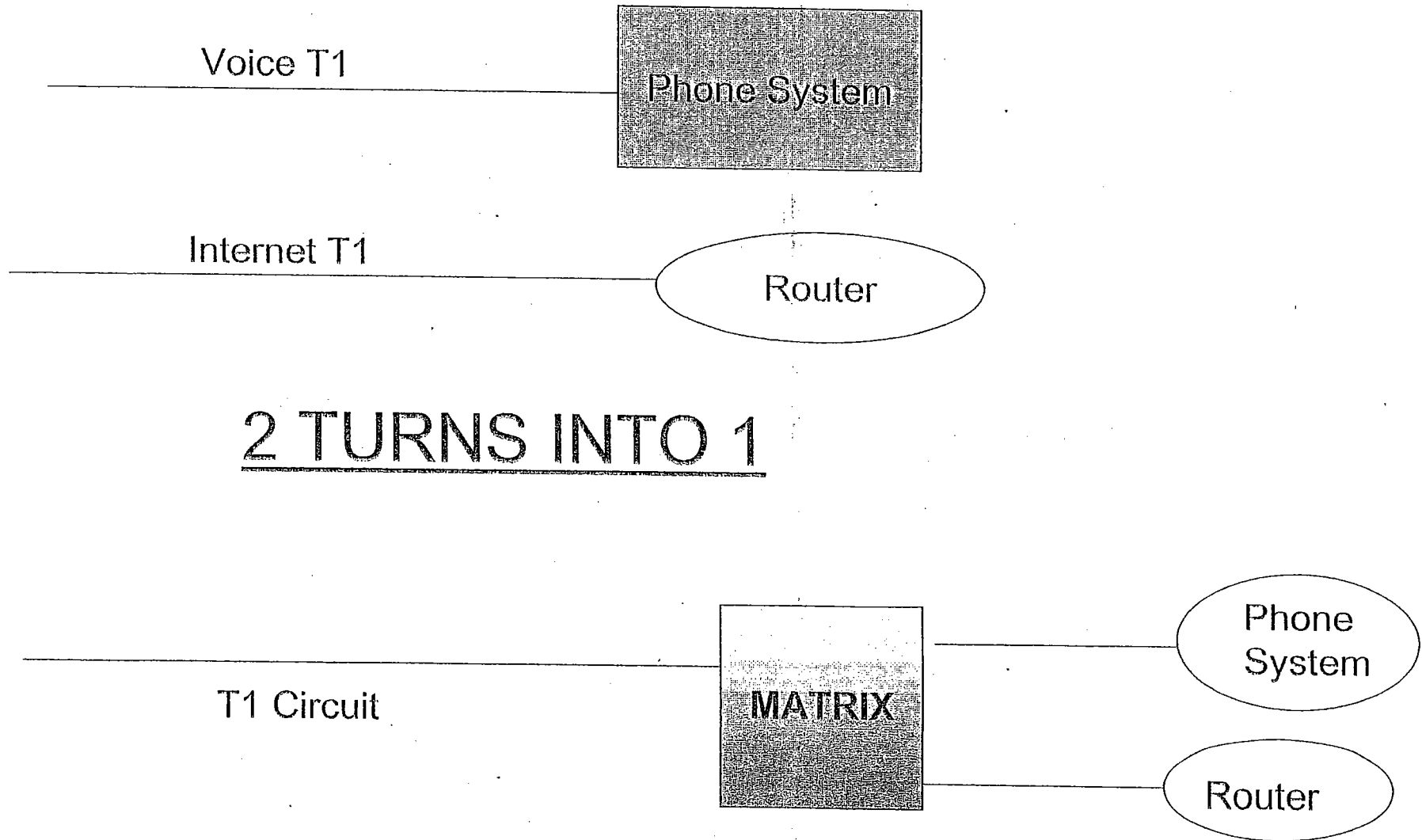
Concept Marketing

- “Reverse Selling”
- We do not sell, we require the customer to submit an application for cost savings solution
- Not Definitely “*approved*” – due to credit or engineering reasons
- People want what they cannot have. This creates a strong customer desire for our product

Screening Management

- Experienced Telecom Sales Personnel
- 100 Screening Managers “on the Street”
- 30-40 New SMs being added each month
- Gives us control over scripting, product presentation, and margins
- Approx 300 SMs Nationwide by Dec. '03
- Required to close minimum of 20% of all “warm” pre-set appointments
- Deliver SCRIPTED pitch to 15-22 new appointments per week
- Top Performers will make \$400M in '03
- Fully trained on Leasing, Cost Savings, and Bill Analysis

Cost Savings Diagram



Cost Savings Strategy

- Cost Savings Strategy
 - Customer establishes Current Expenditures with NorV Rep– OLD MONTHLY AMOUNT
 - NorV Engineering determines Monthly Rental Amount for New MATRIX and Monthly Amount for New Resold Access Facilities – NEW MONTHLY AMOUNT
- Savings is Presented to Customer as difference between OLD and NEW. When Cost Savings are established, the deal is signed 60.33% of the time!

Cost Savings Presentation

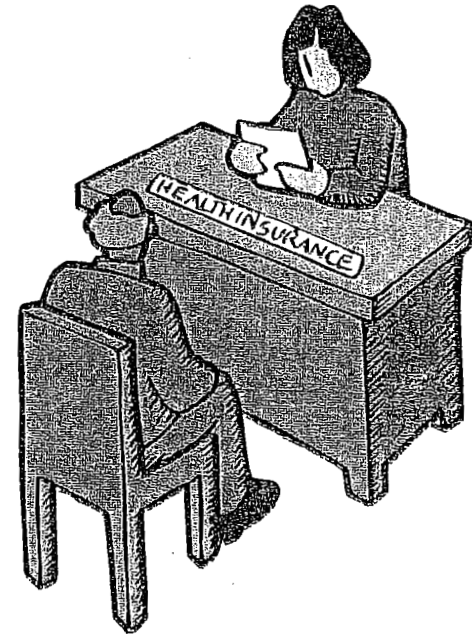
- Cost Savings is presented as the reduction of total current telecom expenditures created from the convergence of voice & data
- Customer will receive bill from Rental Partner for hardware only
- Customer will receive bill from NorV for access facilities charges

Cost Savings Detail

- Main Cost Savings is the removal of per minute charges, this is a majority of most customer's current telecom bill
- 2nd major Cost Savings is the reduction of 2 T1s into 1 T1 – 50% savings
- 3rd major cost savings – reduced monthly wireless phone costs through volume agreement
- Cost Savings of Customer motivates him to re-direct his monthly expenditure toward rental of a MATRIX box and access facilities
- Customers obtain 30% to 60% off former expenses

Controlled Hiring and Firing

- Personality Test
- Extensive Interviewing
- Hardcore “Boot Camp” Training
- Only the Strong Survive
- Scripted “Interviews”
- Tom Landry Reporting
- STARS



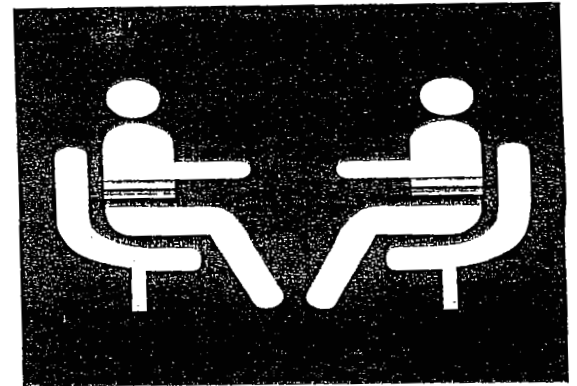
Personality Testing



- All candidates undergo a sophisticated Personality Test developed for NorV by experts in HR field
- Candidate must meet “elite” profile to be approved for Training Program

Extensive Interviewing

- NorV has a National Recruiting & Training Center located in Newark.
- 25 in-house recruiters put all candidates through:
 - 2 phone interviews
 - Face to Face Interview
 - Must present last year's W-2
 - Must have past experience with Telecom
 - First Day – Verbatim Script Presentation



Only the Strong Survive

- MORE THAN 83% OF ALL ATTENDEES
DO NOT FULFILL THE REQUIREMENTS
TO GRADUATE !!!
- Only Top A Level Sales People qualify to graduate from Boot Camp Training Facility

Hardcore “Boot Camp” Training

- Attendees required to know Sales Tracks VERBATIM
- Over 10 Tests delivered throughout training on Scripts, Bill Analysis, and presentation
- Weed out the unorganized, the unenthusiastic, and the non-team players
- Classroom Training for 2 weeks, followed by 1 week of field “mentor” training



Tom Landry Reports:

- Key Statistics – Sales Automation Tool takes the emotion out of managing sales force
- Quota % - measures performance weekly
- Box % - how many boxes sold per Rep
- Install % - how many deals get installed timely
- Net Closing Ratio – how well does SM utilize leads generated for them
- Batting Average – Quality and Quantity measurement

STARS

(Sales Tracking and Reporting Systems)

- 130 point test designed to constantly improve Screening Mgr attention to detail
- Scored on Quality of Paperwork completion
- Can penalize up to 50% of Commission
- Can increase Commission up to 30%
- Used to Correct common field paperwork errors and “old school” selling methods

Life of an Order

- Appointment Set by Inside Sales
- 1st Interview conducted by Screening Manager
 - Collect Customer's Telecom Expenditures (3 month's bills)
 - Initial Financial Qualifying questions
- Screening Manager call Engineering
 - Proposal for MATRIX is pulled down from web proposal generator
- Screening Manager calls Credit Management
 - Full D&B report is pulled
 - Additional Financial Requirements Outlined
- 2nd Interview – Proposal Acceptance
 - Rental Application & Agreement signed
- Copy of all paperwork sent overnight to Customer
- Notification Dept calls Customer to review all paperwork

Additional Advantages of Control

- Ability to change pricing nationwide in short amount of time
- Ability to add new products to large Captive Sales Force
- Ability to tweak margins on an go-forward basis by adjusting cost savings given to customers

CREDIT DEPARTMENT

■ 4 Main Areas

- Credit Management
- Credit Operations
- Strategic Credit Relationships
- Pre-Screen Lead Process



What does NorVergence
offer our Rental Partners?

Residual Value Protection

- NorV owns all Residual Value of MATRIX rentals
- Only doing dollar-out deals with Rental Partner programs
- Control of future monthly revenue stream
- Control of grey market valuation
- Protect upfront Box market value & pricing
- Protect future Residual Value

Pre-Filtered Good Credit Customers

As part of our commitment to Credit Quality:

- All Leads are filtered by D&B to have a minimum Paydex of 60.
- Sales works with Credit Management, who pulls a full D&B report before Deal can be signed and booked
- Analysis of Deal has been approved before it is submitted to Rental Partner

Great Portfolio Statistics

■ Current Portfolio Statistics

- As of 1Q '03 – Over \$37,000,000 Funded
- Less than 1 % of total RoF

Account Receivables Historical Rates

Over 30 days - LESS THAN 5%

Over 60 days – LESS THAN 1%

Over 90 days – LESS THAN .2%

*Shows strength of renting Business
Essential equipment to businesses,
customers voice and internet access are
MISSION CRITICAL applications*

Low Customer Payment Risk

- MATRIX is *BUSINESS ESSENTIAL* equipment
- Provides Voice “Dial Tone” and Internet Access to Customers
- Risk of non-payment minimized when **customer cannot make ANY PHONE CALLS** – box and circuit can be turned off!
- Customer would also have to contend with failure of Internet Connection for non-payment

Recurring Revenue from Growing Customer Base

- High Credit Standards builds us 100,000 to 300,000 good credit customers within 3 years
- Monthly Revenue from Resold Access Facilities overtakes operations costs
- Monthly Revenue from end-of-lease boxes bought out for a \$1, and leased back to customers dramatically increases profits and cash flows
- Continually RE-UPPING the MATRIX unit with new generations of MATRIX systems with more features for lower prices

Customer Protection Strategy

- Customer could order circuitry from any carrier offering packetized telephony service
- On NorV's Resold Access Facilities, Circuitry Partners are legally empowered to take over T1 circuit billing in case of NorV default. Partners will not abandon installed revenue streams
- OEM manufacturer offers 10 yr warranty above and beyond NorV's 5 yr warranty

Upcoming MATRIX enhancements

- 32 voice conversations (up from 24)
- Video Conferencing
- Audio Conferencing
- Disaster Recovery/Back-up Service
- Managed Storage Solutions
- 800 Inbound Service
- Do Not Call Database Compliance
- Virtual PBX functionality

Matrix 2004 new features will motivate all current customers to UPGRADE into a new rental agreement

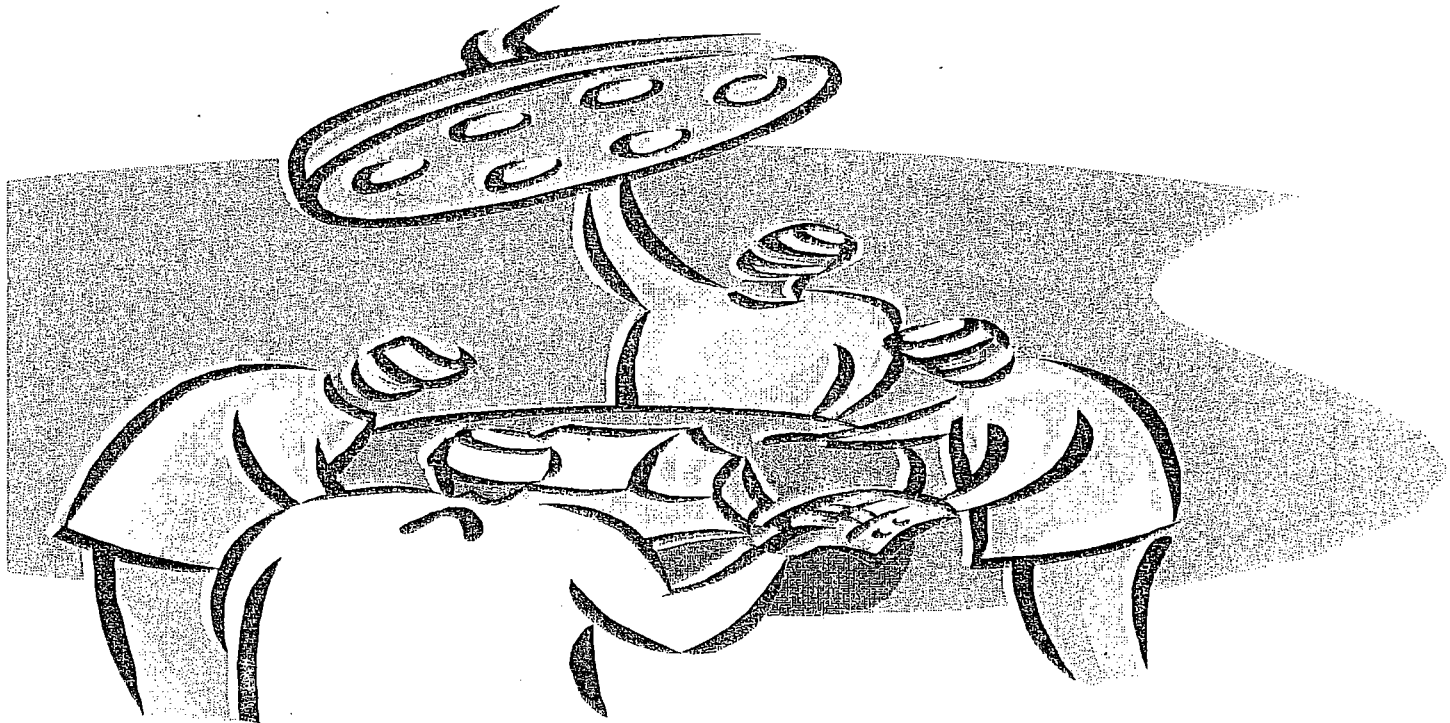
Research & Development

- VP of Engineering oversees continual advancements and enhancements to MATRIX system.
- 15 Telecom, Voice and ATM Engineers work in this area
- Feature Enhancement
- Quality Enhancement
- Bandwidth Management Enhancement

Market Roll-Out Schedule 2003

- March – Long Island, Connecticut
- April – Miami, Atlanta
- May – Detroit, Boston
- June – Tampa/St. Petersburg, Cleveland
- July – Pittsburgh, St. Louis
- August – Orlando, Fort Lauderdale
- September – Houston, Dallas
- October - Minneapolis, Denver
- November – Phoenix, Seattle
- December – Los Angeles, Orange County CA
- January 2004 – San Diego, Oakland

Internal Operations



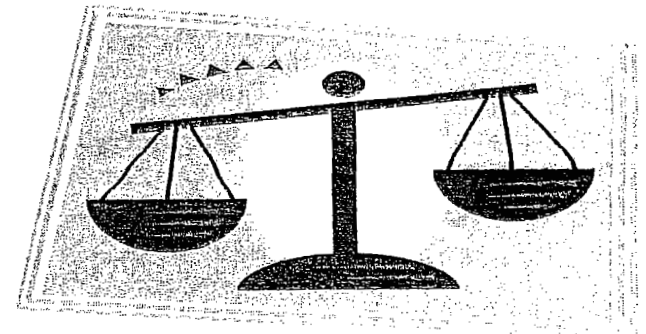
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Facilities Allocation

- Deals with any pre-sales technical Issues customers may have
- Will re-visit site for additional financial documentation or signatures as needed
- Approves the Customer after validating engineering and network parameters have been met
- Helps with post-sale Customer issues

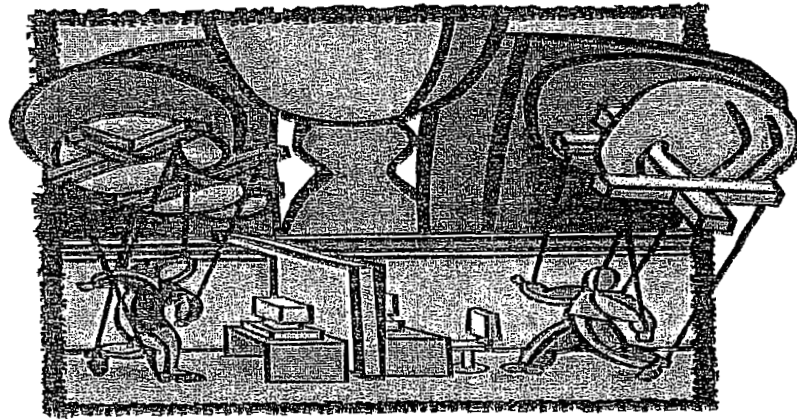
Sales Support

- Handles Rescheduling and Cancellation of Appointments, must be approved thru HQ
- Books all orders, will not book an order if the required financial docs (as determined by credit management) have not been submitted with deal paperwork
- Due Diligence Examination of paperwork



Order Management

- Have Cradle to Grave responsibility for individual orders
- Ensures timely installation of MATRIX unit and resold T1 circuit into customer premise
- Organizes and Schedules Installation Technicians



Notification Department

- Post-Booking Audit of all Rental Paperwork
- FedEx customer a complete copy of all signed Rental paperwork
- Reviews Complete Copies of all forms with customer via the phone
- Calls Customer and does a verbal run-through of cost savings, monthly payment for MATRIX unit, and length of payments
- Deals with problem customers
- Prevents Fraud
- Increases Customer Satisfaction

Financial Specialist

- Handles post-booking collection of all additional financial documentation needed
- Coordinates directly with Customer to retrieve all documentation or additional signatures needed for Customer to be credit-approved
- Updates Deal database to ensure credit compliance

Credit Management

- Credit Management is responsible for dealing with all credit issues of all NorVergence prospects, and to match deals with the Rental Partner best suited to handle the deal by size, location, industry preference, risk tolerance
- Credit Management currently has 6 Regional Credit Managers, who report to the VP of Credit Management

Credit Operations

- Credit Operations is accorded the responsibility of securing and reviewing all original deal documentation, managing the relationship between Operational Departments with our Rental Partners and making sure all deals are processing in a short time frame.
- As of March 2003, 5 Credit Ops personnel overseen by Director of Credit Operations, reports to VP of Business Management

Strategic Credit Relationships

- Strategic Credit Relationship Department develops and enhances relationship with Rental Vendors through new or improved programs
- Important to the process is developing synergistic relationships in Collections, D&A Process, Credit, and Operations.
- Strategic Credit Relationship Department audits each of our Rental Partners twice a year to find continuing ways to improve communication, deal completion, and operations teamwork

Collections

- Collects all 30, 60, 90 past-due Circuit Revenue
- Coordinates with Rental Partner to give heads-up to any credit issue
- Collection rate ahead of industry
 - See Portfolio slide
- Prevents Rental Partner bad debt

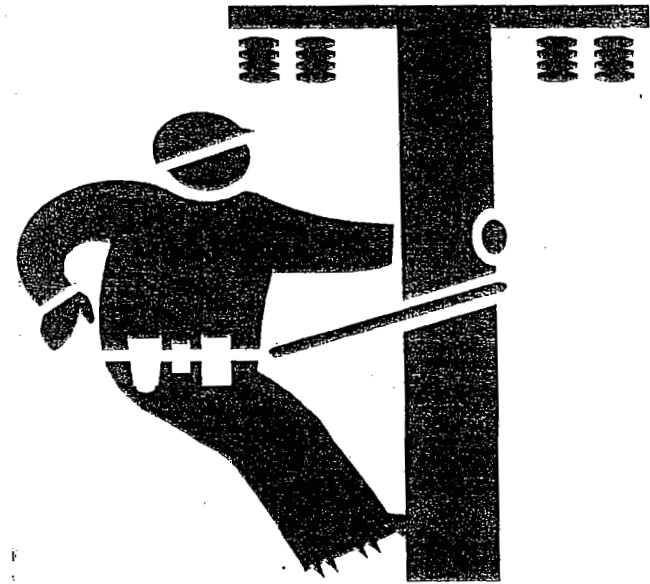
Business Management

- Deals directly with Rental Partners
- Tracks all upcoming fundings
- Tracks daily fundings
- Coordinates with Credit Operations to monitor Deal Flow & Upcoming Cash



Installation Management

- 1-10 Install Technicians per Market (and growing!)
- Installs MATRIX as part of our turnkey solutions
- Can repair/maintenance if needed



Customer Satisfaction

- Deals with Billing Issues
- Issues Rebate \$ for any installation problems
- Authorizes payment for misc. problems that customers may encounter
- Handles issues with wireline and wireless circuitry, PBX problems, Internet problems

The Future

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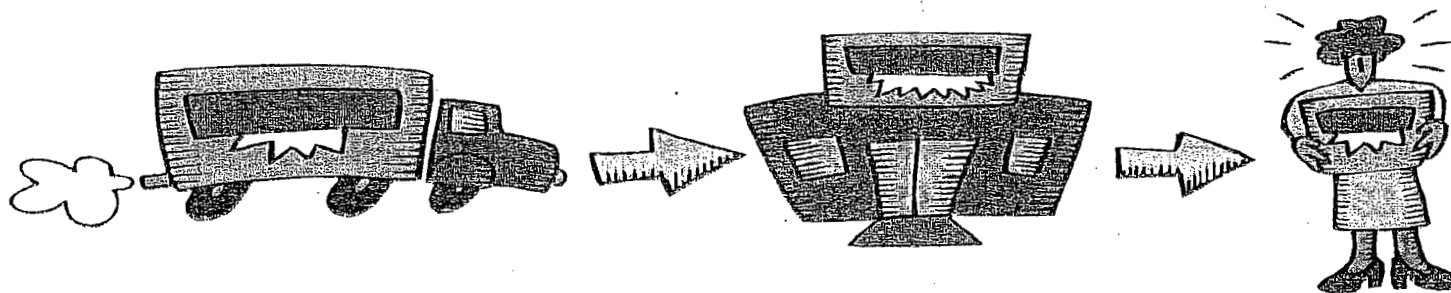
Future Sales Teams

- Major Account (Fortune 2000)
- Government
- Public Education
- SOHO – Unlimited Call Product (non-MATRIX, no Internet)



Future Distribution Channels

- PBX Interconnects
- System Integrators
- IT Consultants

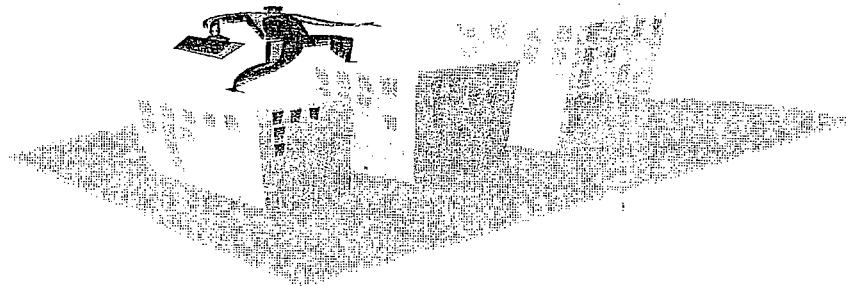


Preventing Shrinking Margins

- MATRIX 80% to 90% margin will be forced to shrink as Competitors enter the market in 2006-2007
- Control all used units –no grey market
- \$1 buy out with all rental partners, NorV will control all units
- “the Gillette Razor” – NorV’s monthly revenue from Resold Circuitry with margins up to 40%
- Telecom prices are going up since 2000
- Recurring revenue stream to be increased to 60% margin over time

Preventing Shrinking Margins

- Enhanced Product Strategy: Inbound, Video, Virtual PBX
- Enhanced Access Facilities: VPN, Firewall, Private Networking
- Revenue from Resold Circuitry will fund Cost of Operations ALONE in '06
- No current funding of telecom by VC, or investment community anticipated or needed
- NorVergence is a Debt-Free Growth Engine!



OSS/BSS

- Operational Support System/Business Support System
- Workflow Software Management System that allows us to scale orders to high volume using automated workflow program
- 25 In-House programmers building NorV systems
- Sales Automation functionality

Debt Strategy – NONE!

- No Long Term Debt
- Minimal amount owed to private start-up investors
- Business Plan completely funded by sales revenue

