

Members, Sponsors, Friends and Colleagues:

We are very pleased to present this summary recap from the November Houston TeXchange event on "*Useful Capital Financing*". Based on the overwhelming response it has become quite clear to myself and our board that our approach and our curriculum is needed, required and appreciated by the Houston business community. Additionally, I would like to thank each of you for your support and patronage of the TeXchange mission.

The board and I certainly appreciate your participation and look forward to our 2012 event schedule which is highlighted in the pages below. We will kick off the year in Q1 with a social event in January and an update on the "*Playbook for Success*" for our businesses based the most current economic trends in February. Throughout, 2012 we will focus on three primary topics in sequential order:

1. Revenue & Opportunity Management
2. Capital and Financial Management
3. Leadership & Management Effectiveness

While the enclosed detailed summary recap from our last event is detailed on the next pages, I would like to summate the 2011 and how curriculum builds upon itself.

- First, we started the 2011 Curriculum by having Terry Peltis give us the "*Playbook for Success in the New Economy*" which outlined the focus and "How-To's" to update and reengineer our business models.
- Then we dedicated two meetings to discuss the most effective revenue strategies for growth and our speakers shared with us surefire tactics for growth and expansion.
- We then turned our attention to ensuring our growth goals are met thru effective financial management, stewardship and CEO best practices.
- At our last few events we focused on the *core role of the CEO* including CEO effectiveness and when and how to obtain outside help that is most relevant to create wealth and then finally on how to attract "Useful Capital".

It is true what our good friend, Rob Solomon, and a recent panel speaker told us: "*Companies today must embrace change, embrace outsiders influence, grow, or the business is in jeopardy of dying.*" Our goal at TeXchange is to provide you with a forum for exchange and learning and hope that embraces your challenges. We look forward to working with you in 2012 and beyond!

Again thank you for your patronage and support!

Sincerely,

Garry E. Meier
Houston TeXchange Chairman
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TeXchange Content & Event Dates for 2012:

- Meet & Greet Cocktail Kickoff for 2012 with a benefit for Justice for Children: Jan. 19th

- Economic Trends & The Playbook for Success in 2012 and Beyond: February 23rd Focus to include: Attributes of a successful business model in a slow growth economy. The state of the union for technology businesses as well as the macro and micro influencers and how to succeed in the new economy.

- Trimester #1: Revenue & Opportunity Management: Focus to include: Effective revenue models, sales strategies, marketing tactics, branding and social media strategies for today's world.
 - Marketing Technology Trends & Tactics: **April 5th**
 - Sales Strategies for Growth in 2012: **June 7th**

- Trimester #2: Capital & Financial Management: Focus to include: How do advisors, external resources and useful capital providers enable wealth creation. Also, the hallmarks of effective financial management including financial controls and reporting practices as well as management science for top performing organizations.
 - Financial & Expense Management including Useful Capital Financing , Summer TBD

- Trimester #3: Leadership & Management: Focus to include: Business strategy practices for our "Twitter" world, management processes and leadership practices.
 - Leadership Effectiveness, **September 13th**
 - Management Effectiveness, **October 25th** Holiday Event, **December 6th**

Useful Capital Financing Recap Summary

November 10, 2011

This seminar focused on attracting “Useful Capital” and financing options, including how to identify “Useful Capital” providers and best practices on how boards or advisors can be helpful when considering financing options.

Panelist Speakers:

About Alan Ying ::

Alan focuses on investment opportunities in both the healthcare and technology sectors for Chrysalis as a Venture Partner. A successful entrepreneur, healthcare leader and investor, Alan has a proven history of identifying, financing, managing, selling and buying successful growth companies. He is an owner of KLAS Enterprises, a leading healthcare market analytics firm, and is the managing member of Asterism Capital Management, a Houston-based private investment fund. Previously, Alan served as Chief Medical Officer for Thomson Corp. (NYSE: TRI). Prior to Thomson, he was Chief Executive Officer of MercuryMD Inc., a mobile information systems provider for the hospital market, which he founded during his medical residency before selling the business to Thomson Corp. in 2006.

Alan earned a BA from Rice University and an MD from The Ohio State University, and trained in general surgery at Duke University. In addition, Alan has received several patents for medical technology and communications tools and he currently serves as a Board Director or Advisor to several non-profits, universities and private businesses. Alan is based in Houston.

About Stephen A. Bennett :

Mr. Bennett manages the Texas operations of Stonehenge Growth Capital including Stonehenge Capital Fund Texas, L.P. His responsibilities include the origination and management of investments.

Mr. Bennett began his career as a commercial lender for Bank One in Dallas where he focused primarily on leveraged transactions including management buyouts, leveraged buyouts and recapitalizations. Subsequently, Mr. Bennett became a Manager in the Telecommunications and Media practice of Deloitte Consulting. He led engagements for clients including telecommunications service providers and equipment manufacturers in the areas of strategy assessment, merger assessment and integration, competitive response, market entry and asset management. Mr. Bennett currently sits on the board of SGC portfolio companies Pilgrim Software, Alinean and Infrastruct Security. He is a board observer for SensorTran, T&K Machine, First American and Performance Alloys. Mr. Bennett has been a frequent speaker and competition judge at universities and industry events including Southern Methodist University, University of Tampa, University of South Florida and the Florida Venture Forum. He is active in the Dallas/Fort Worth Private Equity Forum, Houston Private Equity Association and Rice Alliance. Mr. Bennett earned an MBA from the Kellogg School of Management at Northwestern University and a BBA from the University of Texas at Austin.

About the moderator: Garry E. Meier is the founder and chairman of Ephor Group, an advisory firm based in Houston that focuses exclusively on business-to-business mid-market technology and service providers ranging from entrepreneurs seeking fast growth to emerging enterprises looking to carve out a new niche in their industry. With more than 34 years of experience, Meier is well known as an industry thought leader and speaker on many topics, including strategic effectiveness, outsourcing, useful capital, institutional capital, economic trends.

Panel Remarks Recap:

Question: Why "Useful Capital"?

A: Success, and by that I mean long-term wealth creation, is all about "business self-awareness." You need an advisor who knows how capital works, how capital thinks. You need a partner that shares your vision, mission, strategy, motivations and one that complements your competencies. - Alan Ying

A: Institutional capital is not for everyone. It requires meeting on a regular basis, a willingness to listen to others and be open to change, and a 5 to 10 year vision/mission and commitment. - Stephen A. Bennett

A: Useful Capital partners provide structure, support, and guidance. Useful capital helps you get your house in order, then you can determine how best to grow and profit. - Garry E. Meier

Question: What does "Useful Capital" Bring to the Table?

A: Useful Capital deploys a set of key processes, an annual plan, ensures key operating metrics are measured and monitored, talent strategy for all key employees and advisors is established (including compensation, and incentives), initiatives that lead to higher valuations and multiples are implemented. At the end of the day, Useful Capital views itself as the "keeper of the business model"; and that programs/activities are building value. Useful Capital provides P&L improvement in addition to balance sheet management. - Stephen A. Bennett.

Question: How do I pick the right "Useful Capital Partner?"

A: Pick a partner that will jump in the fox hole with you; not one that will throw grenades. - Stephen A. Bennett.

A: Like dating or getting married, find one that you share the same vision, strategy, and motivation, and one what complements your competencies. Like anything in life, you need to know your audience. - Alan Ying

Question: What is the key success factor in getting useful capital?

A: Everything's a story, you have to have the best story. One that is relevant and compelling and a story that fits both customers and investors. The value-proposition has to be highly engaging. - Alan Ying.

A: What gets a deal through the front door is the Team. A validated assessment from an independent sponsor helps. - Stephen A. Bennett

A: A thorough and keen understanding of the companies Unit Economics is a key success factor.- Alan and Stephen and Garry.

Question: How do you successfully fund raise?

- Know Your Business Story
 - Be able to communicate it to the profile of the listener
 - Ensure the documentation is professional and of investor standards
- Define what is the meaning of "Useful" to You and Your Business
- Have a Criteria of Success
 - Based upon your "self-awareness"
 - i.e. an operational perspective

- Have a Defined Evaluation Process
 - A Due Diligence Process
 - Reference Checking
 - Focus on both the Positives & why; and the Negatives & why
- Useful Capital Outcomes
 - Keepers of the Business Model
 - Builds Value and Illustrates how to Build Value
 - A Keen Understanding of the Unit of One Economics
 - Exit Planning and Exit Activity Management

- Garry E. Meier

Question: *When should I raise capital?*

A: It's a good idea on your journey to early and often raise capital. You should always maintain a few key relationships, so that you never have to raise capital when you need it. Stephen A. Bennett

Summary Remarks:

- *Identify Useful Capital sources early and build long-term relationships.*
- *CEO's have to know their Unit Economics, and manage to them!*
- *Treat key individuals as owners and they will act like owners.*
- *Ensure the culture supports the business strategies and objectives.*
- *Have a management process and adhere to it in a consistent manner.*

TeXchange Houston Chapter

WHO: The Houston Chapter of Technology Entrepreneurs' Exchange, (www.TeXchange.org) is a non-profit organization focused on providing Houston entrepreneurs and executives engaged in technology-oriented businesses with an open forum for networking, learning and the open exchange of ideas. TeXchange provides a relevant network of local and regional business leaders who interact at a series of learning oriented events and seminars for continuing business education. TeXchange also has chapters in Austin and Dallas.

Additional information about TeXchange's Board of Directors and sponsors is available at www.TeXchange.org.

WHAT: The Houston Chapter of TeXchange has developed a full curriculum of seminars and events for 2011. Each seminar features successful executives and industry experts who serve as speakers and/or panelists on emerging business issues, management, growth and expansion, and financial topics. All TeXchange events are open to members and non-members guests.

The event fee, which includes dinner, is \$25 for TeXchange members and \$35 for non-members. Speaker and panelist information will be announced four to six weeks in advance of seminars via the TeXchange Web site at www.TeXchange.org.

WHEN: All TeXchange events are hosted from 6:00 to 8:30 P.M. Central Time on Thursday evenings with the following schedule of activities:

- 6:00 p.m. - Networking and Cocktail Reception
- 6:30 p.m. - Program and Dinner
- 7:30 p.m. - Table Discussions, Presentations and Q&A Session
- 8:20 p.m. - Closing Comments

A Special Thank You to our Sponsors who have been so supportive!



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