



Trident Capital is a leading venture capital firm with over \$1.5 billion of capital under management, including \$400 million raised in our most recent fund, Fund VI. Our core investment focus has remained consistent since inception in 1993. We focus on investments in the business services, information services and software sectors across a variety of industries. Within our sector focus, we invest across multiple stages, including traditional venture capital investing as well as investments in micro-cap public companies, buyouts and consolidation platforms. The firm has made over 100 investments since inception. We have investment offices in Palo Alto, CA and Westport, CT. ❖

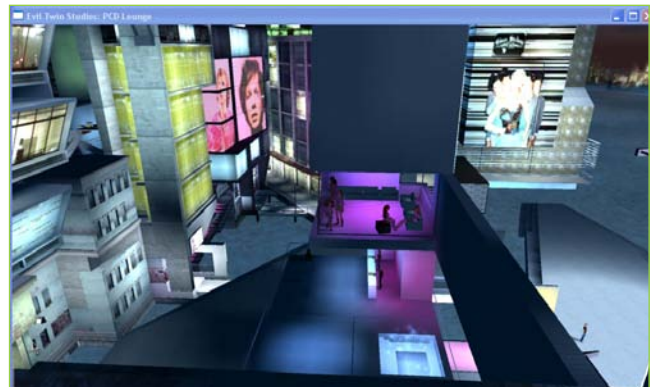
TRIDENT CAPITAL'S NEW MEDIA FOCUS

The technology sector is on the cusp of a potentially large and long-lasting wave of technology and business model innovation creating the "Next Internet." Unlike previous waves of information technology innovation, consumers are creating the innovation rather than corporations. This means that the innovations are happening at the end-points of the Internet ("the edge of the network," so to speak) rather than the corporate data center. The data starting to flow in the Next Internet is also very different. It consists of rich digital media—photos, videos, video games, podcasts, etc.—generated by a variety of devices in the hands of consumers. Consider the London bombings in July 2005 or Hurricane Katrina in August 2005: the first video footage, photos and stories from each event bubbled up from consumers using their camera phones and digital camcorders, establishing for good the notion of "citizen journalism."

The Next Internet will exhibit three primary capabilities:

- *Giving each Web user the ability to interact instantaneously with other users in the world.* These interactions will span numerous modal-

ities including instant messaging, video messaging, VoIP, blogs, wikis, email, podcasts and RSS feeds. Through their constant connectivity and anytime/anywhere communications, consumers can create new, ad-hoc social networks, from the community of college freshmen created by Facebook to the community of gamers created by massively-multiplayer online games such as Everquest.



Advertisers and traditional media networks are happily embracing such user-generated content in order to appeal to new, particularly younger, audiences.

Unlike previous waves of information technology innovation, consumers are creating the innovation rather than corporations.

- *Generating new content, easily and continually, through digital devices.* This content can be photos, videos, music, speech or other multimedia, or it can be derived from the mixing and matching of programs, information and data available on the Web (creating "mashups," for example).
- *Enabling deeply collaborative social interactions.* The ease of connection and the desire to jointly create, share, tag and rate content are driving a significant amount of online activity. Consumers may collaborate while completing a task. For example, students can

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work together to complete a school project, a group of individuals can form a video game team (to compete against other such teams), or a group of parents can organize a collection of media relating to their children's sport activities into an archive that can then be rated and tagged.

The business ramifications of the Next Internet are significant:

- The interaction between a consumer and a brand becomes continuous and spans multiple form factors, from mobile wireless devices to desktop to living room. The ability for continuous interaction demands that the right content be delivered to the right consumer at the right time, in context, and on the right device.
- Innovative companies are testing new business models that have the potential to create new market leaders. For example, Apple's iTunes demonstrated convincingly that consumers want to purchase individual music tracks rather than entire albums, and in the process it created a new business model that surprised the music industry.
- The nature of advertising is also changing, in everything from its form to its business models. Coveted demographics like Generation Y spend more time online than watching television. As a result, advertisers are starting to channel more dollars targeting such demographic segments to new media, and online advertising grew in the US by 34% in 2005 over 2004. Advertisers are

attracted to the Web's interactivity, its ability to provide better targeting through personalization, its capability to offer improved measurement of each ad's effectiveness, and its easy adaptability to the market's responses and needs. However, online advertising spending relative to Internet usage still remains low, providing significant continued growth and investment opportunities.

While we are still in the early stages of the Next Internet, our analyses have led us to the following theses that have driven our initial investments in the sector:

- Exploiting user-generated content requires a software infrastructure for sharing, tagging, storing, editing, packaging and searching. We have invested in **Sphere Source** and **Micronets**.
- The growing variety of professional- and user-generated digital content requires new distribution platforms that effectively address the management, distribution, and consumption of content and the associated digital rights. We have invested in **RoyaltyShare**.
- Social networking over the Next Internet will define how consumers form relationships, get entertainment, communicate, make choices and conduct e-commerce. We have invested in **Evil Twin Studios**.
- The drive for consumers to personalize the Next Internet and the continued shift of advertising revenues online enables a new generation of interactive, behavior-based marketing services that take

advantage of search, context and rich media technologies. We have invested in **WhenU**, **Turn** and **Sidestep**.

The competition for investment opportunities in the digital media and the Next Internet sectors is substantial. However, our understanding of the space, our deep background in marketing and business services, our investment insights, and our networks of entrepreneurs and industry leaders provide us with a unique advantage in proprietary deal flow and the ability to invest at reasonable valuations in companies with strong management teams and demonstrated market leadership in this emerging area.

Trident Portfolio Companies



- **Evil Twin Studios:** Evil Twin Studios is a next-generation social networking company whose offering combines entertainment, communication via instant messaging, personalization through the creation and customization of avatars, and e-commerce. The Company works with media companies and advertisers to offer destination environments on the web that target Generation Y consumers. This demographic uses interactive digital media extensively, making the Internet and the Web the centers of their lives for communication and entertainment. Trident invested in Evil Twin Studios in December 2005. www.eviltwinstudios.com

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micronets

- **Micronets:** Micronets has developed a video management software platform that enables consumers to easily upload, archive, tag, search, share and distribute digital video. The millions of devices with digital video-recording capability (digital cameras, camcorders and wireless phones) that are in consumer hands today, along with the increasing penetration of broadband, has created strong demand for the capabilities Micronets offers. The Company sells to enterprises with large, consumer-based businesses that want to use web-based video to extend their brands. Trident invested in Micronets in March 2006.

RoyaltyShare

- **RoyaltyShare:** RoyaltyShare provides comprehensive royalty accounting services to record labels, music distributors and music publishers. The music industry has experienced a dramatic platform shift from the sale of physical CDs to digital distribution, and RoyaltyShare's solutions were built to manage the complexities inherent in digital distribution. The Company's services allow customers the freedom to pursue new revenue streams by providing the back-end support required to manage multiple and inconsistent data sources and accu-

rately compensate artists, publishers and songwriters. Trident invested in RoyaltyShare in July 2005. www.royaltyshare.com

SideStep

- **SideStep:** SideStep is an online search company that serves as an online marketing vehicle for travel providers, driving consumers to the sites of trusted brands to book their travel. The Company searches more than 100 sites, including online agencies, consolidators, and the sites of airlines, hotels, vacation package providers and rental car companies, to ensure that consumers have access to the most comprehensive information relevant to their travel planning decision. Trident Capital led a \$10 million financing for the Company in December 2003. www.sidestep.com

sphere

- **Sphere Source:** Sphere Source is a blog discovery engine that uses an advanced algorithm to organize user generated content on the web (blogs, podcasts and video blogs) and make it universally accessible and useful. Sphere has developed an authority-based search algorithm that discovers the most relevant blog posts as they are created, indexes a blog within minutes

after it's published, applies rich semantic analysis, and makes blogs searchable by relevance or time. Trident invested in Sphere in December 2005. www.sphere.com

turn

- **Turn:** Turn is creating a next generation online advertising network to deliver better relevance, amazing simplicity for advertisers and higher revenue for publishers. The company's platform applies advanced technology to select ads for any context. Turn was founded by seasoned executives from AltaVista and Overture. Trident invested in Turn in January 2005. www.turn.com

WHENU

- **WhenU:** WhenU is an established force in software-based contextual advertising and the industry leader in best practices. Its products include user-authorized adware, branded toolbars and integrated contextual and behavioral products that enable many Fortune 500 companies to reach consumers with the right message at the right moment without compromising users' privacy or security. Trident invested in WhenU in July 2005. www.whenu.com ❖



TRIDENT INVESTMENT ACTIVITY



In January 2006 Trident, created and funded **KSR, Inc.**, which delivers Managed Risk Services to businesses and government organizations worldwide. KSR's value as the first MRSP (Managed Risk Services Provider) is to manage information security from the perspective of mitigating enterprise risk.

KSR is addressing the reality that enterprise risk, including information security, are increasingly becoming a board-level issue and the impact of failure of cross-business IT systems can be devastating – regardless of whether it is an operational crash, security breach or compliance violation.

The KSR team is made up of world-class experts and former senior executives in security, network operations, SaaS and managed services from organizations such as Exodus, Oracle, Verisign/ Guardent, NSA, SAIC, CWA and Savvis.

In March 2006, KSR acquired out of bankruptcy proceedings the managed services business SiteLite Holdings, Inc. This acquisition provides people, process, technology, and existing customers that will serve as a platform for the creation and growth of KSR's complete MRSP solution.

KSR offers the FLIGHT SERIES:
KSR's initial product offerings include:

- **Pre-FLIGHT 48:** A high-velocity, 48-hour assessment that illuminates immediate risks and threats using a combination of proven processes and state-of-the-art assessment point solutions run by top-tier security and operations experts.
- **FLIGHT Planning:** A detailed risk assessment and mitigation process.
- **IN-FLIGHT:** Continuous out-sourced managed risk service where KSR takes responsibly for total information security management.

KSR is based in San Mateo, CA with a Global Operations Center (GOC) in Irvine, CA, and remote offices in London, UK and Dublin, Ireland.

www.ksr.com ❖



In February 2006, Trident Capital led a \$25 million financing for **mBlox Inc.**, the world's largest mobile transaction network. mBlox provides message delivery and mobile billing services to businesses worldwide and has established a leadership position in both the United States and Europe, processing over 1 billion mobile business transactions worth approximately \$400 million in 2005.

"mBlox captured the leadership position in the US and Europe for mobile transaction network services in 2005," said mBlox CEO, Jeff Clark. "In 2006, we will expand into new markets and introduce new products for our clients based on our understanding of our customers' needs. We are happy to announce this additional financing which will enable us to accelerate our growth plans, and we are proud to have Trident Capital invest in us and bring to us its substantial expertise

in billing and payment transaction services."

mBlox plans to use the funds for acquisitions in Europe and Asia, infrastructure advancements, and global expansion of mBlox's mobile transaction network services. The Company continues to focus on the transmission, clearing and settlement of transactions on mobile phones worldwide, and abstains from engaging in the provision or promotion of content. www.mblox.com ❖



In February 2006, Trident Capital co-led an \$8 million preferred stock round in **Infopia**. Infopia is the fastest growing provider of on-demand, multi-channel ecommerce solutions to small- and medium-sized merchants that sell on the Internet. The Company serves businesses with a database-driven ecommerce platform, which provides online retailers with a comprehensive, all-inclusive ecommerce infrastructure, from the face of the website to the management and

flow of inventory, orders and customers.

Infopia's flagship product is the Marketplace Manager Application Suite, an award winning on-demand multi-channel ecommerce platform that offers full integration with all significant online ecommerce portals, including eBay, Amazon, Google, Overstock, Shopzilla and many more. Infopia's clients, who include many of the top sellers on these marketplaces, use the application suite to manage all aspects of their ecommerce activities, including merchandising, inventory, transaction and customer

management, back-office and fulfillment, commerce enabled web sites, and customer relationship management specific to multi-channel sellers.

Infopia was selected by eBay as a recipient of the eBay Star Developer award for the past two years for its innovation and early adoption of industry standards.

Infopia is located in Salt Lake City, Utah and is backed by Trident Capital, Hummer Winblad Venture Partners, Transpacific Capital Partners and BC Select Fund. For more information, please visit www.infopia.com. ❖



TRIDENT PORTFOLIO COMPANY NEWS

iRobot™

IRobot Corp. (NASDAQ: IRBT) announced a new contract delivery order from the U.S. Navy to build additional bomb disposal robots for shipment to the U.S. forces. Under the terms, iRobot will deliver an additional 213 iRobot PackBot® Man Transportable Robotic Systems (MTRS), plus spare parts to repair robots in the field. The new \$26 mil-

lion contract brings the total value of orders placed to date by the Naval Sea Systems Command (NAVSEA) to more than \$43 million.

"The PackBot MTRS robots are helping to reduce casualties as our soldiers battle insurgents who are littering Iraq with thousands of Improvised Explosive Devices (IEDs)," said Helen Greiner, chairman and co-founder, iRobot. "iRobot continues to develop innovative robot technologies that will offer soldiers options for

more safely dealing with bombs and other threats."

These PackBot MTRS robots will be deployed in Iraq and elsewhere. Currently more than 300 PackBot robots are deployed worldwide and are used extensively to disarm IEDs. PackBot robots have performed tens of thousands of missions in the region and are credited with saving scores of soldiers' lives. www.irobot.com ❖



MegaPath Networks, Inc. and Netifice Communications Inc., leading providers of Virtual Private Network (VPN) solutions and other managed IP services to businesses worldwide, announced that they are merging. The transaction, which involves Netifice's acquisition of MegaPath for an undisclosed amount in stock and cash, includes \$35 million in additional funding from existing investors of both companies. The merger establishes Netifice

Communications as the largest independent provider of managed broadband VPNs in North America, with over \$125 million in revenue and the only U.S. Managed Service Provider capable of providing a full range of integrated security, remote access and site-to-site IP VPN services, including SSL, IPsec and MPLS.

"This is an important next step in our strategy to grow the business through organic sales, product expansion and acquisitions," said Craig Young, Chairman and Chief Executive Officer of Netifice Communications. As a

leading provider of managed IP data, voice and security services, Netifice is now in a powerful position to leverage the size and scale this combination provides, and our solid financial foundation allows us to further expand our market leadership. This merger brings together two highly competitive managed IP service companies with a shared strategic vision and a passion to serve our customers."

Trident Capital will remain a significant shareholder in the combined company. www.megapath.net ❖



People Business Network, Inc. (PBN) had a busy first quarter. PBN closed and merged a new contract with Merrill Lynch, inked another three-year deal with Delta Air Lines and renewed an existing contract with Cingular for an additional two years.

PBN management is very excited to work with the Delta team as they aggressively reengineer their company

and continue progress on their turnaround plan. PBN is confident that its "best-practice" workforce management solution will play a vital role in helping Delta management meet and exceed their timetable and business objectives.

Cingular has been a customer for the past two years and the PBN team is very proud that Cingular elected to renew the partnership for an additional two years. Cingular has a very innovative business environment and its progressive thinking is allowing the Cingular/PBN team to begin to fundamentally change how Cingular manages

their workforce. Cingular agreed to "beta" test PBN's new product extension, the Workforce Monitor. Workforce Monitor is a human capital analytics engine that allows senior executives and key managers to receive "real-time" HR data/metrics via their desktop and then monitor, on an ongoing basis, key performance metrics. This is a new and exciting area in workforce management and PBN is excited that it is playing an early and leading role. The Workforce Monitor product extension will be available to clients and prospects in early Q3. www.peoplebusinessnetwork.com ❖

TRIDENT CAPITAL

Trident Capital was founded in 1993 to invest in information and business outsourcing companies. By consistently helping entrepreneurs build industry leading technology and services businesses, Trident has become one of the most successful venture capital firms in the country. The firm leverages a partnership that has invested in more than 100 companies and has held senior operating, consulting and investment banking roles at organizations such as AT&T, IBM, Dun & Bradstreet, Morgan Stanley and Bain. To date, Trident has raised six funds and manages \$1.5 billion in committed capital. The firm operates out of investment offices in Palo Alto, CA and Westport, CT.

Trident invests principally in the following sectors:

- IT Security
- Payments and Transaction Processing
- IT Services and Outsourcing
- Communications/Wireless
- Internet and Marketing Services
- Enterprise Software
- Healthcare and Insurance Services
- Innovation

Investment Sizes: Up to \$30M

Transaction Types:

- Early Stage Growth Capital
- Expansion Stage Financings
- Management Buyouts
- Spinouts

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