



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 120 investments since inception. We have investment offices in Palo Alto, CA and Westport, CT. ❖

Portfolio Companies Datatel, Inc. and Merchant eSolutions Effect Significant Cash Distributions

Recapitalizations of Later Stage Investments Become Increasingly Common

In June and August 2006, Trident portfolio companies **Datatel, Inc.** and **Merchant eSolutions, Inc.** effected financial recapitalizations that enabled each company to return significant amounts of cash to its stockholders. In each case Trident received sizable cash payments without altering its equity ownership in the company. Furthermore, the remaining debt balances on each company's books are quite manageable and well below industry averages for leverage multiples.

Recapitalizations of later stage companies have become increasingly common among private equity firms as a means to realize a portion of the value created in their portfolio companies. Data from research firm Dealogic show that dividend recapitalizations by private equity firms jumped from 19 worldwide in 2004—with a total value of \$7.5 billion—to 39 worldwide in 2005 with an aggregate value of \$22.4 billion. This trend continues in 2006.

These market conditions are not just for the benefit of large buyout firms, and have in fact provided great opportunities for Trident to explore



recapitalization structures. In such a recapitalization, the portfolio company typically restructures and expands its existing credit facilities and uses the incremental borrowing capacity to finance a cash dividend. This additional debt is generally made possible by the improved financial performance of the company and the conse-



approach while always being mindful of opportunistic ways to return capital to investors. Given the tepid IPO market, not to mention the regulatory challenges and high costs today of being public, Trident has discounted the opportunity for public listing as a means for exiting investments. Dividend recapitalizations are a means

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quent ability of the company's operations to support a higher level of financial leverage.

The Datatel and Merchant eSolutions transactions illustrate several distinguishing elements of Trident's investment philosophy. From inception, Trident has employed a successful multi-stage investing

by which strong cash flow-generating businesses can provide nearer-term stockholder liquidity.

Datatel and Merchant eSolutions have taken different paths as Trident investments. Merchant eSolutions was a seed stage investment by Trident in 1999, formed by the management
continued on page 2



TRIDENT INVESTMENT ACTIVITY

MICROLAND®

In July 2006, Trident invested \$3 million in **Microland Limited**, a leading India-based pure play IT infrastructure management and technical support services outsourcing company. Microland provides onsite, remote and hybrid infrastructure management services for over 50 global clients including several Fortune 100 companies.

Microland's infrastructure management services encompass all the

services that relate to monitoring, managing and enhancing the performance of a client's IT infrastructure. These services include server management, messaging (email) management, data center management, network management, IT security services, device management, application management, and process and technology consulting.

NASSCOM estimates that IT services exports from Indian remote infrastructure outsourcing companies will grow from \$800 million in 2005 to \$7 billion by 2010.

Microland has over 1,600 employees and is headquartered in Bangalore, India with additional locations in the U.S., UK, Middle East and India. The company is led by Founder, Chairman and Managing Director Pradeep Kar, a well known Indian entrepreneur who also founded Planetasia, Indya.com, and NetBrahma. Other investors participating in this round included Cargill Ventures, Intel Capital and Jafco Ventures.

www.microland.com ❖



In August 2006, Trident invested \$6M in **Tablus, Inc.**, a provider of content protection solutions for detecting and preventing the unauthorized or unintended disclosure of confidential and privacy-related information. Tablus offers the only comprehensive and integrated solution for locating, monitoring and protecting data at rest, in motion and in use, across the network and on the desktop. By preventing such disclosures, Tablus helps an organization reduce legal and financial risk, protect against identity

theft, safeguard its brand reputation and prove regulatory compliance.

As evidenced by the increasing incidents of data loss, traditional inbound-focused security measures do not do enough to protect vital customer and business information, especially from evolving insider threats. With strict government and industry regulations on data privacy and protection, the rising costs associated with lost data and the public disclosure requirements upon an incident, companies of all kinds are under pressure to protect sensitive digital information from loss, misuse, inadvertent exposure and outright theft.

Tablus' content protection suite locates and identifies confidential information at rest and in motion. It monitors the use and dissemination of confidential data and provides audits and alerts based on policy violations. It also proactively prevents unauthorized use by quarantining, blocking or restricting actions against protected data. Integrated dashboards and reporting tools offer visibility into at-risk information.

Tablus is based in San Mateo, CA with additional offices in Ann Arbor, MI and New York, NY. The company is backed by Trident Capital and Menlo Ventures. www.tablus.com ❖

Portfolio continued from page 1
team that previously ran BA Merchant Services, the credit card processing operation of Bank of America. The Company has grown rapidly through a multi-channeled organic sales approach, and has leveraged a state-of-the-art technology platform to maximize operational efficiencies. In August 2006, the Company raised an \$80 million bank facility which was used to pay an \$80 million dividend

to stockholders, representing almost 3x the invested capital in Merchant eSolutions.

Datatel, in contrast, was a leveraged buyout that Trident undertook in 2005 together with co-lead investor Thoma Cressey Equity Partners. Datatel provides enterprise software solutions for the higher education market, focusing primarily on four year colleges and two year community colleges. In May 2005, the investor

group acquired Datatel for \$265 million, funded by \$120 million of equity, \$145 million of acquisition debt and an additional working capital facility. A year later the Company had paid down a significant portion of its initial borrowings. This, in addition to the expansion of its original credit facility in June 2006, allowed for a cash distribution that paid down nearly all of the investors' initial equity investment. ❖



TRIDENT LIQUIDITY EVENTS

IBM Acquires Webify



Webify Solutions, a provider of industry-specific software and services for building service oriented architectures (SOA), was acquired by IBM (NYSE: IBM) in August 2006. Trident Capital invested in Austin, Texas-based Webify in May 2005.

An SOA is a way of reusing a company's existing technology to more closely align with business goals, helping to result in greater efficiencies, cost savings and productivity.

This acquisition builds upon

IBM's strategy to take advantage of its strengths in business consulting, IT services and software to develop high-value, repeatable tools that help companies optimize and transform their businesses. Webify technology will be immediately integrated into IBM Software Group under the WebSphere brand, and will be available through IBM Global Services offerings.

Webify software helps accelerate the development and deployment of applications that business users need to quickly respond to market and competitive pressures. It provides hundreds of industry-specific, pre-built standards-based accelerators, tools and frameworks. Webify's offerings help solve business problems that are specific to a given industry such as HIPAA compliance for healthcare

companies and ACORD standards in the insurance industry.

"This marks an exciting moment in our company's history," said Manoj Saxena, Webify Chairman and CEO. "Joining IBM will help propel our vision of helping clients achieve SOA-based business transformation and it provides an accelerated path to market for our best-in-class products and technology. IBM is focused on setting the standard for next-generation SOA solutions and we look forward to bringing our experience and commitment to this goal."

Together, IBM and Webify will help businesses run more efficiently by accelerating the integration of business processes and the sharing and reuse of proven applications and best practices.

www.webifysolutions.com ♦

Managing Directors



Don Dixon
Managing Director



Venetia Kontogouris
Managing Director



John Moragne
Managing Director



Woody Marshall
Managing Director



Peter Meekin
Managing Director



Bonnie Kennedy
Managing
Director/CFO



Howard Zeprun
General Counsel and
Chief Administrative Officer

Advisory Directors

Robert C. McCormack • Ambassador Rockwell A. Schnabel



TRIDENT PORTFOLIO COMPANY NEWS

Odysey Logistics & Technology Corporation, a global logistics and transportation provider for chemical and process manufacturers, announced that it was named as one of Inbound Logistics magazine's Top 100 third-party logistics (3PL) providers for the second year in a row. The annual list recognizes the top 3PL providers experienced in handling the just-in-time delivery challenges of manufacturers and distributors in a global environment.

Inbound Logistics editors whittled this year's list from more than 500 companies through a comprehensive process of evaluating questionnaires, conducting research and soliciting reader feedback. The goal is to provide a balanced and accurate assessment of readers' needs and the 3PLs believed



to be best suited to meet their specific requirements.

Odyssey Logistics & Technology provides global logistics management services to the chemical industry and other process manufacturers. Odyssey provides its customers the ability to outsource any part of the management and transportation of their raw materials and finished goods, helping these companies save money through reduced transportation and infrastructure costs, measurable customer service and process improvements, and enhanced data quality and management.

"The distinction of being listed as

a Top 100 3PL provider for the second year running further underscores Odyssey's value to manufacturers and distributors in the chemical industry, helping them to streamline their logistics processes and cut transportation costs," said Bob Shellman, CEO of Odyssey Logistics & Technology. "We are honored to be recognized by Inbound Logistics, given its role as a resource in the logistics community."

Since last year's listing, Odyssey established its North American Customer Service Center in Charlotte, N.C. to support company growth. The service center provides a focal hub for Odyssey's transportation management and operations, logistics services, hosted infrastructure, project management and professional services.

www.odysseylogistics.com ❖

Outsource Partners International, Inc. (OPI), a leading professional services firm dedicated to finance and accounting outsourcing, announced that it has been chosen for distinction as one of the 50 Best Managed Global Outsourcing Vendors in 2006.

The 50 Best Managed Global Outsourcing Vendors is an annual ranking that recognizes outsourcing providers for industry leadership. Produced by the authors of The Black



Outsource Partners International

Book of Outsourcing, the listing serves to commend those providers demonstrating CEO commitment, human capital performance, corporate direction and leadership impact.

Company selections were based entirely on qualified survey results received from over 16,000 outsourc-

ing purchasers, users and employees throughout the world during the first half of 2006. The independently administered survey consisted of questions on leadership impact, influence, management performance, client satisfaction, employee satisfaction and organizational excellence, as well as optional questions focused on innovation, growth, internal management practices and global results.

www.opiglobal.com ❖

Qualys, Inc., the leading provider of on-demand vulnerability management and policy compliance solutions, announced that it has been named as one of this year's Always On Top 100 Private Companies. Qualys was selected by the AlwaysOn editorial team based on a set of five criteria -



innovation, market potential, customer adoption, media buzz and investor value creation.

The AO 100 was selected from

over 1,000 companies, peer-nominated by leading venture capitalists, investment bankers and industry analysts. The prestigious list consists of private companies at all stages of development, from early to late stage, that demonstrated excellence in all of the five criteria. www.qualys.com ❖



TRIDENT PORTFOLIO COMPANY NEWS

Questra Corporation, the global leader in Intelligent Device Management (IDM), announced that it has closed a new \$12.5 million round of financing. In addition to investments from Trident Capital and Menlo Ventures, Questra received a strategic investment from SAP - the first investment for the recently formed Global SAP NetWeaver Fund.

In May, at SAPPHIRE '06, SAP's international customer conference, Questra announced that it was integrating its IDM solution with the SAP Service and Asset Management solution and demonstrated the Questra RemoteService Composite Application,



which will provide added value for device manufacturers and their customers around the globe. Developed in conjunction with joint SAP and Questra customer Heidelberger Druckmaschinen AG, the Questra composite application enables manufacturers to monitor remote devices and automatically generate service notifications in their SAP Service and Asset Management solution. In June 2006, SAP certified the Questra RemoteService Composite

Application for use on the SAP NetWeaver platform, thus attaining 'SAP xApps Certified - Powered by SAP NetWeaver' status.

'SAP's investment in Questra is further evidence of the importance that SAP sees in the IDM market,' said Emil Wang, CEO of Questra. 'Questra's IDM solution is the 'last mile' connection that allows an enterprise to integrate the performance of its products at customer sites into the data infrastructure of their company provided by vendors such as SAP. By integrating these capabilities, customers can develop powerful new business processes.

www.questra.com ❖

RoyaltyShare, a premier provider of digital royalty solutions to the entertainment industry, announced its formal company launch with a suite of Web-based services that provide end-to-end management of both mechanical and artist royalties. RoyaltyShare kicked off its product strategy with the general availability of RoyaltyShare Digital Advantage, an industry-first service for aggregating and monitoring digital sales data. The offering enables record labels and music distributors to consolidate, manage and interpret data from digital music and



video revenue streams.

"Faced with billions of transactions, disparate data formats, and increasingly complex royalty splits, the modern music industry requires a modern data processing infrastructure," said RoyaltyShare Chairman and CEO Bob Kohn. Kohn was the co-founder of eMusic, the pioneering music download service, served as vice chairman of Borland Software Corp. (2000-2005), and is the co-author of

the leading treatise on music industry contracts, *Kohn On Music Licensing*. "RoyaltyShare has built a state-of-the-art, Web-accessible platform that provides our clients with a scalable means of processing revenue data and an efficient way of reporting royalties to recording artists and music publishers. By leveraging RoyaltyShare's Web-based royalty processing infrastructure, record labels can reliably fulfill their periodic royalty obligations, reduce costs, and better focus on their core competencies of A&R and marketing."

www.royaltyshare.com ❖

SideStep, the Web's leading travel search engine, was honored by *PC World* with a 2006 World Class Award - one of The 100 Best Products of the Year. Winners were announced in the July 2006 issue of *PC World*.



newsletters bring together notable bargains from across the Web and around the world.

Celebrating its 24th year, the respected World Class Awards honor products that meld practical features with innovation and reflect the rapidly changing technology marketplace. To

select the winners, *PC World's* editors examined hundreds of products, including those that have appeared in the magazine over the past 12 months. The 100 winning products and services were selected for their exemplary design and usability, features, performance, innovation and price.

SideStep was the only travel company honored with the 2006 *PC World* World Class Award.

www.sidestep.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 over 120 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:

- Communications & Wireless
- Enterprise Software
- Healthcare & Insurance Services
- Innovation
- Interactive Marketing Services & eCommerce
- IT Services & Outsourcing
- Payments & Transaction Processing
- IT Security

Investment Sizes: Up to \$30M
Transaction Types:

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

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