

<p>DATATEC Systems, Inc.</p> <p>QUICK FACTS</p> <p>Company: Datatec focused on networking solutions including LAN and WAN technology</p> <p>Industry: Software/Hardware</p> <p>Geography: Alpharetta, GA</p> <p>Void:</p> <ul style="list-style-type: none"> • Opportunity for IPO spin-off • Alignment of spin-off with current operations <p>VRM Solution Identification and confirmation of the assets required for a successful IPO spin-off</p> <p>Results</p> <ul style="list-style-type: none"> • Reignited interest and confidence from Datatec investors 	<p>EXECUTIVE SUMMARY</p> <p>Throughout 1998 to 2002, WhiteSpace worked with Datatec on a number of assignments to continually evolve their business model, provide executive coaching and leadership and evaluate prospective offering proposals.</p> <p>In 1999, Datatec executive requested that WhiteSpace determine the business modeling and timing for an IPO spin-off of a successful division.</p> <p>Datatec's goals for the engagement:</p> <ul style="list-style-type: none"> • Validate and execute the IPO spin-off; and • Ensure the health and profitability of the core Datatec business model. <p>COMPANY PROFILE</p> <p>Datatec Systems, Inc. (DATC.PK), previously Glasgal Communications, was based in Alpharetta, Georgia with major field offices dispersed across the north eastern US, including an office in Fairfield, New Jersey.</p> <p>An IT professional services firm, Datatec focused exclusively on the configuration, staging and implementation of large-scale, complex, local and wide area networks incorporating a broad range of technology.</p> <p>VALUE PRODUCTION VOID</p> <p>In order to better compete within the commodity deployment business, Datatec developed proprietary software that significantly enhanced the project management interface between Datatec, the client and the field service team.</p> <p>This software was web-based and facilitated real time, multi-user communication regarding all the logistic details of the project in question. As the company's crown jewel, Datatec executive questioned how to validate the viability of this software as a stand-alone company; then if appropriate, how to spin it off without eroding Datatec's existing market position and revenue stream.</p> <p>WhiteSpace utilized both Business Creation Engineering™ and the Value Component® System to successfully evaluate and implement the new business models.</p> <p>From the moment the opportunity for spin-off was clearly identified and verified, steps were begun to re-align the company infrastructure to support the IPO effort which resulted in increased confidence in Datatec from the investment and M&A communities.</p>
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Testimonial...

"WhiteSpace is truly a unique approach to changing a company's focus and building value in today's frenetic business environment."

Isaac Gaon, CEO
Datatec Systems, Inc

CONSULT WHITESPACE SOLUTION

Through the application of Business Creation Engineering®, WhiteSpace was able to immediately validate the business model and its revenue viability for an IPO spin-off.

Assets required to support the new spin-off were categorized within an asset category of People, Products/Services, Procedures, Policies, Property – Real or Intellectual – and Price. These were evaluated according to the impact they had on both the original and spin-off business models' Value Components® i.e. start value (wow factor), identity value (brand and positioning), impact value (affect or effect) or relationship value (organizational or productized).

The organizational models were then developed and asset-based distribution was recommended for implementation.

RESULTS

Increased stock valuation and boosted confidence levels led to two major customers investing \$10m each in return for equity; Datatec stock increased from \$2.50 to \$19.00 per share in a 45 day window. The spin off the separate company was successful with first annual revenues of \$6m.

An IPO was scheduled for Q1 2001 with a projected market cap of \$350-400m however Datatec suffered a similar fate of many technology companies as a result of the market downturn during this period.

Mr. Gaon was quoted in the Business Wire in 2001, "While business conditions remain challenging in the technology industry as a whole, Datatec's indirect sales model is providing us with an increasing number of business relationships and growth opportunities that should offset any further contraction within our industry."

Datatec was sold to Eagle Acquisition Partners late in 2004 and became Technology Infrastructure Solutions, Inc., based in Boca Raton, FL.