

# Investor Information Operating Update



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## Forward Looking Information

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## Business Environment (Canada)

- » Moving to 'outsourcing' in response to the need for more sophisticated administration tools
- » Starting in 2003, many companies began re-analyzing incentive compensation needs (frequent 'request for proposal' competitions); this phase is expected to be largely finished by the end of 2007
- » Looking for suppliers who can provide comprehensive tools (reduce number of suppliers when possible)
- » The solution selection is driven by management control needs (reporting and management control capabilities, expensing functionality, currency functionality, etc.)
- » Trend to seamless execution solutions for corporate and employee participant needs (i.e.: omnibus account structure vs. individual employee broker accounts, online transaction execution, etc.)
- » Increased demand for interfacing directly with corporate enterprise infrastructure
- » Increasing demand for bundled products

## Business Environment (USA)

- ▶ The marketplace tends to be “broker-centric”, with: individual employee brokerage accounts, rather than a single corporate controlled omnibus broker account; stock brokerage firms looking for a way to facilitate addition of new clients.
- ▶ Evolving need for improved management control and reporting functionality.
- ▶ Effects of existing and pending regulatory changes will drive need for change and more sophisticated tools.
- ▶ FAS 123R for options expensing is now a regulatory requirement
- ▶ Strong established competitors
- ▶ Expect this market to go through significant market share shuffle starting in 2006

## Business Environment (Europe)

- » Common market complexities driving companies to outsource much of HR function - mobile international work-force across ECC individual country regulations must all be met
- » This leads to:
  - Significant amount of corporate reporting (IASB standards)
  - Need for multiple currency settlement
  - Complex management control challenges
- » This in turn leads to the need for comprehensive and sophisticated tools to administer stock-based compensation plans.

## Business Environment (General)

- ▶▶ Increasing regulations and investor scrutiny surrounding equity based compensation.
  - Expensing options now in place in Canada.
  - Investor-driven requirements to align management compensation with shareholder interests (sophisticated performance triggering, etc).
- ▶▶ Technology companies re-designing their incentive compensation philosophies and programs.
- ▶▶ Increased attention to compliance-related issues
- ▶▶ Above factors have led to demand for change/improvement in the 'tools'

## Competitive Landscape

- ▶▶ The technology gap advantage Solium enjoyed from 2002 to 2006 diminished significantly with respect to a few key competitors who have invested in new technology platforms.
- ▶▶ Competitors who did not significantly invest in a new technology platform have fallen “off the radar” screen with respect to new buyers
- ▶▶ Strong technology based products are sticky, therefore market share reallocation window is getting narrow.

### **Product bundling**

- ▶▶ Market place is ripe for further financial services product bundling

### **Consolidation**

- ▶▶ Market is ripe for some consolidation with dominance of new technology platforms.

## Competitive Strengths

- ▶▶ Customer relationship equity is high
- ▶▶ Increasing market dominance in Canada and now fully recognized as a national provider
- ▶▶ Concentration of strong organizational skills sets
- ▶▶ Best of breed solution in market:
  - Global capability in currency and settlement
  - Integration of all equity incentives in a single solution
  - Full breadth of reporting tools
  - Agile architecture that allows scaling
- ▶▶ A technology/Administration hybrid allowing the ability to fuse technology advancement with competent plans administration

# Challenges & Opportunities

## Canada

- ▶▶ With technology dominance diminishing and the market share reallocation time window narrowing, Solium must find more market penetration tools to optimize its market share and position. This may lead to a consolidation in opportunities.

## US

- ▶▶ Market share reallocation window is still wide open, but Solium must strike quickly.
- ▶▶ US market ripe for improved product leads to:
  - Direct market opportunities
  - Channel opportunities

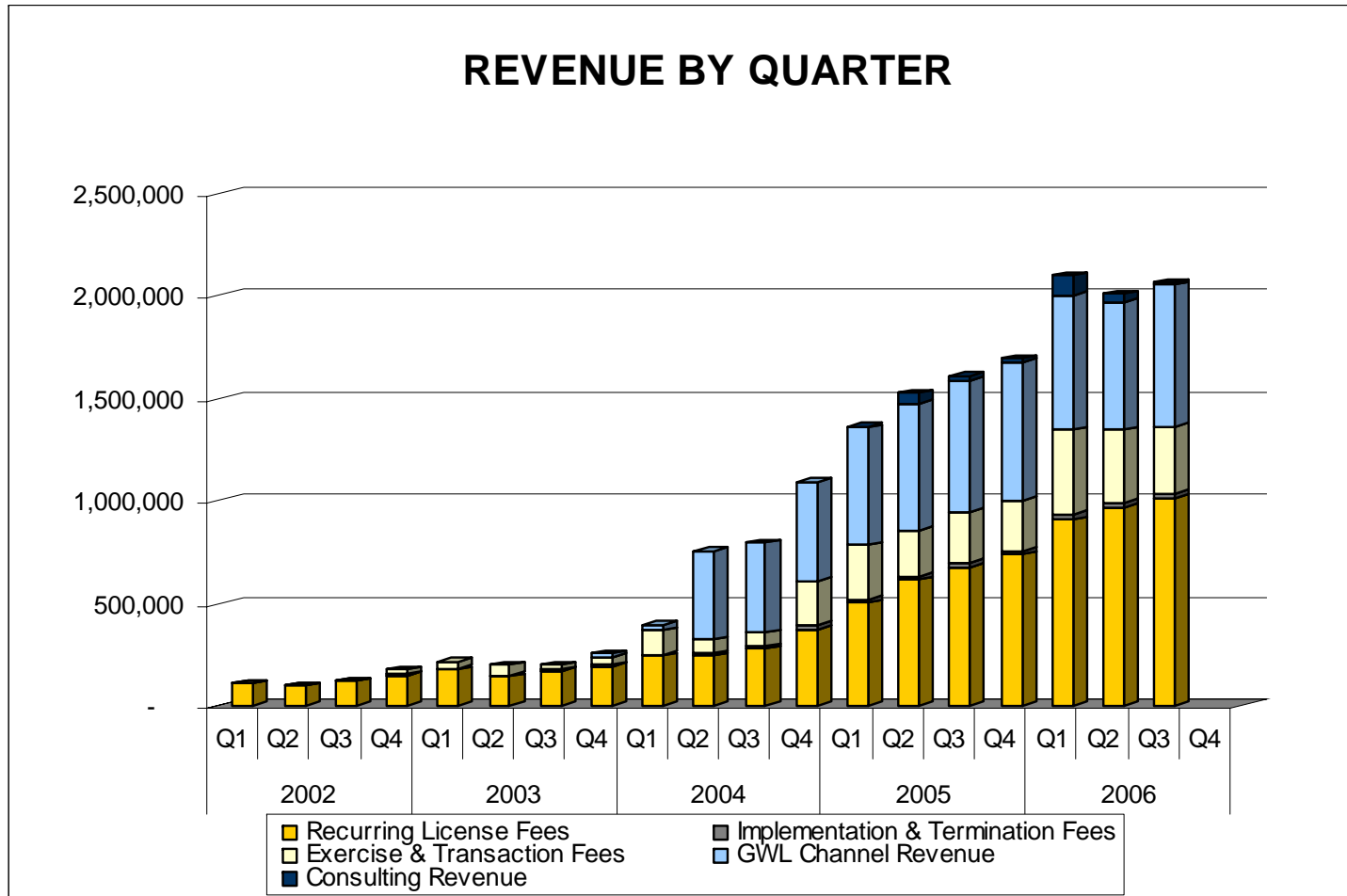
## General

- ▶▶ Solium must continue to scale and automate operations aggressively
- ▶▶ Solium must broaden its product offering

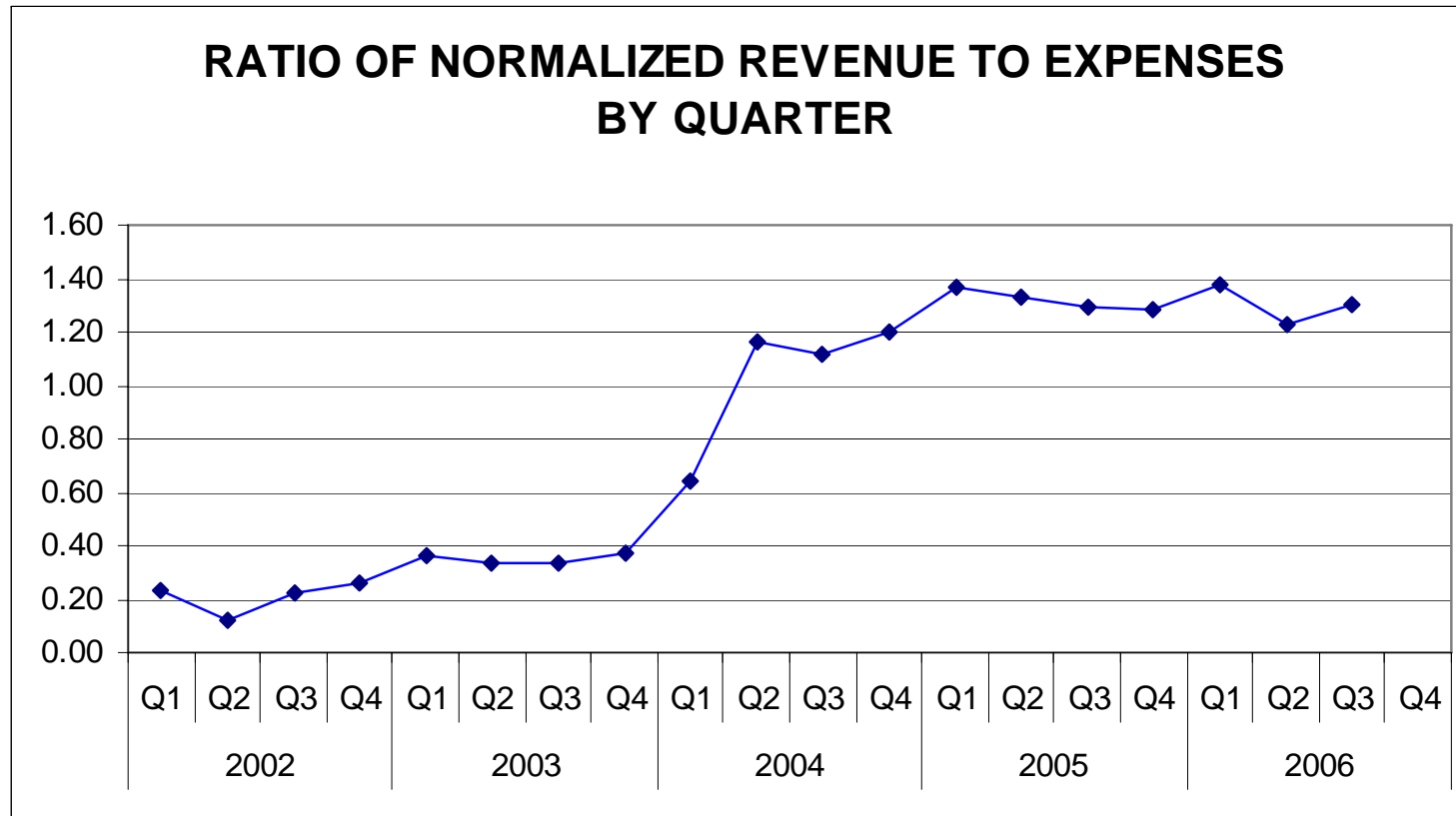
## Current Achievements & Milestones – Q3 2006

- ▶ Successfully implemented 4 new client incentive plans in the quarter including a major Canadian chartered back, adding approximately \$180,000 in expected annualized access fee revenue
- ▶ 17 Canadian plans with approximately \$400,000 annualized revenue was “in progress” of implementation at the end of quarter
- ▶ 3 US plans with approximately \$50,000 annualized revenue was “in progress” of implementation at the end of quarter
- ▶ Net earnings increase of 49% over Q3'05
- ▶ 28% increase in revenue over Q3'05
- ▶ 7 Canadian plans with approximately \$160,000 annualized revenue was “committed” but not currently in implementation at the end of the quarter

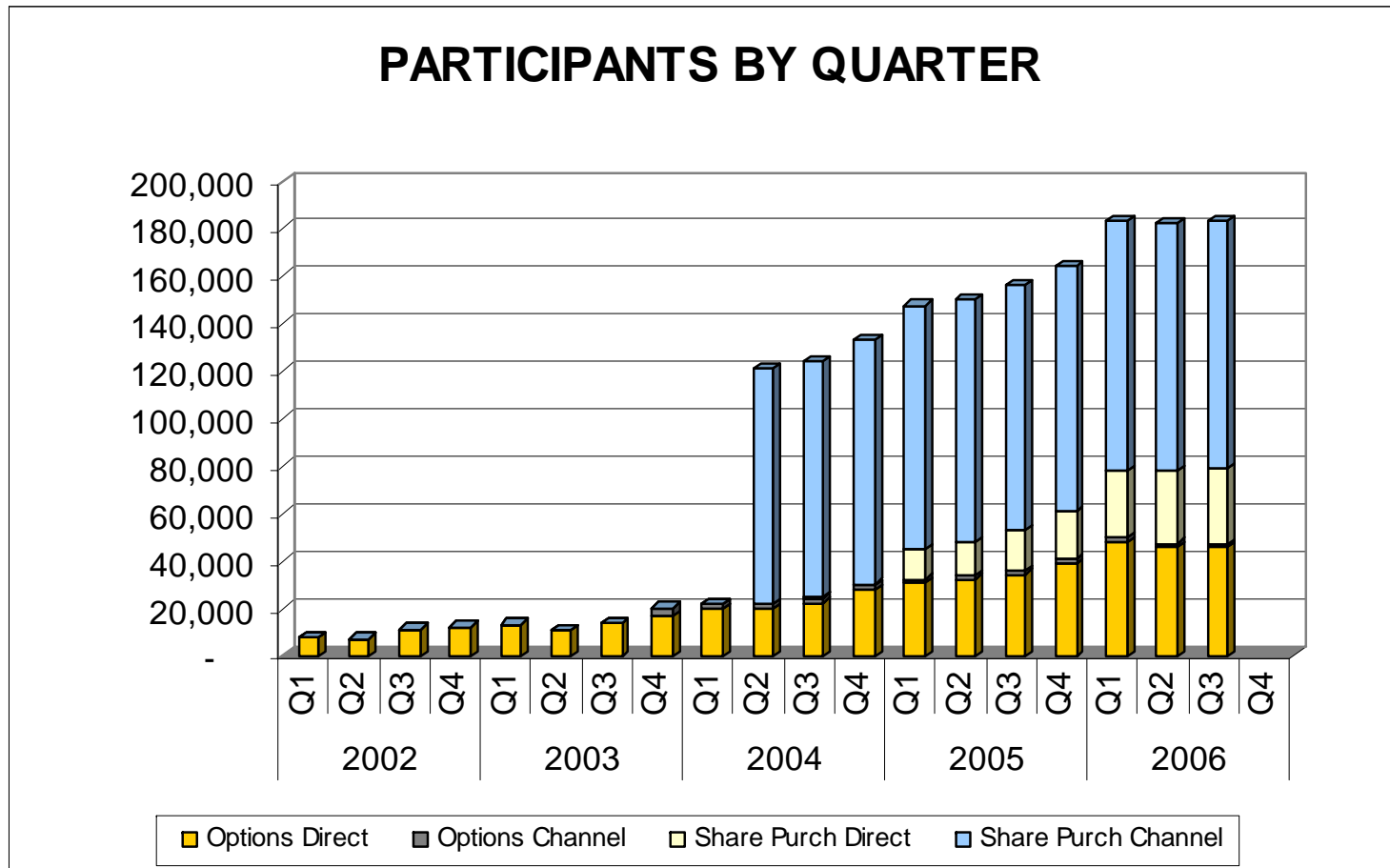
# Quarterly Evolution - Revenue



## Quarterly Evolution of Diminishing Cost Model Revenue to Operating Cost Ratio



## Quarterly Evolution of Business Growth – Number of Client Employee Participants



## Key Operating Metrics –Market Share (all figures rounded) December 2006

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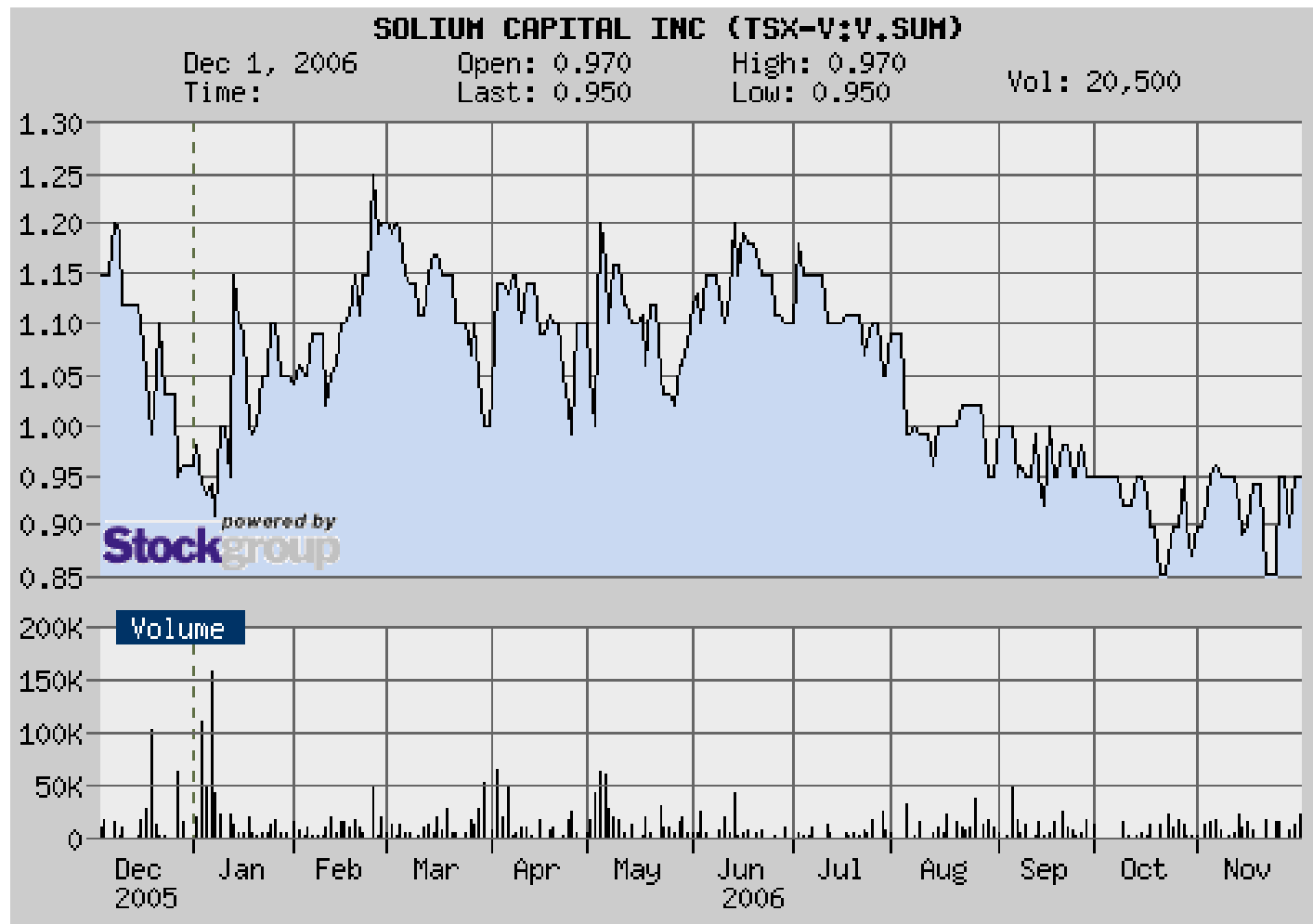
Solium's Market Share Information		Direct Sales	Channel Sales	Total
Canada				
Stock Options (mkt size: 200,000 participants)				
<b>Solium Participants (000's)</b>		<b>44</b>	<b>2</b>	<b>46</b>
<b>% market Share</b>		<b>22%</b>	<b>1%</b>	<b>23%</b>
Share Purchase (mkt size: 2,000,000* participants)				
<b>Solium Participants (000's)</b>		<b>32</b>	<b>104</b>	<b>136</b>
<b>% market Share</b>		<b>2%</b>	<b>5%</b>	<b>7%</b>
USA – Stock Option & Share Purchase Participants		<b>1</b>	<b>0</b>	<b>1</b>
Europe – Stock Option & Share Purchase Participants		<b>0</b>	<b>0</b>	<b>0</b>

**Note:** Market share is derived from an estimate of the overall market size. Market size has been estimated by Management, and may be subject to significant error, as there is not a reliable independent data source for this information.

\* Includes public and private companies

# Solium Stock Price Evolution

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## Current Outlook - Near Term Goals

- ▶▶ Increase sales tempo in Canada – particularly Eastern Canada
  - Seasoned sales executive now in place in Ontario
  - Particular focus on share purchase
  - ‘Tier one’ issuers with global needs
- ▶▶ Transition from ‘learning/building’ to executing on direct sales in the US
- ▶▶ Finalize broker structure/product gaps
  - Leverage Inside sales function to build prospect pipeline
  - Define messaging and marketing building awareness/credibility
  - Engage in direct sales via direct prospecting and RFP’s
  - Expect contributing revenue and realization of global ambitions
- ▶▶ Continue to nurture potential channel opportunities in the US
  - Anticipate direct sales success will break this loose
  - More rigorous compliance also creating inertia
- ▶▶ Focus on internal back-office automation to leverage diminishing marginal cost
- ▶▶ Uncover revenue enhancement opportunities within product suite
- ▶▶ Examine complementary product offerings to expand market potential
- ▶▶ Work closely with GRS (Great West Life Channel Partner) for our mutual success

## Current Outlook Positioning for Goals 18 – 24 months out

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- ▶▶ Establishing traction in direct sales in US
- ▶▶ Cultivate and establish distribution relationships in US
- ▶▶ Open UK office
  - Cultivate distribution relationships in UK
  - Establish traction in direct sales in UK
- ▶▶ Land Global Fortune 50 company
- ▶▶ Expand product suite