

# widepoint



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## Investment Profile

### AMEX: WYY

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## WidePoint's Q3 Revenue Up 122% to \$8.9M YTD Revenue Up 149% to \$25.3M. Mobile Telecom Segment Q3 Revenue Up 51% as Federal Expansion Continues



### Company Description

WidePoint is the leading provider of certificate-based security solutions and mobile telecom expense management systems to the federal government. The company provides an end-to-end suite of recurring revenue products and services targeting unexploited multi-billion dollar markets.

WidePoint intends to continue significantly expanding its revenue base by growing, acquiring and cross-marketing emerging but proven public-sector technologies that have a high probability of widescale adoption in the commercial sector.

WidePoint derives the majority of its revenue through advanced technology services contracts with the federal government. Through wholly owned subsidiaries iSYS and ORC, the company maintains numerous contract vehicles, major government certifications, key IT partnerships and a top secret security clearance.

By delivering advanced, federally certified technologies, the company enables organizations to deploy fully compliant IT services in accordance with government-requirements and positions WidePoint on the leading edge of commercial adoption of those underlying technologies.

### NYSE EURONEXT: WYY

Closing Price (11.14.08)	\$0.28
Market Cap.	\$16.27 mil
52-Week Range	\$0.28 - \$1.55
Avg Daily Trading (3Mo.)	76,311
FY '07 Revenue	\$14.1 mil
FY '07 EBITDA	(\$78k)
FY '07 Net Income	(\$517k)
Total Assets (06.30.08)	\$23.4 mil
Shares Outstanding	58.1 mil
Est. Public Float	9.0 mil.
Insider Ownership	19%
Institutional Ownership	50%
Fiscal Year End	Dec. 31

### iSYS

WidePoint acquired privately owned iSYS in January of 2008 to further enhance its portfolio of advanced proprietary IT solutions and add new high-value services and contract vehicles. iSYS was founded in 1999 and provides is the leading provider of mobile telecom management systems (MTMS) to the federal government. The company's proprietary applications are critical in the management of telecom-related expenses, which analysts cite as the third largest non-payroll expense of most organizations.

iSYS' Intelligent Telecom Management System (ITMS) provides full visibility into wireless handset assets and their use, pro-

### Highlights

#### 11/17/08

WYY Q3 revenue \$8.9M. Net loss (\$0.006). Nine Month revenue record \$25.3M as Federal government business continues to grow.

#### 10/02/08

iSYS awarded second task order under FSSI TEM contract for DHS customs and border protection: DoD's WHS renews and expands order with iSYS. iSYS orders total nearly \$30M since April '08.

#### 09/08/08

iSYS awarded first task order under FSSI TEM Contract for CDC and expands TSA contract. Represents \$5 mil. in awards.

#### 08/14/08

WYY Q2 Revenue \$9.3 mil. Year-to-date revenue up 167% to \$16.4 mil. Mobile Telecom segment Q2 revenue up 500%. Net loss (\$0.01).

#### 08/05/08

WYY Acquires Protexx for \$330k. Protexx is an identity mgmt. & information assurance company.

#### 05/20/08

WYY Q1 revenue \$7.2M. Forecasts sequential improvements in revenue, gross margins and operating profitability in Q2. Net loss (\$0.02).

**HAWK** 鷹  
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## WYY



viding significant and immediate cost savings for its customers. For example, iSYS estimates that it saved the Department of Homeland Security over 60% on its telecom-related expenses in one year.

iSYS realizes MTMS revenue under a monthly managed services model based on a per unit charge. iSYS estimates that in early 2008 the company had approximately 40,000 total units under management.

### ORC

In an effort to capitalize on a significant increase in government spending on security solutions, WidePoint acquired privately owned Operational Research Consultants, Inc. (ORC) in October of 2004. ORC is an elite provider of information assurance and secure authentication services and is at the forefront of implementing identity assurance management solutions.

ORC is a well-established and trusted partner for all U.S. federal agencies. ORC's digital certificates enable secure transactions with U.S. government agencies and other high-security organizations. As a certified third party, ORC also provides secure in-house network capabilities to federal and commercial clients.

The company has received six major U.S. government certifications and distinctions. ORC is distinguished as the first designated DoD Interim External Certificate Authority as well as the first U.S. Government External Certificate Authority (ECA). ORC is one of only three qualified providers of GSA Access Certificates for Electronics Services and is the first commercial GSA eAuthentication Credential Service Provider. ORC is a GSA Shared Service Provider (SSP) supporting the HSPD-12 and FIPS 201 initiatives. ORC has the General Services Administration's (GSA) FIPS-201 Approval.

In addition, as the first Federation for Identity and Cross-Credentialing Systems® (FiXs) Certified Credential Issuer, ORC is providing a key bridge between federal and commercial sectors for PKI-based information assurance solutions. ORC estimates that the FiXs network at maturity will attract more than three million annual subscribers with the need for both physical and logical access

into federal facilities and networks. ORC believes this alone represents an annually recurring market opportunity of up to \$300 million which is expected to roll out in early- to mid-2008 with expansion continuing over the next three years.

### Protexx

WidePoint acquired Protexx in August 2008 to broaden their suite in mobile data protection. Protexx provides identity assurance services through downloadable software. This includes their flagship 2048 bit encryption software, which is believed to be impenetrable by hackers.

### The Outlook

WidePoint currently supports over 50 clients through more than 10 contract vehicles with a backlog of opportunities approaching \$175 million. The company has high barriers to entry created by proprietary software, processes and unique government certification requirements. The acquisition, part of Widepoint's strategy, is expected to be accretive to revenues in 2009.

The January 2008 acquisition of iSYS essentially doubled WidePoint's annual revenues. iSYS's capabilities expand Widepoint's footprint in the government and commercial security markets while adding significant new proprietary technology in the rapidly growing mobile telecom expense management sector. iSYS counts as its customers agencies including the Department of Homeland Security, and the Transportation Security Administration among others.

iSYS orders total approximately \$30M since April '08. The company expects this growth to continue. Currently six federal agencies are using iSYS services. Another 14 have shown serious interest. The company believes there are more than 40 major federal agencies that could become customers.

Management estimates the addressable information assurance market could be valued at up to \$1.3 billion in recurring annual revenue in three to five years. It also believes the market for MTMS is currently valued at \$2.4 billion per year with significant room to grow.

WidePoint subsidiary ORC announced in November of 2007 the award of a number of

contracts by various federal agencies and commercial customers representing a total of more than \$28 million in backlog.

These contracts included multi-year agreements to provide support and credentialing services to Lockheed Martin on the Transportation Worker Identification Credential (TWIC) program; an agreement to provide two-factor authentication products and services to the Department of Commerce; and the listing of the company's information assurance and identity management solutions in the State of California's Department of General Services procurement schedule.

The use of PKI-based identity assurance technologies is becoming mandatory for many companies doing business with federal, state and local governments. Companies ranging from healthcare service providers to financial institutions and insurance companies can authenticate, validate, encrypt, sign and audit electronic data transfers using WidePoint's managed assurance services in compliance with federal regulations.

The company says it expects second half revenues will exceed first half revenues with a leveling off of operational expenses.

### Website Information

Copies of press releases, Level II price quotes, SEC filings, Java stock charts and other valuable information for investors may be found at:

[www.hawkassociates.com](http://www.hawkassociates.com)  
[www.isysllc.com](http://www.isysllc.com)  
[www.widepoint.com](http://www.widepoint.com)  
[www.orc.com](http://www.orc.com)  
[www.protexx.com](http://www.protexx.com)

### Risk Factors

- Integration of future acquisitions
- Highly competitive market
- Ability to successfully secure government contracts