

## Strategy and Business Model

Component	Description
1. Business Definition	<ul style="list-style-type: none"> <li>• OSS software for Tier 1 carriers</li> </ul>
2. Target Applications and Marquis Accounts	<ul style="list-style-type: none"> <li>• Allegro penetrates established Tier 1 carriers when the existing OSS infrastructure cannot be cost effectively extended to accommodate a new service or automation initiative.</li> <li>• Marquis Accounts               <ul style="list-style-type: none"> <li>- DSL Provisioning: Telecom Italia</li> <li>- IP Centrex: SBC</li> <li>- Wireless: ATT Wireless, Cingular, etc.</li> <li>- ISP: SBC Data Services (un-regulated)?</li> <li>- CDMA/GSM: Verizon Wireless, AT&amp;T Wireless, T-Mobile, Cingular</li> <li>- Cable Broadband: Cox</li> <li>- Legacy System Migration: Telecom Italia</li> </ul> </li> <li>• Critical Issues               <ul style="list-style-type: none"> <li>- Critical new services and network changes that will drive the market for OSS</li> </ul> </li> </ul>
3. High Priority Accounts for 2004-2005 penetration	<ul style="list-style-type: none"> <li>• New accounts: Sprint, BellSouth, Qwest, MCI, Orange, Vodafone, France Telecom</li> <li>• Existing accounts with deeper potential: SBC, Deutsche Telekom, Verizon</li> <li>• Critical Issues               <ul style="list-style-type: none"> <li>- Purchasing managers turning over</li> </ul> </li> </ul>

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4. Sales Channels	<ul style="list-style-type: none"> <li>• Total headcount of 20: 1 Sr. VP WW; 1 VP Americas; 1 VP EMEA/Asia</li> <li>• Channels               <ul style="list-style-type: none"> <li>- Direct                   <ul style="list-style-type: none"> <li>• Americas: VP + 6 Direct</li> <li>• EMEA/Asia: VP + 6 Direct</li> </ul> </li> <li>- OEMs/VARs                   <ul style="list-style-type: none"> <li>• Lucent, Amdocs, Agilent, HP, Telcordia, Convergy</li> <li>• 1 Indirect Americas sales</li> <li>• 2 Indirect EMEA sales</li> </ul> </li> <li>- Systems Integrators                   <ul style="list-style-type: none"> <li>• Business Edge: Steria (France), Datamat (Italy), T-Systems (Germany)</li> <li>• Emerging relationship with Accenture</li> </ul> </li> <li>- Other Solution Partners                   <ul style="list-style-type: none"> <li>• Micromuse</li> <li>• Cisco</li> <li>• Syndesis (transitioning to pure competitor)</li> <li>• IBM (transitioning to resale partner)</li> </ul> </li> </ul> </li> <li>• Critical Issues               <ul style="list-style-type: none"> <li>- How to strengthen and deepen SI relationships; how to concentrate partnering resources to gain maximum sales traction in key accounts</li> <li>- What partner eco-systems for what customer problems?</li> </ul> </li> </ul>

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5. Territory Focus	<ul style="list-style-type: none"> <li>• Territories               <ul style="list-style-type: none"> <li>- Americas                   <ul style="list-style-type: none"> <li>• 2003 bookings quota of \$20M; forecast attainment of 100%</li> </ul> </li> <li>- EMEA/Asia                   <ul style="list-style-type: none"> <li>• 2003 bookings quota of \$20M; forecast attainment of 50%</li> </ul> </li> </ul> </li> <li>• Critical Issues               <ul style="list-style-type: none"> <li>- How to drive more accurate deal forecasting despite the lumpy nature of the big deal business</li> </ul> </li> </ul>
6. Nature of the Sale/Best Client Engagement Model	<ul style="list-style-type: none"> <li>• Penetrate Tier 1s with targeted projects, prove capabilities across multiple operating units, sell corporate license</li> <li>• Critical Issues               <ul style="list-style-type: none"> <li>- We need to develop the capability to call higher in our accounts. We need to improve the quality of our account planning</li> </ul> </li> </ul>
7. Core Value Proposition	<ul style="list-style-type: none"> <li>• One solution can be used across diverse media and services (Extensible objects)</li> <li>• Reliable and cost-effective implementations (you know that the project will be successful)</li> <li>• No change in current business processes (J2EE, XML platform)</li> <li>• Critical Issues</li> </ul>

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8. Competitive Situation	<ul style="list-style-type: none"> <li>• Competition                             <ul style="list-style-type: none"> <li>- Telcordia TIRKS is entrenched</li> <li>- Netcracker is eating at the low end</li> <li>- MetaSolv is giving business away</li> <li>- Cramer is perceived market leader although their Tier I track record lags behind Allegro's</li> </ul> </li> <li>• Critical Issues                             <ul style="list-style-type: none"> <li>- Allegro needs to improve the market perception of its leadership and distance itself from competitors</li> </ul> </li> </ul>
9. Overall Market Size and Growth Prospects	<ul style="list-style-type: none"> <li>• The SRM market is approximately \$250M today and growing at a better than 40% annual clip according to RHK</li> <li>• Our own analysis suggests a slightly larger market (\$300-\$350M) growing somewhat more slowly (30-35%)</li> <li>• Critical Issues                             <ul style="list-style-type: none"> <li>- Potential investors frequently express concern over total addressable market with our current product footprint</li> <li>- Are we wholly comfortable that we can build a \$100M+ company in SRM with our current product portfolio?</li> <li>- What additions are compelling from our customers' point of view?</li> <li>- How do we expand the product footprint while sustaining profitability?</li> </ul> </li> </ul>

## Critical Business Imperatives and Implied Skills and Experience

Critical Business Imperatives 2003-2007	Description	Implied Skills, Prior Experience and Industry Knowledge
1. Raise Equity	<ul style="list-style-type: none"> <li>• Close additional \$10M by end of year under favorable terms</li> </ul>	<ul style="list-style-type: none"> <li>- Need to convince investors that we have a strong process in place to recruit a world-class candidate</li> </ul>
2. Build Superior Management Team	<ul style="list-style-type: none"> <li>• Build a management team that can take Allegro to \$100M profitably and will be highly regarded by employees, customers, analysts, partners, and investors</li> </ul>	<ul style="list-style-type: none"> <li>- Strong track record in building and leading management teams in companies that sell complex solutions to Tier 1 carriers or Fortune 500 enterprises</li> <li>- Has successfully hired a broad range of senior managers, including VPM, VPBZD, VPE, VP Pro Services</li> <li>- Track record of developing people</li> <li>- Delegates well</li> <li>- Is consensus driven, but decisive</li> </ul>
3. Create 2004-2006 Operating Plan to Achieve \$100M Revenues with 10% Net Profit	<ul style="list-style-type: none"> <li>• The plan needs to be credible to employees, customers, analysts, partners, and investors</li> <li>• Needs to include product road-map and necessary acquisitions to attain industry dominance</li> <li>• Define investor exit strategy (hopefully an IPO in 2005)</li> </ul>	<ul style="list-style-type: none"> <li>- P&amp;L experience in a company selling to Tier 1 carriers or Fortune 500 enterprises</li> <li>- Track record of managing organizational growth preferably taking a business unit from \$30M to \$100M with strong profitability</li> <li>- Strong process orientation</li> <li>- Excellent planning skills</li> <li>- Repeated pattern of winning through team work and preparation</li> <li>- Excellent communication skills</li> <li>- References from former employees saying they felt "well</li> </ul>

## Critical Business Imperatives and Implied Skills and Experience

Critical Business Imperatives 2003-2007	Description	Implied Skills, Prior Experience and Industry Knowledge
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4. Build Perceived Market Leadership	<ul style="list-style-type: none"> <li>Establish Allegro as the perceived market leader with customers, analysts, partners, and prospective shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Has prior experience in leading a successful effort to create a leading brand in software</li> <li>Background in strategic marketing or deep appreciation for same</li> </ul>
5. Build Complete Solution Partnerships	<ul style="list-style-type: none"> <li>Make Allegro PERVASIVE in Tier 1 Carriers</li> <li>Create complete technical solutions for targeted applications in targeted Tier 1 accounts through best-of-breed partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Responsible for staffing and supporting this effort</li> <li>Has rolodex of contacts at senior levels with prospective partners (focus on Accenture, Ericsson, IBM)</li> </ul>
6. Implement Major Account Contribution Tracking	<ul style="list-style-type: none"> <li>Develop and implement a system that allows Allegro to accurately track the contribution of major accounts (revenues, less direct expenses)</li> </ul>	<ul style="list-style-type: none"> <li>Responsible for staffing and supporting this effort</li> <li>Has track record of implementing strong operating controls</li> <li>Has successfully re-engineered 150-plus-people operating units</li> <li>Manages to the numbers</li> </ul>

## Critical Business Imperatives and Implied Skills and Experience

Critical Business Imperatives 2003-2007	Description	Implied Skills, Prior Experience and Industry Knowledge
7. Reinforce Internal Solution Delivery, Risk Management, and Program Management capabilities	<ul style="list-style-type: none"> <li>• Establish processes to improve project tracking, project profitability</li> </ul>	<ul style="list-style-type: none"> <li>- Has hands-on operating experience leading complex solution delivery projects in the \$10M+ range</li> <li>- Has track record of leading visibly from the trenches</li> <li>- Lots of customer contact</li> <li>- Good negotiator</li> <li>- Willing to take the blame when shit happens, and to share the credit when success strikes</li> </ul>
8. Social Responsibility	<ul style="list-style-type: none"> <li>• Appreciates the need to assume public role with respect to that responsibility</li> </ul>	<ul style="list-style-type: none"> <li>- Recognizes public role of CEO</li> <li>- Significant personal interest in fulfilling social responsibility</li> <li>- Has volunteered for civic responsibilities in the past</li> </ul>

## Allegro CEO Job Description

Title	<ul style="list-style-type: none"> <li>• CEO</li> </ul>
Responsibilities	<ul style="list-style-type: none"> <li>• CEO of Company</li> </ul>
Resources	<ul style="list-style-type: none"> <li>• Fresh capital, new product platform, fresh account wins, selling into a recovering market</li> <li>• Company has reached profitability in Q3 03, but sustained profitability requires deeper account base, more consistent selling</li> <li>• Expect to have constrained resources and to minimize spending ahead of growth</li> <li>• Can't expect to acquire to profitability</li> <li>• Can expect to trade out heads to upgrade organization</li> </ul>
Challenges, threats, opportunities	<ul style="list-style-type: none"> <li>• High Liquidation Preference (hopefully, this will be removed)</li> <li>• Highly competitive market</li> <li>• Target customers reluctant to buy from a start-up</li> <li>• Industry vertical with few outstanding success models</li> <li>• Lumpy bookings and revenues</li> <li>• No organizational history of consistent revenues</li> <li>• Temperamental VPE/VPPS</li> <li>• New and unproven VP WW Sales</li> <li>• Big brain VPM, with limited operating skills</li> <li>• Strong CFO, VPHR, and CTO</li> <li>• Strong working relationship required with Founder Chairman</li> </ul>



<b>Key Reporting Relationships</b>	<ul style="list-style-type: none"> <li>• Reports to: Board of Directors</li> <li>• Direct Reports: CFO, VPE/VPPS, VPWWS, CTO, VPHR, VPM</li> <li>• Other Internal Relationships: As noted above, the Candidate needs to be respected and engaged by and with the Founders</li> <li>• External Relationships: Customers, Analysts, Partners, Investment Bankers, Fund Managers</li> </ul>
<b>Principal accountabilities</b>	<ul style="list-style-type: none"> <li>• Build Management Team: Confirm that we have the right players in the right positions to execute the operating plan</li> </ul>
	<ul style="list-style-type: none"> <li>• Develop 2004-2007 Operating Plan: Lead process to re-plan 2004-2007 including product roadmap, priority accounts, key application focus, marketing programs, partnership strategy, channel programs, competitive positioning, revenue plan and TAM analysis, OD requirements and plan. Validate that Allegro can attain more predictable bookings, revenue, and profitability.</li> </ul>
	<ul style="list-style-type: none"> <li>• Build Allegro's Perceived Market Leadership: Initiate and effort that will establish Allegro by EOY 2004 as the perceived market leader with customers, analysts, partners, and prospective shareholders.</li> </ul>
	<ul style="list-style-type: none"> <li>• Expand SI Partnerships: Develop meaningful partnerships with primary Tier 1 SI in US, Europe, and Asia</li> </ul>
	<ul style="list-style-type: none"> <li>• Build Complete Solution Partnerships: Make Allegro PERVASIVE in Tier 1 Carriers. Create complete technical solutions for targeted applications in targeted Tier 1 accounts through best-of-breed partnerships.</li> </ul>
	<ul style="list-style-type: none"> <li>• Implement Major Account Contribution Tracking: Develop and implement a system that allows Allegro to accurately track the contribution of major accounts (revenues, less direct expenses)</li> </ul>

Key tasks in first year	<ul style="list-style-type: none"> <li>• See above</li> <li>• Primary tasks will be re-planning 2004-2006 and validating the management team</li> <li>• Must get to more predictable revenues and more consistent profitability</li> </ul>
Performance measures	<ul style="list-style-type: none"> <li>• TBD; but will start with meeting defined objectives for 2004</li> </ul>
Compensation	<ul style="list-style-type: none"> <li>• TBD <ul style="list-style-type: none"> <li>- Base Salary</li> <li>- Options: Number and % Ownership FD</li> <li>- Terms of Vesting and Acceleration Provisions</li> <li>- Bonus: Cash, Equity, Process of Determination</li> <li>- Relocation Issues and Reimbursement</li> <li>- Timing of Start</li> </ul> </li> </ul>

## Allegro Ideal CEO Candidate Profile

<p>Professional Experience, Skill Set, and Career Track</p>	<ul style="list-style-type: none"> <li>• Industry             <ul style="list-style-type: none"> <li>- Comes from a product company that sells product-based, complex software solutions to telecommunications (preferably) or enterprise (Fortune 500) customers</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Professional             <ul style="list-style-type: none"> <li>- Division President or GM of an operating unit with full P&amp;L responsibility</li> <li>- May not have prior CEO experience</li> <li>- Has demonstrated experience to manage globally, and to deal with cultural complexities of doing business in Europe, Latin America, and Asia</li> <li>- Demonstrated track record of turning a loss business into a profitable and growing business with strong operating disciplines and a excellent team selling to Tier 1 carriers</li> <li>- Understanding of system software is nice to have, but not essential</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• CEO Skill Sets             <ul style="list-style-type: none"> <li>- Effective Team Leadership</li> <li>- Hiring and Organizational Development</li> <li>- Mentoring</li> <li>- Communicating the Strategy to Employees and Investors</li> <li>- Major Account Selling</li> <li>- We are looking for someone who has taken a company/operating unit from \$30M to a higher level (\$100M+) in a tough market where implementing process and strengthening the management team (corporate leadership) were required</li> <li>- A passion to be a public company CEO is essential</li> <li>- Confidence and Desire to grow a \$30M company into a profitable \$100M company essential</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Career Flow <ul style="list-style-type: none"> <li>- Engineer, Product Management, Strategic Marketing, P&amp;L Responsibility</li> <li>- On track for move to top Corporate Executive position</li> <li>- Wants to be a CEO but doesn't see this happening in current company</li> <li>- Prefers the independence of a smaller company</li> </ul> </li> </ul>
<b>Target Companies</b>	<ul style="list-style-type: none"> <li>• Hardware/Solution Companies: IBM, Unisys, HP</li> <li>• Billing Companies: Convergys/Geneva, Saville, etc.</li> <li>• Equipment Companies: Cisco</li> <li>• Pure OSS Plays: Micromuse</li> </ul>
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>• Technical or Liberal Arts Undergraduate Degree</li> <li>• MBA or other advanced degree nice to have</li> <li>• Preferably from highly regarded schools</li> </ul>
<b>Personal Competencies</b>	<ul style="list-style-type: none"> <li>• Judgment: Pattern Recognition; Intuitive Decision Making</li> <li>• Influence: Personal Impact; Organizational Influencing; Conflict Resolution</li> <li>• Management: Management Team Building; Business Effectiveness Orientation</li> <li>• Personality: Business Achievement Orientation; Active Coping/Stress Tolerance; Authority/Responsibility; Empathy/Sensitivity; Self-Confidence; Integrity</li> <li>• Other (what)</li> </ul>

# Allegro CEO Screen and Interview Checklist

## Primary Industry Experience

- Telecommunications Equipment
- Billing
- OSS
- Other (what)

## Desired Location

- Massachusetts Tech corridor
- Valley

## Educational Level

- College
- Graduate School

## Primary Functional Experience

- General Management/CEO
- Strategic Marketing
- Business Development
- Sales and Sales Management

# Allegro CEO Screen and Interview Checklist

## Primary Functional Experience (cont'd)

- Product Management
- Engineering Management
- Other (What?)

## Size of Company Experience

- Start-up
- Middle Market Private
- Middle Market Public
- Small of Large
- Large Company

## Prior Experience

- Turned loss business into profitable and growing business with process and team building
- Demonstrated Effective Team Leadership
- Demonstrated strong hiring and organizational development skills
- Has used process disciplines to improve business performance

## **Allegro CEO Screen and Interview Checklist**

### **Career Flow**

- Career flow demonstrates rapid advancement and a track record of business accomplishments

### **Key Personal Characteristics**

- High Need to Achieve
- High Energy Level
- Strong Communication Skills
- Natural Leadership Skills
- Collaborative
- High Emotional IQ
- Nose for Great Hires
- Sense of Humor
- Entrepreneurial Mindset
- Social Responsibility – community leadership
- Culturally Adept – understands how to do business in Europe and Asia