ARTEMIS VENTURES

Fund I Annual Investor Meeting

May 4, 2002

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AV Fund I

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Annual Investor Meeting Agenda
May 4, 2002

1:45 – 2:15 pm	**Registration for AV I Investors & Advisors**
2:15 – 2:30 pm	**Introduction and AV I Update**
2:30 – 4:00pm	**AV I Portfolio Company Updates**

- Motiva by Ted Comfoltey
- Clairvoyant by Greg Hampton
- Toolwire by Doug Marinaro
- ViewCentral by Rick Ludlow
- Voice Access Technologies by Brad Solso

4:00 – 6:00pm	**Break**
6:00 – 7:00pm	**Cocktails & Appetizers at MoMo'S**
7:00 – 9:00pm	**Dinner at MoMo'S**

Fund I Presentation

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AV Fund I Annual Investor Meeting
May 4, 2002

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	Taviz Technologies by Brad Solso
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First, ... State of the VC Industry

- Returns down 36% for previous 12 months (thru 3Q01 - NVCA)
- Liquidity options remain scarce, but valuations stabilizing
- Mega Funds are returning un-invested capital to LPs
- Deal flow activity/collaboration is active again
- No "hot" sectors, just companies with clear paths to profitability
- Not much "risk taking" occurring in marketplace
- VC, like any asset class, is cyclical
  - In early 90s, it took several years for VC industry to recover

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BUT, ... Light at the End of the Tunnel

- Economy grew 5.8% in 1Q02 (Washington Post 4/27/02)
  - Largest growth in past 2 years
- Inflation remains low at 1.4%
- Tech spending dropped only .5% in 1Q02 (Washington Post 4/27/02)
  - Lowest drop in past 2 years
- IPO Outlook: getting better...
  - 4 VC-backed cos. went public in 1Q02 (Paypal, WCI Comm., Zymogenetics, Synaptics) and raised ~$375M, while 14 cos. went public in 1Q02 (NVCA)
- M/A Outlook: 74 deals in 4Q01 for $1.6B
- We believe VC has plateaued, and now trending upwards

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Where VCs Continue to Invest

- Deep technology solving real pains:
  - Moore's Law : chip power x2 every 18 mos.
  - Storage needs x2 every 12 mos.
  - Bandwidth needs x2 every 6 mos.
  - Metcalfe's Law: value of network increases exponentially as # of nodes increase

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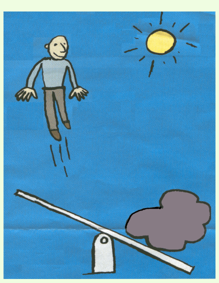
Historical Perspective



GE, HP, Intel, Apple, Microsoft, Oracle, Sun were formed during American "dark ages"

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AV Fund I Performance

- Total Invested as of 1Q02 is $18.5M
- Current Value as of 1Q02 is $12.8M
  - Portfolio is down 31% since fund inception (5/99)
  - Portfolio is down 36% for 2001 per PWC Audit
- Decrease in fund value due to conservative accounting:
  - Write-off of Eletter and Ampent
  - Write-down of Motiva down round
  - Write-down to cost of Clairvoyant
  - Write-down of Voice Access (due to bridge financing/warrant coverage dilution)

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AV Fund I vs. Industry

Venture Economics' US Private Equity Performance Index(PEPI)
Investment Horizon Return as of 9/30/01

Fund Type	3 Mo	6 Mo	1 Yr	10 Yr
Early/Seed VC	-12.8	-16.9	-36.3	21.5
Balanced VC	-9.8	-11.7	-30.9	16.2
Later Stage VC	-3.9	-7.5	-25.9	17.0
All Venture	-10.0	-13.3	-32.4	18.2
All Buyouts	-8.0	-6.9	-16.1	15.6
Mezzanine	-2.0	-0.9	3.9	11.3
All Priv Equity	-8.2	-8.7	-21.4	16.9

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AV Fund I – Adolescence Stage

- 2 Cos. have ceased operations (Eletter and Ampent)
  - Common in VC funds to have up to 1/3 of cos. cease operations within 2-3 years of initial funding
- 5 Cos. have raised subsequent rounds of financing (Clairvoyant, Motiva, Taviz, Toolwire, Viewcentral); 1 co. is seeking a strategic acquiror/partner (Clairvoyant)
- 1 Co. is currently fundraising (Voice Access)
- Remaining cos. have revenues and a plan to break-even or profitability

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New Financings Since Last Year's Investor Meeting

- **Motiva:** Series C in Aug 01, $15M round at $15M pre-money valuation
- **Taviz:** Series B in May 01, $7.8M round at $18.8M pre-money valuation
- **Voice Access**: 2nd Close of Series A in Mar 01, $675K round at $6.5M pre-money valuation
- **Bridge Loans:** Ampent in Jun 01, Aug 01, Sept 01, Dec 01; Taviz in Dec 01; ViewCentral in Apr 01, May 01, Jul 01, Sep 01, Oct 01

No new financings for remainder of the life of Fund

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Investment Themes

- Co-invest with deeper pockets and like-minded investors
- Invest in core technologies rather than utility/tool companies
- If you believe you need a new team, do it sooner rather than later
- Identify horizontal markets in case your target market vanishes
- Sometimes, even the good die young…

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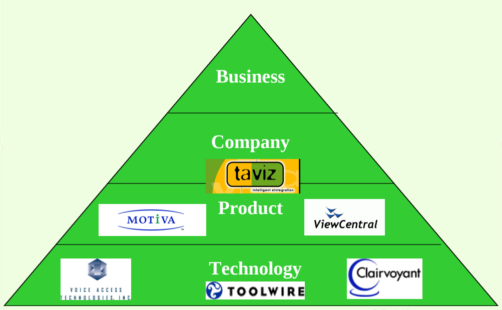
Portfolio Outlook – At Investment



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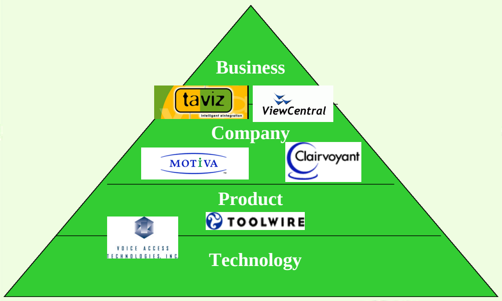
Portfolio Outlook - Today



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AV Fund I Preliminary Performance Projections

Best Case Returns:
Principal returned + 12-15% +

Moderate Case Returns:
Principal returned + 0-5%

Worst Case Returns:
-15-30% (or more) reduction of Principal

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MOTiVA™

Presentation

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Clairvoyant
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TOOLWIRE
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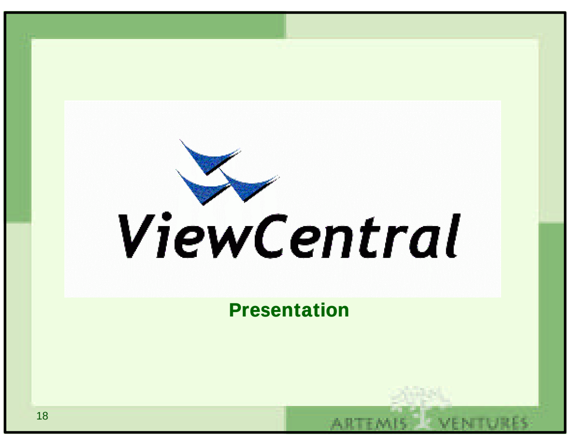
ViewCentral
Presentation
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VOICE ACCESS TECHNOLOGIES, INC.

Presentation

taviz

Intelligent eIntegration

Presentation

Investor Site

- Link on the Upper Right Corner of the main Artemis Ventures Website
  - Annual Investor Meeting Information
  - Artemis Ventures Contact Information
  - Quarterly Investor Letters
  - Audited Financial Statements
  - Portfolio Company Updates
- Username: avinvestor
- Password: relations

Questions?

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Thank You

See you at 6pm at MoMo'S!

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Company
Presentations

Motiva, Inc.

Artemis Ventures
Annual Investor Meeting

Saturday, May 4, 2002

Ted Comfoltey
CFO
Motiva, Inc.

Agenda

- Enterprise Incentive Management
- Motiva 8
- Recent milestones
- Customer case study
- Sales pipeline
- Financial metrics

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Annual Investor Meeting

"Our top priority is to create long-lasting value for our customers, employees, and shareholders."

Jeff Carr
Motiva CEO

Incentive Management Today

- Current Systems Inadequate
- Fragmented, Dispersed Data
- High Cost of Administration
- Difficult to Change, Adapt
- Errors and Overpayments
- Lack of Employee Trust
- Limited Analysis, Modeling

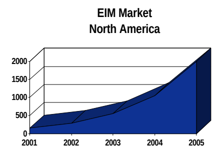
"Sales organizations that fail to execute reporting and payments of incentive commissions in a timely and accurate manner will decrease sales force productivity by 20 percent because of lost selling time, reduced motivation and the absence of organizational trust."

Joe Galvin
Gartner

Enterprise Incentive Management

An Emerging Software Category

- Enterprise Scope and Architecture
- Comprehensive Functionality
- Flexible Rules and Structures
- Participant Access and Visibility
- Management Analysis and Modeling
- Internet Technology Platform

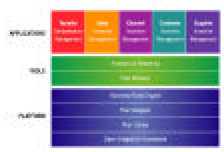


"Aberdeen expects the EIM market to grow through 2006 to a range of $2.1 billion to $2.5 billion, including software licenses, implementation, service, and support."

Aberdeen Group, 2002

Introducing Motiva 8

- Extended Enterprise View
- Comprehensive 360° Coverage
- Best Practices
- Integrated Analytics
- Global, Enterprise Architecture
- Advanced Internet Technology
- Open Integration Framework
- Comprehensive Services

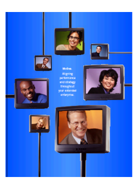


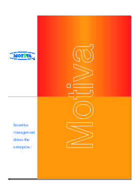
"Motiva is positioned to attack the large enterprise market with Motiva 8, its new zero-footprint, Internet-based release."

Monica Barron
AMR Research

Recent Company Milestones

- **Series C financing - $15M**
  - 3Q 2001
- **Major management team additions**
  - 3Q – 4Q 2001
- **New branding and positioning**
  - 4Q 2001
- **Motiva 8 general availability**
  - 1Q 2002
- **Motiva 8 customer implementations**
  - 1H 2002





Motiva Management Team

Jeff Carr	President and CEO	RightWorks, PeopleSoft, Integral
Ashok Kumar	SVP, Engineering and CTO	ThinkLink, SAP, LSI Logic
Dan Udoutch	SVP, WW Sales	Commerce One, Netscape
George Sui	SVP, Service Operations	i2, PeopleSoft, Booz-Allen
Ray Gadbois	SVP, Marketing and CMO	PeopleSoft, Oracle
Rob McKelligan	VP, Prod. Strategy/Prod. Mktg.	Icarian, PeopleSoft, Oracle
Tom McCleary	VP, Business Development	Commerce One, HP
Ted Comfoltey	CFO	KPMG, Computer Associates
Bob Finnell	General Counsel	Ventaso, PeopleSoft, ASK

New Direction & Strategy

- Enterprise application suite
- Internet architecture
- Best of breed functionality
- Strong marketing & consultative sales
- Targeted to C-level executives of Global 2000 companies
- Enterprise-class professional services
- Market & customer-driven product development

MOTIVA

"Motiva is positioned to attack the large enterprise market with Motiva 8, its new zero-footprint, Internet-based release."

Monica Barron
AMR Research

Sample Motiva Customers

ALARIS Medical Systems, First Horizon Home Loans, TIP, Fleet, Mitsubishi Motors, Trimble, SkillSoft, Merant, Group 1 Software, Playboy, Clorox, Wilsons The Leather Experts

First Horizon Home Loans

MOTIVA

Industry	Financial Services: Mortgage Lending
Size	$45B Portfolio 11,000 Employees
Location	Irving, TX
Group	National loan officer workforce
Applications	Commission and bonus plans
Participants	Sales comp 900 Variable comp 800 Total 1700

FIRST HORIZON HOME LOANS

"We are looking forward to working with Motiva. Our compensation managers will be thrilled that they no longer have to calculate commissions manually."

Susan Faught
FHHL

First Tennessee National Corp.

MOTIVA

Industry	Financial Services: Banking, Mortgage Lending
Size	$20.6B Assets 10,000 Employees
Location	Memphis, TN
Group	Customer service reps, tellers, metro brokers, and managers
Applications	Commission and bonus plans
Participants	2,250

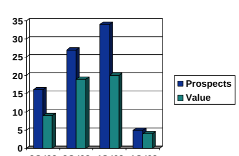
"We chose Motiva because they demonstrated a clear understanding of our business requirements, including the complexities of managing incentive compensation for financial services."

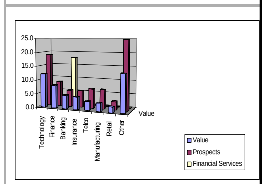
Randall Carrier
First Tennessee National Corp.

Current Sales Pipeline

MOTIVA

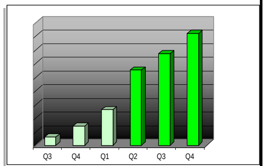
- **Total deals – 82**
- **Total value – $52,338,000**
- **Average deal size – $638,000**
  - **License + maintenance**
  - **Services not included**
- **Pipeline by industry**
  - **Financial services**
  - **High tech/electronics**
  - **Consumer & industrial products**



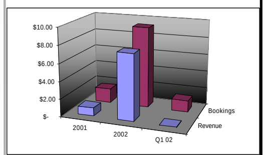


Financial Metrics

- **Headcount - 65**
- **Monthly burn rate - $1.1 – 1.2M**
- **Monthly net burn rate - $0.9M or less (projected to decline)**
- **Cash expiration date - Q4 '02**



Bookings Growth



Revenue & Bookings

MOTIVA™

Incentive management drives the enterprise.™

Clairvoyant Software

Responsive Capacity Forecasting

www.clairvoyant.com

What Problem Do We Solve? "Forecasts you can trust!"

30 Times More Precise Network Capacity Forecasts:

- What?
- When?
- Where?
- How Much?

Network Forecasting With Clairvoyant

- Network Resources: When?, Where?, and By How Much?
  - "Hard Dollar" ROI by identifying WAN services that can be downgraded safely
    - Immediate P&L impact
  - Finds the Weakest Links
    - Discovers mission-critical LAN & WAN services that are near saturation
    - Provides evidence-backed justification for upgrades
  - Business-Actionable Reports
    - The only application to provide a financial view of WAN services

Management Team

- Gregory Hampton CEO and Co-Founder
  Acting VP Sales/Marketing
- Druce MacFarlane CTO and Co-Founder
- Bill Masters Director of Engineering
- Honor Huntington CFO

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Key Milestones

- May, 1999 1st Round Financing
- May, 2000 2nd Round Financing
- Oct., 2000 V 2.2 ForeCast Manager to Beta
- Feb., 2001 V 2.2 FCS
- Feb., 2001 Citigroup; 1st Enterprise Customer
- May, 2001 State of IL; First $100,000 order
- Nov, 2001 Nortel; 20th Customer
- April, 2002 M.T.M.; First VAR

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Strategic Changes

- Moved to Citrix/Packeteer VAR model
- Substantially reduced burn rate to accommodate economic conditions
- Exploring Merger Options

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Representative Customers

Q2 Pipeline

- April Bookings/Maintenance Renewal ($76,000)
  - BluesNet
  - TelAlaska
  - Verizon DSL
- P.O.'s in process ($370,000)
  - SAIC/INS — From $30K to $250K
  - State of IL — Still in play
  - Webster Bank — < 30 days; MTM intro.
- Evaluations ($~80,000)
  - Scheduling.com — < 30 days
  - BC/BS Indiana — 3rd Blue Cross account
  - Norfolk Southern — 800 Routers

Q2 Pipeline

- Evaluations Committed
  - Cisco
  - Verizon Wireless
  - BC/BS NJ
  - University of Texas
  - Bear Sterns
- In Discussion
  - Enterprise Rent a Car, A.G. Edwards
  - Harris Corp
  - BC/BS FL
  - Darden Restaurants
  - Washington Mutual
  - Univance

Case Study: Sun Microsystems

- Capacity Forecasting for WAN budgeting and planning
- Previous Method was built in house and 90% manual
- Monitoring 800 WAN circuits in 6 geographic locations
- Reports go to CIO and CFO
- Over $1.6M saved with $120K purchase

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Partners

- Commworks (3Com)
  - OEM Partnership to monitor 2G, 3G, VOIP soft switches
- Packeteer
  - Informal relationship; access to Packeteer VARs
  - Part of longer term partner framework

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Revenue

2001 (actual)	Q1 $0	Q2 $167,000	Q3 $166,000	Q4 $177,000	Total $510,000
2002 (Forecast)	$200,000	$300,000	$400,000	$500,000	$1,400,000
2002 (actual)	$23,000				

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Other Operational Information

- Headcount: 12
- Expense Rate: $175,000 / Month
- Out of Cash Date:
  - W/O additional Revenue: November 2002
  - On Plan (no Q1 Make up): ~ Break Even Q4 2002

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Measuring Progress

- Milestones
  - May
    - 2 Existing Evals agree to purchase
    - MTM Customer Appt's begin
      - 3 Committed Evals; 2 more Identified
    - Verizon Pilot Installed
    - New Citrix VAR due-diligence eval in place
  - June
    - SAIC/INS order ($254,000)
    - 2nd VAR active
    - 1 MTM customers agree to purchase
    - 2 new MTM evaluations committed

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TOOLWIRE
ELECTRONIC DESIGN IN INTERNET TIME

Accelerate Your Product's Adoption

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Annual Investor Meeting

TOOLWIRE

Product Overview

- Toolwire|**DCM Network** solutions close the gap between new technology innovations and customer adoption
  - **Toolwire|Training™** – enables hands-on product training anywhere, anytime
  - **Toolwire|AE™** – delivers 30+% productivity gain for front line technical experts

TOOLWIRE

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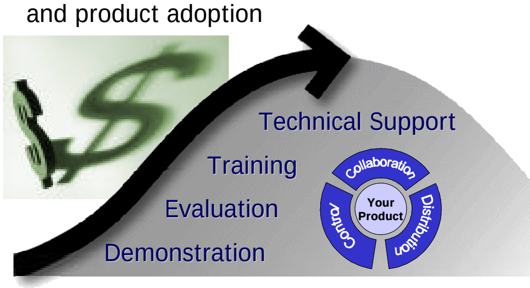
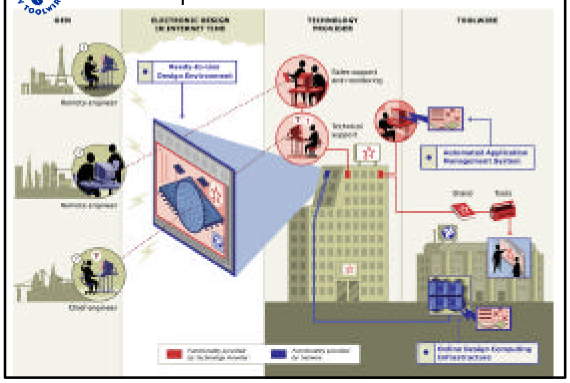
A Toolwire|**DCM Network** empowers technology vendors to accelerate sales and product adoption



TOOLWIRE

Toolwire|**DCM Network** in Action



Management Additions / Changes

- Sales & Business Development
  - Russ Henke – joined 4/1/02 as acting VP Business Development
  - Larry Fagg – previous VP Sales, left company
- Tech Advisory Board Additions
  - Jeff Halverson – ex VP Prof Svcs IBM
  - Russ Henke – ex VP GM Mentor Graphics

TOOLWIRE

Key Milestones

- Oct ’01 – First customer order Toolwire|Training™
- Nov ’01 – Month 1 positive ROI first customer
- Jan ’02 – Major R&D project FCR – Toolwire Automated Management System
- Mar ’02 – 1000th customer training on Toolwire
- Mar ’02 – Production release of Toolwire|AE™
- April ’02 – Successful pilot with lateral mkt client
- Apr-May ’02 – Successful preproduction pilots with 5 reference accounts

TOOLWIRE

Strategic Adjustments

- Reduce spending plan – dramatically extend runway.
- Redouble Product R&D
  - Enhance value proposition with compelling new features and capabilities
  - Broaden market with new solution for Customer Support organizations
- Focus Sales efforts on highly referencable engagements with demonstrable ROI

TOOLWIRE

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Customers

- Production
  - Xilinx
- Pre-production
  - Mentor, Cadence, Saba, Altera, Avnet

TOOLWIRE

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Pipeline Summary

- Current Sales Pipeline
  - $9,500K in current sales opportunities
  - $2,900K forecast for 2002
  - $52M in total opportunity value

TOOLWIRE

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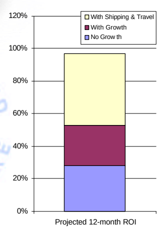
Customer Success Story: **Xilinx**

- Challenges
  - Budgets are flat to down
  - Manage increasing operational complexity
    - 4,000 hands-on trainings/year at Xilinx and 3rd party facilities
    - 15 Unique design flows used in 22 unique class configurations
    - Dedicated HW maintained at Xilinx facilities
    - Shipped notebook computers
    - Customer IT required to deliver remote classes
  - Double the number of classes this year with the same resource

TOOLWIRE

Customer Success Story: **Xilinx**

- Solution: Toolwire|Training
- Results
  - In production within 2 weeks
  - Positive return in first month
  - 100% ROI within a year
  - More than doubled productivity with less resource and cost and improved predictability
    - 1200+ customers trained at 40+ private and public locations to date
    - Lower operational expense
    - Reduced fixed asset overhead
    - Automated error-prone manual processes
    - Improved ability to respond to new opportunities



TOOLWIRE

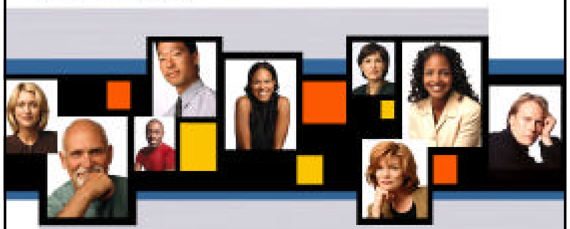
Financials

	Q4 '01	2002E
Revenue	$45K	$1300K
Bookings	$460K	$2900K

- Q1 2002 Revenue - $60K
- Headcount – 17
- Monthly Burn Rate - $350K
- Cash out date – Mar 2003 (Absent any incremental revenue)

TOOLWIRE

ViewCentral



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May 4, 2002

Rick Ludlow - CEO

Pre & Post Event Management

ViewCentral Pre-Event	Events Types The Event	ViewCentral Post-Event
Schedule & publish events	Web seminars	Event evaluations
Resource conflict management	Classroom training	Marketing database
Marketing the event	e-Learning	Financial database
Registration and Payment	Audio conferencing	Attendance & revenue reports
Survey / qualify attendees	Video conferencing	Integration with other systems
Workflow / communications	Virtual classroom training	Remarketing future events

ViewCentral

- Executive team:
  - Rick Ludlow, CEO
  - Kevin O'Donnell, CFO
  - Terry Lydon, VP, QA & Services
  - Roger Jensen, VP, Engineering & Production
  - Greg McLemore, Director, Sales
  - Mary Newsom, Director, Business Development
- Accomplishments
  - US News & World Reports Award
  - Brandon Hall Award
  - Success selling multi-year contracts
  - Purchased & integrated e-Learning IP from Headlight
- Our training focus has been expanded to include Web conferencing

Marquee Customers

Sales & Marketing

- Opportunity funnel
  - Size of pipeline
  - Key opportunities
- Alliances
  - Webex
  - Placeware
  - DigitalThink
  - Many additional partnering opportunities identified for ViewCentral Conference

What our Customers Say

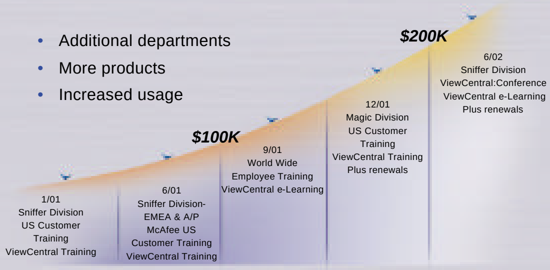
ViewCentral is a great marketing and lead generation tool. Prior to adopting ViewCentral, we averaged approximately 900 hits per month to our site; since that time, we have averaged 4,000 hits per month, an increase of more than 400%.

Rich Baich
Senior Director
Worldwide Educational Services
Network Associates

Subscription Model = Exponential Growth

Network Associates

- Additional departments
- More products
- Increased usage



Financials

- We are seeing traction and getting revenue from our new ViewCentral Conference solution
- 2001 revenue $756k; bookings $1.2m
- 2002 conservative bookings forecast of $1.5m with upside potential
- 16 employees and 2 contractors
- Monthly burn is $320k gross; $210k net
- Funded through October, 2002, to allow us to "prove the new model"

ViewCentral

Questions?

Who We Are

Founded:	January, 2000
Headquarters:	Los Gatos, CA
Current funding to date:	Series A - $3.675M
Product launch:	January 2002

Management Team:

Peter Olson, *CEO and President*
Founded and led Octel Communications, Flycast Communications, and Telocity

Jay Farquhar, *Senior Vice President*
GE ,TCSI, Operon Partners sales, marketing and general management executive

Steve Ghareeb, *VP of Sales*
GE, Ameritech, Cisco, and Telocity sales and business development executive

Charlie Reynolds, *CTO*
Leading technologist, voice-response and grammar applications expert

Charles Stewart, *VP of Operations*
Engage Media and Flycast executive in business and network operations

Mike Barnett, *VP of Engineering*
Octel, Silicon Gaming, Interval Research executive in security and telecommunications

Mike Manzo, *VP of Product Marketing*
Telocity, OmniSky executive in product marketing and strategic planning

VOICE ACCESS TECHNOLOGIES, INC.

What We Do

We make voice applications work that the market can afford!

Here's how:

- **Expert Voice Services Platform (Patent Pending)**
  - Dramatically improves end-user experience *and* adapts to users
  - Integration-scalability, performance and reliability
  - Distributed architecture allows every component to scale dynamically and independently
  - Limitless redundancy
  - Improved recognition by proactively neutralizing voice and environmental differences
  - Real time table driven intelligent grammar creation combined with data scrubbing algorithms which automatically voice readies the data
- **Expert Voice Applications**
  - Dynamically intelligent applications (Expert Voice Systems)
  - Superior functionality
  - Simple and comfortable to use
  - Ability to quickly develop leveraging our expert platform

VOICE ACCESS TECHNOLOGIES, INC.

Voice Applications Market

Functionality

1st Gen

Touch-Tone With Proprietary Voice Overlay

- ➢Traditional proprietary CT platform
- ➢Touch-tone applications that are voice enabled

Results:
- Long development
- Expensive
- Poor user experience

Example: UPS/IVR

Providers: *Nuance, Telera, IVB*

2nd Gen

Voice Interaction of Touch-Tone Applications

- ➢Traditional open CT platform
- ➢Voice is primary interface

Results:
- Long development
- Expensive applications
- Better user experience

Example: American Airlines

Providers: *BeVocal, TellMe*

2.5 Gen

Intelligent Voice Applications and Platform

- ➢Distributed voice services architecture

Results:
- Scalable, redundant
- Short development
- Cheap applications
- Good user experience
- Limited voice rec. capabilities in platform

Providers: *Voxeo, Verascape*

3rd Gen

Expert Voice Platform and Applications

- ➢Distributed voice services architecture

Results:
- Adapts to users
- Neutralized voice and environmental differences
- Scalable, redundant
- Shorter development
- Cheaper applications
- Great user experience

Provider: *Voice Access*

Evolution

VOICE ACCESS TECHNOLOGIES, INC.

2002 Plan

	2001	2002: Q1 & Q2	2002: Q3 & Q4
Corporate and Business Development	✓ Start fund raising ✓ Hire CTO, VP Sales, VP Operations ✓ 18 total employees ✓ Hosting facilities in place ✓ Establish technology partnerships with Nuance, TSI	✓ Complete Board of Directors/Advisors ✓ Hire VP Marketing ✓ 22 total employees ✓ Begin selling IVR market ✓ 1st recurring revenues begin	▪ Hire Controller; Dir. Of Prof. Services; Management team complete ▪ 34 total employees ▪ 4 key partnerships ▪ 3 IVR customers
Product and Operations	✓ Complete VXML 2.0 interpreter ✓ Complete Development of the Developer Studio ✓ Complete data scrubbing engine ✓ Core application modules completed ➢ Define Version 2 platform	✓ Release Version 1 platform ➢ Industry specific applications defined and developed ➢ Charter customers in production ➢ Build Version 2 platform	▪ Maintenance release of Version 1 platform ▪ Beta test Version 2 platform ▪ Define Version 3 platform requirements
Launch and Marketing	➢ Finalize corporate identity ✓ Develop marketing and sales plans ➢ Develop positioning and key messages ✓ Develop and deploy web site ➢ Begin pre-launch PR ✓ Develop sales materials	➢ Launch broad base marketing programs to support V.1 product platform ➢ Update website and define next version ➢ Develop V.2 marketing programs	▪ Begin pre-launch marketing of V.2 product platform ▪ Develop V.3 platform marketing programs ▪ Develop next generation marketing campaigns

Goals for 2002:

Key service features in place to establish market leadership

Aggressive service expansion efforts to add new speech-based applications and services

Scalable technology platform for profitable growth

✓ Complete
➢ In Progress
▪ To Do

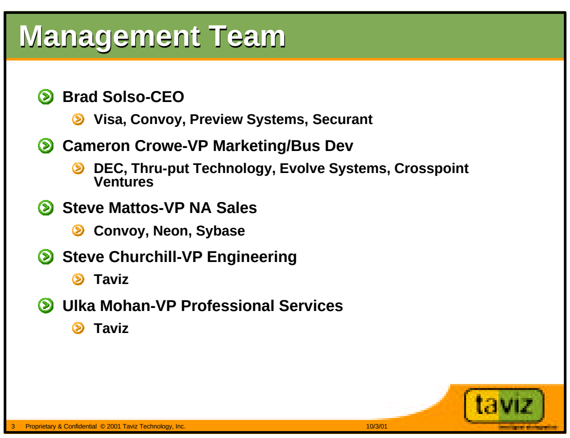
Financial Projections

	2002	2003	2004	2005
Total Revenue	**$618**	**$13,441**	**$37,666**	**$74,629**
- Total Cost of Revenue	$101	$4,270	$13,736	$30,099
Total Gross Margin	$517	$9,171	$23,930	$44,530
- General & Administrative	$3122	$4,401	$5,559	$6,400
- Sales & Marketing	$1088	$3,674	$7,618	$13,264
Profit/Loss	**($3,693)**	**$1,096**	**$10,752**	**$24,865**
Cumulative P/L	($3,693)	($2,597)	$8,156	$33,021
Revenue % - IVR/CC	95%	77%	64%	49%
Revenue % - Wireless	5%	12%	25%	43%
Revenue % - NextGen	0%	11%	11%	8%

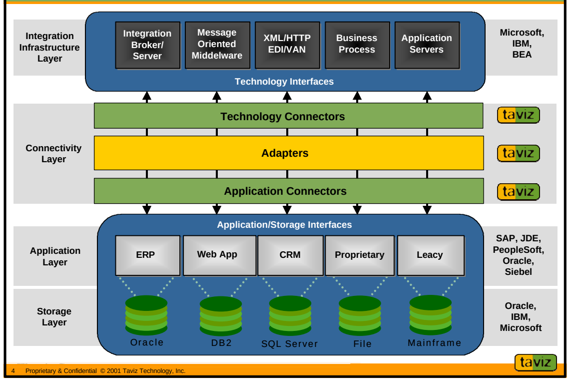
VOICE ACCESS TECHNOLOGIES, INC.


<DATA>VALIDATE</DATA>
taviz
Taviz Technology Inc
<PROCESS>AUTOMATE</PROCESS>


Company Overview
Accelerating Global E-business through Improved Data Integration
Leading provider of Data Connectivity Solutions
Growing Market Demand for Integration Solutions
EAI Market approximately $1.6 Billion (33% CAGR)
ETL Market approximately $0.8 Billion (10%CAGR)
Proven Technology
Strong Customer Reference Base
Production Systems
Experienced Management Team
taviz


Management Team
Brad Solso-CEO
Visa, Convoy, Preview Systems, Securant
Cameron Crowe-VP Marketing/Bus Dev
DEC, Thru-put Technology, Evolve Systems, Crosspoint Ventures
Steve Mattos-VP NA Sales
Convoy, Neon, Sybase
Steve Churchill-VP Engineering
Taviz
Ulka Mohan-VP Professional Services
Taviz
taviz

Proven Technology



Recent Successes

- Completed Transactions
  - Waste Management-$90K
    - Significant Follow on business expected
  - French Ministry of Finance-
    - Large Peoplesoft Implementation connecting Ministry departments
    - Significant follow on business as Departments rollout (customs department)
- Final Stage/Successful Proof of Concept
  - Cap Gemini E & Y
    - 3-year Agreement, Multi-Million $ Potential
  - Schroders

taviz

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Taviz Customers

Best Buy.com
Ford
Briggs Corporation
Honeywell
BT
ElcoBrandt
Canon
New York City School Construction Authority
Starbucks Coffee STARBUCKS.CO
TOSHIBA

taviz

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Case Study: Briggs Corporation

Briggs is a leading supplier of professional documentation systems and forms, medical supplies, charting products, education and training materials, pressure-sensitive tapes and labels, and rehabilitation products to the health care industry.

Problem:

- Information utilized by Briggs employees and customers was scattered across an ERP system, CRM system, web portals, document management systems and other proprietary systems, causing duplicate and inconsistent information to be used in day-to-day operations.

Solution:

- Implemented an Integration Infrastructure (Microsoft BizTalk) with a combination of batch-oriented and real-time interfaces to various applications
- Made use of Taviz adapters for J.D.Edwards and Siebel along with custom adapters for EDI and other systems, tightly integrated with the BizTalk framework

Result:

- Accurate, synchronized data that improves the service that Briggs provides to its customers

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Strategic Relationships

- **ISVs**
  - **Microsoft**
  - **Peoplesoft**
  - **Oracle**
- **Systems Integrators**
  - **Accenture**
  - **Cap Gemini E & Y**
  - **Deloitte Consulting**
  - **EDS**
  - **Top Team**

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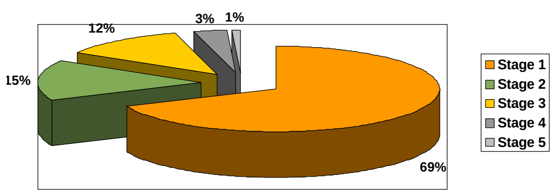
Sales Pipeline



$9,730,000

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Financial Highlights

	2001	2002
Revenue	$7.1 Million	$7.9 Million (Forecast)
Headcount	55	42 (YTD)
Monthly Burn Rate	$650K	$750k (YTD)

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Appendix

Artemis Ventures Fund I Investment Detail

3/31/2002 Current Portfolio Unaudited

Portfolio Company	Pre $ Valuation	Round Size	Post $ Valuation	Purchase Date	Type	# Shares	Total $ Invested	Current Value	AV % (of Current Value)	Appreciation (Depreciation)
Ampent (formerly AccessLease): ***Financial services infrastructure***										
Ceased Operations in 1Q02	$ 10,500,000	$ 5,500,000	$ 16,000,000	8-Sep-00	A Preferred	2,552,910	$ 1,674,709	$ -		$ (1,674,709)
				13-Jun-01	Convertible Note		$ 100,000	$ -		$ (100,000)
				14-Aug-01	Convertible Note		$ 100,000	$ -		$ (100,000)
				26-Oct-01	Convertible Note		$ 25,000			$ (25,000)
				21-Dec-01	Convertible Note		$ 10,000			$ (10,000)
Clairvoyant Software, Inc.: ***Network demand forecasting technology***										
1821 Saratoga Avenue, Suite	$ 4,200,000	$ 3,100,000	$ 7,300,000	28-May-99	A Preferred	1,133,333	$ 850,000	$ 850,000		$ -
Saratoga, CA 95070	$ 20,000,000	$ 8,000,000	$ 28,000,000	5-May-00	B Preferred	523,560	$ 1,000,000	$ 1,000,000	***14.4%***	$ -
Greg Hampton, CEO										
408-861-1100										
ELetter: ***Enterprise direct marketing platform***										
Ceased Operations in 1Q01	$ 6,500,000	$ 3,500,000	$ 10,000,000	3-May-99	A Preferred	322,581	$ 500,001	$ -		$ (500,001)
	$ 60,000,000	$ 25,000,000	$ 85,000,000	1-Nov-99	B Preferred	523,930	$ 1,600,000	$ -		$ (1,600,000)
				16-Jan-01	Convertible Note		$ 250,000	$ -		$ (250,000)
				19-Mar-01	Convertible Note		$ 207,600	$ -		$ (207,600)
Motiva (formerly Again Technologies, Inc.): ***Variable based compensation software***										
7077 Knoll Center Parkway 2r	$ 2,250,000	$ 750,000	$ 3,000,000	11-May-99	A Preferred	1,211,545	$ 675,000	$ 465,112		$ (209,888)
Pleasanton, CA 94566	$ 8,800,000	$ 9,200,000	$ 18,000,000	3-Aug-00	B Preferred	999,167	$ 1,119,067	$ 383,580		$ (735,487)
Jeff Carr, CEO	$ 15,000,000	$ 15,000,000	$ 30,000,000	28-Aug-01	C Preferred	781,453.00	$ 300,000	$ 300,000	***8.9%***	$ -
925-600-2900				28-Aug-01	1for3 Reverse Applied to A, B, C	997,388				
Taviz, Inc.: ***eIntegration for real-time business***										
1121 San Antonio Road	$ 5,500,000	$ 7,500,000	$ 13,000,000	25-Jul-00	A Preferred	800,000	$ 400,000	$ 440,000		$ 40,000
Palo Alto, CA 94903	$ 18,800,000	$ 7,800,000	$ 26,600,000	10-May-01	B Preferred	4,201,818	$ 2,311,000	$ 2,311,000		$ -
Brad Solso, CEO				27-Dec-01	Convertible Note		$ 650,000	$ 650,000	***26.5%***	
650-988-8996										
Toolwire, Inc.: ***Remote Access and Collaboration Software***										
1533 California Circle, suite 1	$ 5,000,000	$ 1,000,000	$ 6,000,000	21-Sep-99	A Preferred	450,000	$ 599,850	$ 1,485,000		$ 885,150
Milipitas, CA 95054	$ 19,500,000	$ 15,000,000	$ 34,500,000	25-Aug-00	B Preferred	-	$ 1,650,779	$ 1,650,779	***24.4%***	$ -
Mark Gilbreath, CEO										
408-935-6000										
ViewCentral: ***Learning Management System (LMS) software***										
779 East Evelyn, Suite C	$ 8,000,000	$ 5,200,000	$ 13,200,000	6-Mar-00	C Preferred	1,750,000	$ 1,400,000	$ 1,400,000		$ -
Mountain View, CA 94041	$ 13,200,000			12-Jun-00	C Prefr'd 2nd Close	312,500	$ 250,000	$ 250,000		$ -
Rick Ludlow, CEO				18-Dec-00	Convertible Note		$ 477,000	$ 477,000		$ -
650-967-0265				23-Apr-01	Convertible Note		$ 175,000	$ 175,000		
				1-May-01	Convertible Note		$ 63,500	$ 63,500		
				12-Jul-01	Convertible Note		$ 100,000	$ 100,000		
				7-Sep-01	Convertible Note		$ 40,000	$ 40,000		
				16-Oct-01	Convertible Note		$ 120,000	$ 120,000		
				31-Dec-01	Accrued Interest		$ 57,894	$ 57,894	***20.9%***	
Voice Access Technologies, Inc.: ***Voice application infrastructure for enterprises and carriers***										
170 Knowles Drive, #200	$ 6,500,000	$ 1,500,000	$ 8,000,000	28-Jan-00	A Preferred	958,862	$ 1,174,606	$ 399,366		$ (775,240)
Los Gatos, CA 95032-1833				23-Mar-01	A Prefr'd 2nd Close	544,137	$ 666,568	$ 226,633	***4.9%***	$ (439,935)
Peter Olson, CEO										
408-866-1048										
							$ 18,547,574	$ 12,844,864	***100.0%***	$ (5,702,710)

Advisory Board Biographies

Alex Roudi

Alex Roudi is the Founder and former CEO of Coverall North America Inc., an international service company with 68 offices around the globe and annual sales in excess of $250 million. Alex recently sold the controlling interest in this company and is now the managing partner of Aspen Venture Capital LLC, a venture capital firm focused on technology companies. Alex has extensive operating and finance experience, and we expect our portfolio companies to benefit greatly from his management and finance expertise.

Avram Miller

Avram Miller is the former Intel Vice President who was responsible for the majority of Intel's Internet investments and profits. At Intel, he was charged with the development of new business initiatives and the establishment of a variety of externally focused business relationships. These included the formation of strategic alliances with major corporations as well as equity participation in early stage companies. Before joining Intel in 1984, Avram served as president of Franklin Computer Corporation and group manager at Digital Equipment Corporation. Avram has a keen ability to pick winners, and we are fortunate to have him on our advisory board.

Bryan Plug

Bryan Plug is president and CEO of Smart Technologies, a company providing customer relationship management software for Fortune 2000 companies. Prior to Smart Technologies, Bryan was the CEO of Pandesic, the joint venture of Intel and SAP. Prior to Pandesic, Bryan was President of SAP Canada and an executive vice president of SAP Americas. Bryan is a seasoned executive in the enterprise software space, and we look forward to tapping his wisdom and insight, both for our benefit as well as for the benefit of our portfolio companies.

Helen R. S. MacKenzie

Helen MacKenzie assists Artemis Ventures on fund strategy and management, financial due diligence, and portfolio company exit strategies. She has worked with over a dozen venture capital firms and several dozen startups since 1987. Most recently she was the CFO of Softbank Technology Ventures, with over $1 Billion under management. Previously, Helen was a Vice President at Bank of America, working in a variety of lending and managerial positions during her 12 year tenure. Helen holds a B.S. in accounting from California State University at Long Beach. Helen's venture fund experience and financial expertise will benefit us greatly.

John K. Kerr

John Kerr is Chairman of Aware, Inc. of Bedford, MA. Aware (NASDAQ: AWRE) is an intellectual property company which provides DSL solutions to the telecommunications industry. John is also General Partner of Grove Investment Partners, which invest in startup software companies. Previously, John helped form several companies, including Mediflex Systems, Medicus Systems, and Knowledge Data Systems, each a public company until they were acquired. He has also served in executive positions with those companies, as well as a director. John has also been an executive and a director of HBOC. John is a graduate of Baylor University with BA and MA degrees. We and our portfolio companies look forward to John's advice and guidance at all stages of our companies' growth.

Kenny Wachtel

Kenny Wachtel is currently an internet consultant, specializing in Sales, Business Development and Executive Recruitment. His client list includes Iwon.com, Planetout.com, Snapfish.com, Freesamples.com and Myutility.com. Mr. Wachtel was formerly the Senior Vice President of Sales at Excite@Home, directing all advertising and sponsorship sales for the internet portal. He managed a sales team of 140 people, generating revenue for Excite, WebCrawler, @ Home, MatchLogic and Classifieds2000, across both narrowband and broadband platforms. Previously, for twenty years, he held top sales positions at the CBS Television Network, responsible for the Sports, Late Night, and News dayparts. Ken is an industry veteran in the internet and media space, and we are excited to be able to get his advice on the fast changing world of the internet.

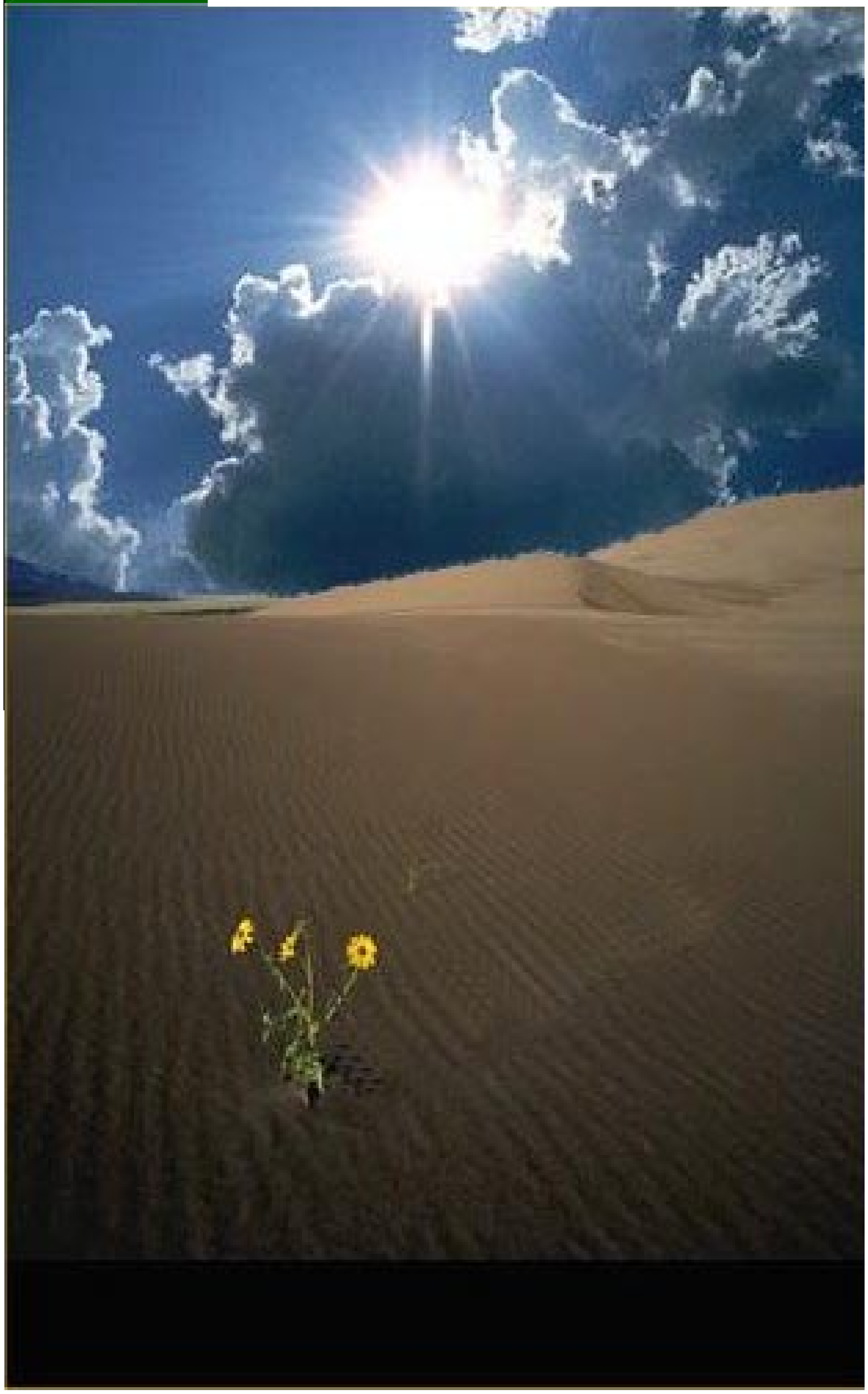
Kimball Atwood

Kimball Atwood is a co-Founder and Advisor at Artemis Ventures. Prior to co-founding Artemis Ventures, Kimball held senior management positions at several successful high technology companies. At Ingres Corporation, a relational database software vendor, he served as director of VAR sales, vice president and general counsel, and then vice president of international operations and legal in London as it grew from $28 million to $200 million in annual revenue prior to its sale to ASK Computer Systems. At Uniface Corporation, an applications tool vendor, he was vice president of operations as the company's annual revenue grew from $4 million to $25 million and headcount grew from 20 to 130 employees prior to its merger with Compuware. He has advised several early-stage software companies, including Forte Software, Implicit Software, Illustra Technologies and Corporate Computing International. He received his juris doctor from the University of California, Hastings College of Law 1981. Kimball serves on the Board of Directors of Again Technologies, Clairvoyant Software and Entice Software.

Thanos Triant

Thanos Triant is President and CEO of The Woodside Group, Inc., an investment and consulting company with investments in several software and internet companies. Thanos has 20 years of experience in technology management and business development. He has held senior management and consulting positions in the computer, information services (Wall Street), publishing, and banking industries. Thanos held executive positions with Sun Microsystems, Times Mirror, McGraw-Hill, Standard & Poors and Vanstar Corporation. He earned undergraduate and graduate degrees in Computer Science at Columbia University. We expect our portfolio companies to benefit greatly from his technical expertise and business savvy.

WHY SEED? WHY NOW?



An Investor's Perspective: The Case for Seed Stage Venture Investing Today

Henry Wong, Director
(415) 289-2500
henry@artemisventures.com

Despite the current economic recession, appreciating assets over a five to seven year investment cycle will typically outlast recessions and provide investors with the highest rate of return for any asset class.

ARTEMIS VENTURES

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Investment Thesis

Despite the current economic recession, investing in seed stage technology companies remains a compelling investment strategy more than ever. Surprisingly, there is little written to date on the increasing value of seed stage investing during recessionary periods, despite an increasing focus by many investment firms and individuals on just such a strategy. This article will address the reasons why allocating capital to this historically high performing asset class in today's depressed market climate will help maximize investor returns tomorrow. Although seed stage companies encompass a breadth of industries, this report will focus specifically on the high technology and communications industries. Finally, the research presented in this report is based upon U.S. data only, and thus the conclusions drawn are only appropriate for investors considering an investment in venture capital funds targeting U.S. investments.

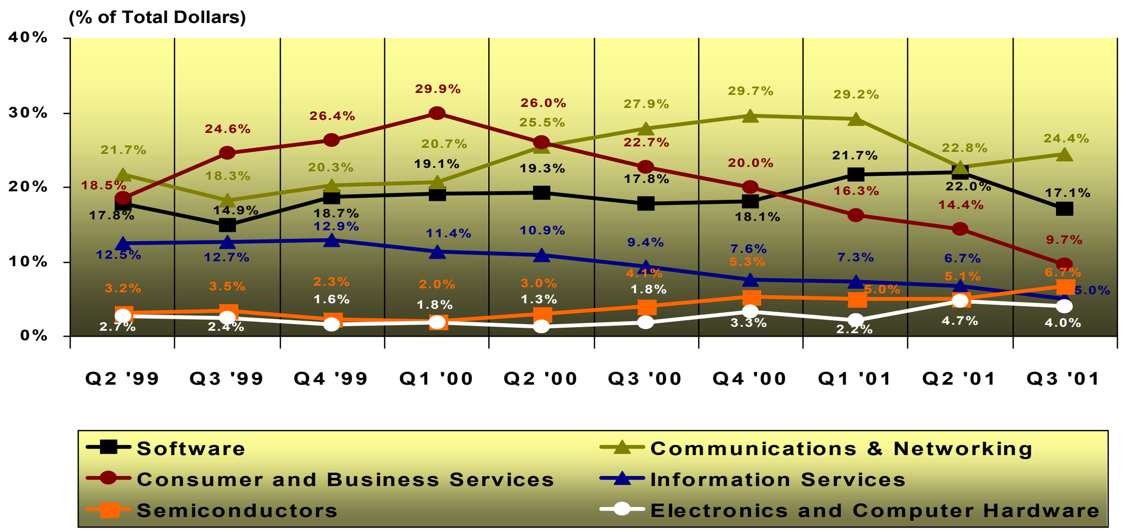
In our view, technology has not changed the old rules of economics, but instead has sparked a wave of innovation and surges in productivity within enterprises.

Part I will discuss why high technology continues to play a large and ever increasing role in driving and growing our economy. In particular, technology investment opportunities will continue to be attractive by providing high returns on investment for investors. Part II will show that seed stage investments continue to outshine all other asset classes and investment vehicles, even in today's depressed economy. Part III will discuss current trends in venture capital, which have created tremendous and underserved investment opportunities in today's seed stage startups. Finally, Part IV will demonstrate that seed stage investing can be used as an effective hedge strategy in today's weak economic climate, and also provide investment strategies for investors to capitalize on this financial opportunity. In sum, the Artemis Ventures investment team remains more bullish than ever on seed stage technology investing.

I. Technology and Communications Sector Investment Opportunity

Much has been written in recent years on the growing importance of technology in business as well as its affect on our personal lives. The subject of this section is not an attempt to restate an obvious point, but instead to establish our viewpoint for why investing in this growth engine, in particular, is a sound investment strategy. Despite claims from industry pundits in recent months, the Artemis investment team continues to see the development of a new economy rooted in technological innovation. In our view, technology has not changed the old rules of economics, but instead has sparked a wave of innovation and surges in productivity within enterprises. In fact, the technology sector has accounted for a large percentage of overall U.S. investment activity for the past two years (See Figure 1).

Figure 1: Technology Investments: Percentage of Total U.S. Investments



Source: PriceWaterhouseCoopers MoneyTree Survey/VentureOne

Although we remain extremely cautious and recognize the severity of the current telecommunications downturn, we believe that the communications sector will eventually rebound and lead the overall technology sector out of its current doldrums.

This importance of technology investment is also evidenced by current trends in the enterprise. Companies ranging from the small/medium enterprise to the Global 2000 are reinventing their information systems, moving mission critical applications to intranets, extranets, and the Internet itself. As a result of scaling up and out, more power is moving to the network edge. Three important developments are increasing the adoption of technology:

- Cost, size, and power consumption of computing, storage, networking, and interface technologies continue to decline, while performance and capabilities continue to increase.
- Optical networking, wireless networks, and standards-based application services are enabling new classes of devices, services, and business models based on pervasive, low cost, always-on, broadband access to a global Internet.
- Communications and computing technologies and business models are merging as the underlying network converges, creating demand for broad new classes of media- and data-intensive network applications.

This is where access meets infrastructure to deliver the always on, always pervasive, always fast, always personal "Evernet." Take for example the following three trends driving increased innovation and spending in corporate information technology:

1. GDP. On a macro-level, economists predict the technology sector's contribution to the GDP will double within the next 10 years, increasing from less than the 20% of total goods and services it is today to about 40%.

2. IT SPENDING. The Four Technology Laws (Storage, Bandwidth, Processing Power, and Networking) continue to drive demand in corporate spending. We believe storage needs are doubling every 12 months, while bandwidth requirements for

the enterprise are doubling every 6 months. Moore's Law predicts processing power to double every 18 months, and Metcalf's Law states that the power of the network increases by x2 as you add an additional node to the network. In fact, our research indicates that companies will nearly triple their spending on information technology to 10% of sales by 2008, up from 3.5% today --- driven by the need for storage, bandwidth, processing power, and networking. We believe companies which align themselves with these prevailing laws will have the most upside growth potential in the future.

3. REAL-TIME FIRM. On an application level, driving this increase will be the new efficiencies gained by the move to real-time computing by enterprises. We believe that for every 1% increase in I.T. spending, a company can cut their general and administrative expenses by 1.5 to 2%. That's a 50% to 100% ROI on the investment. A great example of a real time enterprise is Cisco: Cisco earned $7B in revenue in 1Q01 and $4B did not require human intervention.

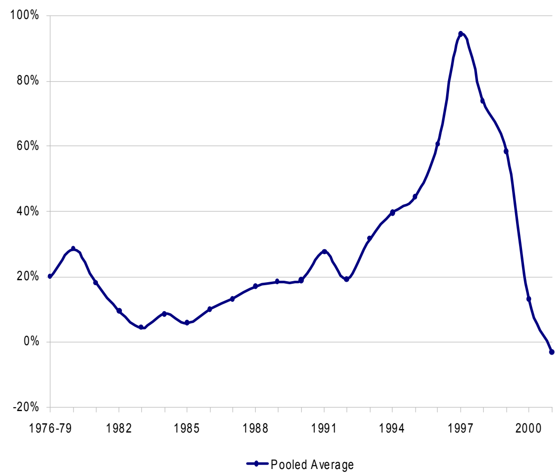
Although we remain extremely cautious and recognize the severity of the current telecommunications downturn, we believe that the communications sector will eventually rebound and lead the overall technology sector out of its current doldrums. In this vein, there are still many opportunities in the communications and networking sector. These opportunities lie in infrastructure enhancements which improve bandwidth utilization, increase power amplification, and extend the coverage of networks. In addition, communications software and underlying applications which facilitate the migration, integration, and convergence of the wireless enterprise also provide strong investment opportunities. As a result, innovation continues to thrive and investors should remain bullish on technology and communications investing.

II. Seed Stage Technology Investment Opportunity

Our belief is founded upon over 20 years of venture capital returns data showing seed stage consistently outperforming every asset class, including a balanced portfolio, later stage venture, buyout, mezzanine, and all private equity.

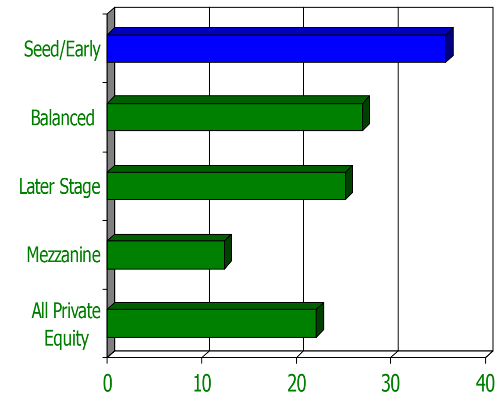
The financial opportunity to invest in seed stage technology companies remains more compelling than ever. Despite poor venture capital industry performance in recent months, the Artemis investment team believes seed stage investing will continue to provide the highest returns for investors. Our belief is founded upon over 20 years of venture capital returns data showing seed stage consistently outperforming every asset class, including a balanced portfolio, later stage venture, buyout, mezzanine, and all private equity. Figure 2 shows venture capital returns have averaged approximately 25% for the past 20 years, while Figure 3 shows seed stage venture investing has averaged 33% in the previous 10 year timeframe.

Figure 2: VC IRR – Historical Returns



Source: PricewaterhouseCoopers/VentureOne

Figure 3: VC Returns by Stage (For the Previous 10 Years)



Source: Venture Economics/NVCA

Figure 3 also demonstrates that seed stage has outperformed every asset class in venture capital for the past 10 years, including balanced, later stage, mezzanine, and all private equity. Another venture industry tracking index, the Venture Economics' U.S. Private Equity Performance Index (PEPI) for historical returns provides further evidence of the superior performance of seed stage venture investing for the past 20 years (Figure 4).

Figure 4: U.S. Private Equity Performance (PEPI) Index

Venture Economics' U.S. Private Equity Performance Index (PEPI)

Investment Horizon Returns as of 06/30/2001

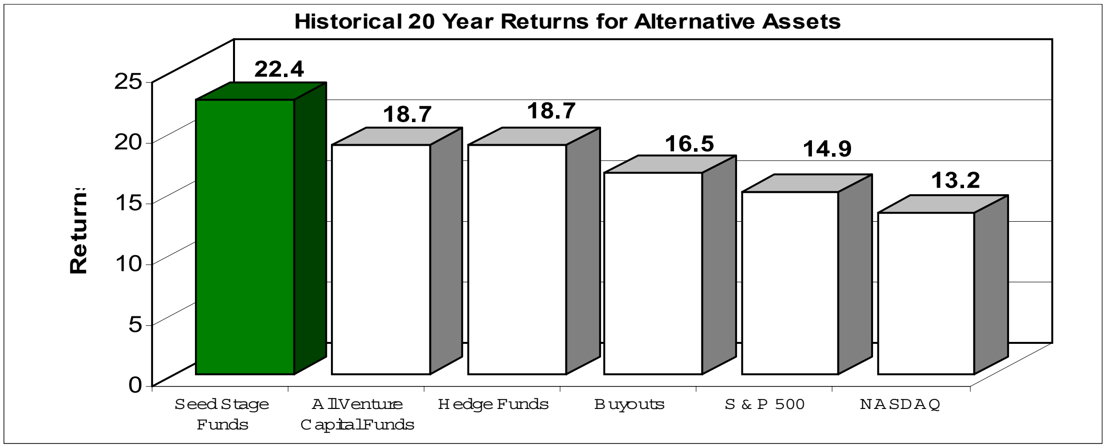
Calculation Type: Pooled IRR

Fund Type	3 Months	6 Months	1 Year	3 Year	5 Year	10 Year	20 Year
Early/Seed	-3.3%	-14.3%	-20.6%	81.4%	55.1%	34.5%	22.4%
Balanced	-2.6%	-13.6%	-16.1%	46.3%	35.5%	24.7%	16.6%
Later Stage	-2.7%	-11.3%	-16.3%	28.3%	24.6%	25.4%	17.4%
All Venture	**-2.9%**	**-13.5%**	**-18.2%**	**54.5%**	**40.0%**	**28.4%**	**18.7%**
All Buyouts	2.2%	-1.7%	-7.2%	6.1%	11.9%	14.4%	16.5%
Mezzanine	0.0%	2.6%	20.8%	11.0%	11.3%	12.2%	11.6%
All Private Equity	**0.4%**	**-6.0%**	**-11.3%**	**20.1%**	**21.7%**	**20.2%**	**17.8%**

Source: Venture Economics/NVCA

Although seed stage investing has consistently outperformed other private equity asset classes, it is also important to note its superior performance over other asset classes, including the public markets, hedge funds, and buyout funds. As shown in Figure 5, seed stage venture capital returns have beaten all other alternative asset and public market investment vehicles for the past 20 years as well.

Figure 5: Seed Stage vs. All Alternative Asset Classes

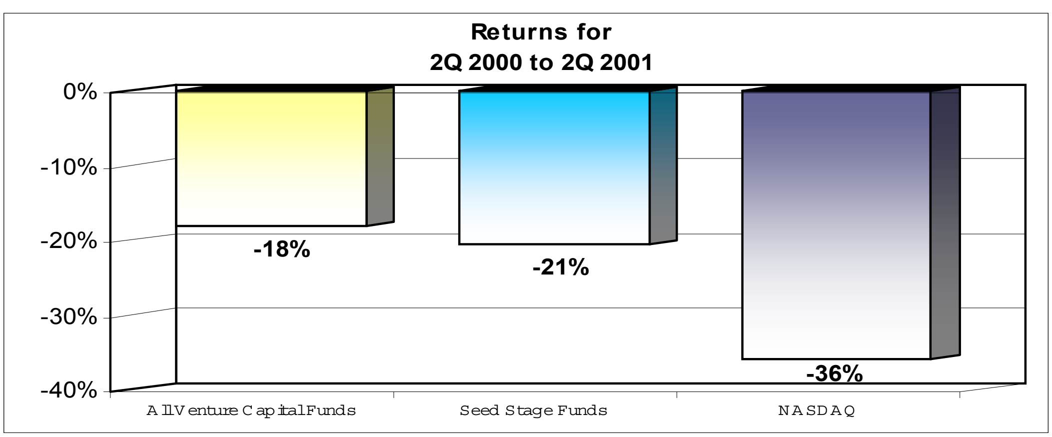


Source: Venture Economics, HFRI Equity Hedge Index

In one of the worst venture climates in recent history, both seed stage and venture overall are still outperforming NASDAQ.

Notwithstanding the historical high performance of seed stage venture, it is also important to consider the performance of seed stage venture during recessionary periods. Recent quarters have shown that the venture industry is not immune to either public market conditions or economic cycles. Declining valuations, limited liquidity options, and the decline of the Internet sector are the primary reasons for the negative trend of venture returns. Nonetheless, for the one-year period ending 6/30/01, venture capital, including seed stage, returns have declined less than the public markets. Much of this decline can be attributed to the Internet "bubble" where equities were grossly overvalued. In Figure 6, seed stage technology investing has proven its resiliency over the dominant public company technology index, NASDAQ. In the trailing twelve months ending 2Q of 2001, venture capital returned -18.2%, seed stage venture investing was -21%, while the NASDAQ returned –36.2%. Thus, in one of the worst venture climates in recent history, both seed stage and venture overall are still outperforming NASDAQ.

Figure 6: Venture Performance vs. NASDAQ



Source: Venture Economics/NVCA

It is important to note that seed stage returns are typically realized upon 5-7 year investment time horizons.

Despite the current negative returns, the long-term outlook for seed stage returns remains positive. It is important to note that seed stage returns are typically realized upon 5-7 year investment time horizons. Seed and venture returns have always been correlated to liquidity, and until the IPO market opens up again, returns will remain depressed. The National Bureau of Economic Research (NBER), the federal agency charged with examining the state of the U.S. economy, recently reported that the U.S. has been in a recession since March 2001. The good news for seed investors, however, is that the NBER also reiterated that recession markets typically last 11 months in the U.S., while economic expansion averages growth cycles of 50 months. Assuming the current recession follows previous economic cycles, investors should see liquidity markets opening again in late 2002. Venture returns, and seed stage in particular, will ultimately benefit from this resurgence. It is also important to restate an earlier fact that over the past 20 years seed stage venture investing has returned approximately 22% while venture capital has returned approximately 18%; and in comparison, the public markets have returned on average only 14%. Consequently, investors should feel confident that long-term seed stage returns will climb to their historical peaks.

III. Current Trends Widen Seed Stage Opportunity

In 2000 alone, only $230M was invested in seed stage companies, while over $22B was invested in post seed stage companies.

Despite the attractive returns in seed stage investing, financial investors continue to invest in companies with reduced development risk. In 2000 alone, only $230M was invested in seed stage companies, while over $22B was invested in post seed stage companies. This meant that post seed investing accounted for nearly 13 times the amount of deals invested in seed stage companies (See Figure 7).

Figure 7: Seed v. First Round Investment in 2000

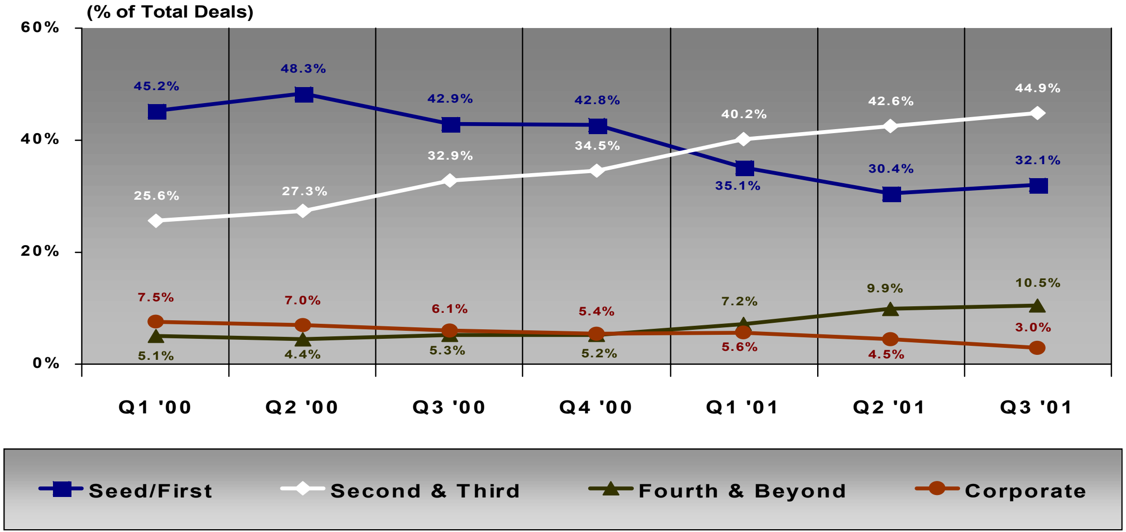
Seed Stage	142 Deals	$231.7M
First Round	1937 Deals	$22,052.8B

Source: Venture Economics/NVCA

Second and third round financings are trending upwards, indicating a flight of capital to later stage investing.

Not only does seed stage account for only a fraction of the amount invested in the post seed round, but investment in seed is on a downward trend. Figure 8 suggests venture investing is moving away from seed stage investing. Where seed stage accounted for 48% of new deals a year ago in 2Q of 2000, that number has dropped sharply to 30% in 2Q of 2001. Thus, the last few quarters actually suggest that many investors are moving away from seed stage, as the percent of seed deals as a part of the overall number of deals financed continues to trend downward. At the same time, second and third round financings are trending upwards, indicating a flight of capital to later stage investing.

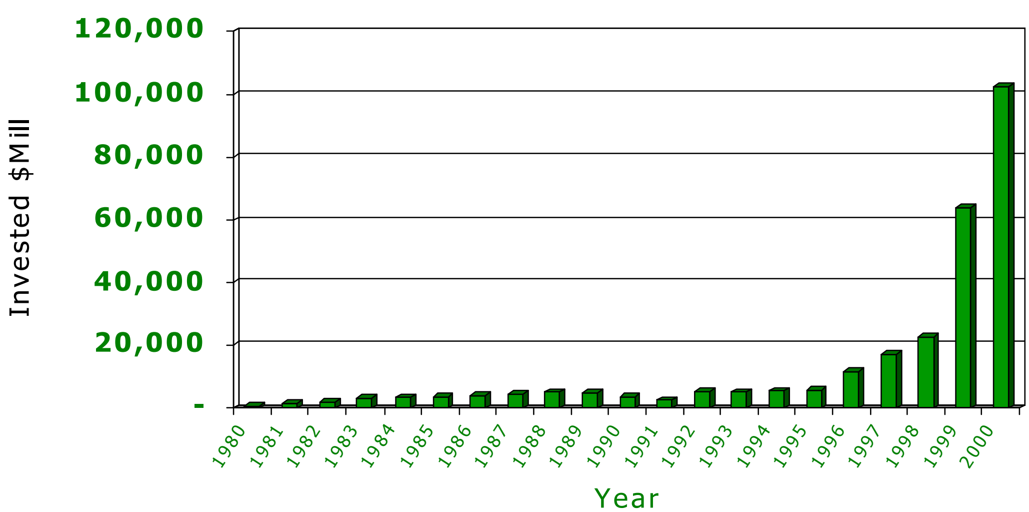
Figure 8: Decreasing Investment in Seed Stage



Source: PricewaterhouseCoopers MoneyTree Survey

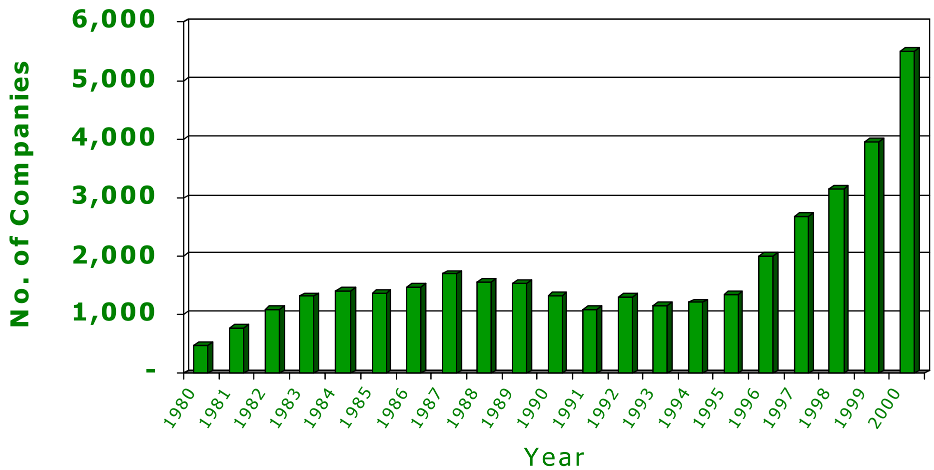
There is more evidence supporting the underserved landscape of seed investing. Further analysis shows that notwithstanding the increase in the amount invested and the number of companies raising money (Figure 9 and Figure 10 respectively), the average round sizes have increased in correspondence (Figure 11). The resulting effect is that many venture firms today are taking their investment focus off seed stage and focusing instead on later stage financings.

Figure 9: Total Invested ($M)



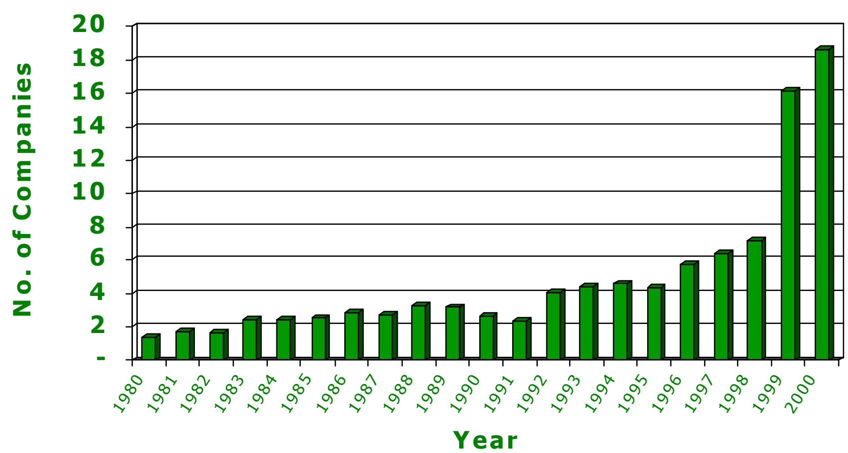
Source: Venture Economics/NVCA

Figure 10: U.S. Venture Investing - No. of Cos.



Source: Venture Economics/NVCA

Figure 11: Average Round Size ($M)

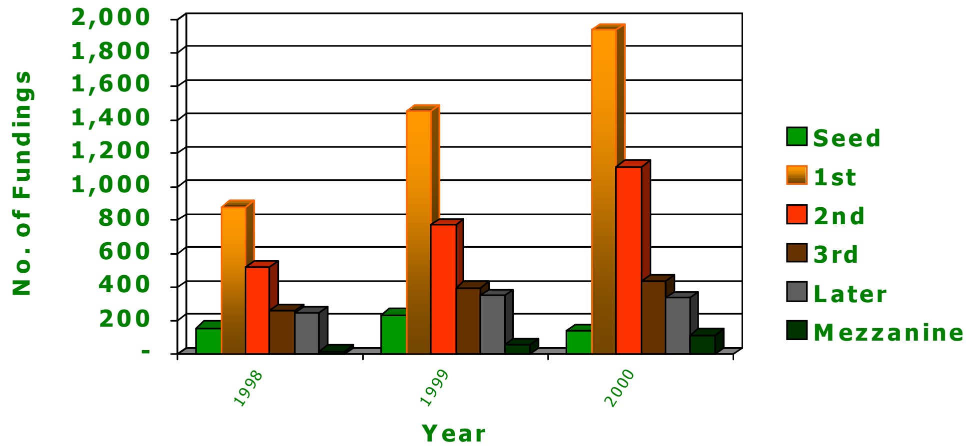


Source: Venture Economics/NVCA

The lack of players in this space has created a huge financial opportunity for investors wise enough to recognize these trends.

In Figure 12, data shows that seed stage has always been only a fraction of the amount raised when compared with other rounds. This data further supports that many investors abandoned seed stage investing and focused on investing in later rounds in recent years. Ultimately, the lack of players in this space has created a huge financial opportunity for investors wise enough to recognize these trends.

Figure 12: Deals by Investment Stage



Source: Venture Economics/NVCA

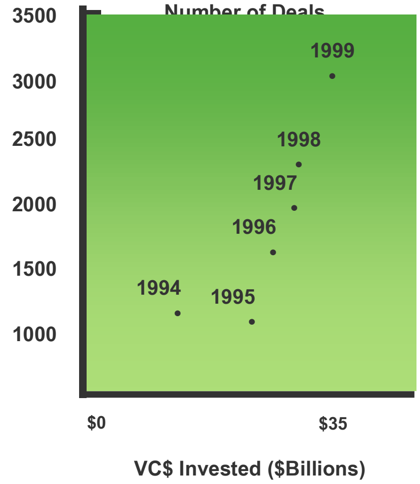
Despite recent claims by many venture capitalists to "return to seed investing," many formed multi-billion dollar funds and are thus unable to invest in seed stage companies.

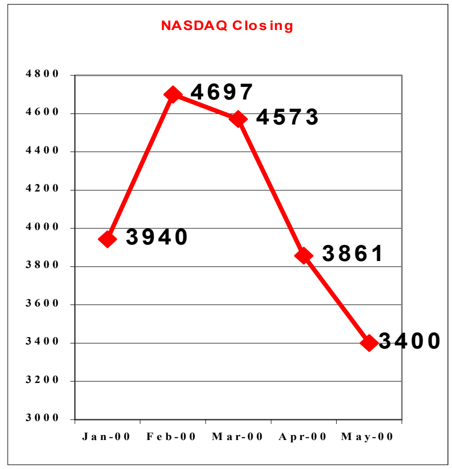
To further compound this lack of seed stage capital and magnify the existing opportunity to invest, consider these important trends in the private equity markets:

- "angel" investments in seed stage companies have dramatically reduced since the market downturn;
- despite recent claims by many venture capitalists to "return to seed investing," many have formed multi-billion dollar funds and are thus unable to invest in seed stage companies;
- many funds are preoccupied with "putting out fires" and raising "bailout" funds for their current portfolio companies (and not doing deals), thus increasing the scarcity of seed stage capital to entrepreneurs.

What has occurred in the past 18 months, in which many high net worth investors, or "angel investors," have seen their net worth reduced dramatically, is well documented. The chart in Figure 13 shows the record number of deals being closed by investors during the Internet bubble and the beginning of trouble in 2000 when NASDAQ began its 18 month fall. As the portfolio value of many angels continued to drop, many faced liquidity constraints. The resulting illiquidity precluded angel investors from allocating anymore capital to seed stage companies. Thus, the retreat of the angel investors, who traditionally have accounted for a large percentage of dollars invested in seed stage companies, further exacerbated the scarcity of capital for entrepreneurs in the post "bubble" economy.

Figure 13: Retreat of Angels



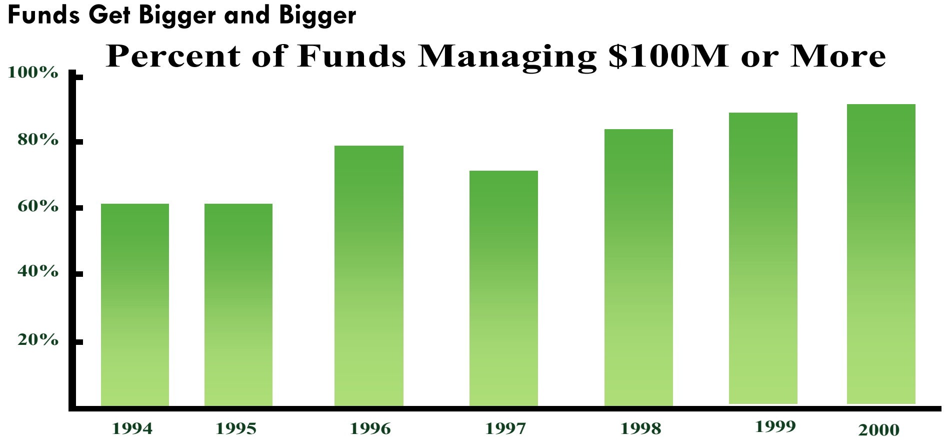


Source: Venture One

Approximately 40% of funds under management today are managing $1B+, while over half of VC dollars are now in funds greater than $500M.

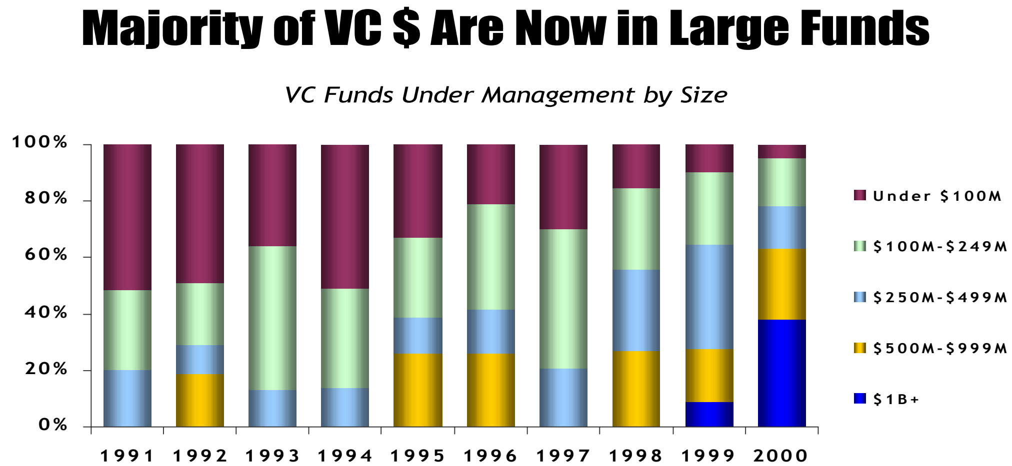
Next, a majority of venture investors who use to invest in seed stage, are now managing large funds which preclude them from investing in seed stage companies. There is an ever increasing trend in venture capital fundraising to raise larger and larger funds. In Figure 14, data shows that over 90% of venture funds today are over $100M, compared with pre-bubble funds averaging around $60M. In fact, Figure 15 shows that approximately 40% of funds under management today are managing $1B+, while over half of VC dollars are now in funds greater than $500M.

Figure 14: Funds Get Bigger and Bigger



Source: Venture One, Venture Economics

Figure 15: VC Funds Under Management by Size



Source: Venture One

Although the greatest amount of VC money in history is now available to invest in entrepreneurship, large fund dynamics preclude managers from investing in seed stage companies.

Although the greatest amount of VC money in history is now available to invest in entrepreneurship, large fund dynamics preclude managers from investing in seed stage companies. As many funds have moved 'upstream' and raised increasingly large funds, the money managed per professional has increased as well. In 1995, the average investment professional managed approximately $20M. In 2001, this figure ballooned to nearly $75M per professional, including managers of billion dollar plus funds (the "mega-funds"). While the amount under management has increased over the years, the addition of qualified investment professionals has not kept pace to offset this extraordinary growth. This means that investment professionals today must put to work a larger amount of money in the same amount of time it took them in previous years.

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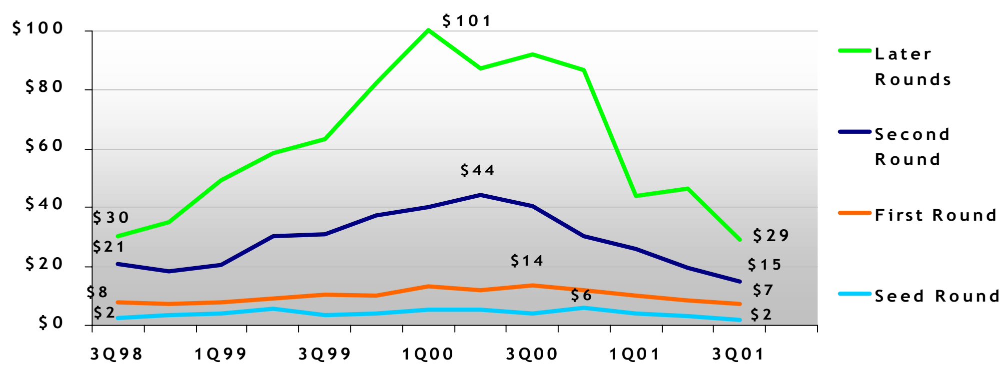
As investment professionals' limits are stretched, their resources allocated to each company is negatively affected. Moreover, the VC must invest funds in a proactive manner in order to achieve a satisfactory return on investment for its limited partners. The venture capitalist has only two strategies at this point: (1) invest in many companies and not allocate enough time to each investment ("spray and pray" approach), or (2) allocate larger amounts of capital into a few companies which, under the normal mortal stresses of time, they will have enough bandwidth to look after. Several mega-funds, including Crosspoint Ventures, chose a third option. After ample consideration, the principals chose to return the committed capital to its limited partners when faced with the unenviable task of achieving high IRRs for its Fund in a depressed market. The rationale becomes clear for the venture capitalist as the tools of his/her trade depend upon the careful feeding and nurturing of companies. Although the spray and pray model works in limited scope in upward trending economies, the answer becomes even more clear for the investment professional in recession markets which preclude 'spray and pray.'

To understand why a majority of today's funds preclude seed investing, it is important to look at the economics behind a venture fund. In today's environment, seed stage valuations typically range $2M to $4M (see Figure 16). Assuming the average investment professional needs to put $75M to work in 3 – 5 years, that means roughly $38M in fresh capital will be allocated to new companies and the rest for follow-on investing. That also means the venture capitalist could invest about $8M per year if they paced themselves over a five year period; in a more aggressive three year timeframe, this number could be well over $10M per year, per professional. At today's typical seed stage valuation ($2M), the typical venture professional will have to do 4 deals per year for five years. What does this mean? That means the venture professional will end up with 20 board seats and 20 companies to look after at the end of five years. This is in addition to any existing board seats already held by the investment professional from previous funds. As we've witnessed in the past 18 months, this pace is unsustainable and becomes ultimately unmanageable.

Figure 16: Median Pre-money Valuations by Round Class



Source: PricewaterhouseCoopers MoneyTree Survey, Venture One

Seed valuations today simply cannot support a $5M to $7M investment.

Now consider an alternative scenario: what if the investment professional put more money to work per seed stage deal, say $5 to $7M? The answer this time comes from the entrepreneur's perspective, a symbiotic partner for the venture capitalist. Seed valuations today simply cannot support a $5M to $7M investment. It causes too much dilution too soon for the entrepreneur. Here is a numerical example to illustrate this point: If a typical pre-money valuation of a seed stage entrepreneur is $2M, then an additional outside investment of $5M would make the post money valuation of the company $7M. This means the entrepreneur went from owning all of his/her company to now owning fewer than 30%, while the outside investor owns approximately 70%. Considering further dilution in future rounds and shares needed to allocate and incentivize current and future key team members, the forced dilution becomes undesirable. Thus, the rational answer for the entrepreneur is to take less money today (perhaps $1M) and build a more valuable company in the future to hedge against dilution from outside investors. In today's market, the pre-money value of the company will usually equal the amount of funding the entrepreneur is seeking. Thus, entrepreneurs own about 50% of the company post financing and have enough incentive to continue to build value for its shareholders.

Seed stage companies not only need less money than their later stage counterparts, but they also require much more hands-on help.

The last reason why a majority of funds today cannot invest in seed stage companies is more qualitative than quantitative. Seed stage companies not only need less money than their later stage counterparts, but they also require much more hands-on help. Given that the number of board seats for partners in large funds are in the double digits these days, this leaves little time for them to allocate to the bandwidth-consuming task of developing companies at the seed stage. In a sense, many of the investment professionals have transitioned from being company builders to portfolio managers. On a final observation, the triage in the marketplace has forced many fund managers to focus on their portfolio instead of looking at new deals. Many have even entered the marketplace with intentions of raising "annex" or "bailout" funds; funds with stated intentions to rescue troubled companies. These factors will continue to prohibit other players from capitalizing on the investment opportunity in seed stage investment. Given these foregoing reasons, venture investors will likely allocate larger amounts to later stage companies and further vacate the seed stage space. This vacuum effect created by retreating angels and venture capitalists has created a huge opportunity for financial investors dedicated to seed stage investing.

This vacuum effect created by retreating angels and venture capitalists has created a huge opportunity for financial investors dedicated to seed stage investing.

IV. Investment Strategies in Seed Stage

The financial opportunity in seed stage investing remains as compelling as ever. In fact, seed stage investing may make even more sense in down markets as a hedge against volatile market conditions. This section addresses the different strategies private investors, alternative asset institutions, and strategic investors can employ to take advantage of this growing opportunity.

For the individual investor, there are three options to 'play' in this area: (1) direct investment into seed stage companies, (2) investment in a fund of funds manager, or (3) become a limited partner in a seed stage venture capital fund. Direct investment into a company can pay huge rewards, but requires an in-depth knowledge of the business and industry to make a sound investment decision. For this reason alone, direct private equity investment in seed stage companies is fraught with problems for the individual investor. Seed stage investing is not for the faint of heart, as many of yesterdays' angel investors found out too late. There exists a high degree of risk in 'putting your eggs in one basket'; and generally, diversification is a more sound financial strategy. Lack of control, liquidity, ability to influence management and company direction, and due diligence requirements generally make direct investing into seed stage companies undesirable for most individuals. The typical exception is the retired executive who is interested in mentoring an entrepreneur. These instances are few and far between and relatively small when compared to how much angel money falls into the hands of entrepreneurs.

Seed stage investing is not for the faint of heart, as many of yesterdays' angel investors found out too late.

Individual investors can also invest in a fund of funds manager, who will in turn, invest in a seed stage venture capital firm. The drawback with this strategy is that many institutions, endowments, universities, foundations, fund of funds, etc. are 'behind the curve' and do not recognize the value in seed stage investment yet. While many claim to be over allocated to 'early' stage venture, seed is a distinct financial opportunity offering different risk-return scenarios. As an illustrative example, consider the number of fund of funds managers backing mega-funds in recent years and not doing the 'math' on whether the model will actually work. The verdict is still out on mega-funds, but a majority of industry pundits believe they will end up giving capital back to limited partners or else splitting up into smaller funds. Furthermore, fund of funds managers are 'portfolio' managers and are not in the trenches fighting with entrepreneurs as seed stage venture capitalists must do. In

While many claim to be over allocated to 'early' stage venture, seed is a distinct financial opportunity offering different risk-return scenarios.

other words, the level of control alternative asset managers have in formulating and directing a seed stage company is absolutely zero. Finally, alternative asset managers are generally more diversified and not as focused in on any particular asset class.

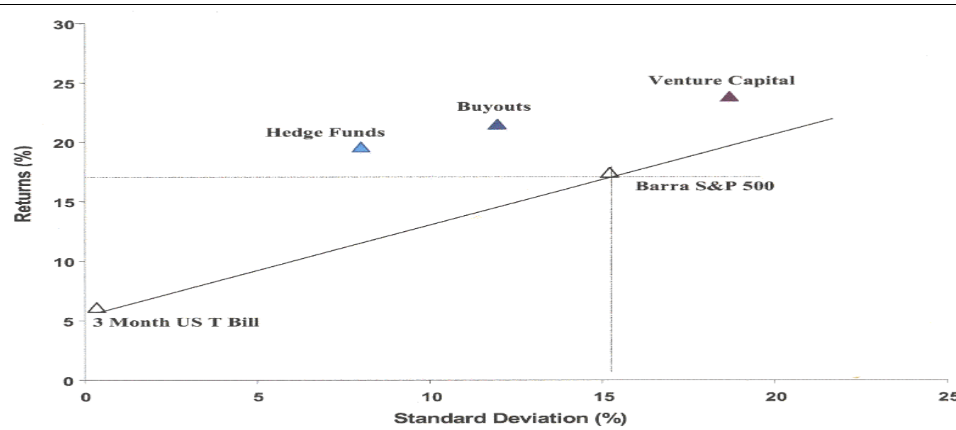
In terms of manager risk, it is important to invest with principals whom have deep operational experience.

Investment in a seed stage venture capital fund is perhaps the most effective way to take advantage of this emerging financial opportunity. As discussed earlier, seed stage investing is the highest performing asset class and can provide a 'shelter' during volatile market conditions. Of course, higher returns means higher risk as well. A discussion fully weighted on the benefits of seed stage private equity investing which ignores the obvious high risk nature of this asset class would not be a complete picture. Among the many risks to consider include: illiquidity, high minimum commitments, and manager risk. Investors must be able to wait on average 5 – 7 years before seeing liquidity in their investments. Also, accredited investors who allocate a portion of their assets to seed stage may find it a good way to diversify risk in recession markets. In terms of manager risk, it is important to invest with principals whom have deep operational experience. The best performing seed stage venture funds typically have experienced principals whom have built companies from development to exit, as opposed to having experience as service professionals. Finally, the size of fund is an important factor to consider as well. Back too small a fund, and investor value is exposed to dilution occurring from future rounds of financing in which the fund is fully committed and cannot participate. Back too large a fund and you run into the 'mega-fund' phenomenon discussed earlier. Seed funds ranging from $100M - $200M are typically 'just right,' and allow managers enough capital to hedge against dilution as well as provide a size actually manageable given a 5-7 year investment cycle.

Allocating a portion of assets to seed stage will help boost returns and help offset significant allocations to later stage venture and mega-funds to create a well diversified portfolio.

For the alternative asset managers and other related institutions, investing in a successful seed stage venture capital fund is also an effective way to diversify risk and fill a 'void' in its existing portfolio. Although many of these investors claim to have invested in early stage funds, a close examination of their portfolio will show they have allocated barely, if any at all, assets to seed stage venture managers. Once again, it is important to note the difference in "seed" versus "early" stage investing, the latter of which is well saturated. Allocating a portion of assets to seed stage will help boost returns and help offset significant allocations to later stage venture and mega-funds to create a well diversified portfolio (See Figure 17).

Figure 17: Alternative Assets: Risk v. Return



Source: Datastream, Venture Economics, Tuna Hedge Fund Aggregate Index, 1986-3Q00

For strategic investors, or corporations, the implications are obvious: invest in the seed stage to access next generation technology and outsource research and development.

For strategic investors, or corporations, the implications are obvious: invest in the seed stage to access next generation technology and outsource research and development. For corporations, return on investment is usually a secondary goal, and plays second fiddle to the company's long-term strategic goals. Given the strategic philosophy of this type of investor, investing into a Fund of Funds is problematic because it does not serve to achieve any of its long-term strategic goals. Likewise, investing directly into seed stage companies is problematic too because most strategic investors do not have the requisite experience in nurturing seed stage companies and simply do not have the required bandwidth to do so. This issue is further compounded by the fact that most strategic investors do not hold board seats due to legal liability reasons; thus, are not able to influence the direction of the seed stage company. Investing in a seed stage venture fund is the best way for a strategic investor to expose itself to this sector without the liability risk.

If the typical recession lasts 11 months and the growth cycle averages 50 months, it would be wise to invest in a in a seed stage fund as a 'safe-harbor' during volatile times.

In fact, it makes much more sense for strategic investors to invest in seed stage technology rather than try to duplicate in-house the innovation which occurs in an entrepreneurial environment. Other benefits include long-term return on investment, potential products/services serving the enterprise, expansion of distribution capability, growing of market potential for its existing product lines, etc. Moreover, developing relationships with seed stage investors allows the company to take a 'first look' at new technologies and possibly an acquisition target in the future to increase shareholder value. Investments into seed stage venture funds could be structured whereby the strategic investor gets co-investment rights or follow-on rights. This can ultimately tighten the relationship between the strategic corporation and the seed stage company for an even deeper relationship.

In all cases, investing in a seed stage venture capital fund can be used as a hedge to increase returns in the long-term, and reduce short-term risk during an economic recession. For example, if the typical recession lasts 11 months and the growth cycle averages 50 months, it would be wise to invest in a in a seed stage fund as a 'safe-harbor' during volatile times. When the investment becomes liquid again in roughly five years, the recession will be over and a growth cycle will have commenced. Liquidating securities during this period will increase overall value in your portfolio in the long-term, but preserve a solid asset value base in the short-term. Thus, investing in seed stage companies during a economic recession or down markets can increase your overall return on investment, while at the same decrease your portfolio risk.

Conclusion

Appreciating assets over a five to seven year investment cycle will typically outlast recessions and provide investors with the highest rate of return for any asset class at the same time.

The Artemis Ventures Team is more bullish than ever on the significant upside potential in seed stage technology companies. If seed stage investing was a good idea before the market downturn, then it is an even better idea during a recession when investors are "seeking shelter from the storm." Appreciating assets over a five to seven year investment cycle will typically outlast recessions and provide investors with the highest rate of return for any asset class at the same time. Current fund dynamics and investment trends have created a huge gap for deserving and talented entrepreneurs. While the usual suspects have vacated this space, the addressable market opportunity has been magnified tenfold. Investing in a seed stage venture capital fund is the best option to capitalize on this trend and diversify holdings. In our opinion, wise investors and financial managers should seriously consider the benefits of seeking out qualified seed fund managers and allocating a portion of their assets to them.

About Artemis Ventures
Artemis Ventures is a leading seed stage venture capital firm based in Sausalito, CA, focusing on investments in enterprise software and infrastructure and communications and networking companies.

Christine Comaford Lynch, Managing Director
Christine Comaford Lynch is Managing Director for Artemis Ventures, where she oversees the firm's investments in enterprise infrastructure and software/services. She is responsible for day-to-day operations and overall fund management. Christine's expertise is a result of over 20 years in operational high tech positions ranging from software engineer at Microsoft, Lotus, and Adobe, DBA at Apple and strategy advisor at Oracle and Symantec. Christine is four-time CEO/entrepreneur defining new markets, developing products to serve them, executing sales, marketing and product strategies resulting in merger, acquisition, and IPO. Throughout Christine's career, she has assisted over 700 of the Fortune 1000 in implementing new technology. She was a founder of First Professional Bank, Kuvera Associates, Corporate Computing, and PlanetU. All of these companies have either been acquired or taken public. She has received numerous entrepreneurial awards and recognition from the press and business schools including Fortune, Forbes, Businessweek, Upside Magazine, PC Week, USA Today, Stanford, Harvard and Northwestern.

Henry Wong, Director
Henry Wong manages the deal process for prospective investments, including deal sourcing, screening, conducting due diligence, valuation analysis, negotiation, execution, and also acts as a board director/observer. Henry's professional experience stems from both finance and legal backgrounds, having worked for such notable companies as Worldcom, Morrison & Foerster, and venture-backed satellite communications start-up Ellipso, Inc. Henry has experience building and exiting companies as legal advisor, operations executive, and principal investor. His telecommunications expertise covers satellite, telecommunications equipment, wireline and wireless carrier deal structuring, due diligence, and financing. He has helped raised over $200M in corporate and venture financing for communications equipment and service companies, and his M&A experience includes: Teleglobe's $6B acquisition of Excel Communications, Alltel's $7B acquisition of 360° Networks, and Lockheed Martin's $2.7B acquisition of Comsat Communications. Based on his expertise in the communications sector, he has published many papers in various legal and finance journals. He holds a BA in Finance from the University of Washington, and a JD and MBA from American University in Washington DC.

For additional information, please visit www.artemisventures.com or contact henry@artemisventures.com.

Today's Revenue
Tomorrow's Pipeline

Build Lead Qualification
That Fuels
"Making Your Numbers"

Stuart Silverman
CEO

AV University
Sales & Marketing Seminar

Today's Topics

- Focus on Revenue
- Defining Truly Qualified Leads
- Problems Indicating Need
- Value
- Arriving at Revenue Target
- Infrastructure Trade-offs
- Take Away Tools

AV University
Sales & Marketing Seminar

In the Current Economy, Revenue & Cash Position are King

The Focus is Revenue, Revenue, Revenue

$$ Now

All about Direct Sales

Current Quarter Mentality

TQL Pipeline

Unidentified Raw Inquiries

All about Lead Qualification
Feeding the family 6-9 months from now

In the Current Economy, Revenue & Cash Position are King

The Focus is Revenue, Revenue, Revenue

$$ Now

All about Direct Sales

Current Quarter Mentality

Pipeline

Opportunity Cultivation

PIPELINE CONSTRUCTION

How can we invest in doing this better?

Defining Good Leads

AV University
Sales & Marketing Seminar

TQL

Truly Qualified Lead

- •Target Market/Company Size
- •Decision Maker/Recommender
- •Pain/Interest
- •Environment
- •Budget
- •Timeframe
- •Willing to meet Salesperson

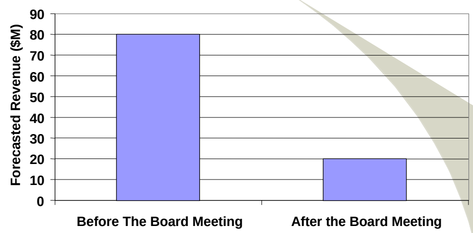
Problems Indicating Need for Lead Qualification

AV University
Sales & Marketing Seminar

Experiencing the Following?

- Direct Sales Team Wasting Time Cold-calling
  - Not enough time "at bat" – direct face-time on closable opportunities
- Wrong or Low-probability Prospects
- Evangelical Selling
  - Taking up large amount of sales time due to "in-field" testing of messaging
- Exposed with Management & Board, Due to Poor Deal Conversion to Closures
  - High percentage of forecast not closing within the predicted timeframe and dollars, and not with predicted account names.

The Forecast Problem

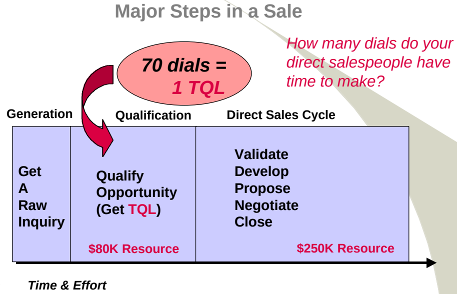


Value

AV University
Sales & Marketing Seminar

Value of Lead Qualification Engine

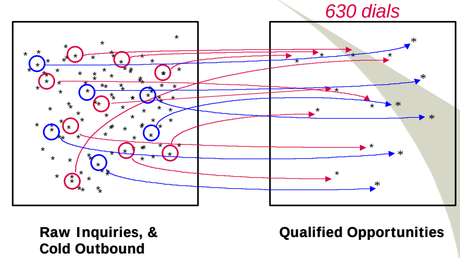
Major Steps in a Sale



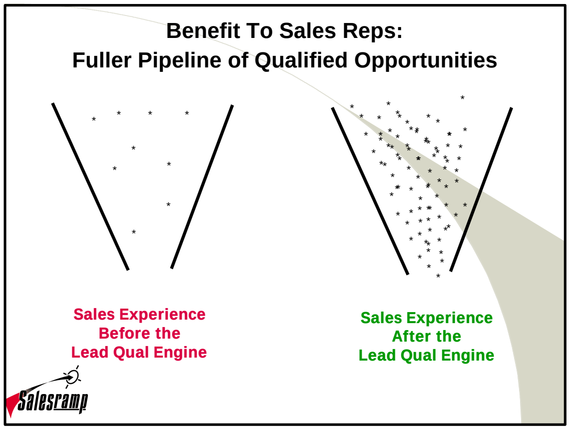
Quantifying the Effort to Get Good Leads

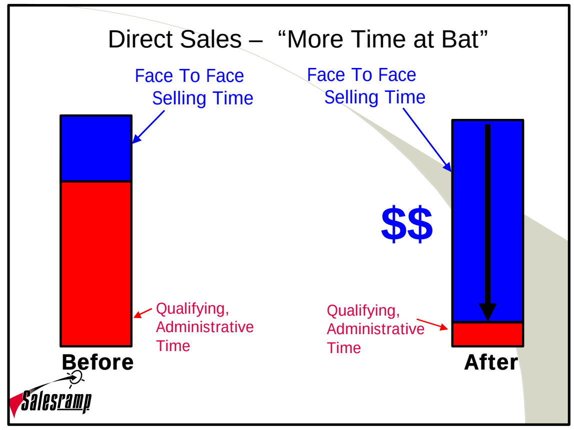
6 mo from now, another 420 dials

630 dials



Closed Loop Process





Why Invest in Pipeline Construction?

- Rapid and Well-Qualified Lead Flow to Sales Channel
- Shortens Direct Sales Cycle
- Efficient Testing and Validation of Messaging
- Measures and Maximizes Return on Marketing Program Spending
- Minimizes Cost Per Order Dollar (CPOD)
  - Focuses expensive Direct Sales Resources on qualified prospects and deal closure
- Minimizes Risk
  - Creates a "bankable pipeline"
  - Enables reporting of projections and timelines to Management & the Board, with definitive information and facts backing it up

Salesramp

Arriving at Revenue Target

ARTEMIS VENTURES
AV University
Sales & Marketing Seminar

Salesramp

How do I know if I've got
enough incoming inquiries,
and resulting qualified leads
to make Revenue Target?

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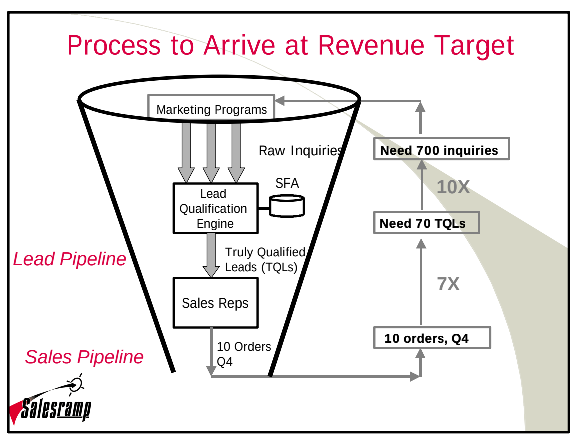
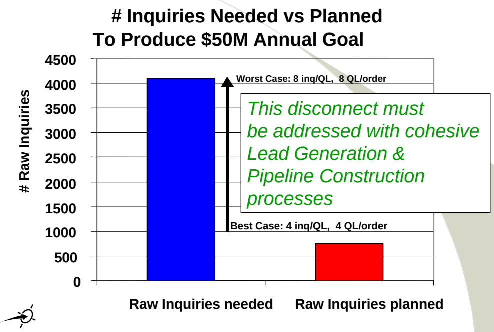


Setting up for Success



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Yes, there's math and logic behind those huge numbers!

Sample Analysis That Aligns Orders, Qualified Leads, and Inquiries

Assumptions

# of inquiries/qualified lead (QL)	8
# QLS/order	6
Sales Cycle (months)	3
% inquiries that are reusable in 4 mo	0.5
# months to qualify an inquiry	2
Ave revenue per unit ($k) over 1 year	100

Conclusion: To close 78 orders worth $5.7M, we need 3144 inquiries, 540 qualified leads, and 5 Lead Qualification Reps

Months	1	2	3	4	5	6	7	8	9	10	11	12	12 mos
Orders Closed	5	5	5	6	6	6	7	7	7	8	8	8	78
# QLs needed	36	36	36	42	42	42	48	48	48	54	54	54	540
# inquiries needed for accounts	288	288	336	336	336	384	384	384	432	432	432	480	4,512
# inquiries that are reusable					144	144	168	168	168	192	192	192	1,368
# inquiries needed from Marketing	288	288	336	336	192	240	216	216	264	240	240	288	3,144
LQ Rep -- QLs			4	6	10	12	12	12	12	12	12	12	104
LQ Rep -- QLs			4	6	10	12	12	12	12	12	12	12	104
LQ Rep -- QLs			4	6	10	12	12	12	12	12	12	12	104
LQ Rep -- QLs			4	6	10	12	12	12	12	12	12	12	104
LQ Rep -- QLs			4	6	10	12	12	12	12	12	12	12	104
Total QLs	0	0	20	30	50	60	60	60	60	60	60	60	520
Revenue from QLs ($K)			0	0	0	333	500	833	1,000	1,000	1,000	1,000	5,667
# QLs over or (under)			-16	-12	8	18	12	12	12	6	6	6	52

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Infrastructure and Trade-offs

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Putting Infrastructure & Process in Place

Goals and Business Profile Drive Your Lead Qualification Strategy and Decisions

- Channel Structure
  - OEM, Direct, Indirect?
- Overall Goals for Lead Qualification Results
  - Long term, strategic, repeatable?
  - Short term, tactical, quick one-time hit?
- Budget and Time Restrictions
  - Afford more Direct Sales?
  - Indirect or OEM Channel set up?
  - Ratios to consider

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Putting Infrastructure & Process in Place

- Product and Company Profile
  - Complex Product?
  - New Market paradigm or technology shift?
  - High ASP?
  - Long Sales Cycle?
  - Need to measure effectivity of lead sources?
- Inside, or Outsource?
- Reporting Structure
  - Marketing or Sales?

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Can I Actually Sell Over the Phone?

Sales Closure vs. Pipeline Construction

- Product Criteria must fit following:
  - *Not strategic to the customer*
  - *Costs less than $20k*
  - *Is not a new product category*
  - *Can be easily explained or demonstrated in a CD or over the Web*

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Take-Away Tools

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Tools to Take Away from Today's Session

- Lead Qualification Strategy Decisions
- Lead Qualification Inquiry Calculation
- Roadmap: Building a Lead Qual Engine
- Formulas for Lead Qualification Success

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Summary

- Focus on Revenue
- Defining Truly Qualified Leads
- Problems Indicating Need
- Value
- Arriving at Revenue Target
- Infrastructure Trade-offs
- Take Away Tools

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Pipeline Construction
Inside Sales Development
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