



4405 Steubenville Pike  
Pittsburgh, PA 15205  
412-928-8670  
Fax-928-9214  
www.pcnsinc.com

## The PC Network Services State of the Company - 2006

---

### Thank you

The New Year is our time to take stock in our company. It is our opportunity to learn from our past, plan for our future, and appreciate the present. As we go through this process it is important we recognize that nothing happens without you, our Clients. You enable us to ply our trade, your feedback gives us direction to improve, and your satisfaction with our services motivates us to do better every day. Every member of our team thanks you for choosing us as your information technology support team.

### State of the Industry

**The good news.** The information technology we support continues to improve and mature. With each successive evolution, the technology gets more reliable and less expensive to own. While some of our Clients will get frustrated by having to re-engineer their technology periodically, most have come to view technology as a consumable expense (like payroll) and not a capital expense (like a conference table). The industry is moving to change the way business consumers pay for technology. The trend is evolving toward a 100% flat fee model. This model looks like it will eventually include all technology (hardware, software, integration and support). A single monthly fee would cover everything and Clients would no longer have the financial peaks and valleys consumers currently experience. This creates a more predictable technology resource.

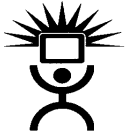
**More good news.** The tools and processes used to implement and support your information technology continue to develop and improve. We are able to create better efficiencies and leverage our technologies and people to give you more reliable and predictable technology. This trend helps us improve quality and reduce ownership costs. Some of the developments improve our ability to:

- Increase the amount and efficiency of our remote support
- Automate more routine maintenance and security tasks
- Monitor more system health elements and statistics
- Provide management with better information to make technology decisions through improved statistical reporting
- Track system and user usage statistics

The ongoing development of these tools and processes drives the way we work. It is a great challenge for us to continually evaluate and select which tools to employ and the correct time for their implementation.

**Committed to Serving Your Technology Needs**

*The PCNS State of the Company - Jan 2006.doc*



**The bad news.** Security continues to be on the top of our list of concerns. While perimeter defenses are expanding rapidly, they are always a step behind the bad guys. The industry has made great strides in moving enterprise-grade defense systems into the small business market, but there is still a long way to go and this is an increasingly fast moving target. We spend significant time, money and energy staying current on trends, tools and techniques to keep your systems safe and secure. While our job is to give you peace of mind that your system is being looked after, we all must stay vigilant and maintain good security habits.

## **PCNS - A Year in Review 2005 – Our Accomplishments**

2005 was a significant year in the history of our company – our 15<sup>th</sup> year anniversary. I just wonder where all the years went. More importantly, we made some very big strides in the way we perform our services. Some areas to highlight:

**Kaseya** - This year we purchased and implemented the most significant support tool in the history of the company. This tool combines the functions of some of our existing support tools, but has many more features and has changed significantly the way we provide support services. We have only scratched the surface of what we can do with this support tool. Here is the quick overview of what Kaseya provides:

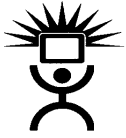
- 3rd generation security and maintenance patch management automation
- Centralized security and performance maintenance automation
- Automated system auditing
- 2nd generation remote desktop support
- Improved Client security
- Reporting capabilities
- Tier 2 Client access

**PSOM - Pre-Scheduled On-Site Maintenance Days** - This year we started to pre-schedule days on-site to perform necessary tasks that are not easily done automatically or remotely. This time allows us to keep your systems running at top efficiency and improves the financial predictability and reliability of your technology. The number of pre-scheduled days per year is determined by the size and complexity of your environment.

**PCNS IT Management Program** - We have continued to define and improve our support program. Our goal is to create a reliable and predictable technology experience for your company. The most significant change is the implementation of levels of service. We now have three levels:

**Level 1:** Our legacy support for existing Clients that wishes to keep their old level of service and not utilize our new support tools.

**Level 2:** Our base offering that includes all of our latest tools and services. In this level we include all our remote support offerings and PSOM visits in your monthly fee. Any unplanned on-site support and all integration of new equipment is billed separately.



**Level 3:** This is our "all you can eat" plan which covers everything in Level 2 and also all unplanned on-site support. Integration of new equipment is billed separately.

**IT Tech Workshop Series** - We have developed an education program for our Clients with in-house IT staff. This program is designed to introduce your in-house staff to our support systems, tools, processes and philosophies enabling them to maximize your investment in technology.

**New In-house MSP / Tier 2 Technician** - We added a new position to our in-house technical staff in March. This position is dedicated to developing and running our data center systems and tools and providing Level 2 technical support to the Help Desk. This position has been significant in aiding the Help Desk to increase the percentage of resolved calls (we officially cleared 92% of calls to our Help Desk in 2005, up from 84% in 2004). By adding this position we have been able to implement our new support tools quicker and more efficiently to better serve you.

**3 Layer Security Model** - As a result of our many Client technology review meetings, we have created this overview of our approach to Internet security for small and mid-sized businesses (see enclosed diagram).

**Layer 1** - Outside the Office - Email security filter - Protects the network from email intrusions before they reach the network. This system filters spam, viruses, greyware (spyware, adware, malware, etc.), denial of service attacks, and directory harvest attacks.

**Layer 2** - Office Perimeter - Firewall security appliances allow us to catch spyware, viruses and intrusions at the firewall and manage the content of your Internet traffic. By maintaining a strong perimeter defense we can eliminate the vast majority of security concerns before they reach your network.

**Layer 3** - Office Interior - This is on your actual network and your last line of defense. We perform this in four ways:

**PC Hygiene End User Training** - Our unique training program (currently undergoing its fourth major revision) used to educate your users about good and safe computing methods and habits.

**Patch Management** - Timely and thorough implementation of current security standards.

**PC Hardware / Software Change Management & Policies** - This is a part of our support automation management system and monitors any changes in hardware and software anywhere on the network.

**Anti-virus / Anti-spyware** - We currently support the Symantec platform for our Layer 3 protection.



**Remote Service Desk** – This year we formalized a new frontier on our Help Desk. The Remote Service Desk was conceived to help us separate critical and non-critical support calls. This allows us to better manage the call flow on the Help Desk and give faster attention to time sensitive and disruptive support calls. This process has dramatically reduced the triage support call resolution time. The RS Desk is now staffed full time and expect to see this role expanded in 2006.

**Firewall Security Appliance** - This year we introduced a firewall security appliance that was designed and priced for our market. This device, which fills the Layer 2 description above, has dramatically reduced the number of security related calls to the Help Desk.

**Remote Network Monitor System - 2nd Generation** - We have just completed the upgrade of our network monitoring system. It required a new, bigger, and faster server and now runs the latest version of the program. This upgrade allows us to greatly increase the number of network components we monitor on our Level 2 & Level 3 support Clients.

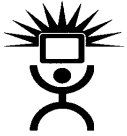
**Increased Internet Bandwidth** - With all our new tools and systems we are becoming ever more dependent on our Internet connections. We recently added a third redundant connection to our data center.

## PCNS - Looking into 2006 - Our Goals

**Implement Practice Management System** - Over the years we have continued to develop our in-house management systems. We have recently purchased a system to consolidate our home grown management systems into a single industry leading system that will improve our information management and create administrative efficiencies.

**Managed Desktop Security Service** - Although we have been loyal followers of Symantec for more than six years, we are disappointed with their lack of progress on effective anti-spyware protection and the increasing maintenance demands. We are in the final stages of pilot testing a platform from another vendor which, so far, looks like it will provide significantly better Layer 3 protection, lower management burden, and lower overall cost. This will be reviewed during your next AV renewal cycle.

**Managed Backup Services** - Data backup has long been one of the most support intensive tasks we manage. Technologies are being developed that will allow us to leverage the Internet to provide a practical and cost effective method for protecting corporate data and system up-time. We have evaluated multiple technologies over the years and been consistently disappointed. We finally have a theoretical solution that may meet the needs and price points of our Client base. We are pilot testing these technologies and hope to have a solution in the second half of the year.



**Desktop PC Change Management** - This is an exciting area for support management. It is our ability to pick up changes to the system that occur inadvertently by malware or intentionally by users. We have started to implement this for some of our Level 3 support Clients. We expect as our skills improve in this area we will be able to implement broad based security and management policies that will address these issues before they happen. This has the potential to be a very powerful tool.

**New Facility** - As our business has expanded and changed, we have outgrown our current facility. We are actively pursuing acquiring a new building and hope to be in place before the summer. Our new facility will have a brand new data center to run all of our in-house systems and tools and emergency fail-over power to allow us to indefinitely run our systems.

## Thank you

As you can see we made good progress on our goals last year and have another aggressive year in front of us. We expect 2006 will be another year of refining and improving our support services. After that, we will need to re-focus our attention to the next generation technology coming out in 2007. We expect that wave to start to swell at the end of the year and consume our resources for the next 18 months.

In looking back on the year we are proud of our accomplishments. Not ones to rest on our laurels, we are anxious and energized to move in to the new year. We welcome your thoughts and feedback as we strive to improve.

In closing, we want to thank you for giving us the opportunity to do what we love to do. As always, we appreciate your business and thank you for your patronage. We wish you a wonderful and prosperous 2006.

PETER