

Reverse Merger Achieves Recognition

Situation Analysis: This e-commerce software company, which had gone public through a reverse merger and was trading over-the-counter, was short of funds, having retained an operating entity with an insufficient business model. The newly installed chairman then purchased a strong, profitable operating business with solid cash flow and an experienced management team. The new team was in process of expanding the combined business through a viable growth strategy. LHA's challenge was to assist in obtaining an exchange listing and increasing Wall Street awareness.

LHA's Solution: LHA devised a step-wise program to educate analysts and investors in order to win sponsorship pending the client's exchange listing by:

- Developing a platform through which investors could complete appropriate due diligence:
 - o Creating professional collateral material – fact sheet, presentation and website – that clearly and concisely described the product and business model
 - o Working with management to determine upcoming milestones and appropriate metrics that would enable investors to track management's execution
 - o Implementing a strategic press release program to educate the investment community about company progress
 - o Coaching management in preparation for earnings conference calls to be archived on the web site, creating a history for potential investors to follow
- Initiating a nationwide effort to increase trading liquidity by publicizing management interviews with retail outlets
- Conducting an aggressive, systematic meeting outreach program
 1. Starting with professional investors able to invest in OTC companies
 2. Then marketing to sell-side analysts who might incorporate the client's story into industry reports
 3. Educating hedge funds and portfolio managers about the company's investment rationale
 4. Upon exchange listing, broadening this outreach scope to include investors requiring a listing for investment purposes

Results: Through LHA's efforts, over a two year period: the client won sell-side coverage from four analysts; increased trading volume from less than 90,000 shares daily to over 200,000 shares daily; experienced a ten-fold rise in stock price rise; and expanded institutional ownership from less than 5% to over 80%, including high-profile investors Fidelity Investments and Wellington Management.

