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Active Network Inc. | ACTV
"Running on Empty"
Recommendation: Strong Sell

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The Active Network, Inc. | NYSE: ACTV

Since initiating The Active Network (NYSE: ACTV or "Active") at Strong Sell in October 2012, we have uncovered further evidence in support of our conclusion that the company is structurally insolvent and resorting to measures of desperation to save its failing business. We now believe ACTV's balance sheet and revenue problems are even worse than initially suspected, and believe the company is resorting to Lehman Brothers-like reporting tactics to hide debt and Groupon-like accounting to inflate revenues. As a result of our continued concern over the integrity of its financial reporting, we believe Active is at high risk of having to restate its historical financial results, and that shareholders are at great risk of substantial losses. We believe the growth story management is still spinning to investors is a bill of goods and, again, point to a senior management team that has liquidated substantially their entire stake in the company in the year and a half following ACTV's IPO. Based on our research, the company will be hard-pressed to demonstrate any revenue growth in 2013. ***We are lowering our price target and believe Active's stock has an intrinsic value today of $1.50 per share, 75% below current trading levels.***

Research Highlights

Conclusion:	Strong Sell
Current Price:	$6.00
Price Target:	$1.50
Downside:	75%
Ticker:	ACTV
Exchange:	NYSE
Basic shares o/s	60.5
Net Options o/s	0.7
RSU/PRSU/MSUs	2.5
Fully Dil. Shares	63.8
Market Cap:	$381.3
Unrestricted Cash:	$0.0
Hidden Debt (1):	$60.0
Enterprise Value:	$447.3

Fiscal Year Ended December 31, $ in millions

Street Est.	**LTM**	**2012E**	**2013E**
Sales	$401	$420	$475
Adj. EBITDA	$34	$43	$51
Adj. EPS	(5c)	(11c)	(8c)

Valuation	**LTM**	**2012E**	**2013E**
EV/Sales	1.1x	1.0x	0.9x
EV/EBITDA	13.1x	10.4x	8.9x
P/EPS	NM	NM	NM
P/Tg. Book	14.2x		

(1) Estimated revolver usage + Q4 cash burn

Active's Balance Sheet is Worse than Initially Suspected - Active is Concealing Heavy Intra-period Borrowing

- In our initial report, we illustrated that Active was showing financial stress and that it doubled its line of credit for no apparent reason. Yet, as of its last reported quarter ending Sept 30th, the company told investors that it had no debt outstanding after repaying $10m of borrowings. We have found troubling evidence that Active is borrowing vastly greater amounts, and is so dependent on using the revolver that it may be effectively out of cash in between reporting periods.
- We note that the SEC had considered stronger measures to require companies to discuss their short-term liquidity to investors in the wake of the Lehman Brothers bankruptcy. We have called on the SEC to investigate Active and require greater disclosure of its short-term financing activities.

Additional Revenue Accounting Problems and Cash Flow Deterioration Will Make the Situation Worse

- In our first report, we highlighted that Active appeared to be intentionally juicing its revenue growth with its covert *ActiveExchange* program by mixing gross and net registration revenues, a clear violation of GAAP accounting. We now have a strong suspicion that Active was committing a similar violation with its Groupon-like daily deal program, formerly known as *Schwaggle* (now *ActiveGearUp*). Active abruptly changed its *Schwaggle* business model after the publication of our report, potentially suggesting an orchestrated cover-up.
- We believe Active's attempts at artificially boosting its top-line revenue is designed to detract attention from its rapidly declining organic growth rate, and specifically from its Outdoor segment where it is losing out in bids for big state contracts. Our observations make it all the more likely that Active is borrowing much more heavily on its revolver than would appear on the surface.

Actions from Management, Directors and Large Shareholders Indicate Organizational Chaos

- Shortly after the publication of our initial report, numerous clues surfaced indicating that Active's management team, directors, and shareholders may be reaching the point of mass exodus. Less than 4 weeks after our report, Active's Executive VP of Human Resources abruptly resigned and has yet to be replaced. Active employs close to 3,000 people, and according to management, it is about to ramp up hiring to focus on enhanced sales opportunities. Without a human resource leader, we are skeptical of these claims.
- Active filed an 8-K with the SEC on Christmas Eve indicating that its President in charge of technology, operations and marketing required a contract amendment for his stock holdings. Shortly afterward, other filings from his subordinates highlighted possible management discontent and measures to retain them from jumping ship.
- To make matters worse, some of Active's largest institutional shareholders, and a key Board member, have continued to indiscriminately sell shares at prices well below the current stock price.

Wall Street Estimates for 2013 Are Still Way Too High With Significant Room to Drop

- Given evidence that Active is losing contracts and revenue in one of its core businesses – and it has been over a year since it acquired its last business – we believe it will be materially strained to grow revenues, EBITDA, or cash flow at all this year
- Active management quickly reset expectations for 2013 following the publication of our initial report and note that their guidance for between $470m - $480m of revenue, and $50m - $54m was nearly identical to our own, internally developed forecasts. Sell-side analyst recalibrated their own expectations, blindly matching management's guidance, failing to provide any value-added insights.
- Today we believe there is significant downside to the revised consensus 2013 projections and, accordingly, we have lowered our own. Management guidance is for 13% revenue growth in 2013 at the midpoint, but we observe that in the absence of new acquisitions or a material uptick in registration growth that this number appears far-fetched. Our base case projection is for a no-growth scenario.

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Executive Summary

In our initial report published on October 31, 2012 (*Active Network: Strong Sell*), we argued that Active shares were grossly overvalued, reflecting few, if any, of the serious risks that could threaten its existence. We discussed the glaring signs of financial strain that had appeared in the face of declining organic growth. We believed that management had taken to masking the company's weakening financial condition by gaming the accounting and reducing investor disclosures; and, we stated that the real story could be gleaned in management having aggressively liquidated their stakes since the company IPO'ed in May 2011. Specifically, management has liquidated $116m worth of equity post-IPO, reducing total management ownership in the company from 24.4% going into the IPO, to 18.5% immediately following the IPO, and then to 2.3% in the year and a half post-IPO, almost completely breaking the linkage between shareholder interests and executive wealth. Based on our assessment of the company and internal projections, we argued that Active equity was worth no more than $2.00 per share. Our initial 35 page report can be downloaded here.

Since publishing our first report, additional warning signs have surfaced supporting our assertions that Active is structurally insolvent and resorting to measures of desperation to save its failing, non-integrated organization. We now believe Active's balance sheet and revenue recognition problems are worse than we had initially suspected. The company appears to be resorting to Lehman Brothers-like reporting tactics to conceal a growing dependency on short-term borrowing necessary to live another day. Active also may have been overstating its revenue by booking sales gross of what they owed to merchants (as opposed to net sales) for its Groupon-like daily deal program, formerly known as *Schwaggle*™, a violation of generally accepted accounting principles and specifically the requirements of Emerging Issues Task Force (EITF) 99-19. Groupon was forced by the SEC to restate its financials in 2011 to comply with GAAP. As a result of these issues with Active's financial reporting, we believe the company will be forced to restate its historical financial results.

Furthermore, based on continued on-the-ground due diligence into the company's business segments, we believe the company will not be able to meet its revenue guidance, and absent further accounting gimmickry, is most likely to demonstrate no revenue growth in 2013. Specifically, we find its Outdoors segment to be struggling. Evidence also indicates that Active's claims of migrating campground customers onto the "transformative" *ActiveWorks* technology platform are a farce. We believe Active's stock has an intrinsic value today of $1.50 per share, 75% below current trading levels; and, absent any near term equity raise, asset sales, or a significant restructuring, Active's equity could end up being worthless.

Our primary findings follow:

- Active's latest balance sheet and cash flow statements are masking rapid deterioration, and the company appears to be covering up significant intra-period borrowing, and thereby, its growing dependency on debt financing. The company's seeming dependence on short-term borrowing intra-period supports our thesis that it is effectively broke.
- The company's revenue accounting issues may be worse than we had initially suspected. Active's abrupt termination of its *Schwaggle*™ daily-deal business after the publication of our initial report, in which we drew attention to the company's questionable revenue accounting, is additional cause of concern. We note that this business model was entirely similar to Groupon's, which the SEC investigated extensively last year, forcing a restatement of historical financials.
- Our research suggests that revenue in Active's Outdoor segment, believed to be among its largest, is actually declining and not likely "experiencing minimal growth" in 2013, as management has indicated. We believe the company will be hard-pressed to meet revenue guidance in 2013.
- For the past 4-5 years, Active appears to have been peddling ReserveAmerica's ORMS technology platform as ActiveWorks, with the terms 'ORMS' and 'ActiveWorks' now used interchangeably. This is in direct contrast to the impression Active has given investors – that ActiveWorks is some new, "transformative" technology platform.
- Active appears to be having problems retaining key executives as evidenced by the abrupt departure of Sheryl Roland, VP of Human Resources, shortly after our initial report. Active's sprawling empire of 3,000 employees lacks leadership and appears to be in disarray, as indicated by numerous recent glassdoor.com posts, continued BBB complaints, and amendments to the employment agreements of key executives. Active's long time Director, Steve Schultz, was replaced last week.
- Active appears to be losing the support of its Directors and major shareholder, who have been aggressively selling shares at levels up to 20% below the current share price.
- Street estimates for 2013 still appear way too high as we believe management hastily issued guidance to investors after the publication of our initial report. Sell-side analysts have blindly reduced their numbers to match management's forecasts without any independent analysis, even while management has lost credibility. As a result, Active is at high risk of further disappointments for 2013.

Active Is Desperately Trying to Conceal its Insolvency – Is This Lehman Brothers?

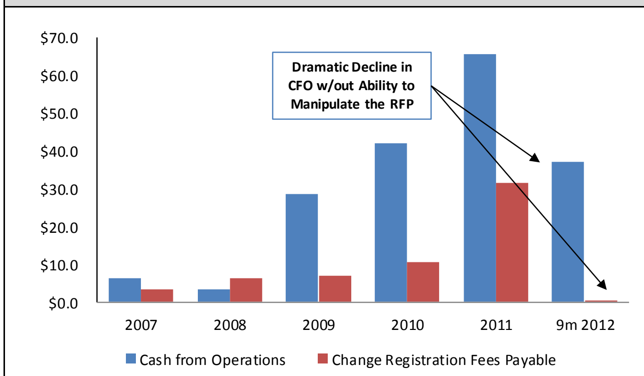
Active is Burning Free Cash at an Alarming Rate Just as We Predicted

In our initial report published just prior to Active's Q3 earnings release, we warned investors that Active is burning cash so fast that management is struggling to plug the holes in the sinking ship. We also showed that it appeared to be manipulating its accounts, as demonstrated by irregularities in the relationships among the supposedly interrelated Registration Fees Payable (RFP) account, Net Registration Revenue, and reported registration counts. On further analysis, we concluded the company was artificially inflating its cash flows by stretching out its Days Due to Customers Outstanding (DDCO) in order to hide from investors a stressed financial state, the result of years of terribly bad capital allocation and failed business integrations. We also stated that it appeared that <u>DDCO is now maximized</u> (i.e. Active can no longer raise cash by extending this payable without interrupting its business and damaging customer relationships), the implication being that <u>any deceleration in registration growth would cause the RFP account to be an immediate drain on cash</u>; <u>this could prove fatal given our belief that Active is functionally insolvent.</u>

Active's Q3'12 results support our case. In the chart on the left, we illustrate that, as expected, Active could no longer manipulate the RFP higher through the first 9 months of 2012 to generate temporary cash flow; and, as a result cash from operations has declined dramatically. Put simply, Active's historical cash flows from operations are misleading. They resulted from a temporary vendor financing model, and not an enduring source of cash.

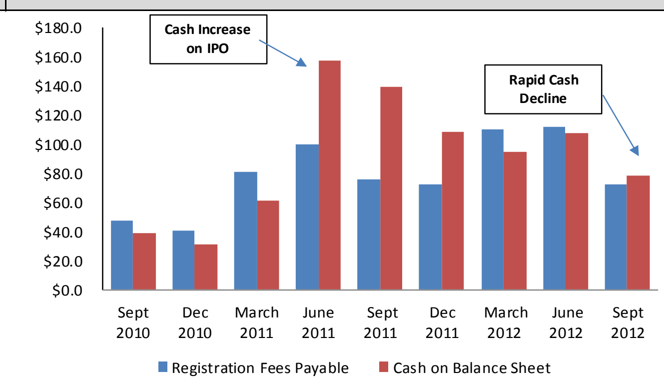
<u>We believe its CFO will continue to decline</u> back to 2009 levels, and possibly even lower.

Registration Fee Payable Contribution to Cash from Ops.



Source: Active filings

Cash is Rapidly Declining



Source: Active filings

Active's Latest Cash Flow Statement Shows the Real Problems Are Just Getting Started

We've taken a closer look at Active's Q3'12 cash flow statement to unmask the naked truth that its situation has just started to get bad, and is likely to get worse. By comparing its Q2 cash flow vs. Q3 cash flow statements, we've been able to illustrate just how bad the problem really is. Cash from operations in Q3'12 was -$11.3m, a dramatic fall from -$2.7m in Q3'11. From a growth perspective, that's a 328% increase in cash burned this last quarter from a year ago. Factoring in Active's heavy spending of $9.5m on purchases of property, plant, and equipment and capitalized software development presents an even grimmer picture. Active blew -$20.8m in Q3 and is still no closer to becoming a cloud technology company. Worse, Active's business is seasonal, with the 2nd and 3rd quarters typically having the highest levels of revenue and cash flow; in other words, we should not hold our breath in anticipation of any near term improvement.

Active's Recent Cash Flow Statement Implied a Dramatic Decline

$ in millions

	6 Months Ended June 30,		9 Months Ended Sept 31.		Implied Q3 Performance	
	2011	2012	2011	2012	2011	2012
Net Income	($5.4)	($22.7)	($6.8)	($28.9)	($1.4)	($6.2)
Depreciation/Amort.	$21.5	$30.1	$34.5	$48.2	$13.0	$18.1
Stock Comp Expense	$2.8	$7.3	$4.8	$12.0	$2.0	$4.7
Other Items	$2.8	$0.9	$0.4	($2.4)	($2.4)	($3.3)
Changes in Operating A/L	($14.2)	($7.4)	($4.6)	$7.8	$9.6	$15.2
Change in RFP	$58.9	$39.9	$35.5	$0.3	($23.4)	($39.7)
Cash from Operations	$66.4	$48.2	$63.7	$37.0	($2.7)	($11.3)
PP&E Expenditures	($5.3)	($9.3)	($9.0)	($12.7)	($3.7)	($3.3)
Capitalized Software Costs	($9.5)	($11.0)	($13.9)	($17.2)	($4.4)	($6.2)
Total Capex	($14.8)	($20.3)	($22.9)	($29.9)	($8.1)	($9.5)
Free Cash Flow	**$51.6**	**$27.9**	**$40.9**	**$7.1**	**($10.7)**	**($20.8)**
% of sales	*30.0%*	*12.9%*	*15.6%*	*2.2%*	*-12.0%*	*-19.0%*

Source: Active Financials

Active Is Hiding its Enormous Intra-Period Borrowing – No Different From Lehman Brothers

In our initial report, we stated that to the naked eye, Active appears to have a strong excess cash position (net cash of $98m at that time); but, its Registration Fees Payable ("RFP") current liability account – effectively a direct claim on that cash – has grown to exceed it. In other words, contrary to sell-side analysts' assumption that Active's cash is free and unrestricted, Active has no excess cash.

With enormous losses, and all of its cash pledged against the RFP liability account, how exactly is Active plugging the holes in the sinking ship?

We previously pointed out that Active suspiciously doubled its line of credit in July 2012, and for no apparent reason; and, if you take Active's financial statements at face value, you would be misled into thinking that the company has no need for debt, with a zero debt balance as of September 30, 2012. Its cash flow statement would seem to indicate the same, with only $5 million borrowed over 2012 and then paid back along with $5 million that was outstanding at the beginning of the year.

Active's Cash Flow Statement

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Financing activities		
Proceeds from issuance of common stock	9,247	3,072
Payments on capital lease obligations	(3,552)	(2,207)
Proceeds from long-term debt	5,000	—
Repayment of long-term debt	(10,000)	(41,628)
Repurchase of unvested common stock	—	(13)
Net proceeds from initial public offering	—	112,566
	695	71,790

Active's Current Liabilities on its Balance Sheet

	September 30, 2012 (Unaudited)	December 31, 2011
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	8,063	$ 8,516
Registration fees payable	72,657	72,405
Accrued expenses	43,766	41,106
Deferred revenue	68,965	54,919
Current portion of long-term debt	—	5,000
Capital lease obligations, current portion	1,723	3,317
Other current liabilities	4,017	42,613
Total current liabilities	199,191	227,876

Source: Active's Q3'2012 10Q

<u>As we will demonstrate, Active's financial statements appear to represent a fictional financial state, deceptive in portraying the company's true dependency on debt.</u>

Is Active the next Lehman Brothers in the making? Investors will recall that Lehman Brothers was shifting debt off-balance sheet in the repo market for quarter-end to "window-dress" its financial results. While we are not implying that Active is engaging in repo-style transactions, current investors and creditors should carefully consider whether Active's claim of no debt outstanding makes any sense.

In the table below we present our analysis, which indicates Active is in fact levered by at least $40 million intra-period. We believe the clues showing Active's dependence on its credit facility can be seen not on its balance sheet or cash flow statement, but rather on the company's income statement. Active's reported interest expense increased 166% from Q2 to Q3 from $90,000 to $239,000. By annualizing this quarterly expense, adjusting for letter of credit and commitment fees, and dividing by Active's all-in cost of debt, we estimate <u>the company borrowed $40.7 million on an annualized basis last quarter</u>.

Active Network Inc. Estimated Line of Credit Usage Analysis

Assumptions

Timer Period	**Facility Size**
Jan - July 1st	$50,000,000
July 1st - Sept 30	$100,000,000
Commitment Fee	0.25%
Drawn Balance Fee	
LIBOR	0.36%
Spread	1.50%
All-in Rate 9/30/12	1.86%
All-in Rate 6/30/12	1.97%
All-in Rate 3/31/12	2.08%
LOC Fee	
LOC Fee Rate (Annual)	1.50%
LOC Fee Rate (9m)	1.13%

Estimated Unused Balance	**Full Yr Interest**	**Time Weighted**
$25,000,000	$62,500	$31,250
$60,000,000	$150,000	$75,000
Estimated Commitment Fee:	**$212,500**	**$106,250**

	3m Ended 3/31/2012	**3m Ended 6/30/2012**	**3m Ended 9/30/2012**
Reported Interest Expense	$151,000	$90,000	$239,000
Implied Annual Interest	$604,000	$360,000	$956,000
Less: Estimated LOC Fee	$91,500	($91,500)	($91,500)
Less: Estimated Commitment Fee	($106,250)	($106,250)	($106,250)
Estimated Drawn Interest Expense	**$589,250**	**$162,250**	**$758,250**
Implied Avg Short-term Debt	**$28,329,327**	**$8,236,041**	**$40,766,129**
Reported Short-term Debt in 10Q	**$10,000,000**	**$10,000,000**	**$0**

Letter of Credit (LOC) Analysis	**12/31/2011**	**3/31/2012**	**6/30/2012**	**9/30/2012**
LOCs Outstanding	$5,200,000	$7,800,000	$6,100,000	$7,000,000
Avg. LOC balance				$6,100,000
Avg Interest Expense - 9m				$68,625
Avg Interest Expense - Full Yr				$91,500

Source: Active Financials

Unfortunately for investors and creditors, the SEC has not yet adopted measures to stop companies – Lehman and Active alike – from concealing the true state of their liquidity and financial conditions. However, the <u>SEC has recently proposed</u> measures that would require companies to expand short-term borrowing disclosures to prevent firms from masking their financial conditions. Such proposals would require companies to discuss average, maximum month and period short-term borrowings.

Regardless, given the information presented and a bit of financial analysis, it appears Active has borrowed over $40m on its credit facility; and, such a number makes intuitive sense in light of the company having doubled the size of its initial $50m facility, having a >$34m negative working capital position, and having burned $20m of cash last quarter. Since Active appears to be burning at least $10 - $20m per quarter, we fully expect its interest expense to continue rising corresponding with an escalating debt dependency.

Active's Revenue Accounting and Organic Growth Rate Problems are Worse Than Suspected

Active Exchange Accounting Still Not Adequately Explained

The accuracy and transparency of Active's financial statements are clearly suspect, both in obscuring its organic growth rate and failing to reflect the company's true financial condition.

In our initial report, we pointed out that the company appeared to be juicing its Net Registration Revenue, resulting in the appearance of stronger organic growth, and/or manipulating its financial accounts, resulting in the appearance if greater solvency. In the 2011 10-K (page 43), but not in prior years, Active made a brief disclosure hinting at a potential change in its business practice: It had begun a program of pre-purchasing registrations from event organizers. Based on our research, Active advances those funds to race directors in order to finance events and then books the entire value of these pre-purchases as Net Registration Revenue (when in fact it is clearly 'Gross Revenue'). Each 'gross registration' is typically 7 - 10x the dollar value of a 'net registration', and since Active management frequently cites Net Registration Revenue and Revenue Per Net Registration as key metrics of organic growth, we argued the implied purpose of mixing Gross Registration Revenue with Net Registration Revenue is to inflate revenue growth.

Active appears to be intentionally obfuscating its disclosures around this program, which is internally referred to as "*Active Exchange*", having made no mention of it on its website, press releases, investor presentations, or conference calls. Moreover, in Q1'2012 Active altered its revenue recognition policy, referring to itself as a "merchant of record" (Q1'2012 10-Q, page 24) as opposed to an "agent of event organizers" (Q3'2011 10-Q, page 7). This change may have given Active cover to stop disclosing gross registration sales recorded as Net Registration Revenue; indeed, it omitted any mention or disclosure of these transactions from its first and second quarter 2012 filings.

In response to the issues raised, management gave the following explanation on its Q3'2012 conference call:

> *"...the company voluntarily pre-cleared the treatment of those transactions with the Securities and Exchange Commission. For those very small number of transactions, we're recording the revenue on a gross basis. That's all disclosed in our 10-K and our 10-Q. Even though it's not material, we do make sure we disclose that. And just to be clear, that all rolls up in that registration revenue. The reason it rolls in the net registration revenue, is because net registration revenue, which we define is net of chargebacks, refunds, et cetera, rebates, et cetera. So even though there's some growth revenue in there, that's why it's in that registration revenue. And again, I want to emphasize we voluntarily went to the Securities and Exchange Commission to give collaboration on how we treated that revenue."*
>
> *-- Scott Mendel Q3'12 Conference Call*

Active also added the following disclosure to its 10Q as cover, stating the accounting treatment requires "*significant judgment*."

> *"The decision to record revenue gross versus net is a matter of significant judgment that is dependent upon the relevant facts and circumstances. The Company evaluates the presentation of revenue on a gross or net basis based on the qualitative weight of various indicators in the authoritative accounting guidance in order to determine whether the Company recognizes (a) the gross amount billed to a customer because it has earned revenue from the sale of the goods or service or (b) the net amount retained (that is, the amount billed to a customer less the amount paid to a supplier because it has earned a commission or fee). Registration revenue associated with these transactions is recorded on a gross basis, as the Company bears inventory risk, has latitude in establishing price, bears credit risk and assumes many of the responsibilities of the primary obligor, except for the actual fulfillment of the event."*
>
> *-- Active Q3'12 10Q*

Active's explanations have been wholly inadequate. Pre-clearing the issue with the SEC, while a nice gesture, does not give the company cover in having adopted the most aggressive accounting possible to obscure its revenue growth; and, we find it doubtful its auditor Ernst & Young would have pre-cleared the practice given the pressure it has come under in the past year for having pre-cleared similarly aggressive accounting in connection with the Groupon IPO, which we discuss more thoroughly in the section that follows.

Furthermore, based upon our review – and that of an independent accounting expert – of FASB Emerging Issues Task Force (EITF) Issue 99-19, we do not believe there is a basis for Active to mix gross and net revenues, as it is acting in differing capacities with clients, and facing different business risks. If new gross registrations have been recorded as Net Registration Revenue in 2012, we continue to believe this could be a cause for a restatement of Active's financial results for each reporting period subsequent to Q2' 2011, when this practice was first disclosed.

In summary, each 'gross registration' is typically 7-10x the dollar value of a 'net registration,' and since Active management frequently cites Net Registration Revenue and Revenue Per Net Registration as key metrics of organic growth, we believe the implied purpose of mixing Gross Registration Revenue with Net Registration Revenue is to inflate revenue growth.

And we now believe the company may have been inflating its revenue via another scheme, also in violation of generally accepted accounting principles.

A Pot of Gold at the End of a Rainbow

In January 2011, Active announced the launch of the *Schwaggle™* program, a "deal-of-the-day" program to deliver exclusive sports and fitness deals to Active customers. In an effort at capitalizing on the success of Groupon's daily deal model – and perhaps the valuation multiple Groupon's IPO would fetch – Active proclaimed grand ambitions for *Schwaggle*, expecting to roll it out in Los Angeles, New York and Chicago within a quarter and 20 other markets by the end of 2011.

Active never disclosed how it was accounting for the revenue generated by this business; Groupon, however, did. It had adopted aggressive revenue accounting policies for its daily deal business which drew the ire of regulators going into its IPO. Groupon was overstating its revenues by recording sales gross of what it owed to merchants, a clear violation of FASB Emerging Issues Task Force (EITF) 99-19 and SEC Staff Accounting Bulletin (SAB) 101. In September 2011, the SEC forced Groupon to restate its financials:

> *The Company acknowledges the Staff's position that the change in income statement presentation described herein should be presented as a restatement. As described above, the Company has changed its reporting of revenues. Historically, the Company has reported the gross amounts billed to its subscribers as revenue. All prior periods have been revised to show the net amount the Company retains after paying the merchant fees.*

Active, however, never addressed this matter, gave any explanation of its revenue accounting policies for its Groupon-like business, or issued any restated financials. Suspiciously, nothing was ever again heard of the program outside of an October 2011 press release; then, only 19 days following the publication of our initial report and drawing attention to Active's aggressive revenue accounting (mixing gross sales into the Net Registration Revenue line item), the company announced that *Schwaggle* would be discontinued in favor of a new business model.

So we are left to surmise whether Active was accounting for its daily deal business as Groupon had been. Given Active's history of adopting the most aggressive revenue recognition policies in favor of obscuring its falling organic growth rate, we believe this to be highly probable, especially given that its May 2011 IPO was right around the corner following the launch of this program. When it comes to internet businesses, the analyst community is fixated on the top line, as revenue growth can signal future prospects even if cash flows appear elusive; this translates directly into inflated valuations which will benefit senior management when a company goes public. For Active's management, the company's IPO enabled a quick exit from an overvalued equity and proved to be the pot of gold at the end of a rainbow.

In conclusion, we believe it is only a matter of time before the SEC digs into Active's accounting or the company's auditor forces its compliance with generally accepted accounting principles. Active's accounting issues appear worse than we had initially suspected, rendering its financial statements unreliable in portraying its real financial condition. We believe Active is at high risk of being forced to restate its historical financial results, and if it does, the company's deterioration will take center stage.

Weakness in the Outdoor Business Segment is a Canary in a Coal Mine

As we've illustrated time and time again, we believe Active's sprawling organization is so horribly run and opaque that it can be difficult for investors to determine the source of the company's shortcomings; but, our investigations reveal major weakness in the company's Outdoor's segment, believed to be amongst its largest revenue contributors. In setting 2013 guidance, management noted that Active's Outdoors segment would "experience minimal growth."

As shown below, five businesses make up the Outdoors segment:

Sports	Community Activities	Outdoors	Business Solutions
Sports	Parks/Recreation Depts	State Campgrounds	Conferences
Endurance Events	Schools and Districts	National Parks	Conventions
Leagues and Teams	Camps and Retreats	Fishing Licenses	Associations
Golf Courses	Faith-based Orgs.	Hunting Permits	Meetings/Seminars
Clubs	Resorts	Marinas	Trade Shows/Expos
Tournaments			

Based on our research, one of the company's biggest challenges is retaining clients in its State Campgrounds business. Active paid top dollar to enter this business with the acquisitions of InfoSpherix in 2007 and ReserveAmerica in 2009. With these two acquisitions Active became a dominant force in the campgrounds market, controlling some 80-90% of the state market and 99% of the federal market. Business is literally Active's to lose, and guess what – Active's losing it! The picture can be gleaned in reading the terrible reviews for ReserveAmerica here or visiting the site ReserveAmericaSucks.

Our field intelligence indicates that Active's basic strategy in the campgrounds market was to phase out InfoSpherix products and migrate existing users of the Spherix technology platform onto the ReserveAmerica platform, known as ORMS; so, for the past 4-5 years, Active appears to have been peddling ORMS as ActiveWorks, with the terms 'ORMS' and 'ActiveWorks' now used interchangeably. This is in direct contrast to the impression Active has given investors – that ActiveWorks is some new, "transformative" technology platform.

As Active's 2011 10-k states, "*We are currently in the process of transitioning our customers who are currently using the legacy systems we inherited in our acquisitions to ActiveWorks.*" But the evidence indicates that claims of migrating campground customers onto the ActiveWorks technology platform are a farce and that, at least for the Campgrounds business, ActiveWorks is the old ORMS software (refer to Appendix 1: Email to Active Clients in RE to ORMS Rebranding to ActiveWorks)! This is also readily apparent in reviewing Active's claims of the benefits of using ActiveWorks Outdoors. They are identical, down to every last word, to the claims made by ReserveAmerica for its ORMS software, published in 2005.

In a way this makes perfect sense: We just cannot see a customer who has spent 4 years setting up ORMS willingly migrating to a new platform that may or may not have all the features that were specifically configured to meet its needs in ORMS, with nothing in incremental benefit.

The table below shows a subsection of Active's campground business, specifically focusing on InfoSpherix customers; it contains our estimates of the revenue generated from each of those contracts and our projections for this subsection. While the strategy of converting InfoSpherix customers to ORMS worked initially (Indiana, North Carolina and New Mexico migrated to the ORMS product), 2012 brought many losses (see column titled '2012'), where Active's ORMS has lost bids in Minnesota, Michigan, South Dakota. We have reason to believe Active may be on the verge of also losing Missouri, Pennsylvania, Maryland, Ohio and Indiana as those contracts open for renewal over the next couple of years. Many of these customers had in the past already tested and rejected the ORMS platform in favor of the Spherix platform. For a complete list of state campground contracts, refer to Appendix 2.

Estimated Migration of Spherix Customers from Active Networks

$ in thousands

	Before 2012		2012		2013E and 2014E	
	Company	**Revenues**	**Company**	**Revenues**	**Company**	**Revenues**
Delaware	Active/Spherix	$400	Active/RA	$400	Active/RA	$400
Georgia	Active/Spherix	$1,000	Active/Spherix	$1,000	Active/Spherix	$1,000
Indiana	Active/Spherix	$1,000	Active/RA	$1,000	Active/RA	$1,000
Maryland	Active/Spherix	$600	Active/Spherix	$600	-	-
Michigan	Active/Spherix	$3,000	Camis	$0	Camis	$0
Minnesota	Active/Spherix	$600	US eDirect	$0	US eDirect	$0
Missouri	Active/Spherix	$600	Active/Spherix	$600	-	-
North Carolina	Active/Spherix	$500	Active/RA	$500	Active/RA	$500
New Mexico	Active/Spherix	$125	Active/RA	$125	Active/RA	$125
Ohio	Active/Spherix	$1,800	Active/Spherix	$1,800	-	-
Pennsylvania	Active/Spherix	$1,500	Active/Spherix	$1,500	-	-
South Dakota	Active/Spherix	$500	Leisure Interactive	$0	Leisure Interactive	$0
Texas	Active/Spherix	$600	Active/Spherix	$600	Active/Spherix	$600
Yearly Revenue		**$11,825**		**$7,725**		**$3,225**

Source: Prescience Point Market Intelligence, State Public Info

Note: The above table does not reflect actual revenues for the year, it simply illustrates that a bid was won or lost during a period. It is meant to illustrate the relative size of a project and when it changed hands, even though the revenue may be lagging. For example they may still collect revenue from Michigan till mid 2013 though they lost the bid in 2012. Indiana and North Carolina were converted from Spehrix to RA in approx 2010. Revenue numbers are estimations.

Based on our research, the competitive landscape is intensifying, with state governments exhibiting a new willingness to work with smaller service providers; as a result, we believe Active's forecasts for its Outdoor segment in 2013 and beyond will be proven utterly wrong. On the Q3'12 conference call, management stated that "W*hile we're happy with the recent customer additions in the Outdoors customer group, we anticipate that customer vertical will experience minimal growth in 2013,*" and later went on to say, "*We drove significant growth in Outdoors in 2011 and 2012 as we brought on several large customers, which we won't see in 2013*." Perhaps, management should have completed the sentence by saying "because we're losing customers left and right and the competition is eating our lunch!"

And Active's big federal contract (with the National Park Service), which we estimate to generate $40-$50m of annual revenue, may also be Active's to lose. This contract comes into play next year, just as Active's competitors gain momentum in taking market share.

Similar dynamics may also play out in Active's hunting/fishing business, where by way of acquisition it also controls the market with an estimated 85-90% market share. As competitors take share in the State Campground business and continue building relationships with their customers, they will enjoy open ears for communicating the differentiating factors of their software packages relative to Active's, begetting another growing threat.

The competitive landscape is quickly worsening in one of Active's largest business segments, Outdoors, which has begun to struggle. Active has guided for ~13% revenue growth (at the midpoint of guidance) in 2013. Based on continued on-the-ground due diligence, we believe the company will be hard-pressed to meet this guidance, and absent further accounting gimmickry, we are projecting no revenue growth in 2013.

Active's Entire Organization Appears in Disarray

The Entire Management Team Appears Ready to Give-up

Shortly after publishing our initial report, further evidence of turmoil in Active's upper management began to surface. Within 4 weeks Active's Executive VP of Human Resources abruptly resigned; she has yet to be replaced. The severance contract contained some notable terms such as a "non-disparagement" clause and a "future cooperation" clause requiring Mrs. Roland to cooperate reasonably with the Company in connection with the contemplation, prosecution and defense of all phases of existing, past and future litigation, regulatory or administrative actions about which the Company reasonably believes she may have knowledge or information.

Active employs a sprawling empire of close to 3,000 people across the US and Canada, yet has no leadership overseeing the people-heavy operation. If you truly believe management's words, in that they are serious in saving the sinking ship, then effective people management will be vital to their success. Active commented on its 3 pillar strategy for survival on the Q3 conference call:

> "*We still have a huge market opportunity in front of us, and we're confident that we can return the business to stronger performance in 2014. There are 3 key drivers that will get us there. First, as the market leader, we're single minded in building greater acceptance in the activity in Participant Management space. Second, we're increasing our investment in sales and marketing, and stepping up our focus on winning new customers. And third, our teams are moving aggressively to drive innovation, and they're laser focused on execution*."

Rampant hiring to sell its services before the money runs dry appears to be Active's only strategy for survival. Active's career website has over 50 job openings for sales and account management roles; but, with no Human Resource leadership, we question whether Active is committed to hiring the right people or any cold body that is willing to accept a lottery ticket in joining the company.

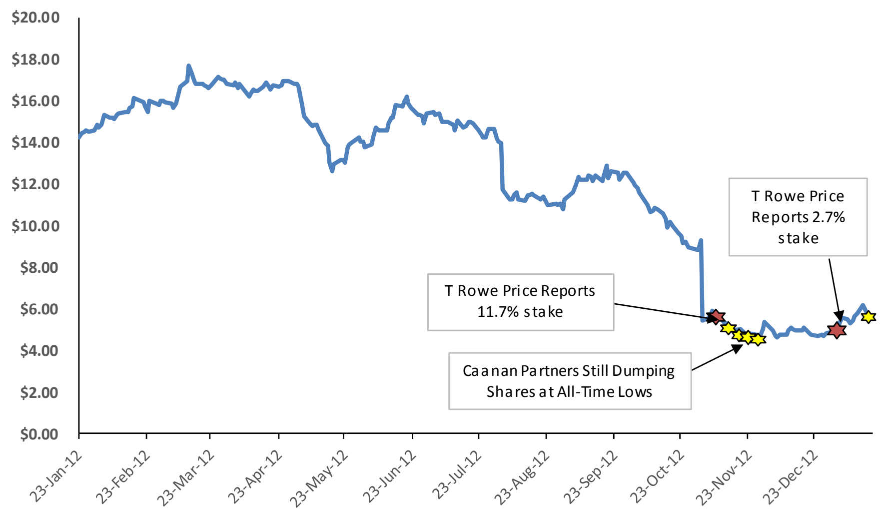
It appears the smart money insiders are also worried that the Company could fail fast and angling for any protection they can get. We've looked at clues left by other high ranking executives. For example, Active filed an 8-K with the SEC on Christmas Eve (perhaps hoping to catch its investors snoozing) indicating that Mr. Darko Dejanovic, recently promoted to president and overseeing the business units, operations, products, technology and marketing, required a contract amendment to his stock holdings. We saw a similar filing before Mrs. Roland jumped ship. Shortly after in early January, other SEC filings were made which support our belief that the entire management team under Mr. Dejanovic may be restless and looking to jump ship. Two separate form 4s were made for Mr. Biggs, EVP of Global Technology Sales, and Mr. Tripplett, SVP of Operations, granting each individual Market Stock Units (MSUs). These MSUs, having never been issued to any management team member before, appear to be funny money retention tactics to prevent them from jumping ship.

We also note that Steve Schultz, a Board member from 2009, appears to have been forced off the Board at the request of his employer, the United States Tennis Association (USTA). We applaud the company for tacitly acknowledging our concern that Mr. Schultz's experience as a tennis instructor may not have been sufficient for high-level decision making on the board's compensation committee.

Insiders are Dumping…..Still!

We first warned that insiders were dumping at every price possible after Active's lock-up expired and that management had no skin in the game, owning just 2.3% of the company. Moreover, we had illustrated that Canaan Partners, who has a representative sitting on Active's Board, was also aggressively selling shares. Canaan has continued to sell stock even as low as $4.76/share. According to its last form 4, Canaan still owns 1.76 million shares. They have wasted no time resuming their share liquidations in 2013.

But perhaps the largest vote of no-confidence in Active has come from its largest institutional shareholders – T. Rowe Price. On November 7th, T Rowe Price reported that as of October 31, 2012 it had increased its ownership stake to 11.7% of the company. By year end, it had dramatically reduced its stake to just 2.6%, or 1.6m shares. Given our belief that things get worse for Active in 2013, not better, we believe these shareholders are due for more dumping in a spate of shareholder frustration.



Employees Are Still Bashing the Leadership, While Customer Complaints Accelerate

Why are we so confident that Active will continue to fall short of expectations? How can we be so confident that management's turnaround plan is nothing more than lip service paid to analysts and investors? How can we be so confident that the miracle ActiveWorks program is a charade used to bait analysts and investors into buying the stock on a wing and a prayer?

We continue to aggressively monitor Glassdoor.com, an independent employee review website, and The Better Business Bureau. Each website continues to be littered with complaints from customers and employees. We are disappointed that Active appears to be continuing in deceptively signing up customers for its membership program, in what appears to be a desperate attempt to draw in cash in the midst of a cash crunch.

Glassdoor.com: The Complaints Are Continuing Since Our Report

"event management company"
★★★ **Current Marketing Manager in San Diego, CA** – Reviewed 3 days ago – New

Pros – HQ in San Diego, great place to visit
Great flexibility
Physically active culture
Young staff
Always changing

Cons – Lack of seasoned management teams
Matrix structure which doesn't foster cross function collaboration
Lack of strong business processes in Finance, Sales, Marketing
Compensation not competitive with other "high tech" companies

Advice to Senior Management – Management needs to change the reporting structure of the BUs as a Matrix organization isn't not applicable to such a small organizations (revenue and employees). There is no true accountability at the management level as a result.

"Great place for fringe benefits, terrible place for career growth."
★★ **Former Senior Project Manager in San Diego, CA** – Reviewed 3 weeks ago

Pros – At Active they were very flexible with the work schedule as well as providing company 'Active' events for its employees. For the majority of people, I worked with they were great.

Cons – Active does not have a proper career growth path for its personnel, specifically within the ActiveWorks department. Management decisions were made reactively and proper planning was not exercised and executed properly within the ActiveWorks executive team.

Advice to Senior Management – Provide greater transparency with the company's goals and initiatives, as well as a defined career growth plan for your employees.

"An average company in every respect"
★★★ **Current Project Consultant in Vancouver, BC (Canada)** – Reviewed 5 days ago – New

Pros – Flexible work environment, limited supervision, politics are only in play 2 months of the year during salary negotiations/performance reviews.

Cons – No training/support budget, terrible office quality for furniture/computers etc.

Advice to Senior Management – Invest in your people before they move on

"Very slow to respond to posted inquiries"
★★ **Current Director of Sales** – Reviewed 6 days ago – New

Pros – The opportunity seemed worth pursuing. The company has a good base and new energy to rebuild its reputation and stock price.

Cons – Too big of a communication gap between contacts. Unprofessional

Advice to Senior Management – With recent changes in management and a rebuilding effort in the works, management needs to ensure that all employees are on board with their interactions with customers and potential employees.

"Demanding and turbulent work environment"
★★ **Current Employee** – Reviewed 2 weeks ago

Pros – The silver lining in all of the described below is that there are potential opportunities in making a real difference in the future of this company.

Cons – The company is undergoing a very painful translational period which is due to consolidation of products and platforms. Future plans and goals are poorly communicated top-down, and a lot of the change seems to be reactionary in nature.

Very high (and increasing) demands are placed on the current employees across many teams within the company (Dev, Product, IT, PMO), without any additional compensation (overtime or even time in lieu) or reward. This results in people working exceptionally long hours over a protracted period of time (eg. 55+ hours/week for multiple months). Due to current staffing challenges employees are even being required to work during scheduled vacation periods.

This company is quite unestablished in terms of having a structured work environment, technical standards or operational processes and there is no apparent focused effort to remedy this. Many critical areas have a single subject matter expert.

Advice to Senior Management – Create a sustainable work environment if you are interested in retaining your employees.

Better Business Bureau Complaints Are Unabated

Complaint resolved with BBB assistance (191 complaints)

2/6/2013	Billing/Collection Issues | Read Complaint Details
1/31/2013	Problems with Product/Service | Read Complaint Details
1/31/2013	Problems with Product/Service | Read Complaint Details
1/25/2013	Billing/Collection Issues | Read Complaint Details
1/25/2013	Billing/Collection Issues | Read Complaint Details
1/23/2013	Billing/Collection Issues | Read Complaint Details
1/18/2013	Billing/Collection Issues | Read Complaint Details
1/17/2013	Problems with Product/Service | Read Complaint Details
1/9/2013	Billing/Collection Issues | Read Complaint Details
12/20/2012	Billing/Collection Issues | Read Complaint Details

1 2 3 4 5 6 7 8 9 10 … 20

Complaint resolved with BBB assistance (191 complaints)

12/17/2012	Problems with Product/Service | Read Complaint Details
12/17/2012	Advertising/Sales Issues | Read Complaint Details
12/14/2012	Problems with Product/Service | Read Complaint Details
12/3/2012	Billing/Collection Issues | Read Complaint Details
12/3/2012	Billing/Collection Issues | Read Complaint Details
11/27/2012	Billing/Collection Issues | Read Complaint Details
11/27/2012	Billing/Collection Issues | Read Complaint Details
11/26/2012	Problems with Product/Service | Read Complaint Details
11/20/2012	Billing/Collection Issues | Read Complaint Details
11/16/2012	Problems with Product/Service | Read Complaint Details

1 **2** 3 4 5 6 7 8 9 10 … 20

Wall Street Estimates for 2013 Are Still Pie In The Sky Too High

The sell-side analyst community must be suffering from apoplexy after the stock plunged nearly 50% after last quarter's fiasco. Much to our surprise, not a single analyst has yet to state Active is actually a "Sell." 50% of the analysts still rate Active a Buy, while the other half rate it at "market perform" (that's cryptic analyst gibberish for Hold). The average price target is still $10.50, a mind-numbing 90% higher than the current price!

In our first report, we pointed out that analyst blindly assume that Active will deliver on its stated goals, while appearing to question none of the critical assumptions underlying Active's forecasts. Even though management's credibility has to be in question after two horrible quarters, sell-side analysts miraculously still give them the benefit of the doubt in relation to next quarter and 2013 estimates. They fail in questioning any of management's critical assumptions!

The table below compares Active's November forecasts with current Wall St. expectations. As demonstrated, Wall St. analysts have yet again simply matched their 2013 projections to Active's projections. Interestingly, management's 2013 guidance – issued in conjunction with Q3'2012 earnings following the publication of our report – is almost identical to the projections from our initial report. We believe this illustrates that Active's management has no clue what 2013 what will look like, deciding to simply match our own projections.

Street Analysts Have Simply Mirrored Active's Guidance for 2013

$ in millions

	FY 2012			FY 2013			
	Active	Wall St.	Variance	Active	Prescience	Wall St.	Variance
Sales	$420.0	$420.4	0.10%	$475.0	$480.0	$474.9	-0.02%
% growth	*24.5%*	*24.6%*		*13.1%*	*14.3%*	*13.0%*	
Adj. EBITDA	$51.0	$43.7	-14.31%	$52.0	$52.6	$50.9	-2.12%
% margin	*12.1%*	*10.4%*		*10.9%*	*11.0%*	*10.7%*	

Source: Active Midpoint Guidance 11/1/12, Prescience Point estimated 10/31/12 and CapitalIQ estimates

For 2013, initial guidance calls for revenue of $470-$480 million, up 13% at the mid-point, and Adj. EBITDA of $50-$54 million, 11% of revenue at the midpoint. Assumed in the revenue forecast are: 1) no improvement in the economy; 2) flattish trend in Outdoors due to no new states expected to come on board; and 3) the current level of bookings. EBITDA margin is expected to be down about a point yr/yr (when the impact of business combination accounting is eliminated from 2012 EBITDA) due to planned expansion in sales force.

There are no magic bullets or levers Active can push to drive registrations and cash flow materially higher. Competition across its business lines is intensifying, and we believe Active is likely to lose business in its Outdoors segment in 2013 and onwards. As previously stated, we project the company will show no growth in 2013.

Valuation and Price Target

Sell-side analysts are still valuing Active at a ridiculous 8-14x EV / Adj. EBITDA multiple on the company's hastily assembled 2013 estimates of $50-$52m and incorrectly treating Active's cash balance of $78.5m as excess cash, implying a $8-$14 share price target. We continue to maintain that Active is nothing more than a money-losing collection of non-integrated and mature Web 1.0 business process outsourcing (BPO) firms.

We highlight the following issues at the base of our valuation thesis:

1) Increasing signs of functional insolvency and declining investor transparency as to short-term liquidity and financing needs
2) Increasing evidence of revenue accounting issues as related to the recently discontinued Schwaggle business, which materially raises the possibility of an SEC inquiry, audit-related issues in signing off on Active's 2012 10-k, financial restatements, and shareholder lawsuits
3) Indications of managerial frustration leading to above average risk of more executive departures
4) Limited evidence that management is executing on its turnaround plan to reduce organizational complexity and kick-start sales hiring to achieve new business
5) Limited to no appeal as a strategic takeover target given Active's sprawling and complex organizational structure
6) Corporate governance and management credibility concerns

We have lowered our 2013 EBITDA estimate due to our belief that Active may struggle to grow revenues at anything close to what management is projecting, if in fact the company does not go bankrupt first. Our valuation incorporates a 3.0x – 4.0x multiple of 2013 EBITDA, which we believe more realistically reflects Active's low/no growth business prospects and stressed financial state.

Further, our valuation correctly adjusts the Company's enterprise value for our estimated $40 million of borrowings and $20 million of expected cash burn in Q4'2012.

Our diluted share count figure incorporates all of the options and stock units liberally granted to management and employees in a seemingly desperate attempt to retain and motivate them. The midpoint of our range is approximately $1.50 per share, but even that assumes the financials can be relied upon, and that Active has going concern value. Until such time as we see Active take decisive measures to fix its business through a restructuring, or raise new capital to forestall its ongoing cash crunch, our price target will remain at this level, implying ~75% downside.

Prescience Point Price Target vs. Wall St. Analyst Targets

$ in millions

	Street Estimates			Prescience Point Estimates		
EV/EBITDA multiple	8.0x	--	14.0x	3.0x	--	4.0x
2013E EBITDA (1)	$50.0	--	$52.0	$42.0	--	$48.5
Enterprise Value	$400	--	$728	$126	--	$194
Net Cash Adjustment (2)	$78.5	--	$78.5	($60.0)	--	($60.0)
Equity Value	$479	--	$807	$66	--	$134
Shares o/s (3)	59.6	--	59.6	63.8	--	63.8
Price Target	**$8.03**	**--**	**$13.53**	**$1.03**	**--**	**$2.10**

(1) Prescience Point estimates 2013 revenue of $420m-$440m of sales and 10-11% EBITDA margin

(2) Adjusted for estimated intra-period borrowing

(3) Adjusted for additional share count increase from in-the-money options, RSUs/PSUs/MSUs

Appendix 1: Email Notification to Active Clients RE ORMS to be Rebranded as ActiveWorks™

April 14, 2011

Dear valued Active Network clients:

As you know, our Outdoor Recreation Management Suite (ORMS) software is recognized as a leading solution in the recreation registration industry. Active Network continues to enhance, expand and optimize the ORMS product as more and more clients choose this solution. Over the years we have established ORMS as one of our enduring products and continue to invest millions of dollars towards the development of new features and functionality to meet the needs of our growing client base. We are pleased to note that ORMS represents a model of success for centralized, scalable, highly reliable cloud-based computing solutions from Active Network.

As we look towards evolving Active Network's technology solutions, we are launching a new core platform called ActiveWorks™. The ORMs product will be a cornerstone of this new company-wide technology initiative and will be renamed and rebranded as ActiveWorks | Outdoors. We are pleased to share this exciting news with you ahead of the ActiveWorks launch which is currently scheduled for mid-May 2011.

We do want to point out that the migration of ORMS to the Active Works | Outdoors brand will affect the look and feel of product only – there will be no immediate impact to the functionality of the software as a result of this rebranding effort. The change will involve the renaming of current ORMS modules including Field Manager, Venue Manager, Operations Manager, Finance Manager and Call Manager, etc. A sample screen shot of the Field Manager rebranding is copied below for your reference.

Moving forward, we will advise you of enhancements to the functionality of ActiveWorks | Outdoors through our normal communications channels.

I am proud that the ORMS product will be a foundational element of the ActiveWorks platform initiative. Thank you for your continued business and please let me know if you have any questions.

Regards,

Gary Evans

General Manager, Campgrounds
Active Network | Outdoors

Appendix 2: U.S. State Campground Contracts

Unoffical Estimates of State Campground Contracts

State	Estimated RFP	Vendor	Active Product	Contract Details		Expires	Approx Conract
				Term	Options	Does not include options	Value
Alabama		Megasys					
Alaska	No system	None					
Arizona		Itinio					
Arkansas	2017	Northwind/Maestro		5 yrs		2017	
California		Active	RA				$6mil
Colorado		Active	RA				$150k
Connecticut	2017	Active	RA	5 years		12/31/2017	$220k
Delaware	2017	Active	RA	5 years	One 5 year	2017	$420k
Florida	2014	Active	RA	5 years	One 3 year	5/15/2015	$275k
Georgia	2014	Active	Spherix	5 years	Three 1 year	2015	$1 mil
Hawaii	No system	None		N/A	N/A	N/A	
Idaho	2014	Active	RA		3 yr	12/31/2013	$300k
Illinois		Active	RA				
Indiana	2013	Active	RA			10/31/2014	$1 mil
Iowa	2014	Active	RA	4 years	One 2 year	11/7/2014	
Kansas	2015	Active	RA			2016	
Kentucky		Active	RA				$425k
Louisiana	2013	Active	RA	3 years	0	2013	
Maine	No RFP Planned	NIC					$75k
Maryland	2013	Active	Spherix			2014	$600k
Massachusetts	2016	Active	RA	3 years	One 2 year	2015	450K
Michigan	2016	Camis		4	Three 1 year	2016	$2.25 mil
Minnesota	2016	US eDirect		3 years	One 2 year	2015	600 K
Mississippi	2013	Active	RA			2014	$325k
Missouri	2013	Active	Spherix			2013	$600k
Montana	2014	Active			3yr	12/31/2013	
Nebraska	2014	Active	RA			12/31/2015	$350k
Nevada	No RFP Planned	None					
New Hampshire	2013	Active	RA	4 years	0	2013	$385k
New Jersey	2017	Active	RA				
New Mexico	2017	Active	RA				$125K
New York	2017	Active	RA	10 years		2018	$2.75mil
North Carolina	2015	Active	RA			2013	
North Dakota	No RFP Planned	None					
Ohio	13-Nov	Active	Spehrix	5 years	0	12/31/2014	$2mil
Oklahoma	No RFP Planned	None					
Oregon	2015	Active	RA	5 years	one 5 year	2015	$560k
Pennsylvania	2014	Active	Spherix			2015	$1.6 mil
Rhode Island	2016	Active	RA	5 years	One 5 year	2017	$225k
South Carolina		Active	RA			2013	$800k
South Dakota	2016	Leasure Interactive		3 years	One 2 year	2015	$500k
Tennessee	2017	Itinio				17-Jun	
Texas	2015	Active	Spherix	5 years	Two 3 year	12/31/2013	
Utah	2014	Active	RA			2015	500k
Vermont	No RFP Planned	None					
Virginia		Active	RA				$150k
Washington	2017	Camis		5 years	One 5 year	2013	
West Virginia	No RFP Planned	None					
Wisconsin	2015	Active	RA	3 years	Three 1 year	2014	$1mil
Wyoming	2013	Leisure Interactive		3 years	Three 1 year	2014	50 k

Source: Prescience Point Market Intelligence