OCTOBER 7, 2016

S.P.O. GLOBAL INC.

S.P.O. GLOBAL INC. (OTC – SPOM - $0.0008 – NR)	
INDUSTRY: TECHNOLOGY	SEGMENT: ENTERPRISE SOFTWARE

FACTS AND FIGURES

Share Statistics	
Price as of: 10/7/16	$0.0008
52-Week Hi/Low	$0.023/$0.0001
Est. Shares Out.	700,000,000
Est. Public Float	646,000,000
Market Cap.	$560,000
3-Mo. Average Vol.	32,209,438
Exchange	OTC:PK
Fin. State (6/30/16)	
Income Statement	
Revenue	$51,000
Oper. Income (Loss)	($46,000)
Net Income (Loss)	($1,778,000)
Balance Sheet	
Total Assets	$92,000
Total Liabilities	($2,435,000)
Book Value	($2,343,000)
Prelim. Forecasts	
Revenue: CY16E	$350,000
Oper. Inc.: CY16E	N/A
Revenue: CY17E	$3,000,000
Oper. Inc.: CY17E	$900,000
NR denotes Not Rated	

COMPANY SUMMARY

S.P.O. GLOBAL INC. sells performance testing optimization and monitoring software IP designed by the recently acquired Reflective Solutions Ltd, for use in all enterprise applications. Principal products include *Stress Tester,* a robust performance stress testing solution for large enterprise applications and *Sentinel*, a 24/7 software as a service (SaaS) performance monitoring solution.

RECENT NEWS

Hit List Could Produce $184,000 in Sales
SPOM announced that it has secured new business wins and that it valued potential sales from new global customers' requests (near term hit list) in August alone at $184,000. Prospective new clients include major U.S. municipal governments and one of the world's largest oil complexes.

SPOM Receives Unsolicited Offer Notification
Cloudload.i.o recently sent a letter to SPO Global stating that it is currently looking at acquiring a business with IP in the space of performance testing and monitoring. Cloudload is funded by Mercier Fund Management, a VC firm. This expression of interest is contingent on price, Cloudload.io financing, on legal and technical due diligence and board approval.

SPOM Announces Major Client Install
SPOM successfully installed its new 24/7 performance monitoring software solution *Sentinel* with Nova Scotia Power Inc., a vertically integrated utility that provides electricity to 500,000 customers in Nova Scotia, Canada.

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INVESTMENT CONSIDERATIONS

Tracing its roots to 1998 through the acquisition of Reflective Solutions, **S.P.O. (Software Performance Optimization) Global Inc. (OTC – SPOM - $0.0008 – NR)** appears poised to generate substantial top-line growth and market penetration of its flagship application software performance stress test, optimization and monitoring tools. According to Markets and Markets, the Application Performance Management software market is slated to grow from $2.7 billion in 2014 to $5 billion in 2019. Key players include **IBM (NYSE: IBM**), **Microsoft (NASDAQ: MSFT)**, **CA Inc. (NYSE: CA)**, Compuware, and others. Sales are driven by enterprises of all sizes seeking to ensure little to no downtime of their networks and applications which can cost time and productivity along with placing customers and their transactions at risk.

With a growing customer base in the U.S. the Company also has customers many other countries since inception, including such household names as Harrod's, **Nissan (OTC: NSNAY)**, AIG **(NYSE: AIG)**, AXA, **Vodafone (NASDAQ: VOD)**, CBRE, Prudential, Monarch, Flint Hill Resources, and the City of Bellevue, Washington,. The Company's products are sold through more than two dozen resellers and partners and currently 50% of revenue is generated by this channel and the balance recorded via direct sales. Third party sales are taking on an ever-increasing role, especially as the partner list and product roadmap grow going forward. Although average orders are currently in the $45,000 range, some orders can reach the $100,000 mark and S.P.O. may penetrate customers even further beginning next year based on its high degree of efficacy, low cost, and ease of use. In any event, as a software application firm, gross margins are in excess of 80% which can help the Company achieve operating profitability in relatively short order. S.P.O. has an enviable positioning in the industry which serve as barriers to entry for new firms seeking to enter the space. For example, the Company spent 5 years developing its offerings and has numerous relationships with customers and partners alike.

StressTester™

A winner of Web Hosting Search's "Best Web Tool", the Company's *StressTester*™ is fast becoming the industry's web load testing tool of choice. Renowned customers in North America, EMEA and Asia rely on *StressTester*™ to improve the performance and quality of their web applications. *StressTester*™ is an enterprise class performance testing tool that enables users to quickly and simply create realistic and complex tests, and identify potential performance problems earlier. Quick and simple to learn and use, *StressTester*™ provides detailed analysis of the performance, scalability and load capacity of web-based applications. Drop-down lists, video tutorials and built-in wizards provide a user-friendly interface for creating accurate and realistic website performance tests. *StressTester*™ can quickly and easily simulate complex transactions and provide a detailed, complete view of an application's performance, and also monitors underlying server and infrastructure resources.



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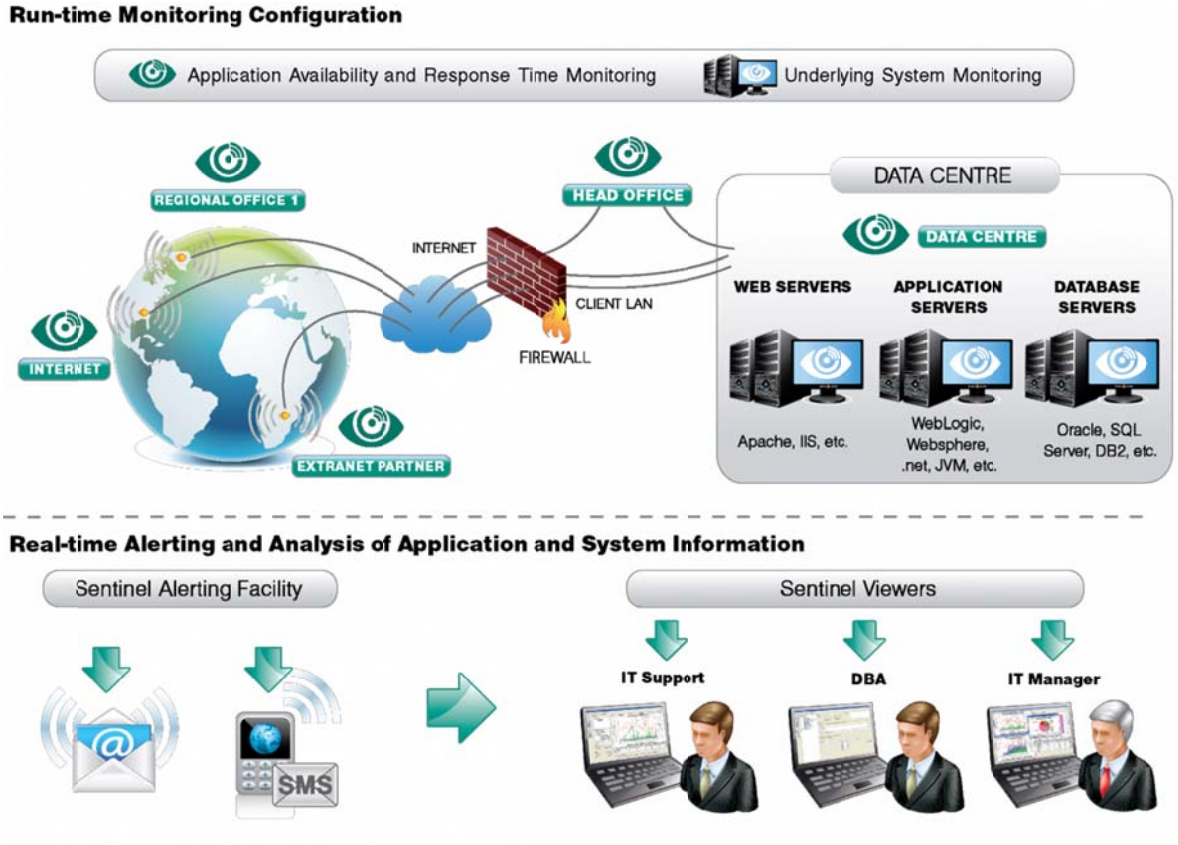
Sentinel

Sold as a SaaS (Software as a Service), *Sentinel* is an application web performance solution monitors the availability, functionality and performance of web-based applications from the perspectives of the users and the underlying systems. This exceptional tool enables clients to monitor the response times of their critical web-based applications (websites, EAM software, CRM, intranet etc.) in real time, from anywhere. System components (operating system, database server, application server, web server etc.) are simultaneously monitored and in the event of a performance problem occurring, the GUI allows support teams to easily understand the problem, and identify the root cause. By engaging in a proactive performance monitoring approach to application and web site monitoring, businesses can identify issues before they cause disruption, thus reducing system downtimes and resolution timescales.



VALUATION CONSIDERATIONS

The Company appears to have the wind at its back. Sales and indications of interest from a number of new customers for new and existing tools are on the rise, the industry is enjoying solid growth, and a 3rd party firm has expressed interest in considering engaging in acquisition talks with S.P.O. management. As a result, management believes that it can generate around $350,000 in 2016 and reach the $3 million mark next year, with meaningful operating profit of around $900,000.

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Most early stage revenue companies tend to be valued using Price/Sales, Price/Operating Profit, or Net Present Value (NPV) metrics and many publicly traded application software and business software companies can easily command price/sales multiples of 3.0x sales or more. For example, a large and successful peer tangentially in the Company's performance space, **F5 Networks, Inc. (NASDAQ: FFIV – NR),** trades over 4.0x 2017 estimated sales.

A fair present value for these shares is likely in the $5.4 million range. This figure is derived by utilizing a NPV calculation that assumes a 3x price/sales multiple on $3 million in projected 2017 sales while applying a 50% discount rate over a 1.25 year period. As sales build going forward, the discount rate should narrow, thereby increasing the valuation of the Company.

S.P.O Global Inc. is an intriguing and low valuation play on the software performance testing and monitoring space and could receive a valuation boost by investors or a potential acquirer as the Company meets or exceeds expectations.

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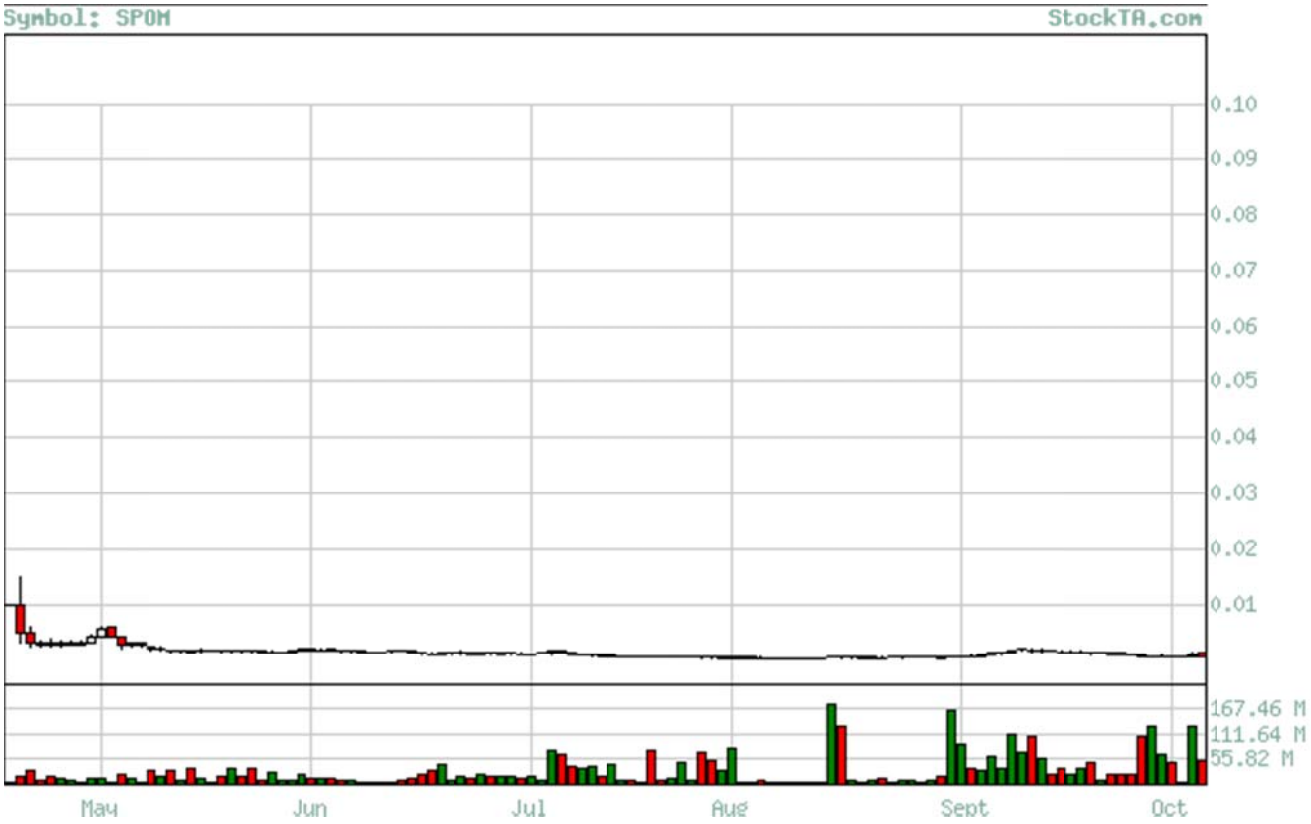
RECENT TRADING HISTORY FOR S.P.O. GLOBAL, INC.

(Source: www.Stockta.com)



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Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

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