

# Rainmaker Systems, Inc.



**NASDAQ**  
**RMKR**

*Investor Presentation*

March 2004

***Confidential***



# Safe Harbor Statement

*Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. We wish to caution you that these statements involve risks and uncertainties and actual events or results may differ materially. Among the important factors which could cause actual results to differ materially from those in the forward-looking statements are general market conditions, unfavorable economic conditions, our ability to execute our business strategy, the effectiveness of our sales team and approach, our ability to target, analyze and forecast the revenue to be derived from a client and the costs associated with providing services to that client, the date during the course of a calendar year that a new client is acquired, the length of the integration cycle for new clients and the timing of revenues and costs associated there with, our client concentration given that the Company is currently dependent on a few large client relationships, potential competition in the marketplace, the ability to retain and attract employees, market acceptance of our service programs and pricing options, our ability to maintain our existing technology platform and to deploy new technology, our ability to sign new clients and control expenses, the possibility of the discontinuation of some client relationships, the financial condition of our clients' business and other factors detailed in the Company's filings with the Securities and Exchange Commission, including our recent filings on Forms 10-K, 8-K and 10-Q.*

# Our Business

*Rainmaker manages the business process  
of selling service contracts,  
generating more revenue, more efficiently  
for our clients.*

# Investment Highlights

- **Financials turning positive**
  - Q1 guidance for positive cash flow and EBITDA breakeven
- **Two major new clients signed**
  - Going live in Q1 and ramping during Q2
- **World class client base**
  - Significant expansion opportunities
- **New markets**
  - e.g. healthcare, industrial equipment, retail, embedded devices
- **Business process expertise leveraging proprietary technology**

# Momentum Building

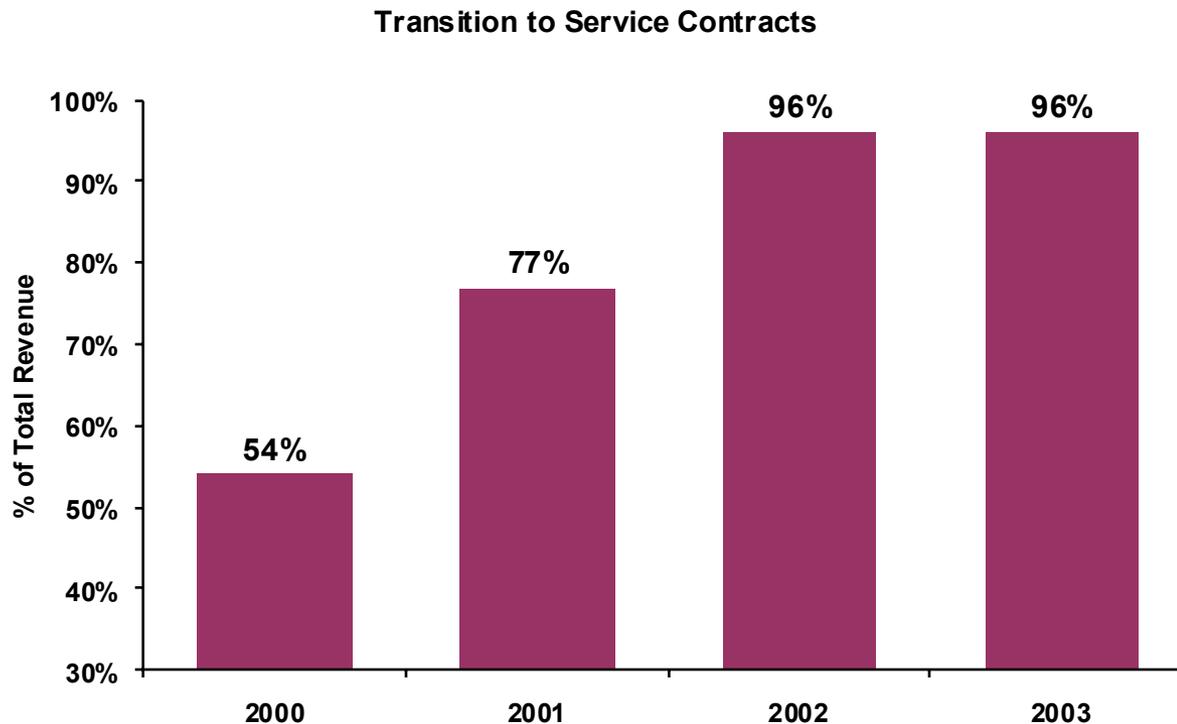
- Business improving

(millions)	H1'03	H2'03	Q1 Guidance
<b>Gross Billings</b>	\$29.8	\$34.2	\$18 to \$19 for Q1
<b>Gross profit</b>	6.4	7.1	3.7 to 3.8 for Q1
<b>EBITDA</b>	(0.9)	(0.6)	Breakeven
<b>Cash Flow</b>	(2.0)	(0.2)	Positive

- Client traction building
  - Significant business signed and going live in Q1 2004
  - Expansions
  - Key new client wins
  - Pipeline solid and includes non-computer industry prospects

# About Rainmaker

- 1991 Company founded as UniDirect – Telephone based reseller of Unix software
- 1999 IPO
- 2000 Began to focus on service contract market
- 2001 HP signs
- 2002 Dell signs  
Compaq (HP) signs  
Complete transition to service contract sales BPO
- 2003 New clients and expansions



# Industry Overview

# The BPO Market

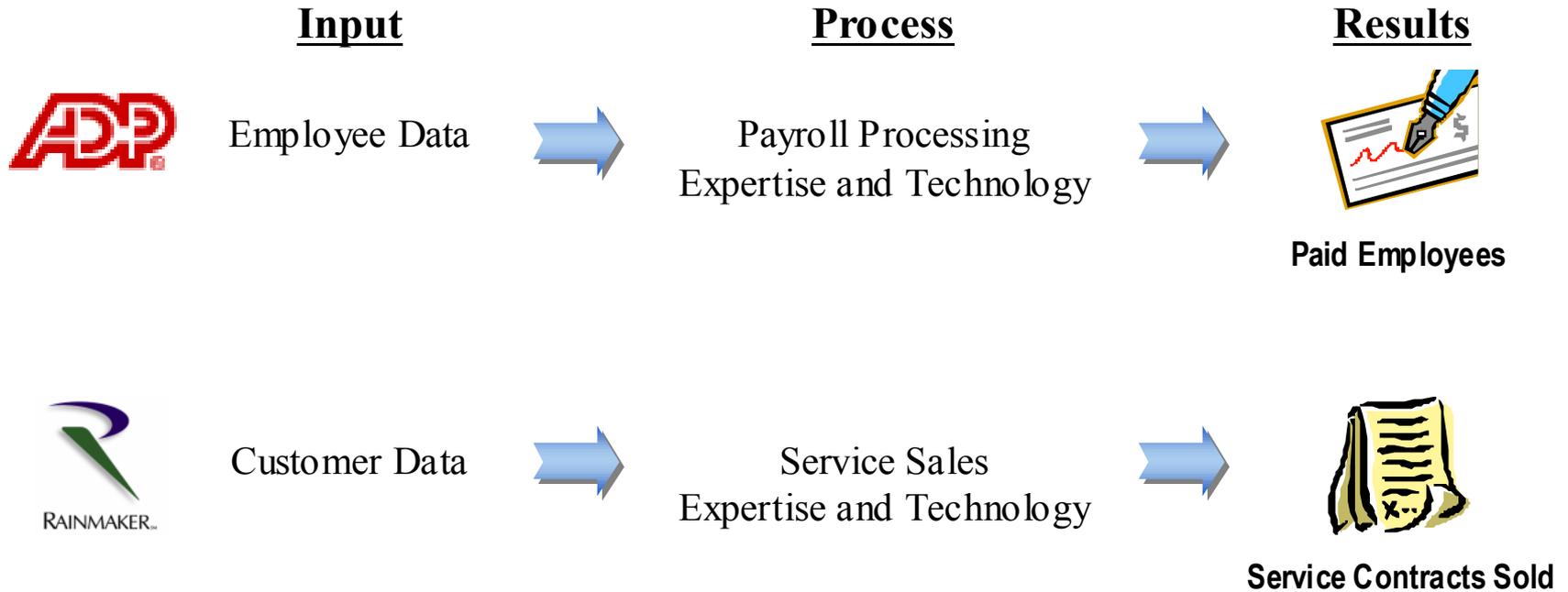
*BPO market growing from \$128B to \$234B in 2005*

*BPO Examples:*

<b>BPO Company</b>	<b>Process Expertise</b>	<b>Annual Revenue</b>	<b>Market Cap</b>
<b>ADP (ADP)</b>	<b>Payroll processing</b>	<b>\$7.1 B</b>	<b>\$25 B</b>
<b>PayChex (PAYX)</b>	<b>Payroll processing</b>	<b>\$1.1 B</b>	<b>\$13 B</b>
<b>Digital River (DRIV)</b>	<b>Online transactions</b>	<b>\$108 M</b>	<b>\$764 M</b>
<b>Digital Insight (DGIN)</b>	<b>Online bank transactions</b>	<b>\$160 M</b>	<b>\$898 M</b>
<b>eCollege (ECLG)</b>	<b>Student management</b>	<b>\$80 M</b>	<b>\$348 M</b>
<b>At Road (ARDI)</b>	<b>Global positioning</b>	<b>\$64 M</b>	<b>\$898 M</b>
<b>Rainmaker (RMKR)</b>	<b>Services sales</b>	<b>\$40 M</b>	<b>\$70 M</b>

# Business Process Outsourcing

*Two Examples:*



# Next Generation BPO

Rainmaker provides “Transformational BPO” services. Rainmaker doesn’t just outsource a business function, it performs the business function in a more efficient, more effective manner.

- Transformational
- Revenue generating vs. just cost savings
  - Value based (vs. cost-plus) pricing
- Customer facing
  - Brand-usage
- End to end integrated process (vs. activity)
- Technology centric solution
  - Proprietary technology-enabled process

# Service Contract Market

- Hardware and Software Services market
  - \$121 billion in 2002 growing to \$143 billion in 2006 †
- Potential future markets
  - Industrial equipment
  - Healthcare
  - Retail
  - Embedded technology devices
  - Anywhere a service contract is sold

Source: † Gartner, Inc. - "IT Support Services Trends, Needs and Opportunities", Eric Rocco – 3/3/03

# Industry Growth Drivers

- More service contracts
  - Growth in unit sales of current tech products
  - More products with embedded technology -both consumer and industrial
  - Movement from break/fix to service contracts
- Increased acceptance and adoption of outsourcing
- Movement from traditional outsourcing to next generation outsourcers
- Client proof points
  - Clients have seen results in outsourcing service contracts to Rainmaker

# Rainmaker Growth Strategy

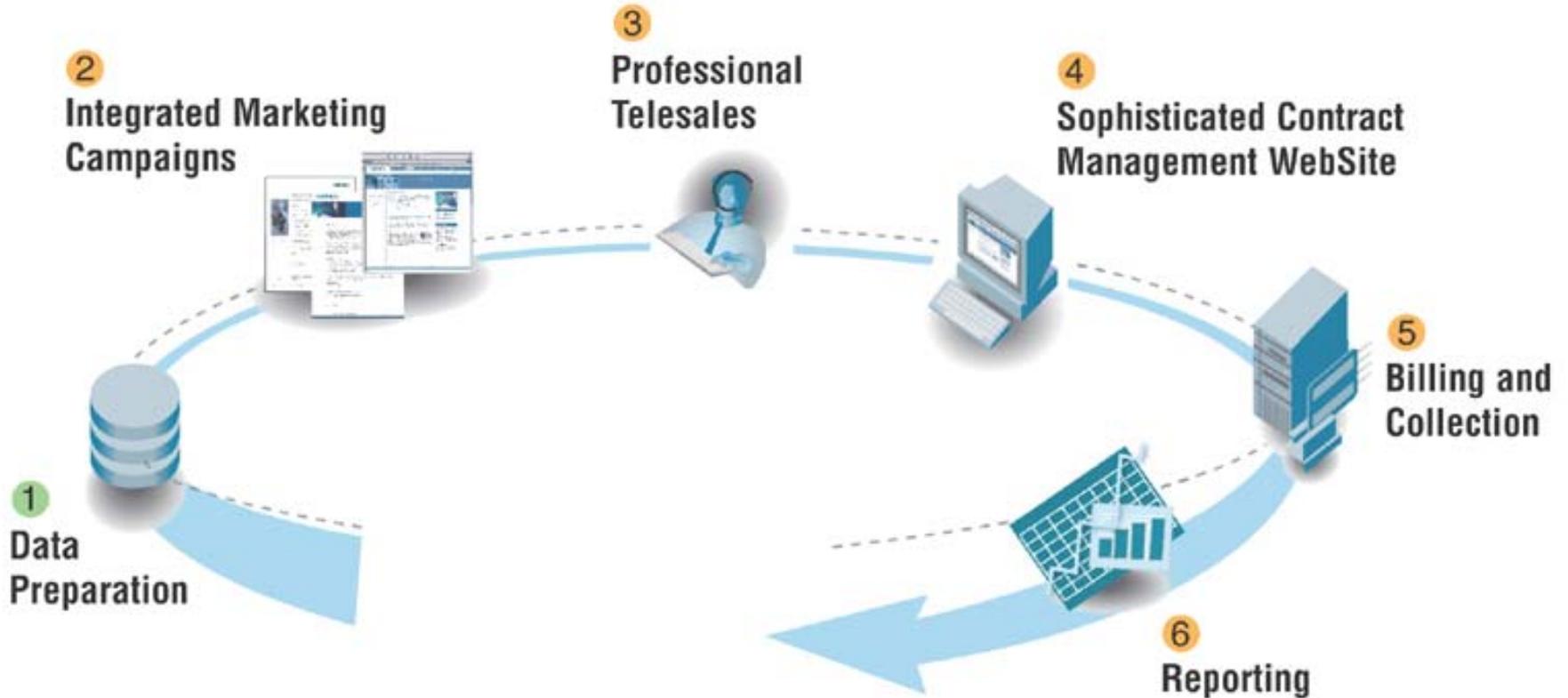
**Set the standard for how service contracts are sold**

- ***Penetrate high tech market***
  - *Growth with current clients*
  - *Expanded client list*
- ***Expand into new markets***
  - *Industrial equipment*
  - *Embedded technology devices*
- ***Leverage improved financial strength & increased low-cost capacity***



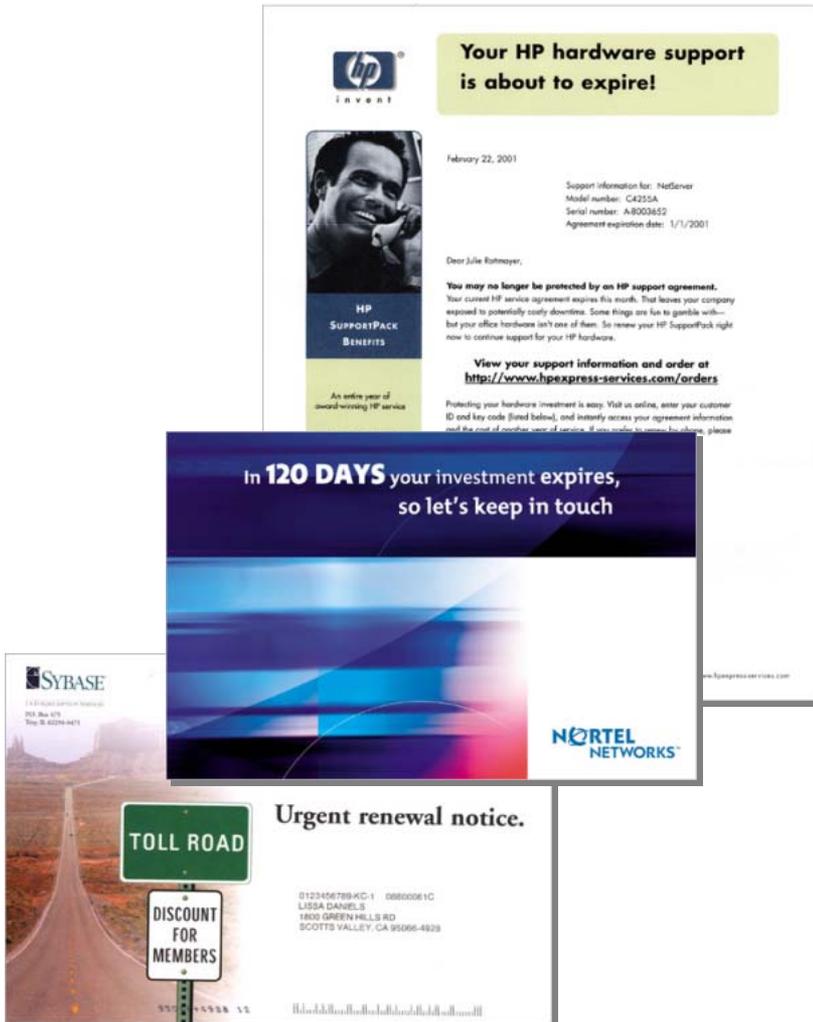
# Business Overview

# Rainmaker's Business Process



# Database Analytics & Direct Marketing

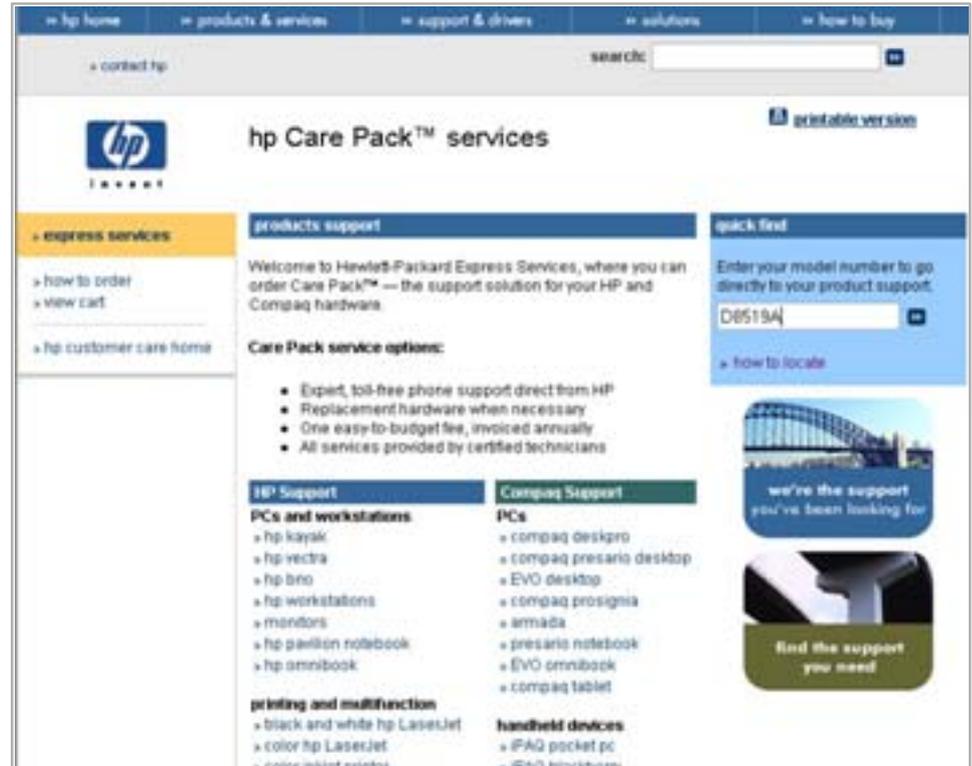
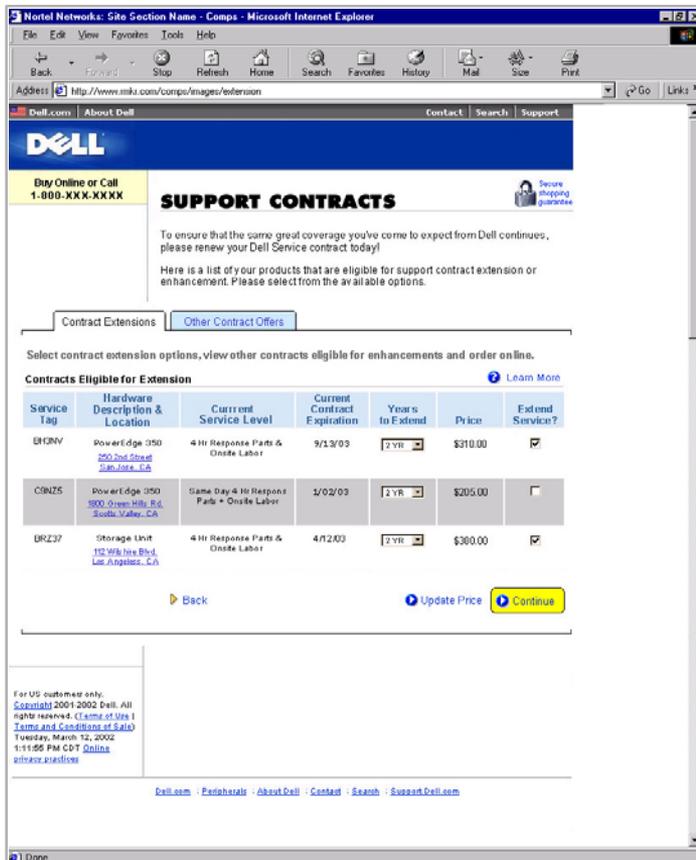
- Unified Customer View
  - De-duplicate, consolidate, verify data
- Segment Customers
  - Size of service contracts
  - Timing of expirations
  - Match offers to segments
- Deliver Offers to Customers
  - Contract specific content
  - Right media at the right time
  - Rainmaker message blended with client look & feel
  - Scalable personalized delivery



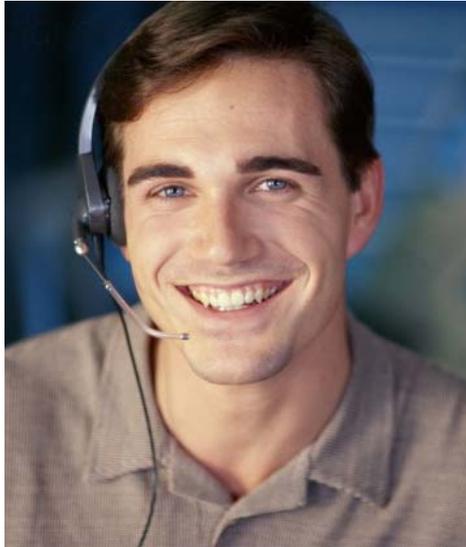


# Hosted eCommerce

- Strong client branding
  - [www.dellservicesales.com](http://www.dellservicesales.com)
  - [www.hpexpress-services.com](http://www.hpexpress-services.com)
  - Etc.
- Personalized customer content



# Professional Telesales



- Expertise creates results
  - Services specific processes
  - S.P.I.N. Profiles - not scripts
  - Business-to-Business approach
  - Technology industry trained
- Client branded. Delivered by high-energy Rainmakers
- \$440,000 Gross Profit per representative for 2003

# Service Sales Technology

- Specifically designed for unique service sales requirements
  - Rules based services pricing
  - Service options configuration
  - Contract based order processing
- Three key functions
  - Marketing
  - Sales
  - Order Management
- Proprietary technology based on industry standards
  - J2EE
  - BEA Weblogic
  - Oracle

Dell Service Sales Home  
Dell Premier Support Site

**Current Cart**  
items: 0    Amount: \$0.00

**Saved Quote(s)**  
web ID: 83335    date: 3/8/04

**Purchase Assistance**  
▶ Service Extensions  
▶ Premier Enterprise Support Service  
▶ Gold Technical Support  
▶ Common Questions

**SUPPORT CONTRACTS** Secure shopping guarantee

Select the criteria for your search from the options below.

**3 Contracts Found**

**Quick Search**

▶ View By Service Tag :     ▶ Configure Multiple Tags :   
▶ View All Service Tags    Copy service tags from any spreadsheet column and paste into the text area below:

**Advanced Search**

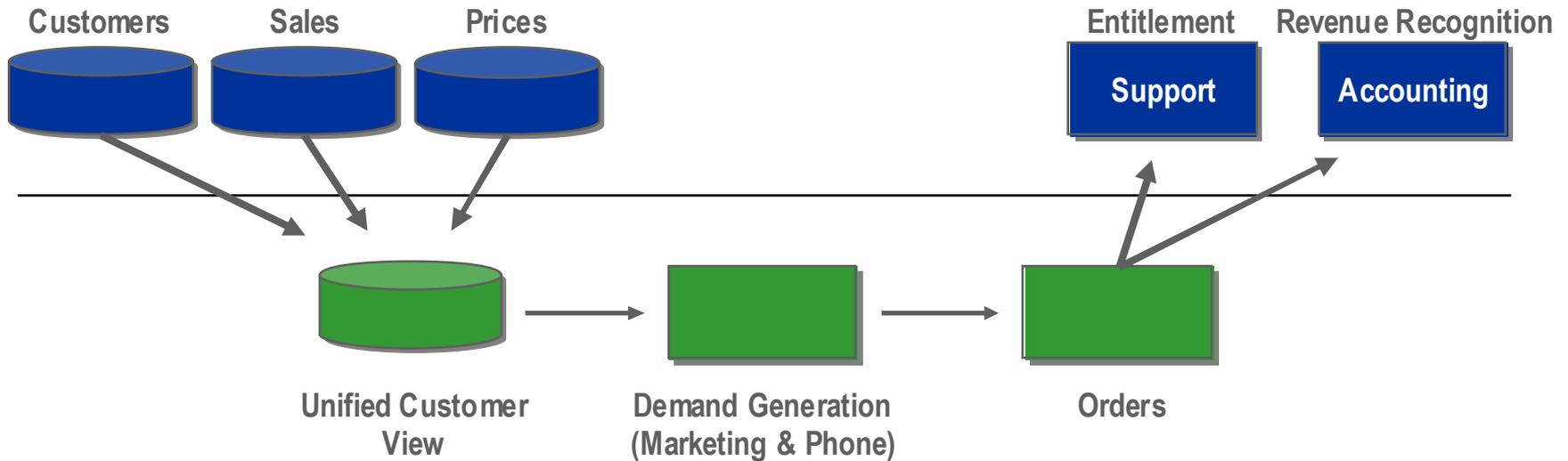
**Contract Status Search:**  
Search by Contract Status:

**Product Type Search:**  
 All     Dimension     Inspiron     Latitude  
 Optiplex     Precision     Servers     Storage  
 Axim     Projector

**Hardware Location Search:**  
Search by State:     ▶ View results

# Client-Embedded Process

## Client Systems & Processes



## Rainmaker Systems & Processes

*"It's easy – I give them my data, they do all the work and give me back the cash."*

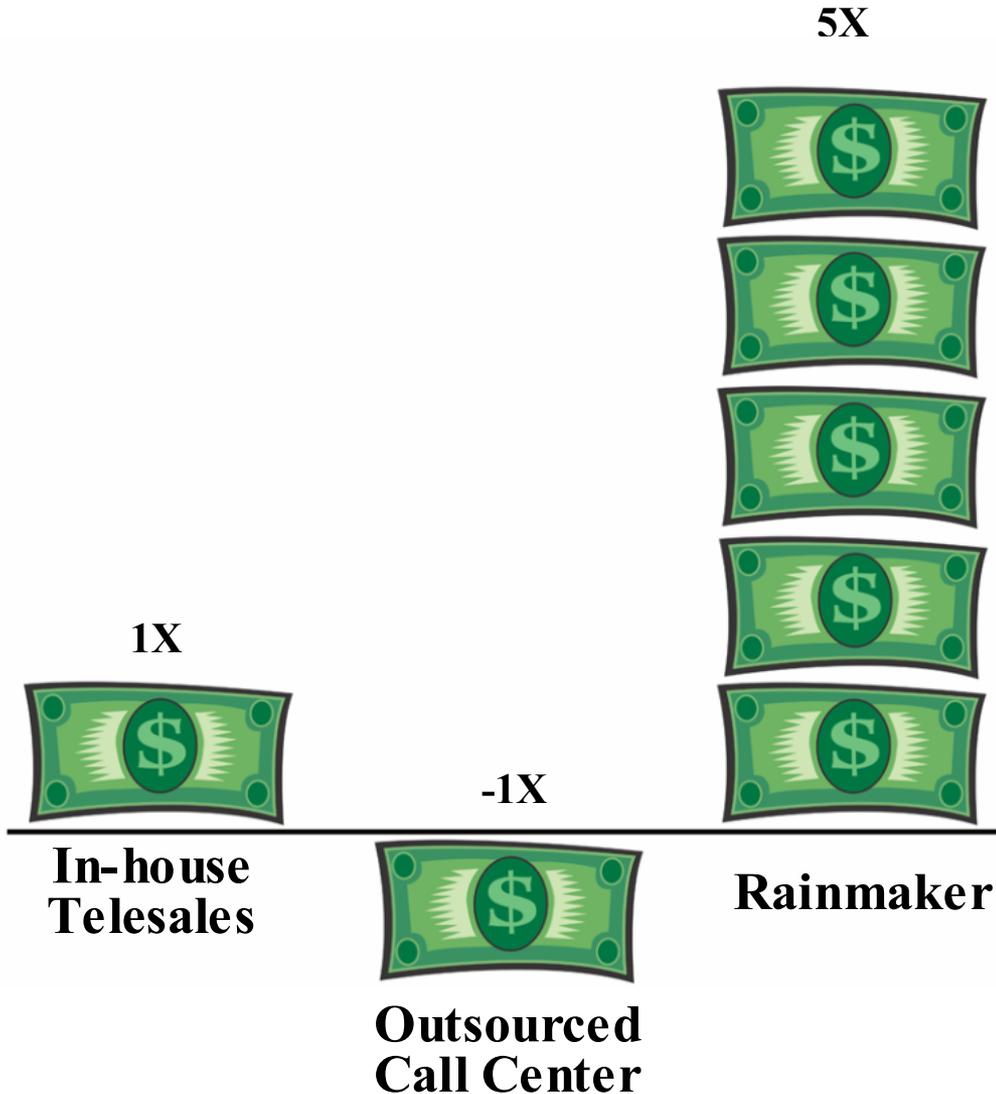
*General Manager,  
Leading Computer Manufacturer*

# Impact

# Competitive Environment

	<b>RMKR</b>	<b>Call Center</b>	<b>Application Software</b>
<b>Price Model</b>	Performance Fees	Flat Fees	Software License Fees
<b>Data Mgmt &amp; Analysis</b>	✓	Limited	Limited
<b>Marketing</b>	✓	Limited	no
<b>Web/eCommerce Capabilities</b>	✓	no	Limited
<b>Order Management</b>	✓	✓	no
<b>Billing</b>	✓	Limited	no
<b>Sales</b>	✓	✓	no
<b>CRM Integration</b>	✓	Limited	✓

# Impact of Services – Proven Results



A client ran **parallel pilot programs** to compare:

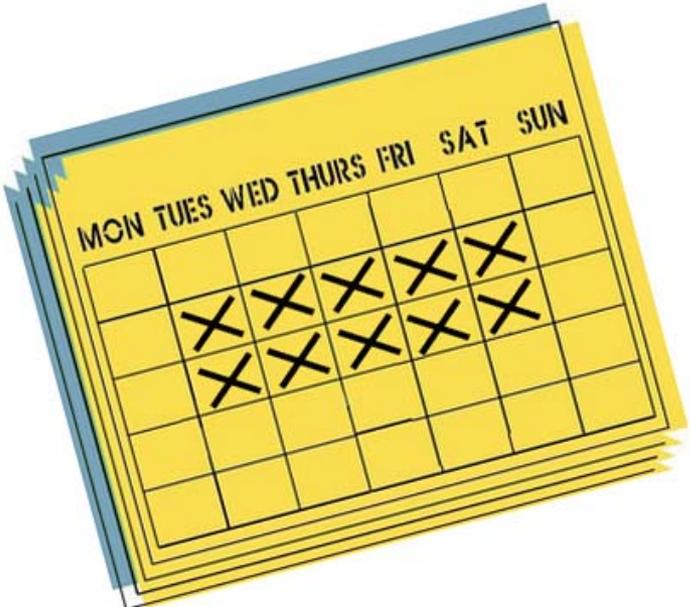
- In-house telesales
- Outsourced call center
- Rainmaker

**Result:**

Rainmaker produced **5 times more service revenue**

# Impact – Automation Reduces Quote Time

Before



Client's complex service pricing delayed delivery of service quotes to customers for up to 2 weeks

After

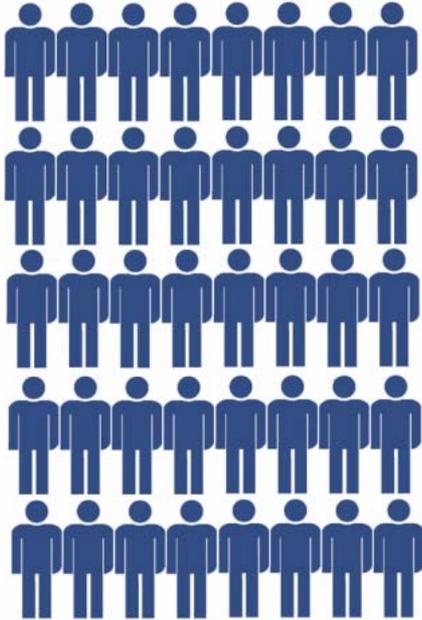


Rainmaker deployed a service contract website that generates quotes in just seconds



# Impact – Greater Efficiency Requires Less Staff

Before



Client's traditional call center required **over 40 people** to process contract renewals

After



Rainmaker processed contract renewals with **85% fewer people**, driving 25% of renewals through the web



# Impact – Increased Revenue per Customer

Before



Client's service contract records showed a **\$3,400 service contract**

After



Rainmaker renewed the contact **for \$166,662** by identifying additional equipment eligible for service

# Leaders Choose Rainmaker

*"Rainmaker makes it easy for me. I give them my data, they do all the work and give me back the cash."*

*General Manager,  
Leading Computer Manufacturer*

*"The results have been excellent in working with Rainmaker. They are all very professional...they do a very good job of finding new opportunities with existing accounts and have very good relationships with (our) customer base."*

*Sales Director,  
Enterprise Software Developer*

*"Rainmaker was the only company with specific expertise in contract renewals and sales, the broadest set of capabilities, the strongest interest and motivation, as well as the abilities to grow the segment."*

*VP Service Sales,  
Leading Computer Manufacturer*

# Historical Financial Performance

# Balance Sheet

*(\$ in thousands)*

**As of Dec. 31,  
2003**

Cash	\$5,950
Total Assets	\$15,844
Total Debt	\$615
Total Liabilities	\$11,993
Shareholders' Equity	\$3,851

Feb 2004 – Raised \$7 Million in PIPE

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Note: Derived from audited financials.

# Operating Model

(\$ in thousands)

	FYE December 31,	
	2002A	2003A
Gross Billings	\$46,486	\$63,968
Net Services Revenue	39,312	41,258
Cost of Goods Sold	28,264	27,718
<b>Gross Profit</b>	<b>\$11,048</b>	<b>\$13,540</b>
<i>% margin</i>	28%	33%
Operating Expenses		
Sales and Marketing	\$4,786	\$5,984
Technology	2,586	2,766
General and Administrative	5,857	6,345
Total Operating Expenses (a)	\$13,229	\$15,095
<b>EBITDA</b>	<b>(\$2,181)</b>	<b>(\$1,555)</b>

Note: Derived from audited financials.

(a) Excludes items related to restructuring in 2002 and 2003.

Please refer to the reconciliation of net revenue presented in accordance with the Generally Accepted Accounting Principles to gross billings furnished in the company's Form 8-K filed on February 3, 2004.

# Stay Current on RMKR



The screenshot shows a web browser window titled "Rainmaker Systems, Inc. - Mail Alert Selection - Microsoft Internet Explorer". The address bar contains the URL: [http://www.corporate-ir.net/ireye/ir\\_site.zhtml?ticker=RMKR&script=1900](http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=RMKR&script=1900). The page features the Rainmaker logo and a navigation menu with links for "About Us", "Solutions", "Services", "Company News", and "Investors". The "Investors" section is active, displaying a list of links: Overview, Presentations, Stock Quote, Stock Chart, Fundamentals, and Financial News Releases. The main content area is titled "Investors" and includes an "E-mail Alert Selection" section. This section explains that e-mail alerts are messages delivered to a user's e-mail box when new company information is posted. It provides instructions to choose categories of interest, enter an e-mail address, and click the "Subscribe" button. The categories listed are: Rainmaker Systems, Inc. Event Alert, Rainmaker Systems, Inc. Audio Archive Alert, Rainmaker Systems, Inc. News Alert, Rainmaker Systems, Inc. Presentation Alert, Rainmaker Systems, Inc. Financial Report Alert, and Rainmaker Systems, Inc. SEC Filing Alert. At the bottom of the page, there are links for "Home" and "Site Index".

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