



Asure Software, Inc. (NasdaqCM: ASUR)

August 17, 2012
Rating: Strong Buy
Target Price: \$24.20
Recent Price: \$7.61

Analyst
Thomas Pfister
800-733-2447
Thomas@redchip.com

Specialist
Jon Cunningham
800-733-2447 Ext. 107
jon@redchip.com

Market Data

Fiscal Year	December
Industry	Software
Market Cap	\$39.9M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	11.8x
Price/Sales (ttm)	2.5x
Price/FCF (ttm)	11.8x
Free Cash Flow Yield (ttm)	8.5%
Shares Outstanding	5.2M
Float	3.9M
Avg. Daily Vol. (3 mos.)	27,148

As of August 16, 2012

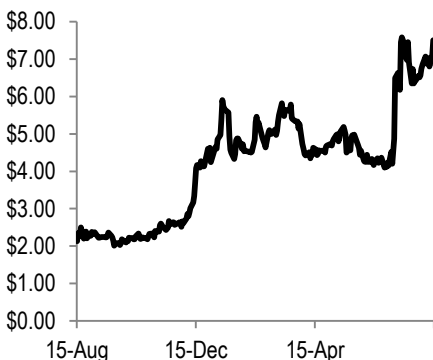
Revenue Estimates

3Q11A	\$2.5	3Q12E	\$7.1
4Q11A	\$3.6	4Q12E	\$8.2
1Q12A	\$4.2	1Q13E	\$8.1
2Q12A	\$4.2	2Q13E	\$8.3

FCF Estimates

3Q11A	\$0.17	3Q12E	\$0.09
4Q11A	\$0.32	4Q12E	\$0.32
1Q12A	\$0.12	1Q13E	\$0.24
2Q12A	\$0.04	2Q13E	\$0.28

Price Performance



2Q12 Revenue Up 73% YoY Raising Price Target to \$24.20 Due to Increase in Peer Software Company Multiples

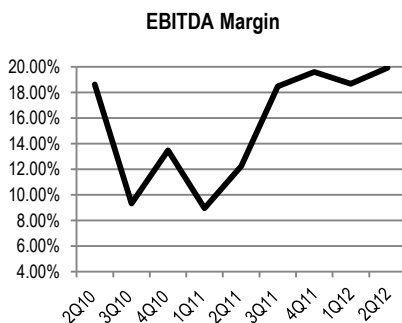
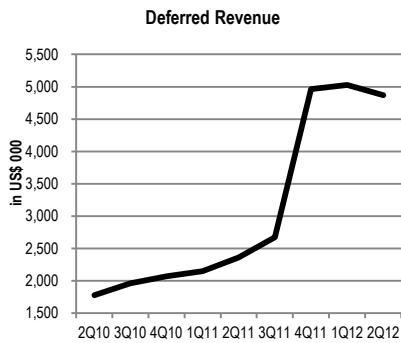
2Q12 Revenue Up 73% YoY; Cloud Bookings Increase 10% YoY. Asure Software, Inc. (“ASUR” or the “Company”) a provider of cloud based workplace optimization software, continued to report strong growth in 2Q12. Revenue of \$4.2 million represented an increase of 73% YoY, driven primarily by the acquisitions of ADI Time and Legiant and the 10% YoY increase in cloud bookings (the cloud bookings metric only represented full quarter comparative data). The Company continued to book orders from large companies, including AT&T Labs, the University of Chicago, the University of Tennessee, the U.S. Treasury, and Parker Hannifin. Recurring revenue accounted for 76% for revenue in 2Q12, which was the same as 1Q12. We expect this total to increase in coming quarters as ASUR continues to show strong growth in cloud bookings, which should increase recurring revenues. Total deferred revenue of \$4.9 million as of 6/30/12 represented a 106% increase compared to total deferred revenue of \$2.4 million as of 6/30/11. We expect this to increase over the rest of the year, especially considering that Asure Force bookings are typically stronger in the 2nd half of the year. The Company reported free cash flow of \$223K, which was lower than management guidance of \$500K - \$600K, and our estimate of \$569K. The reason for shortfall, relative to both management guidance and our estimates, was primarily due to one-time costs associated with the PeopleCube acquisition. We expect free cash flow to become more robust beginning in 4Q12, due to the completion of one-time costs related to the PeopleCube acquisition and the increase in expected revenues from both the PeopleCube acquisition and increased bookings.

Management guidance remains unchanged for 2H12 and FY13. We have raised our operating expense and income tax expense projections slightly, which has led to a slight decline in our EBITDA and FCF projections. Our FY13 projections are still above management guidance, with revenue of \$34.6 million, EBITDA of \$9.3 million, and FCF of \$7.4 million (\$1.41 per share). A full comparison table is on page 2.

Partnership with 4th largest U.S. payroll provider. In mid-July, ASUR announced a partnership with MPAY Inc., the 4th largest U.S. provider of software and services to independent payroll providers and business service providers. MPAY will be integrating ASUR’s time and labor management solution set into its offerings for both small and mid-size businesses. The partnership with MPAY should drive greater revenue to ASUR and is an indicator of the quality products that Asure is offering to businesses.

Valuation

From an overall industry perspective, SaaS M&A exit multiples continue to increase. A 2Q12 software industry report released by the Software Equity Group found that the median M&A



EV/Revenue exit multiple in 2Q12 was 4.0x, up from 3.9x in 2Q11 and 3.5x in 2Q10. Talent & workforce management represented 14% of all M&A activity in 2Q12, ranking it as the 2nd most active, only behind customer relationship management. As long as M&A activity remains active and exit multiples keep rising, we believe that the multiples for public SaaS companies will continue to increase as well, which would be another driver of share price appreciation for ASUR. Our peer group multiples have appreciated since our previous report, which we believe serves as a confirmation of this trend.

We continue to use our previous valuation methodology, which entails taking a weighted average of forward P/FCF (75%) and P/S multiples (25%). Given that we believe that ASUR exhibits superior growth prospects relative to its peer group, we have opted to assign a 10% premium to the lowest P/FCF and median P/S multiples. Applying a 28.9x P/FCF multiple to our forward 12-month FCF estimate of \$0.94 and a 2.9x P/S multiple to our forward 12-month revenue per share estimate of \$6.07, we derive a new price target of \$24.20. We reiterate our Strong Buy rating on the Company.

Estimates

Revenue			
	3Q12E	4Q12E	FY13E
RedChip	\$7.15M	\$8.19M	\$34.59M
Management	\$6.9 - \$7.1M	\$7.8 - \$8.1M	\$31.00M
EBITDA			
RedChip	\$1.2M	\$2.0M	\$9.2M
Management	\$1.1 - \$1.3M	\$1.9 - \$2.2M	\$9.0M
Free Cash Flow Per Share			
RedChip	\$0.09	\$0.33	\$1.41
Management	N/A	N/A	\$1.34

*Mgmt EBITDA estimate excludes 1-time costs

Results Summary

	2Q12 Actual Results	YOY Change	RedChip Estimates	Diff Vs. RedChip Estimates	Mgmt Guidance	Diff vs. Mgmt Guidance
Revenue	4.2	72.8%	4.2	0.8%	4.1 - 4.2	In Line
Deferred Rev	4.9	106.1%	5.1	-3.7%	N/A	
EBITDA	0.8	134.1%	0.6	38.5%	0.7 - 0.8	In Line
EBITDA Margin	19.9%	522bps	14.5%	543bps	18.0-20.0%	In Line
Net Income	0.2	83.9%	0.1	138.8%	N/A	
Net Margin	3.8%	23bps	1.6%	220bps	N/A	
EPS	0.03	84.1%	0.01	157.1%	0.01 - 0.03	In Line
Free Cash Flow	0.2	-66.6%	0.6	-60.7%	0.5 - 0.6	Lower

in US\$ millions, except percentage, and EPS data. EBITDA excludes non-cash stock based compensation and one-time items. Net income excludes non-cash mark to market, original issue discount and one-time items

ASUR PEER COMPARISON

Name	Ticker	Price	Market Cap (M)	Rev. (ttm)	Rev. Per Share (ttm)	P/S (ttm)	Fwd. P/S	Fwd. Revs	EV/ EBITDA (ttm)	P/FCF (ttm)	Fwd. P/FCF	FCF Yield (ttm)	P/E (ttm)	Fwd. P/E	Fwd. Net Income	Fwd. Rev. Growth
Bridgeline Digital Inc	BLIN	1.23	15.52	26.2	2.10	0.6x	0.5x	36.9	17.3x	N/A	N/A	N/A	N/A	N/A	1.6	N/A
Callidus Software Inc	CALD	4.23	148.94	89.4	2.66	1.6x	1.5x	103.4	N/A	N/A	N/A	N/A	N/A	N/A	-0.1	9.6%
ClickSoftware Technologie	CKSW	7.49	229.45	91.5	2.92	2.6x	2.1x	89.6	N/A	37.0x	N/A	2.7%	26.1x	18.7x	13.8	12.7%
Cornerstone Ondemand Inc	CSOD	25.16	1,261.89	93.1	1.90	13.1x	8.8x	147.2	N/A	N/A	N/A	N/A	N/A	N/A	-8.0	63.4%
Datawatch Corp	DWCH	18.20	115.34	24.8	4.00	4.6x	N/A	N/A	62.9x	59.3x	N/A	1.7%	72.9x	N/A	N/A	N/A
Pervasive Software Inc	PVSW	8.32	136.45	49.2	3.21	2.6x	2.6x	52.3	25.7x	26.3x	N/A	3.8%	82.5x	37.7x	3.9	6.8%
TRX Inc	TRXI	1.10	20.39	48.0	2.59	0.4x	N/A	N/A	4.9x	N/A	N/A	N/A	15.7x	N/A	N/A	N/A
Median						2.6x	2.1x		21.5x	37.0x		2.7%	49.5x	28.2x		11.2%
Asure Software Inc	ASUR	7.61	39.86	14.5	3.06	2.5x	1.3x	31.8	15.7x	11.8x	8.1x	8.4%	N/A	13.2x	3.0	119.1%

As of August 16, 2012

Source: Bloomberg, RedChip Estimates

ASUR NI adj. for non-cash derivative and OID

QoQ Change in Bookings in US\$ (defined as Quarterly Revenue + Change in Deferred Revenue)

	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	Geometric Mean (2Q10 - 2Q12)
Asure Software (ASUR)	17.35%	1.23%	-7.71%	-3.18%	8.67%	6.31%	111.06%	-28.95%	-4.08%	19.60%
Callidus Software (CALD)	-11.01%	-5.42%	28.42%	-9.01%	-12.74%	15.74%	16.57%	-9.74%	11.09%	12.90%
Bridgeline Digital (BLIN)	12.46%	-3.53%	7.72%	3.75%	0.07%	-8.16%	9.57%	-7.79%	3.66%	12.97%
Datawatch Corp (DWCH)	7.10%	-11.74%	9.90%	2.52%	6.44%	0.49%	48.93%	-0.28%	7.29%	20.17%
Pervasive Software Inc (PVSW)	-0.70%	-3.27%	0.79%	7.91%	7.30%	-12.05%	3.53%	3.29%		13.18%
Cornerstone OnDemand, Inc. (CSOD)			49.03%	-41.17%	28.18%	30.59%	60.03%	-37.59%	31.62%	27.56%
ClickSoftware Technologies Ltd. (CKSW)	-11.99%	13.42%	-20.28%	33.44%	6.31%	3.82%	2.25%	-0.77%	-18.47%	10.77%
TRX Inc (TRXI)	-11.22%	-1.28%	14.66%	-15.21%	-3.41%	8.15%	-13.50%	0.06%	-4.28%	8.19%

Quarters based on calendar years

Income Statement

All Figures in US\$ 000

FY Ending December 31,	4Q10	FY10	1Q11	2Q11	3Q11	4Q11	FY11	1Q12	2Q12
Revenues	2,406	10,033	2,357	2,434	2,502	3,648	10,941	4,153	4,205
Cost of Sales	(518)	(2,259)	(440)	(437)	(486)	(926)	(2,289)	(1,046)	(991)
Gross Margin	1,888	7,774	1,917	1,997	2,016	2,722	8,652	3,107	3,214
Operating Expenses:									
Selling, general and administrative	1,302	5,693	1,401	1,413	1,526	1,863	6,203	2,135	2,334
Research and development	345	1,445	391	393	366	528	1,678	591	591
Amortization of intangible assets	150	598	149	150	150	231	680	292	292
Total Operating Expenses	1,797	8,939	1,941	1,956	2,042	2,622	8,561	3,018	3,217
Operating Income (Loss)	91	(1,165)	(24)	41	(26)	100	91	89	(3)
Other Income (Expenses):									
Interest income	3	5	2	4	2	2	10	1	1
Foreign currency translation gain (loss)	(13)	(54)	(21)	1	67	27	74	(28)	(1)
Loss (gain) on sale of assets	0	5	0	0	0	0	0	(10)	(26)
(Loss) on Debt Conversion	0	0	0	0	0	0	0	(199)	0
Interest expense and other	(9)	(66)	(8)	(7)	(5)	(128)	(148)	(120)	(118)
Interest expense - amortization of OID and derivative mark-to-market	0	0	0	0	0	(604)	(604)	(535)	(56)
Gain on sale of investment	0	130	0	0	0	0	0	0	0
Total Other Income (Expense)	(19)	20	(27)	(2)	64	(703)	(668)	(891)	(200)
Income (Loss) Before Income Taxes (Provision) Benefit For Income Taxes	72	(1,145)	(51)	39	38	(603)	(577)	(802)	(203)
Taxes	(6)	8	(9)	(12)	(9)	(42)	(72)	(45)	(120)
Net Income (Loss)	66	(1,137)	(60)	27	29	(645)	(649)	(847)	(323)
Net income (adj. for derivative and OID)	66	(1,137)	(60)	27	29	(41)	(45)	(312)	(267)
Basic Income (Loss) Per Share									
Basic Income (Loss) Per Share	0.01	(0.25)	(0.01)	0.01	0.01	(0.14)	(0.14)	(0.18)	(0.06)
Diluted Income (Loss) Per Share									
Diluted Income (Loss) Per Share	0.01	(0.25)	(0.01)	0.01	0.01	(0.14)	(0.14)	(0.18)	(0.06)
Income Per Share (adj. for derivative and OID)									
Income Per Share (adj. for derivative and OID)	0.01	(0.25)	(0.01)	0.01	0.01	(0.01)	(0.01)	(0.07)	(0.05)
Shares Used In Computing Basic									
Income (Loss) Per Share	5,210	4,631	4,628	4,627	4,628	4,628	4,628	4,699	4,982
Shares Used In Computing Diluted									
Income (Loss) Per Share	5,210	4,631	4,628	4,632	4,641	4,628	4,628	4,699	4,982
Gross Margin									
Gross Margin	78.47%	77.48%	81.33%	82.05%	80.58%	74.62%	79.08%	74.81%	76.43%
Operating Margin									
Operating Margin	3.78%	-11.61%	-1.02%	1.68%	-1.04%	2.74%	0.83%	2.14%	-0.07%
Net Margin									
Net Margin	2.74%	-11.33%	-2.55%	1.11%	1.16%	-17.68%	-5.93%	-20.39%	-7.68%
S,G&A as % of rev									
S,G&A as % of rev	54.11%	56.74%	59.44%	58.05%	60.99%	51.07%	56.70%	51.41%	55.51%
R&D as % of rev									
R&D as % of rev	14.34%	14.40%	16.59%	16.15%	14.63%	14.47%	15.34%	14.23%	14.05%

Projected Income Statement

All Figures in US\$ 000

FY Ending December 31,	1Q12	2Q12	3Q12E	4Q12E	FY12E	1Q13E	2Q13E	3Q13E	4Q13E	FY13E
Revenues	4,153	4,205	7,149	8,185	23,692	8,144	8,307	8,764	9,377	34,592
Cost of Sales	(1,046)	(991)	(1,680)	(1,899)	(5,616)	(1,902)	(1,902)	(1,989)	(2,110)	(7,903)
Gross Margin	3,107	3,214	5,469	6,286	18,076	6,242	6,405	6,774	7,267	26,689
Operating Expenses:										
Selling, general and administrative	2,135	2,334	3,717	3,700	11,886	3,689	3,738	3,751	3,788	14,967
Research and development	591	591	715	715	2,612	715	715	715	715	2,859
Amortization of intangible assets	292	292	350	350	1,284	350	350	350	350	1,400
Total Operating Expenses	3,018	3,217	4,782	4,764	15,782	4,754	4,803	4,816	4,853	19,226
Operating Income (Loss)	89	(3)	687	1,522	2,294	1,488	1,602	1,959	2,414	7,463
Other Income (Expenses):										
Interest income	1	1	3	3	8	3	3	4	4	14
Foreign currency translation gain (loss)	(28)	(1)	0	0	(29)	0	0	0	0	0
Loss (gain) on sale of assets	(10)	(26)	0	0	(36)	0	0	0	0	0
(Loss) on Debt Conversion	(199)	0	0	0	(199)	0	0	0	0	0
Interest expense and other	(120)	(118)	(411)	(432)	(1,081)	(424)	(416)	(408)	(400)	(1,648)
Interest expense - amortization of OID and derivative mark-to-market	(535)	(56)	(56)	(56)	(703)	(56)	(56)	(56)	(56)	(224)
Total Other Income (Expense)	(891)	(200)	(464)	(485)	(2,040)	(477)	(469)	(460)	(452)	(1,858)
Income (Loss) Before Income Taxes	(802)	(203)	222	1,036	254	1,011	1,133	1,499	1,962	5,605
(Provision) Benefit For Income Taxes	(45)	(120)	(122)	(155)	(443)	(152)	(170)	(195)	(216)	(732)
Net Income (Loss)	(847)	(323)	100	881	(189)	860	963	1,304	1,746	4,873
Net income (adj. for derivative and OID)	(312)	(267)	156	937	514	916	1,019	1,360	1,802	5,097
Basic Income (Loss) Per Share										
Basic Income (Loss) Per Share	(0.18)	(0.06)	0.02	0.17	(0.04)	0.16	0.18	0.25	0.33	0.93
Diluted Income (Loss) Per Share										
Diluted Income (Loss) Per Share	(0.18)	(0.06)	0.02	0.17	(0.04)	0.16	0.18	0.25	0.33	0.93
Income Per Share (adj. for derivative and OID)										
Income Per Share (adj. for derivative and OID)	(0.07)	(0.05)	0.03	0.18	0.10	0.17	0.19	0.26	0.34	0.97
Shares Used In Computing Basic										
Income (Loss) Per Share	4,699	4,982	5,237	5,237	5,039	5,237	5,237	5,237	5,237	5,237
Shares Used In Computing Diluted										
Income (Loss) Per Share	4,699	4,982	5,237	5,237	5,039	5,237	5,237	5,237	5,237	5,237
Gross Margin										
Gross Margin	74.8%	76.4%	76.5%	76.8%	76.3%	76.7%	77.1%	77.3%	77.5%	77.2%
Operating Margin										
Operating Margin	2.1%	-0.1%	9.6%	18.6%	9.7%	18.3%	19.3%	22.3%	25.7%	21.6%
Net Margin										
Net Margin	-20.4%	-7.7%	1.4%	10.8%	-0.8%	10.6%	11.6%	14.9%	18.6%	14.1%
S,G&A as % of rev										
S,G&A as % of rev	51.4%	55.5%	52.0%	45.2%	50.2%	45.3%	45.0%	42.8%	40.4%	43.3%
R&D as % of rev										
R&D as % of rev	14.2%	14.1%	10.0%	11.4%	11.0%	8.8%	8.6%	8.2%	7.6%	8.3%

Balance Sheet

All Figures in US\$ 000

FY Ending December 31,	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Assets							
Current Assets							
Cash and cash equivalents	1,070	1,375	2,026	6,082	1,067	1,189	1,493
Accounts receivable, net	1,239	1,031	974	979	1,483	1,491	1,603
Notes receivable	62	63	65	120	96	73	24
Inventory	25	23	10	6	116	113	156
Prepaid expenses and other current assets	255	257	229	227	338	285	263
Total Current Assets	2,651	2,749	3,304	7,414	3,100	3,151	3,539
Property and equipment, net	281	246	245	221	414	397	424
Intangible assets, net	2,844	2,649	2,454	2,258	6,307	5,950	5,593
Goodwill	0	0	0	0	6,264	6,259	6,259
Other	0	0	0	0	0	6	18
Total Assets	5,836	5,704	6,063	9,893	16,085	15,763	15,833
Liabilities and stockholders equity							
Current Liabilities							
Current portion of notes payable	0	0	0	0	349	100	109
Accounts payable	560	466	551	686	1,097	1,234	1,497
Line of credit	0	0	0	500	500	500	555
Accrued compensation and benefits	95	28	83	72	141	160	243
Other accrued liabilities	361	356	330	399	536	551	641
Deferred revenue	1,955	2,046	2,216	2,522	4,792	4,860	4,697
Total Current Liabilities	2,971	2,896	3,180	4,179	7,415	7,405	7,742
Long-term deferred revenue	116	103	145	150	169	166	170
Subordinated notes	0	0	0	1,450	4,323	4,350	4,375
Subordinated convertible notes	0	0	0	1,400	1,247	296	301
Derivative liability	0	0	0	0	835	0	0
Other long-term obligations	25	14	10	4	32	30	28
Total Liabilities	3,112	3,013	3,335	7,183	14,021	12,247	12,616
Stockholders' Equity							
Common stock	334	334	334	334	334	336	337
Treasury stock	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)
Additional paid-in capital	270,978	270,992	271,006	271,033	271,065	273,334	273,361
Accumulated deficit	(263,541)	(263,601)	(263,574)	(263,545)	(264,190)	(265,037)	(265,362)
Accumulated other comprehensive loss	(30)	(17)	(21)	(95)	(128)	(100)	(102)
Total Stockholders' Equity	2,724	2,691	2,728	2,710	2,064	3,516	3,217
Total Liabilities and Stockholders' Equity	5,836	5,704	6,063	9,893	16,085	15,763	15,833
Working Capital	(320)	(147)	124	3,235	(4,315)	(4,254)	(4,203)
Debt to Equity	0.00%	0.00%	0.00%	123.62%	311.00%	149.20%	165.99%

Projected Balance Sheet

All Figures in US\$ 000

FY Ending December 31,	1Q12	2Q12	3Q12E	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Assets								
Current Assets								
Cash and cash equivalents	1,189	1,493	4,346	5,616	6,474	7,532	9,196	11,342
Accounts receivable, net	1,491	1,603	2,606	2,783	2,769	2,824	2,962	3,151
Notes receivable	73	24	24	24	24	24	24	24
Inventory	113	156	328	328	328	328	328	328
Prepaid expenses and other current assets	285	263	437	437	437	437	437	437
Total Current Assets	3,151	3,539	7,742	9,188	10,032	11,146	12,947	15,282
Property and equipment, net	397	424	656	686	716	746	776	806
Intangible assets, net	5,950	5,593	11,662	11,277	10,892	10,507	10,122	9,737
Goodwill	6,259	6,259	16,054	16,054	16,054	16,054	16,054	16,054
Other	6	18	18	18	18	18	18	18
Total Assets	15,763	15,833	36,132	37,223	37,712	38,471	39,917	41,897
Liabilities and stockholders equity								
Current Liabilities								
Current portion of notes payable	100	109	1,559	1,559	1,559	1,559	1,559	1,890
Accounts payable	1,234	1,497	2,099	1,994	1,997	1,997	2,089	2,215
Line of credit	500	555	555	555	555	555	555	555
Accrued compensation and benefits	160	243	330	330	330	330	330	330
Other accrued liabilities	551	641	814	762	710	658	606	554
Deferred revenue	4,860	4,697	7,630	8,267	8,226	8,349	8,720	9,143
Total Current Liabilities	7,405	7,742	12,987	13,467	13,376	13,448	13,859	14,687
Long-term deferred revenue	166	170	194	205	204	208	219	234
Subordinated notes	4,350	4,375	18,776	18,465	18,153	17,842	17,530	17,219
Subordinated convertible notes	296	301	306	311	316	321	326	0
Derivative liability	0	0	0	0	0	0	0	0
Other long-term obligations	30	28	63	63	63	63	63	63
Total Liabilities	12,247	12,616	32,326	32,510	32,112	31,881	31,997	32,203
Stockholders' Equity								
Common stock	336	337	337	336	336	336	336	336
Treasury stock	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)
Additional paid-in capital	273,334	273,361	273,849	273,877	273,904	273,931	273,958	273,985
Accumulated deficit	(265,037)	(265,362)	(265,262)	(264,381)	(263,521)	(262,559)	(261,255)	(259,508)
Accumulated other comprehensive loss	(100)	(102)	(102)	(102)	(102)	(102)	(102)	(102)
Total Stockholders' Equity	3,516	3,217	3,805	4,713	5,600	6,589	7,920	9,694
Total Liabilities and Stockholders' Equity	15,763	15,833	36,132	37,223	37,712	38,471	39,917	41,897
Working Capital	(4,254)	(4,203)	(5,246)	(4,279)	(3,345)	(2,302)	(912)	595
Debt to Equity	149.20%	165.99%	557.05%	443.22%	367.58%	307.71%	252.14%	202.85%

Cash Flow Statement

All Figures in US\$ 000

FY Ending December 31,	FY10	1Q11	6M11	9M11	FY11	1Q12	6M12
Cash Flows From Operating Activities							
Net loss	(1,137)	(60)	(33)	(4)	(649)	(847)	(1,170)
Adjustments to reconcile net loss to net cash used in operations:							
Depreciation and amortization	1,016	238	471	702	1,050	404	819
Interest expense - amortization of OID and derivative mark-to-market	0	0	0	0	607	535	591
Provision for doubtful accounts	13	2	(32)	(29)	10	(24)	37
Share-based compensation	53	14	28	55	81	11	35
(Gain) loss on sale/disposal of assets	(23)	0	0	0	0	15	36
Loss on debt conversion	0	0	0	0	0	199	198
Notes receivable	(122)	(1)	(3)	2	0	(1)	0
Changes in operating assets and liabilities:							
Accounts receivable	274	206	297	289	192	16	(157)
Inventory	24	2	15	19	(5)	3	(40)
Prepaid expenses and other current assets	(42)	(2)	26	28	(70)	52	62
Accounts payable	(456)	(94)	(9)	126	377	137	400
Accrued expenses and other long-term obligations	(173)	(71)	(34)	30	257	44	221
Deferred revenue	193	78	290	601	1,503	65	(94)
Net cash used in operating activities	(939)	312	1,016	1,819	3,353	609	938
Cash Flows From Investing Activities							
Net purchases of property and equipment	(141)	(8)	(45)	(60)	(121)	(45)	(151)
Collection of note receivable	0	0	0	0	26	24	72
Acquisitions of PeopleCube net of Cash acquired						0	
Net cash used in investing activities	(141)	(8)	(45)	(60)	(10,496)	(21)	(79)
Cash Flows From Financing Activities							
Net proceeds from issuance of stock							
Payments on notes payable and capital leases	(48)	(12)	(24)	(36)	(58)	(286)	(308)
Repayment of Deerpath loan	0	0	0	0	0	0	0
Payments on notes payable conversion	0	0	0	0	0	(222)	(222)
Net proceeds from exercise of stock options	0	0	0	0	6	14	16
Proceeds from a line of credit, subordinated notes payable and convertible notes payable to fund the ADI acquisition (\$1,600 provided by related parties)	0	0	0	3,350	7,283	0	55
Net cash provided by (used in) financing activities	(158)	(12)	(24)	3,314	7,231	(494)	(459)
Effect of translation exchange rates	45	13	9	(61)	(91)	28	26
Net increase (decrease) in cash and equivalents	(1,193)	305	956	5,012	(3)	122	426
Cash and equivalents at beginning of period	2,263	1,070	1,070	1,070	1,070	1,067	1,067
Cash and equivalents at end of period	1,070	1,375	2,026	6,082	1,067	1,189	1,493

Cash Flow Statement

All Figures in US\$ 000

FY Ending December 31,	1Q12	2Q12	3Q12E	4Q12E	FY12E	1Q13E	2Q13E	3Q13E	4Q13E	FY13E
Cash Flows From Operating Activities										
Net loss	(847)	(323)	100	881	(189)	860	963	1,304	1,746	4,873
Adjustments to reconcile net loss to net cash used in operations:										
Depreciation and amortization	404	415	455	455	2,144	455	455	455	455	1,820
Interest expense - amortization of OID and derivative mark-to-market	535	56	56	56	759	56	56	56	56	224
Provision for doubtful accounts	(24)	61	0	0	98	0	0	0	0	0
Share-based compensation	11	24	27	27	113	27	27	27	27	108
(Gain) loss on sale/disposal of assets	15	21	0	0	57	0	0	0	0	0
Loss on debt conversion	199	(1)	0	0	197	0	0	0	0	0
Notes receivable	(1)	1	0	0	1	0	0	0	0	0
Changes in operating assets and liabilities:										
Accounts receivable	16	(173)	(214)	(176)	(721)	14	(55)	(138)	(189)	(368)
Inventory	3	(43)	0	0	(83)	0	0	0	0	0
Prepaid expenses and other current assets	52	10	0	0	72	0	0	0	0	0
Accounts payable	137	263	84	(105)	642	3	1	91	127	222
Accrued expenses and other long-term obligations	44	177	0	0	398	0	0	0	0	0
Deferred revenue	65	(159)	71	647	466	(42)	127	383	438	906
Net cash used in operating activities	609	329	579	1,784	3,954	1,372	1,573	2,179	2,661	7,784
Cash Flows From Investing Activities										
Net purchases of property and equipment	(45)	(106)	(100)	(100)	(457)	(100)	(100)	(100)	(100)	(400)
Collection of note receivable	24	48	0	0	120	0	0	0	0	0
Acquisitions of PeopleCube net of Cash acquired	0	0	(12,800)	0	(12,800)	0	0	0	0	0
Net cash used in investing activities	(21)	(58)	(12,900)	(100)	(13,137)	(100)	(100)	(100)	(100)	(400)
Cash Flows From Financing Activities										
Net proceeds from issuance of stock										
Payments on notes payable and capital leases	(286)	(22)	(2,326)	(52)	(2,708)	(52)	(52)	(52)	(52)	(208)
Repayment of Deerpath loan	0	0	0	(363)	(363)	(363)	(363)	(363)	(363)	(1,450)
Payments on notes payable conversion	(222)	0	0	0	(222)	0	0	0	0	0
Net proceeds from exercise of stock options	14	2	0	0	18	0	0	0	0	0
Proceeds from a line of credit, subordinated notes payable and convertible notes payable to fund the ADI acquisition (\$1,600 provided by related parties)	0	55	17,500	0	17,610	0	0	0	0	0
Net cash provided by (used in) financing activities	(494)	35	15,174	(415)	14,336	(415)	(415)	(415)	(415)	(1,658)
Effect of translation exchange rates	28	(2)	0	0	24	0	0	0	0	0
Net increase (decrease) in cash and equivalents	122	304	2,853	1,270	5,176	857	1,059	1,664	2,146	5,726
Cash and equivalents at beginning of period	1,067	1,189	1,493	4,346	1,067	5,616	6,474	7,532	9,196	6,243
Cash and equivalents at end of period	1,189	1,493	4,346	5,616	6,243	6,474	7,532	9,196	11,342	11,969

Analyst Certification

The analysts contributing to this report do not hold any shares of ASUR. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. RedChip Companies Inc. certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst authoring this report.

RedChip Visibility Research Universe

RedChip Visibility, a division of RedChip Companies Inc., covers small and micro cap companies with market caps ranging from \$5.5M to \$1.2B. Each company is typically covered for at least 12 months. New companies may be added or removed at any time.

RedChip Rating System

RedChip Research Coverage Universe

Rating	Number of Covered Companies	Percentage of Universe
Strong Buy	4	26.7%
Buy	6	40.0%
Speculative Buy	4	26.7%
Hold	1	6.7%
Sell	0	0.0%

STRONG BUY

The current price reflects a substantial discount from the market and from its peers, and the company does not possess significant financial risk within its risk category. Future growth potential is undervalued relative to the company's stock price. The analyst believes the stock at current levels represents a compelling opportunity for capital gains over the time period to its target price.

BUY

The current price reflects a discount from the market and from its peers, and the company does not possess significant financial risk within its risk category. The analyst believes the stock at current levels will provide an opportunity for capital gains over the period of its target price. Several factors can indicate an undervaluation of the company's shares.

SPECULATIVE BUY

The current price appears to offer potential gains though risk is considerably higher given its risk category. There may be insufficient historical data or clear-cut prospects to warrant a "Buy," but the analyst believes that the long run prospects of the Company are positive. The analyst believes its risk reward ratio advocates purchase of the stock. In the short term, the stock may be subject to high volatility and continue to trade at a discount to its market.

HOLD

The analyst is unable to assign a buy rating due to a number of specified factors noted in the report. These include the stock being fairly valued relative to its peers and the market, or the company may have risks that make it potentially unsuitable for investment within its risk category. Similarly there are no currently known compelling factors that would warrant selling. The analyst will remain neutral pending developments.

SELL

The analyst believes that the Company is overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward given its risk category. An investment in the company may produce below market returns and/or deficits.

About RedChip

RedChip Companies is an international, small-cap research and financial public relations firm headquartered in Orlando, Florida; with affiliate offices in Qingdao, China; Paris and San Diego. RedChip delivers concrete, measurable results for its clients through its extensive national and international network of small-cap institutional and retail investors. RedChip has developed the most comprehensive platform of products and services for small-cap companies, including: RedChip Visibility Research™, Traditional Investor Relations, Digital Investor Relations, Institutional and Retail Conferences, RedChip Small-Cap TV(TM), Shareholder Intelligence, Social Media and Blogging Services, Webcasts and RedChip Radio(TM). RedChip is not a FINRA member or registered broker/dealer.

The views expressed in this report and/or any and all other reports associated hereto, (which includes the actual rating assigned to the company as well as the analytical substance and tone of the report), accurately reflect the personal views of the analyst(s) covering the subject securities. No part of the analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. The analyst(s) contributing to this report do not hold any shares of the subject securities. This report is based on data obtained from sources we believe to be reliable but is not guaranteed as to accuracy and does not purport to be complete. None of the profiles issued by RedChip Companies, Inc., constitutes a recommendation for any investor to purchase or sell any particular security or that any security is suitable for any investor. Any investor should determine whether a particular security is suitable based on the investor's objectives, other securities holdings, financial situation needs, and tax status. All materials are subject to change without notice. Information is obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Asure Software, Inc. ("ASUR") is a client of RedChip Companies, Inc. and of RedChip Visibility, a division of RedChip Companies. ASUR paid RedChip Visibility, a division of RedChip Companies, Inc., \$18,000 for twenty-four (24) months of RedChip Visibility Program services, which included the preparation of the equity research report(s). The equity research report(s) were prepared for informational purposes only and were paid for by the company portrayed in the report. Information contained in the equity research report(s) is obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. The equity research report(s) are not a recommendation or a solicitation to purchase or sell any security, nor do they constitute investment advice. RedChip Companies, Inc., is currently engaged by this company to provide investor awareness services. Investor awareness services and programs are designed to help small-cap companies communicate their investment characteristics. ASUR agreed to pay RedChip Companies, Inc., a fee of \$10,000 in cash per month for twenty-four (24) months of these investor relations services. RedChip Companies, Inc., employees and affiliates may maintain positions and buy and sell the securities or options of the issuers mentioned herein.

Additional information about the subject security, analyst, or RedChip Companies Inc. is available upon request. To learn more about RedChip's products and services, visit <http://www.redchip.com/visibility/productsandservices.asp>, call 1-800-RedChip (733-2447), or email at info@redchip.com

*Company Contact Info:
Asure Software, Inc.
110 Wild Basin Rd.
Suite 100
Austin, Texas 78746
Phone: (888) 323-8835
Website: www.asuresoftware.com/*

Company Auditor: Ernst & Young LLP

Company Legal: Becker Legal Group LLC