

Asure Software, Inc. (NasdaqCM: ASUR)

June 7, 2012
Rating: **Strong Buy**
Target Price: **\$15.90**
Recent Price: **\$4.26**

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	\$21.2M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	6.0x
Price/Sales (ttm)	1.6x
Price/FCF (ttm)	5.6x
Free Cash Flow Yield (ttm)	17.8%
Shares Outstanding	5.0M
Float	3.9M
Avg. Daily Vol. (3 mos.)	16,697
As of June 7, 2012	

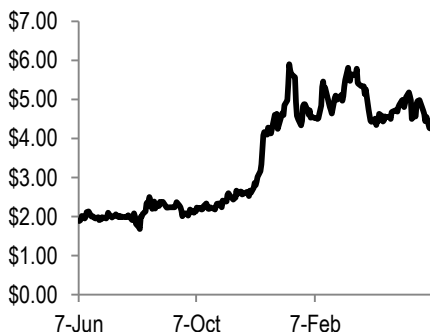
Revenue Estimates

2Q11A	\$2.4	2Q12E	\$4.2
3Q11A	\$2.5	3Q12E	\$4.5
4Q11A	\$3.6	4Q12E	\$5.2
1Q12A	\$4.2	1Q13E	\$5.2

FCF Estimates

2Q11A	\$0.14	2Q12E	\$0.11
3Q11A	\$0.17	3Q12E	\$0.13
4Q11A	\$0.32	4Q12E	\$0.30
1Q12A	\$0.12	1Q13E	\$0.22

Price Performance



Strong Free Cash Flow Generation in 1Q12; P/FCF and FCF Yield Continue to Indicate Strong Value Organic Cloud Bookings Up 80% QoQ

1Q12 Revenue Up 76% YoY; Cloud Booking Growth of 80% QoQ. Asure Software, Inc. (“ASUR” or the “Company”) a provider of cloud based workplace optimization software, continued to report strong growth in 1Q12. Revenue of \$4.2 million represented an increase of 76% YoY and 14% QoQ, driven primarily by the acquisitions of ADI Time and Legiant. Cloud bookings rose 80% QoQ and 40% YoY. Total deferred revenue of \$5.0 million as of 3/31/12 represented a 134% increase compared to total deferred revenue of \$2.0 million as of 3/31/11. The Company reported free cash flow of \$0.6 million, in line with our estimate.

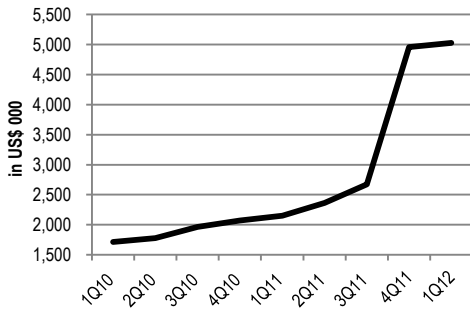
We believe that the Company will continue to show strong growth in the coming quarters for the following reasons:

1. Strong product development, with the introduction of AsureForce. AsureForce has an easier to use interface compared to its predecessor, the ability to integrate with mobile/cloud applications, and better clock functionality and improved reporting for clients.
2. New product branding, with AsureForce the time & labor management solution and AsureSpace the meeting room manager solution. Management believes that this branding will be more recognizable in the marketplace and help to drive additional sales to the Company.
3. Global expansion, with the addition of new partners and clients, along with expanded business with current clients, in Asia and Europe.
4. ASUR has continued to exhibit strong free cash flow while improving its product line up and helping secure additional business, avoiding industry pitfalls common to other cloud-based companies that have sacrificed positive free cash flow/profitability to acquire bookings or improve products.

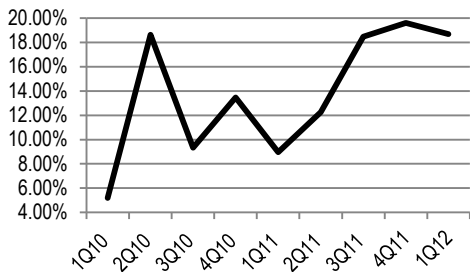
Management guidance for FY12 is for revenue of \$17.8 - \$18.2 million, EBITDA (excl. 1-time items) of \$3.8 - \$4.2 million, EPS (excl. 1-time items) of \$0.24 - \$0.32, and free cash flow of \$2.8 - \$3.2 million, in line with our estimates of \$18.1 million, EBITDA (excl. 1-time items) of \$3.4 million, EPS (excl. 1-time items) of \$0.21, and free cash flow of \$3.3 million.

Organic cloud bookings up 80% QoQ and 40% YoY. Asure continued to exhibit excellent growth in cloud bookings during the quarter. The Company continued to make strong clientele adds during the quarter, adding/expanding business with a couple of divisions of GE, Kaiser, KPMG, Harley Davidson, Johnson & Johnson, and Data Financial. Recurring revenue

Deferred Revenue



EBITDA Margin



Estimates

Revenue

	2Q12E	FY12E	FY13E
RedChip	\$4.17M	\$18.11M	\$22.28M
Management	\$4.1 - \$4.2M	\$17.8 - \$18.2M	N/A

EBITDA

	2Q12E	FY12E	FY13E
RedChip	\$0.6M	\$3.5M	\$6.0M
Management	\$0.7 - \$0.8M	\$3.8 - \$4.2M	N/A

Free Cash Flow Per Share

	2Q12E	FY12E	FY13E
RedChip	\$0.11	\$0.67	\$1.21
Management	\$0.10 - \$0.12	\$0.57 - \$0.65	N/A

accounted for 76% of revenue in 1Q12. We expect this total to increase in coming quarters due to the Company's strong growth in cloud bookings, along with the recent addition of a monthly time clock subscription program. Recurring revenue has declined below 80% in the last two quarters due to the addition of ADI Time, which offered one-time hardware sales. In our view, moving one-time hardware sales to cloud-based sales should eventually return recurring revenue as a percentage of revenue to the 80%+ level.

Partner additions overseas should lead to bookings and revenue growth. On ASUR's recent earnings call, the Company highlighted expanding their overseas business, supported with partner additions in Asia and active discussions with clients and partners in Europe. Additionally, the Company announced new business with GE in Japan, and with KPMG in Europe. We believe that the acquisitions of ADI Time and Legiant have made Asure more attractive to potential partners, and that expansion into Asia could be a strong growth driver for the Company, considering that Asia is exhibiting stronger growth relative to the rest of the world.

Valuation

To value ASUR, we continue to take a weighted average of P/FCF and P/S multiples. As we believe that free cash flow is the most important metric with which to value a cloud computing company, we have opted to weight the P/FCF multiple by 75% and P/S multiple by 25%. While we believe that Asure has great growth potential relative to its comps, we have opted to take the lowest forward P/FCF (24.8x) and forward P/S (1.6x) multiples in our peer group to account for ASUR's smaller size relative to its comps. However, we still feel as if the market is greatly discounting ASUR's expected growth, given strong historic (positive and growing FCF over the past 7 quarters) and expected growth (we expect revenue to grow 50.4% YoY, not taking into account potential acquisitions) compared to its peer group. Applying P/FCF and P/S multiples of 24.8x and 1.6x to our forward 12-month estimates of \$0.77 for free cash flow per share and \$3.85 for sales per share, we derive a target price of \$15.90. Given our expectations for strong growth in sales, free cash flow, and cloud bookings, ASUR's high recurring revenue percentage and an unwarranted discount to our peer group, we maintain our **STRONG BUY** rating.

Results Summary

	1Q12 Actual Results	YOY Change	RedChip Estimates	Diff Vs. RedChip Estimates	Mgmt Guidance	Diff vs. Mgmt Guidance
Revenue	4.2	76.2%	4.3	-2.8%	4.1 - 4.2	In Line
Deferred Rev	5.0	130.9%	5.3	-5.0%	N/A	
EBITDA	0.8	190.6%	0.7	16.9%	0.7 - 0.8	In Line
EBITDA Margin	18.7%	736bps	15.5%	315bps	16.7-19.5%	In Line
Net Income	0.1	N/A	0.1	N/A	N/A	
Net Margin	3.1%	N/A	3.3%	N/A	N/A	
EPS	0.03	N/A	0.03	N/A	N/A	
Free Cash Flow	0.6	85.5%	0.6	-5.4%	0.5 - 0.6	In Line

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

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

	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	Geometric Mean (2Q10 - 1Q12)
Asure Software (ASUR)	17.35%	1.23%	-7.71%	-3.18%	8.67%	6.31%	111.06%	-28.95%	22.98%
Callidus Software (CALD)	-11.01%	-5.42%	28.42%	-9.01%	-12.74%	15.74%	16.57%	-9.74%	13.06%
Saba Software (SABA)	-12.40%	27.02%	17.16%	-7.73%	-13.80%	17.80%			20.36%
Kenexa (KNXA)	9.05%	7.14%	84.11%	-30.45%	8.50%	8.82%	2.13%	7.23%	24.18%
Ultimate Software Group Inc. (ULTI)	4.15%	3.35%	16.46%	-6.18%	1.38%	6.74%	15.63%	-4.10%	17.64%
Cornerstone OnDemand, Inc. (CSOD)			49.03%	-41.17%	28.18%	30.59%	60.03%	-37.59%	24.43%
ClickSoftware Technologies Ltd. (CKSW)	-11.99%	13.42%	-20.28%	33.44%	6.31%	3.82%	2.25%	-0.77%	14.86%

Saba Software is late filing its 10Q

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
Callidus Software Inc	CALD	5.15	178.48	86.0	2.60	2.0x	1.8x	98.6	N/A	N/A	N/A	N/A	N/A	811.3x	0.2	18.2%
Saba Software Inc	SABA	7.75	230.76	121.3	4.28	1.8x	1.6x	141.3	N/A	N/A	N/A	N/A	N/A	N/A	0.1	8.8%
Kenexa Corp	KNXA	28.66	783.43	300.8	11.33	2.5x	2.1x	378.7	19.6x	22.6x	24.8x	4.4%	N/A	24.8x	31.6	30.2%
Ultimate Software Group	ULTI	83.30	2,218.22	283.0	10.87	7.6x	6.4x	348.0	72.7x	96.9x	77.2x	1.0%	457.3x	68.8x	32.2	23.0%
ClickSoftware Tech	CKSW	8.47	259.47	89.6	2.87	3.0x	2.4x	107.0	N/A	25.5x	N/A	3.9%	23.2x	16.9x	15.3	24.6%
Cornerstone Ondemand	CSOD	19.94	992.50	81.3	1.67	12.1x	7.8x	126.8	N/A	N/A	N/A	N/A	N/A	N/A	-11.4	63.7%
Median						2.7x	2.2x		46.2x	25.5x	51.0x	3.9%	240.2x	46.8x		23.8%
Asure Software Inc	ASUR	4.26	21.23	12.7	2.74	1.6x	1.1x	19.2	11.2x	5.6x	5.6x	17.8%	N/A	13.0x	1.6	50.4%

As of June 7, 2012

Source: Bloomberg, RedChip Estimates

*Fwd. estimates based on FY2012 analyst estimates; ASUR NI adj. for non-cash derivative and OID

Income Statement											
All Figures in US\$ 000											
FY Ending December 31,	1Q10	2Q10	3Q10	4Q10	FY10	1Q11	2Q11	3Q11	4Q11	FY11	1Q12
Revenues	2,460	2,625	2,542	2,406	10,033	2,357	2,434	2,502	3,648	10,941	4,153
Cost of Sales	(638)	(502)	(601)	(518)	(2,259)	(440)	(437)	(486)	(926)	(2,289)	(1,046)
Gross Margin	1,822	2,123	1,941	1,888	7,774	1,917	1,997	2,016	2,722	8,652	3,107
Operating Expenses:											
Selling, general and administrative	1,441	1,442	1,507	1,302	5,693	1,401	1,413	1,526	1,863	6,203	2,135
Research and development	342	364	394	345	1,445	391	393	366	528	1,678	591
Amortization of intangible assets	149	150	150	150	598	149	150	150	231	680	292
Loss on lease amendment	0	1,203	0	0	1,203	0	0	0	0	0	0
Total Operating Expenses	1,932	3,159	2,051	1,797	8,939	1,941	1,956	2,042	2,622	8,561	3,018
Operating Income (Loss)	(110)	(1,036)	(110)	91	(1,165)	(24)	41	(26)	100	91	89
Other Income (Expenses):											
Interest income	1	1	0	3	5	2	4	2	2	10	1
Foreign currency translation gain (loss)	(43)	26	(24)	(13)	(54)	(21)	1	67	27	74	(28)
Loss (gain) on sale of assets	0	23	(18)	0	5	0	0	0	0	0	(10)
(Loss) on Debt Conversion	0	0	0	0	0	0	0	0	0	0	(199)
Interest expense and other	(21)	(16)	(20)	(9)	(66)	(8)	(7)	(5)	(128)	(148)	(120)
Interest expense - amortization of OID and derivative mark-to-market	0	0	0	0	0	0	0	0	(604)	(604)	(535)
Gain on sale of investment	0	0	130	0	130	0	0	0	0	0	0
Total Other Income (Expense)	(63)	34	68	(19)	20	(27)	(2)	64	(703)	(668)	(891)
Income (Loss) Before Income Taxes	(173)	(1,002)	(42)	72	(1,145)	(51)	39	38	(603)	(577)	(802)
(Provision) Benefit For Income Taxes											
Net Income (Loss)	(188)	(1,015)	0	66	(1,137)	(60)	27	29	(645)	(649)	(847)
Net income (adj. for derivative and OID)	(188)	(1,015)	0	66	(1,137)	(60)	27	29	(41)	(45)	(312)
Basic Income (Loss) Per Share	(0.04)	(0.22)	0.00	0.01	(0.25)	(0.01)	0.01	0.01	(0.14)	(0.14)	(0.18)
Diluted Income (Loss) Per Share	(0.04)	(0.22)	0.00	0.01	(0.25)	(0.01)	0.01	0.01	(0.14)	(0.14)	(0.18)
Income Per Share (adj. for derivative and OID)	(0.04)	(0.22)	0.00	0.01	(0.25)	(0.01)	0.01	0.01	(0.01)	(0.01)	(0.07)
Shares Used In Computing Basic											
Income (Loss) Per Share	4,643	4,628	4,628	5,210	4,631	4,628	4,628	4,628	4,628	4,628	4,699
Shares Used In Computing Diluted											
Income (Loss) Per Share	4,643	4,628	4,628	5,210	4,631	4,628	4,632	4,641	4,628	4,628	4,699
Gross Margin	74.07%	80.88%	76.36%	78.47%	77.48%	81.33%	82.05%	80.58%	74.62%	79.08%	74.81%
Operating Margin	-4.47%	-39.47%	-4.33%	3.78%	-11.61%	-1.02%	1.68%	-1.04%	2.74%	0.83%	2.14%
Net Margin	-7.64%	-38.67%	0.00%	2.74%	-11.33%	-2.55%	1.11%	1.16%	-17.68%	-5.93%	-20.39%
S,G&A as % of rev	58.58%	54.93%	59.28%	54.11%	56.74%	59.44%	58.05%	60.99%	51.07%	56.70%	51.41%
R&D as % of rev	13.90%	13.87%	15.50%	14.34%	14.40%	16.59%	16.15%	14.63%	14.47%	15.34%	14.23%
Effective Tax Rate	8.67%	1.30%		-8.33%	-0.70%	17.65%	-30.77%	-23.68%	6.97%	12.48%	5.61%

Projected Income Statement										
All Figures in US\$ 000										
FY Ending December 31,	1Q12	2Q12E	3Q12E	4Q12E	FY12E	1Q13E	2Q13E	3Q13E	4Q13E	FY13E
Revenues	4,153	4,173	4,549	5,231	18,105	5,205	5,309	5,601	6,161	22,275
Cost of Sales	(1,046)	(1,031)	(1,101)	(1,229)	(4,407)	(1,234)	(1,237)	(1,288)	(1,386)	(5,145)
Gross Margin	3,107	3,142	3,448	4,002	13,699	3,971	4,072	4,313	4,775	17,130
Operating Expenses:										
Selling, general and administrative	2,135	2,066	2,206	2,275	8,682	2,264	2,309	2,380	2,434	9,387
Research and development	591	593	591	596	2,371	596	596	596	596	2,385
Amortization of intangible assets	292	274	274	274	1,114	243	237	231	225	936
Total Operating Expenses	3,018	2,932	3,071	3,146	12,167	3,103	3,143	3,208	3,255	12,709
Operating Income (Loss)	89	210	376	856	1,531	868	929	1,105	1,520	4,422
Other Income (Expenses):										
Interest income	1	2	3	3	9	3	3	4	4	14
Foreign currency translation gain (loss)	(28)	0	0	0	(28)	0	0	0	0	0
Loss (gain) on sale of assets	(10)	0	0	0	(10)	0	0	0	0	0
(Loss) on Debt Conversion	(199)	0	0	0	(199)	0	0	0	0	0
Interest expense and other	(120)	(109)	(110)	(111)	(450)	(112)	(113)	(114)	(115)	(454)
Interest expense - amortization of OID and derivative mark-to-market	(535)	(5)	(5)	(6)	(551)	(6)	(6)	(6)	(6)	(24)
Gain on sale of investment	0	0	0	0	0	0	0	0	0	0
Total Other Income (Expense)	(891)	(112)	(112)	(114)	(1,229)	(115)	(116)	(116)	(117)	(464)
Income (Loss) Before Income Taxes	(802)	98	264	742	302	753	813	989	1,403	3,958
(Provision) Benefit For Income Taxes	(45)	(36)	(48)	(82)	(210)	(77)	(75)	(81)	(93)	(325)
Net Income (Loss)	(847)	62	217	660	92	676	738	908	1,310	3,632
Net income (adj. for derivative and OID)	(312)	67	222	666	643	682	744	914	1,316	3,656
Basic Income (Loss) Per Share	(0.18)	0.01	0.04	0.13	0.02	0.14	0.15	0.18	0.26	0.73
Diluted Income (Loss) Per Share	(0.18)	0.01	0.04	0.13	0.02	0.14	0.15	0.18	0.26	0.73
Income Per Share (adj. for derivative and OID)	(0.07)	0.01	0.04	0.13	0.13	0.14	0.15	0.18	0.26	0.73
Shares Used In Computing Basic										
Income (Loss) Per Share	4,699	4,982	4,982	4,982	4,912	4,982	4,982	4,982	4,982	4,982
Shares Used In Computing Diluted										
Income (Loss) Per Share	4,699	4,982	4,982	4,982	4,912	4,982	4,982	4,982	4,982	4,982
Gross Margin	74.81%	75.30%	75.80%	76.50%	75.66%	76.30%	76.70%	77.00%	77.50%	78.00%
Operating Margin	2.14%	5.03%	8.28%	16.36%	8.46%	16.67%	17.50%	19.73%	24.67%	19.85%
Net Margin	-20.39%	1.48%	4.77%	12.62%	0.51%	12.99%	13.91%	16.21%	21.27%	16.31%
S,G&A as % of rev	51.41%	49.50%	48.50%	43.50%	47.95%	43.500%	43.500%	42.500%	39.500%	49.00%
R&D as % of rev	14.23%	14.20%	13.00%	11.40%	13.10%	11.46%	11.23%	10.65%	9.68%	10.50%
Effective Tax Rate	5.61%	-37.00%	-18.00%	-11.00%	-69.63%	-10.20%	-9.20%	-8.20%	-6.60%	-5.50%

Balance Sheet									
All Figures in US\$ 000									
FY Ending December 31,	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12
Assets									
Current Assets									
Cash and cash equivalents	1,991	705	837	1,070	1,375	2,026	6,082	1,067	1,189
Accounts receivable, net	1,082	1,003	1,346	1,239	1,031	974	979	1,483	1,491
Notes receivable	0	0	60	62	63	65	120	96	73
Inventory	24	83	85	25	23	10	6	116	113
Prepaid expenses and other current assets	213	228	266	255	257	229	227	338	285
Total Current Assets	3,310	2,019	2,594	2,651	2,749	3,304	7,414	3,100	3,151
Notes receivable	0	0	60	60	60	60	0	0	0
Property and equipment, net	590	383	316	281	246	245	221	414	397
Intangible assets, net	3,429	3,234	3,039	2,844	2,649	2,454	2,258	6,307	5,950
Goodwill	0	0	0	0	0	0	0	6,264	6,259
Other	0	0	0	0	0	0	0	0	6
Total Assets	7,329	5,636	6,009	5,836	5,704	6,063	9,893	16,085	15,763
Liabilities and stockholders equity									
Current Liabilities									
Current portion of notes payable	0	0	0	0	0	0	0	349	100
Accounts payable	795	695	831	560	466	551	686	1,097	1,234
Line of credit	0	0	0	0	0	0	500	500	500
Accrued compensation and benefits	47	56	116	95	28	83	72	141	160
Lease impairment and advance	322	0	0	0	0	0	0	0	0
Other accrued liabilities	452	452	423	361	356	330	399	536	551
Deferred revenue	1,587	1,663	1,866	1,955	2,046	2,216	2,522	4,792	4,860
Total Current Liabilities	3,203	2,866	3,236	2,971	2,896	3,180	4,179	7,415	7,405
Long-term deferred revenue	125	116	96	116	103	145	150	169	166
Lease impairment and advance	174	0	0	0	0	0	0	0	0
Subordinated notes	0	0	0	0	0	0	1,450	4,323	4,350
Subordinated convertible notes	0	0	0	0	0	0	1,400	1,247	296
Derivative liability	0	0	0	0	0	0	0	835	0
Other long-term obligations	189	49	37	25	14	10	4	32	30
Total Liabilities	3,691	3,031	3,369	3,112	3,013	3,335	7,183	6,606	12,247
Stockholders' Equity									
Common stock	334	334	334	334	334	334	334	334	336
Treasury stock	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)
Additional paid-in capital	270,940	270,953	270,966	270,978	270,992	271,006	271,033	271,065	273,334
Accumulated deficit	(262,592)	(263,607)	(263,607)	(263,541)	(263,601)	(263,574)	(263,545)	(264,190)	(265,037)
Accumulated other comprehensive loss	(27)	(58)	(36)	(30)	(17)	(21)	(95)	(128)	(100)
Total Stockholders' Equity	3,638	2,605	2,640	2,724	2,691	2,728	2,710	2,064	3,516
Total Liabilities and Stockholders' Equity	7,329	5,636	6,009	5,836	5,704	6,063	9,893	16,085	15,763
Working Capital	107	(847)	(642)	(320)	(147)	124	3,235	(4,315)	(4,254)
Debt to Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	123.62%	311.00%	149.20%

Projected Balance Sheet								
All Figures in US\$ 000								
FY Ending December 31,	1Q12	2Q12E	3Q12E	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Assets								
Current Assets								
Cash and cash equivalents	1,189	1,694	2,302	3,759	4,801	5,934	7,440	9,601
Accounts receivable, net	1,491	1,431	1,547	1,778	1,770	1,805	1,893	2,070
Notes receivable	73	73	73	73	73	73	73	73
Inventory	113	113	113	113	113	113	113	113
Prepaid expenses and other current assets	285	285	285	285	285	285	285	285
Total Current Assets	3,151	3,596	4,320	6,008	7,041	8,210	9,804	12,142
Property and equipment, net								
Property and equipment, net	397	387	377	367	357	347	337	327
Intangible assets, net								
Intangible assets, net	5,950	5,615	5,280	4,945	4,648	4,358	4,076	3,801
Goodwill								
Goodwill	6,259	6,259	6,259	6,259	6,259	6,259	6,259	6,259
Other								
Other	6	6	6	6	6	6	6	6
Total Assets	15,763	15,863	16,242	17,585	18,311	19,180	20,482	22,535
Liabilities and stockholders equity								
Current Liabilities								
Current portion of notes payable	100	100	100	100	100	100	100	5,003
Accounts payable	1,234	1,237	1,299	1,414	1,480	1,484	1,546	1,663
Line of credit	500	500	500	500	500	500	500	500
Accrued compensation and benefits	160	160	160	160	160	160	160	160
Other accrued liabilities	551	499	447	395	343	291	239	187
Deferred revenue	4,860	4,882	4,958	5,492	5,465	5,574	5,881	6,469
Total Current Liabilities	7,405	7,378	7,464	8,061	8,048	8,110	8,426	13,982
Long-term deferred revenue								
Long-term deferred revenue	166	171	186	209	208	212	224	246
Subordinated notes								
Subordinated notes	4,350	4,378	4,407	4,437	4,468	4,500	4,533	0
Subordinated convertible notes								
Subordinated convertible notes	296	301	306	312	318	324	330	0
Other long-term obligations								
Other long-term obligations	30	30	30	30	30	30	30	30
Total Liabilities	12,247	12,258	12,393	13,049	13,072	13,176	13,543	14,259
Stockholders' Equity								
Common stock								
Common stock	336	336	336	336	336	336	336	336
Treasury stock								
Treasury stock	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)
Additional paid-in capital								
Additional paid-in capital	273,334	273,361	273,388	273,415	273,442	273,469	273,496	273,523
Accumulated deficit								
Accumulated deficit	(265,037)	(264,975)	(264,758)	(264,098)	(263,422)	(262,684)	(261,776)	(260,466)
Accumulated other comprehensive loss								
Accumulated other comprehensive loss	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Total Stockholders' Equity	3,516	3,605	3,849	4,536	5,239	6,004	6,939	8,276
Total Liabilities and Stockholders' Equity	15,763	15,863	16,242	17,585	18,311	19,180	20,482	22,535
Working Capital								
Working Capital	(4,254)	(3,782)	(3,144)	(2,053)	(1,007)	100	1,378	(1,840)
Debt to Equity								
Debt to Equity	149.20%	146.45%	138.05%	117.93%	102.81%	90.34%	78.73%	66.49%

Cash Flow Statement

All Figures in US\$ 000

FY Ending December 31,	1Q10	6M10	9M10	FY10	1Q11	6M11	9M11	FY11	1Q12
Cash Flow s From Operating Activities									
Net loss	(188)	(1,203)	(1,203)	(1,137)	(60)	(33)	(4)	(649)	(847)
Adjustments to reconcile net loss to net cash used in operations:									
Depreciation and amortization	265	522	776	1,016	238	471	702	1,050	404
Amortization of original issue discount (OID)	0	0	0	0	0	0	0	46	0
Derivative mark-to-market	0	0	0	0	0	0	0	561	535
Amortization of leasehold advance and lease impairment	(262)	(758)	(758)	(758)	0	0	0	0	0
Provision for doubtful accounts	24	(2)	29	13	2	(32)	(29)	10	(24)
Share-based compensation	15	28	41	53	14	28	55	81	11
(Gain) loss on sale/disposal of assets	0	(23)	(23)	(23)	0	0	0	0	15
Loss on debt conversion	0	0	0	0	0	0	0	0	199
Loss on disposal of subtenant leasehold improvements	0	180	199	199	0	0	0	0	0
Notes receivable	0	0	(120)	(122)	(1)	(3)	2	0	(1)
Changes in operating assets and liabilities:									
Accounts receivable	420	525	151	274	206	297	289	192	16
Inventory	25	(34)	(36)	24	2	15	19	(5)	3
Prepaid expenses and other current assets	0	(15)	(53)	(42)	(2)	26	28	(70)	52
Accounts payable	(244)	(321)	(185)	(456)	(94)	(9)	126	377	137
Accrued expenses and other long-term obligations	0	(121)	(90)	(173)	(71)	(34)	30	257	44
Deferred revenue	(166)	(99)	84	193	78	290	601	1,503	65
Net cash used in operating activities	(111)	(1,321)	(1,188)	(939)	312	1,016	1,819	3,353	609
Cash Flow s From Investing Activities									
Net purchases of property and equipment	(77)	(123)	(131)	(141)	(8)	(45)	(60)	(121)	(45)
Collection of note receivable	0	0	0	0	0	0	0	26	24
Acquisitions of ADI Time net of Cash acquired	0	0	0	0	0	0	0	(6,697)	0
Acquisitions of Legiant net of Cash acquired	0	0	0	0	0	0	0	(3,704)	0
Net cash used in investing activities	(77)	(123)	(131)	(141)	(8)	(45)	(60)	(10,496)	(21)
Cash Flow s From Financing Activities									
Payments on notes payable and capital leases	(13)	(24)	(36)	(48)	(12)	(24)	(36)	(58)	(286)
Payments on notes payable conversion	0	0	0	0	0	0	0	0	(222)
Net proceeds from exercise of stock options	0	0	0	0	0	0	0	6	14
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	0	0	0	3,350	7,283	0
Purchase of treasury stock	(110)	(110)	(110)	(110)	0	0	0	0	0
Net cash provided by (used in) financing activities	(123)	(134)	(146)	(158)	(12)	(24)	3,314	7,231	(494)
Effect of translation exchange rates	39	20	39	45	13	9	(61)	(91)	28
Net increase (decrease) in cash and equivalents	(272)	(1,558)	(1,426)	(1,193)	305	956	5,012	(3)	122
Cash and equivalents at beginning of period	2,263	2,263	2,263	2,263	1,070	1,070	1,070	1,070	1,067
Cash and equivalents at end of period	1,991	705	837	1,070	1,375	2,026	6,082	1,067	1,189

Projected Cash Flow Statement										
All Figures in US\$ 000										
FY Ending December 31,	1Q12	2Q12E	3Q12E	4Q12E	FY12E	1Q13E	2Q13E	3Q13E	4Q13E	FY13E
Cash Flow s From Operating Activities										
Net loss	(847)	62	217	660	92	676	738	908	1,310	3,632
Adjustments to reconcile net loss to net cash used in operations:										
Depreciation and amortization	404	395	395	395	1,589	357	350	342	335	1,384
Amortization of original issue discount (OID)	0	33	34	36	103	37	38	39	40	154
Derivative mark-to-market	535	0	0	0	535	0	0	0	0	0
Provision for doubtful accounts	(24)	0	0	0	(24)	0	0	0	0	0
Share-based compensation	11	27	27	27	92	27	27	27	27	108
(Gain) loss on sale/disposal of assets	15	0	0	0	15	0	0	0	0	0
Loss on debt conversion	199	0	0	0	199	0	0	0	0	0
Notes receivable	(1)	0	0	0	(1)	0	0	0	0	0
Changes in operating assets and liabilities:										
Accounts receivable	16	60	(115)	(232)	(271)	9	(35)	(88)	(177)	(292)
Inventory	3	0	0	0	3	0	0	0	0	0
Prepaid expenses and other current assets	52	0	0	0	52	0	0	0	0	0
Accounts payable	137	3	62	115	317	67	4	61	118	250
Accrued expenses and other long-term obligations	44	0	0	0	44	0	0	0	0	0
Deferred revenue	65	28	91	557	741	(29)	113	318	610	1,014
Net cash used in operating activities	609	607	711	1,558	3,485	1,144	1,235	1,608	2,263	6,251
Cash Flow s From Investing Activities										
Net purchases of property and equipment	(45)	(50)	(50)	(50)	(195)	(50)	(50)	(50)	(50)	(200)
Collection of note receivable	24	0	0	0	24	0	0	0	0	0
Net cash used in investing activities	(21)	(50)	(50)	(50)	(171)	(50)	(50)	(50)	(50)	(200)
Cash Flow s From Financing Activities										
Payments on notes payable and capital leases	(286)	(52)	(52)	(52)	(442)	(52)	(52)	(52)	(52)	(208)
Payments on notes payable conversion	(222)	0	0	0	(222)	0	0	0	0	0
Net proceeds from exercise of stock options	14	0	0	0	14	0	0	0	0	0
Net cash provided by (used in) financing activities	(494)	(52)	(52)	(52)	(650)	(52)	(52)	(52)	(52)	(208)
Effect of translation exchange rates										
	28	0	0	0	28	0	0	0	0	0
Net increase (decrease) in cash and equivalents	122	505	609	1,456	2,692	1,042	1,133	1,506	2,161	5,843
Cash and equivalents at beginning of period	1,067	1,189	1,694	2,302	1,067	3,759	4,801	5,934	7,440	3,759
Cash and equivalents at end of period	1,189	1,694	2,302	3,759	3,759	4,801	5,934	7,440	9,601	9,601

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	3	20.0%
Hold	1	6.7%
Sell	0	0.0%
Suspended	1	6.7%

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