

Asure Software, Inc. (NasdaqCM: ASUR)

November 27, 2012
Rating: Strong Buy
Target Price: \$24.20
Recent Price: \$5.97

Analyst

Thomas Pfister
800-733-2447

Thomas@redchip.com

Specialist

Jon Cunningham

800-733-2447 Ext. 207

jon@redchip.com

Market Data

Fiscal Year	December
Industry	Software
Market Cap	\$31.4M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	11.4x
Price/Sales (ttm)	2.0x
Price/FCF (ttm)	13.3x
Free Cash Flow Yield (ttm)	7.5%
Shares Outstanding	5.3M
Float	3.9M
Avg. Daily Vol. (3 mos.)	9,975

As of November 26, 2012

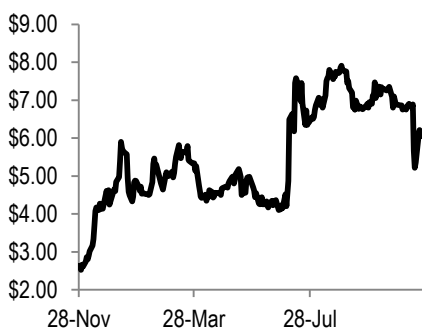
Revenue Estimates

4Q11A	\$3.6	4Q12E	\$6.1
1Q12A	\$4.2	1Q13E	\$6.1
2Q12A	\$4.2	2Q13E	\$6.3
3Q12A	\$5.7	3Q13E	\$6.7

FCF Estimates

4Q11A	\$0.32	4Q12E	\$0.19
1Q12A	\$0.12	1Q13E	\$0.13
2Q12A	\$0.04	2Q13E	\$0.22
3Q12A	\$0.09	3Q13E	\$0.32

Price Performance



3Q12 Revenue Up 126% YoY; Deferred Rev Up 263% YoY

Maintaining Price Target and Strong Buy Rating

3Q12 Revenue Up 126% YoY; Cloud Bookings Increase 22% YoY. Asure Software, Inc. ("ASUR" or the "Company") a provider of cloud based workplace optimization software, continued to report strong YoY growth in 3Q12. Revenue of \$5.7 million represented an increase of 126% YoY, driven primarily by the acquisitions of PeopleCube, ADI Time and Legiant and the 22% YoY increase in cloud bookings. Recurring revenue accounted for 80% of revenue in 3Q12, up from 76% of revenue in 1Q12 & 2Q12. We expect this total to increase in coming quarters as ASUR completes its shift toward becoming a completely SaaS-based provider. Total deferred revenue of \$9.7 million as of 9/30/12 represented a 263% increase compared to total deferred revenue of \$2.7 million as of 9/30/11. The Company reported free cash flow (FCF) of \$463K, which was in line with our estimate of \$479K. We expect FCF to become more robust beginning in 4Q12 due to the completion of one-time costs related to the PeopleCube acquisition, increased bookings as the Company fully digests the PeopleCube acquisition, and a more robust service offering to its clients following the PeopleCube acquisition and FotoPunch partnership.

The market reacted negatively to the reporting of 3Q12 results, with the stock declining about 17.7% following the earnings release. We believe that this is an overreaction for the following reasons:

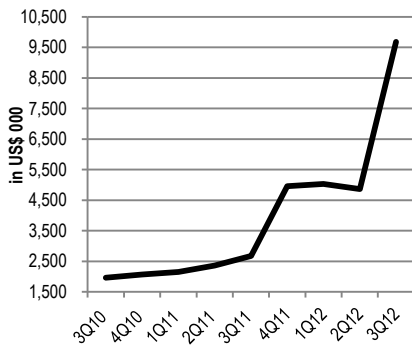
1) While bookings declined 20-40% QoQ, YoY revenue growth has still been robust, with 3Q12 revenue up 126% and total deferred revenue up 263% YoY, respectively. Overall sales growth relative to peers is still very strong. Based on our metric of overall bookings growth (unadjusted for acquisitions), ASUR has been growing bookings at a 43.3% growth rate, higher than the rest of its peers. The market has been very rewarding of this type of growth, as evidenced by the high P/S multiple awarded to Cornerstone OnDemand, another company that has been growing bookings very quickly (29.1% quarterly growth rate).

2) The Company's product offering is much stronger following the PeopleCube acquisition and the FotoPunch partnership. While there appeared to be some initial hiccups with regard to the PeopleCube integration, longer-term we believe that this acquisition will drive stronger results as the ability to reduce a company's real estate costs in addition to helping reduce labor costs should provide a strong ROI to potential clients.

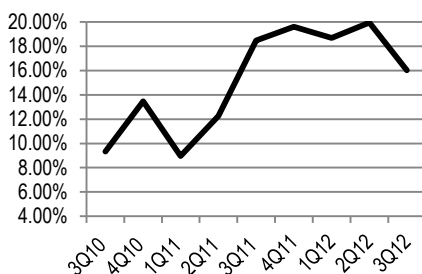
Additionally, the partnership with FotoPunch should help the Company reach larger markets for both AsureForce and AsureSpace and strengthen ASUR's mobile presence. Management believes increased sales from this partnership will be seen in 2013 and 2014.

3) The Company has left its free cash flow guidance for 2013 essentially unchanged (from \$7M previously to \$6-\$7M). While the acceleration to a completely SaaS-based model will

Deferred Revenue



EBITDA Margin



decrease revenue and net income, we don't expect FCF or cloud bookings to be affected, and in our view, these are the most important numbers for investors to be focused on. Our FCF projection for FY13 is \$5.9M.

Valuation

From an overall industry perspective, SaaS M&A exit multiples continue to increase. A 3Q12 software industry report released by the Software Equity Group found that the median M&A EV/Revenue exit multiple in 3Q12 was 3.9x, up from 3.7x in 3Q11. The same report stated that SaaS companies in the workforce management space saw EV/Revenue multiples rise from 3.6x in 3Q11 to 5.5x in 3Q12, driven by hopes of increased M&A activity in the workforce management sector.

Given large increases in multiples in the workforce management space, ASUR's strong historic and projected growth in revenue, and our expectation of strong free cash flow generation in 2013, we believe that the decrease in the stock price following the 3Q12 earnings release was unwarranted, and thus we are maintaining our \$24.20 price target and Strong Buy rating. At \$24.20, ASUR would be trading at a forward P/FCF of 28.1x and a forward P/S of 5.1x.

Estimates

Revenue

	4Q12E	FY13E
RedChip	\$6.1M	\$26.2M
Management	\$5.8 - \$6.2M	\$25 - \$27M

EBITDA

	4Q12E	FY13E
RedChip	\$1.1M	\$6.1M
Management	\$1.0 - \$1.3M	\$6 - \$7M

FCF

	4Q12E	FY13E
RedChip	\$1.0M	\$5.9M
Management	N/A	\$6M - \$7M

Results Summary

	3Q12 Actual Results	YOY Change	RedChip Estimates	Diff Vs. RedChip Estimates	Mgmt Guidance	Diff vs. Mgmt Guidance
Revenue	5.7	126.2%	7.1	-20.8%	6.9 - 7.1	-19.2%
Deferred Rev	9.7	82.1%	7.8	23.8%	N/A	
EBITDA	0.9	96.1%	1.1	-20.7%	1.1 - 1.3	-24.5%
EBITDA Margin	16.0%	-246bps	16.0%	4bps	15.9-18.3%	In Line
Net Income	-1.2	N/A	0.2	-885.9%	N/A	
Net Margin	N/A	N/A	2.2%	N/A	N/A	
EPS	(0.23)	N/A	0.03	-884.7%	N/A	
Free Cash Flow	0.5	-42.3%	0.5	-5.0%	N/A	

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

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	2.33	35.42	26.2	2.10	1.1x	1.1x	N/A	29.7x	N/A	N/A	N/A	N/A	58.8x	N/A	N/A
Callidus Software Inc	CALD	3.99	144.40	92.3	2.68	1.5x	1.4x	105.7	N/A	N/A	N/A	N/A	N/A	N/A	1.4	12.6%
ClickSoftware Technologi	CKSW	7.21	220.87	95.6	3.04	2.4x	2.0x	115.4	N/A	55.7x	N/A	1.8%	29.9x	17.7x	13.9	24.4%
Cornerstone Ondemand	CSOD	27.51	1,388.76	103.9	2.10	12.9x	8.6x	165.8	N/A	N/A	N/A	N/A	N/A	N/A	-7.6	66.2%
Datawatch Corp	DWCH	16.59	105.13	24.8	4.00	4.1x	3.2x	35.8	38.5x	40.8x	N/A	2.5%	66.0x	61.5x	2.7	N/A
Pervasive Software Inc	PVSW	8.77	145.64	50.1	3.23	2.7x	2.9x	50.9	25.1x	43.5x	N/A	2.3%	67.5x	73.3x	2.6	4.2%
TRX Inc	TRXI	1.15	21.31	46.6	2.52	0.4x	N/A	N/A	5.7x	N/A	N/A	N/A	27.5x	N/A	N/A	N/A
Median						2.4x	2.5x		27.4x	43.5x		2.3%	47.9x	60.1x		18.5%
Asure Software Inc	ASUR	5.97	31.39	17.7	2.92	2.0x	1.3x	25.2	15.1x	13.3x	7.0x	7.5%	N/A	N/A	-2.0	42.6%

As of November 26, 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)

	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	Geometric Mean (3Q10 - 3Q12)
Asure Software (ASUR)	1.23%	-7.71%	-3.18%	8.67%	6.31%	111.06%	-28.95%	-4.08%	159.00%	43.25%
Callidus Software (CALD)	-5.42%	28.42%	-9.01%	-12.74%	15.74%	16.57%	-9.74%	11.09%	-2.22%	14.17%
Bridgeline Digital (BLIN)	-3.53%	7.72%	3.75%	0.07%	-8.16%	9.57%	-7.79%	3.66%		12.97%
Datawatch Corp (DWCH)	-11.74%	9.90%	2.52%	6.44%	0.49%	48.93%	-0.28%	7.29%		21.18%
Pervasive Software Inc (PVSW)	-3.27%	0.79%	7.91%	7.30%	-12.05%	3.53%	3.29%	13.44%	-16.40%	11.19%
Cornerstone OnDemand, Inc. (CSOD)		49.03%	-41.17%	28.18%	30.59%	60.03%	-37.59%	31.62%	35.53%	29.05%
ClickSoftware Technologies Ltd. (CKSW)	13.42%	-20.28%	33.44%	6.31%	3.82%	2.25%	-0.77%	-18.47%	59.03%	19.46%
TRX Inc (TRXI)	-1.28%	14.66%	-15.21%	-3.41%	8.15%	-13.50%	0.06%	-4.28%	6.13%	9.80%

Quarters based on calendar years

Income Statement

All Figures in US\$ 000

FY Ending December 31,	1Q11	2Q11	3Q11	4Q11	FY11	1Q12	2Q12	3Q12
Revenues	2,357	2,434	2,502	3,648	10,941	4,153	4,205	5,659
Cost of Sales	(440)	(437)	(486)	(926)	(2,289)	(1,046)	(991)	(936)
Gross Margin	1,917	1,997	2,016	2,722	8,652	3,107	3,214	4,723
Operating Expenses:								
Selling, general and administrative	1,401	1,413	1,526	1,863	6,203	2,135	2,334	3,975
Research and development	391	393	366	528	1,678	591	591	809
Amortization of intangible assets	149	150	150	231	680	292	292	573
Total Operating Expenses	1,941	1,956	2,042	2,622	8,561	3,018	3,217	5,357
Operating Income (Loss)	(24)	41	(26)	100	91	89	(3)	(634)
Other Income (Expenses):								
Interest income	2	4	2	2	10	1	1	0
Foreign currency translation gain (loss)	(21)	1	67	27	74	(28)	(1)	7
Loss (gain) on sale of assets	0	0	0	0	0	(10)	(26)	9
(Loss) on Debt Conversion	0	0	0	0	0	(199)	0	0
Interest expense and other	(8)	(7)	(5)	(128)	(148)	(120)	(118)	(520)
Interest expense - amortization of OID and derivative mark-to-market	0	0	0	(604)	(604)	(535)	(56)	(60)
Gain on sale of investment	0	0	0	0	0	0	0	0
Total Other Income (Expense)	(27)	(2)	64	(703)	(668)	(891)	(200)	(564)
Income (Loss) Before Income Taxes	(51)	39	38	(603)	(577)	(802)	(203)	(1,198)
(Provision) Benefit For Income Taxes	(9)	(12)	(9)	(42)	(72)	(45)	(120)	(30)
Net Income (Loss)	(60)	27	29	(645)	(649)	(847)	(323)	(1,228)
Net income (adj. for derivative and OID)	(60)	27	29	(41)	(45)	(312)	(267)	(1,168)
Basic Income (Loss) Per Share	(0.01)	0.01	0.01	(0.14)	(0.14)	(0.18)	(0.06)	(0.23)
Diluted Income (Loss) Per Share	(0.01)	0.01	0.01	(0.14)	(0.14)	(0.18)	(0.06)	(0.23)
Income Per Share (adj. for derivative and OID)	(0.01)	0.01	0.01	(0.01)	(0.01)	(0.07)	(0.05)	(0.22)
Shares Used In Computing Basic								
Income (Loss) Per Share	4,628	4,627	4,627	4,628	4,628	4,699	4,982	5,245
Shares Used In Computing Diluted								
Income (Loss) Per Share	4,628	4,632	4,641	4,628	4,628	4,699	4,982	5,245
Gross Margin	81.33%	82.05%	80.58%	74.62%	79.08%	74.81%	76.43%	83.46%
Operating Margin	-1.02%	1.68%	-1.04%	2.74%	0.83%	2.14%	-0.07%	-11.20%
Net Margin	-2.55%	1.11%	1.16%	-17.68%	-5.93%	-20.39%	-7.68%	-21.70%
S,G&A as % of rev	59.44%	58.05%	60.99%	51.07%	56.70%	51.41%	55.51%	70.24%
R&D as % of rev	16.59%	16.15%	14.63%	14.47%	15.34%	14.23%	14.05%	14.30%

Income Statement

All Figures in US\$ 000

FY Ending December 31,	1Q12	2Q12	3Q12	4Q12E	FY12E	1Q13E	2Q13E	3Q13E	4Q13E	FY13E
Revenues	4,153	4,205	5,659	6,112	20,129	6,081	6,324	6,672	7,139	26,217
Cost of Sales	(1,046)	(991)	(936)	(1,008)	(3,981)	(943)	(980)	(1,034)	(1,107)	(4,064)
Gross Margin	3,107	3,214	4,723	5,103	16,147	5,139	5,344	5,638	6,033	22,153
Operating Expenses:										
Selling, general and administrative	2,135	2,334	3,975	3,789	12,233	3,770	3,921	3,937	3,998	15,626
Research and development	591	591	809	809	2,800	809	809	809	809	3,236
Amortization of intangible assets	292	292	573	573	1,730	573	573	573	573	2,292
Total Operating Expenses	3,018	3,217	5,357	5,171	16,763	5,152	5,303	5,319	5,380	21,154
Operating Income (Loss)	89	(3)	(634)	(68)	(616)	(14)	41	319	653	999
Other Income (Expenses):										
Interest income	1	1	0	0	2	0	0	0	0	0
Foreign currency translation gain (loss)	(28)	(1)	7	0	(22)	0	0	0	0	0
Loss (gain) on sale of assets	(10)	(26)	9	0	(27)	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)	(520)	(514)	(1,272)	(505)	(496)	(487)	(478)	(1,966)
Interest expense - amortization of OID and derivative mark-to-market	(535)	(56)	(60)	(60)	(711)	(60)	(60)	(60)	(60)	(240)
Gain on sale of investment	0	0	0	0	0	0	0	0	0	0
Total Other Income (Expense)	(891)	(200)	(564)	(574)	(2,229)	(565)	(556)	(547)	(538)	(2,206)
Income (Loss) Before Income Taxes	(802)	(203)	(1,198)	(642)	(2,845)	(579)	(515)	(227)	115	(1,206)
(Provision) Benefit For Income Taxes	(45)	(120)	(30)	(30)	(225)	(30)	(30)	(30)	(30)	(120)
Net Income (Loss)	(847)	(323)	(1,228)	(672)	(3,070)	(609)	(545)	(257)	85	(1,326)
Net income (adj. for derivative and OID)	(312)	(267)	(1,168)	(612)	(2,359)	(549)	(485)	(197)	145	(1,086)
Basic Income (Loss) Per Share										
Basic Income (Loss) Per Share	(0.18)	(0.06)	(0.23)	(0.13)	(0.61)	(0.12)	(0.10)	(0.05)	0.02	(0.25)
Diluted Income (Loss) Per Share										
Diluted Income (Loss) Per Share	(0.18)	(0.06)	(0.23)	(0.13)	(0.61)	(0.12)	(0.10)	(0.05)	0.02	(0.25)
Income Per Share (adj. for derivative and OID)										
Income Per Share (adj. for derivative and OID)	(0.07)	(0.05)	(0.22)	(0.12)	(0.47)	(0.10)	(0.09)	(0.04)	0.03	(0.21)
Shares Used In Computing Basic										
Income (Loss) Per Share	4,699	4,982	5,245	5,258	5,046	5,258	5,258	5,258	5,258	5,258
Shares Used In Computing Diluted										
Income (Loss) Per Share	4,699	4,982	5,245	5,258	5,046	5,258	5,258	5,258	5,258	5,258
Gross Margin										
Gross Margin	74.81%	76.43%	83.46%	83.50%	84.00%	84.50%	84.50%	84.50%	84.50%	84.50%
Operating Margin										
Operating Margin	2.14%	-0.07%	-11.20%	-1.11%	-3.06%	-0.23%	0.65%	4.79%	9.14%	3.81%
Net Margin										
Net Margin	-20.39%	-7.68%	-21.70%	-11.00%	-15.25%	-10.01%	-8.62%	-3.86%	1.19%	-5.06%
S,G&A as % of rev										
S,G&A as % of rev	51.41%	55.51%	70.24%	62.00%	60.78%	62.00%	62.00%	59.00%	56.00%	59.60%
R&D as % of rev										
R&D as % of rev	14.23%	14.05%	14.30%	13.24%	13.91%	13.30%	12.79%	12.12%	11.33%	12.34%

Balance Sheet

All Figures in US\$ 000

FY Ending December 31,	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12
Assets							
Current Assets							
Cash and cash equivalents	1,375	2,026	6,082	1,067	1,189	1,493	2,746
Accounts receivable, net	1,031	974	979	1,483	1,491	1,603	3,312
Notes receivable	63	65	120	96	73	24	24
Inventory	23	10	6	116	113	156	174
Prepaid expenses and other current assets	257	229	227	338	285	263	1,305
Total Current Assets	2,749	3,304	7,414	3,100	3,151	3,539	7,561
Property and equipment, net	246	245	221	414	397	424	501
Intangible assets, net	2,649	2,454	2,258	6,307	5,950	5,593	12,339
Goodwill	0	0	0	6,264	6,259	6,259	15,296
Other	0	0	0	0	6	18	29
Total Assets	5,704	6,063	9,893	16,085	15,763	15,833	35,726
Liabilities and stockholders equity							
Current Liabilities							
Current portion of notes payable	0	0	0	349	100	109	1,551
Accounts payable	466	551	686	1,097	1,234	1,497	2,208
Line of credit	0	0	500	500	500	555	0
Accrued compensation and benefits	28	83	72	141	160	243	78
Other accrued liabilities	356	330	399	536	551	641	725
Deferred revenue	2,046	2,216	2,522	4,792	4,860	4,697	9,673
Total Current Liabilities	2,896	3,180	4,179	7,415	7,405	7,742	14,235
Long-term deferred revenue	103	145	150	169	166	170	14
Note payable	0	0	0	0	0	0	13,050
Subordinated notes payable	0	0	0	0	0	0	5,354
Subordinated notes	0	0	1,450	4,323	4,350	4,375	0
Subordinated convertible notes	0	0	1,400	1,247	296	301	283
Derivative liability	0	0	0	835	0	0	0
Other long-term obligations	14	10	4	32	30	28	25
Total Liabilities	3,013	3,335	7,183	14,021	12,247	12,616	32,961
Stockholders' Equity							
Common stock	334	334	334	334	336	337	339
Treasury stock	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)	(5,017)
Additional paid-in capital	270,992	271,006	271,033	271,065	273,334	273,361	274,136
Accumulated deficit	(263,601)	(263,574)	(263,545)	(264,190)	(265,037)	(265,362)	(266,590)
Accumulated other comprehensive loss	(17)	(21)	(95)	(128)	(100)	(102)	(103)
Total Stockholders' Equity	2,691	2,728	2,710	2,064	3,516	3,217	2,765
Total Liabilities and Stockholders' Equity	5,704	6,063	9,893	16,085	15,763	15,833	35,726
Working Capital	(147)	124	3,235	(4,315)	(4,254)	(4,203)	(6,674)
Debt to Equity	0.00%	0.00%	123.62%	311.00%	149.20%	165.99%	731.93%

Balance Sheet

All Figures in US\$ 000

FY Ending December 31,	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Assets								
Current Assets								
Cash and cash equivalents	1,189	1,493	2,746	3,344	3,601	4,340	5,593	7,610
Accounts receivable, net	1,491	1,603	3,312	3,361	3,223	3,162	3,136	2,999
Notes receivable	73	24	24	24	24	24	24	24
Inventory	113	156	174	174	174	174	174	174
Prepaid expenses and other current assets	285	263	1,305	1,305	1,305	1,305	1,305	1,305
Total Current Assets	3,151	3,539	7,561	8,209	8,327	9,005	10,232	12,112
Property and equipment, net	397	424	501	481	461	441	421	401
Intangible assets, net	5,950	5,593	12,339	11,651	10,964	10,276	9,589	8,901
Goodwill	6,259	6,259	15,296	15,296	15,296	15,296	15,296	15,296
Other	6	18	29	29	29	29	29	29
Total Assets	15,763	15,833	35,726	35,666	35,077	35,047	35,566	36,739
Liabilities and stockholders equity								
Current Liabilities								
Current portion of notes payable	100	109	1,551	1,551	1,551	1,551	1,551	1,551
Accounts payable	1,234	1,497	2,208	2,370	2,404	2,500	2,637	2,822
Line of credit	500	555	0	0	0	0	0	0
Accrued compensation and benefits	160	243	78	78	78	78	78	78
Other accrued liabilities	551	641	725	673	621	569	517	465
Deferred revenue	4,860	4,697	9,673	10,451	10,764	11,510	12,477	13,707
Total Current Liabilities	7,405	7,742	14,235	15,123	15,417	16,208	17,260	18,623
Long-term deferred revenue	166	170	14	14	14	14	14	14
Note payable	0	0	13,050	12,688	12,325	11,963	11,600	11,238
Subordinated notes payable	0	0	5,354	5,379	5,404	5,429	5,454	5,479
Subordinated notes	4,350	4,375	0	0	0	0	0	0
Subordinated convertible notes	296	301	283	288	293	298	303	308
Derivative liability	0	0	0	0	0	0	0	0
Other long-term obligations	30	28	25	25	25	25	25	25
Total Liabilities	12,247	12,616	32,961	33,516	33,478	33,937	34,656	35,687
Stockholders' Equity								
Common stock	336	337	339	339	339	339	339	339
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	274,136	274,193	274,250	274,307	274,364	274,421
Accumulated deficit	(265,037)	(265,362)	(266,590)	(267,262)	(267,871)	(268,416)	(268,673)	(268,588)
Accumulated other comprehensive loss	(100)	(102)	(103)	(103)	(103)	(103)	(103)	(103)
Total Stockholders' Equity	3,516	3,217	2,765	2,150	1,598	1,110	910	1,052
Total Liabilities and Stockholders' Equity	15,763	15,833	35,726	35,666	35,077	35,047	35,566	36,739
Working Capital	(4,254)	(4,203)	(6,674)	(6,914)	(7,091)	(7,203)	(7,029)	(6,512)
Debt to Equity	149.20%	165.99%	731.93%	925.84%	1224.64%	1732.83%	2077.98%	1766.00%

Cash Flow Statement

All Figures in US\$ 000

FY Ending December 31,	1Q11	6M11	9M11	FY11	1Q12	6M12	9M12
Cash Flows From Operating Activities							
Net loss	(60)	(33)	(4)	(649)	(847)	(1,170)	(2,399)
Adjustments to reconcile net loss to net cash used in operations:							
Depreciation and amortization	238	471	702	1,050	404	819	1,574
Amortization of original issue discount (OID)	0	0	0	0	0	0	0
Interest expense - amortization of OID and derivative mark-to-market	0	0	0	607	535	591	651
Provision for doubtful accounts	2	(32)	(29)	10	(24)	37	(16)
Share-based compensation	14	28	55	81	11	35	67
(Gain) loss on sale/disposal of assets	0	0	0	0	15	36	36
Loss on debt conversion	0	0	0	0	199	198	198
Notes receivable	(1)	(3)	2	0	(1)	0	0
Changes in operating assets and liabilities:							
Accounts receivable	206	297	289	192	16	(157)	435
Inventory	2	15	19	(5)	3	(40)	(58)
Prepaid expenses and other current assets	(2)	26	28	(70)	52	62	(187)
Accounts payable	(94)	(9)	126	377	137	400	229
Accrued expenses and other long-term obligations	(71)	(34)	30	257	44	221	(297)
Deferred revenue	78	290	601	1,503	65	(94)	1,184
Net cash used in operating activities	312	1,016	1,819	3,353	609	938	1,417
Cash Flows From Investing Activities							
Net purchases of property and equipment	(8)	(45)	(60)	(121)	(45)	(151)	(167)
Collection of note receivable	0	0	0	26	24	72	72
Acquisitions of PeopleCube net of Cash acquired	0	0	0	0	0	0	(9,316)
Net cash used in investing activities	(8)	(45)	(60)	(10,496)	(21)	(79)	(9,411)
Cash Flows From Financing Activities							
Net proceeds from issuance of stock							
Payments on notes payable and capital leases	(12)	(24)	(36)	(58)	(286)	(308)	0
Repayment of Deerpath loan	0	0	0	0	0	0	0
Payments on notes payable conversion	0	0	0	0	(222)	(222)	0
Net proceeds from exercise of stock options	0	0	0	6	14	16	19
Proceeds from notes Payable	0	0	0	0	0	0	14,500
Acquisition fees	0	0	0	0	0	0	(680)
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	3,350	7,283	0	55	(4,192)
Net cash provided by (used in) financing activities	(12)	(24)	3,314	7,231	(494)	(459)	9,647
Effect of translation exchange rates	13	9	(61)	(91)	28	26	26
Net increase (decrease) in cash and equivalents	305	956	5,012	(3)	122	426	1,679
Cash and equivalents at beginning of period	1,070	1,070	1,070	1,070	1,067	1,067	1,067
Cash and equivalents at end of period	1,375	2,026	6,082	1,067	1,189	1,493	2,746

Cash Flow Statement

All Figures in US\$ 000

FY Ending December 31,	1Q12	6M12	9M12	4Q12E	FY12E	1Q13E	2Q13E	3Q13E	4Q13E	FY13E
Cash Flows From Operating Activities										
Net loss	(847)	(1,170)	(2,399)	(672)	(3,070)	(609)	(545)	(257)	85	(1,326)
Adjustments to reconcile net loss to net cash used in operations:										
Depreciation and amortization	404	819	1,574	758	2,332	758	758	758	758	3,030
Amortization of original issue discount (OID)	0	0	0	0	0	0	0	0	0	0
Interest expense - amortization of OID and derivative mark-to-market	535	591	651	60	711	60	60	60	60	240
Provision for doubtful accounts	(24)	37	(16)	0	(16)	0	0	0	0	0
Share-based compensation	11	35	67	27	94	27	27	27	27	108
(Gain) loss on sale/disposal of assets	15	36	36	0	36	0	0	0	0	0
Loss on debt conversion	199	198	198	0	198	0	0	0	0	0
Notes receivable	(1)	0	0	0	0	0	0	0	0	0
Changes in operating assets and liabilities:										
Accounts receivable	16	(157)	435	(49)	386	138	61	26	137	363
Inventory	3	(40)	(58)	0	(58)	0	0	0	0	0
Prepaid expenses and other current assets	52	62	(187)	0	(187)	0	0	0	0	0
Accounts payable	137	400	229	162	391	34	96	137	185	452
Accrued expenses and other long-term obligations	44	221	(297)	0	(297)	0	0	0	0	0
Deferred revenue	65	(94)	1,184	778	1,962	313	747	967	1,230	3,256
Net cash used in operating activities	609	938	1,417	1,063	2,481	721	1,203	1,718	2,482	6,124
Cash Flows From Investing Activities										
Net purchases of property and equipment	(45)	(151)	(167)	(50)	(217)	(50)	(50)	(50)	(50)	(200)
Collection of note receivable	24	72	72	0	72	0	0	0	0	0
Acquisitions of PeopleCube net of Cash acquired	0	0	(9,316)	0	(9,316)	0	0	0	0	0
Net cash used in investing activities	(21)	(79)	(9,411)	(50)	(9,461)	(50)	(50)	(50)	(50)	(200)
Cash Flows From Financing Activities										
Net proceeds from issuance of stock										
Payments on notes payable and capital leases	(286)	(308)	0	(52)	(52)	(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)	(222)	0	0	0	0	0	0	0	0
Net proceeds from exercise of stock options	14	16	19	0	19	0	0	0	0	0
Proceeds from notes Payable	0	0	14,500	0	14,500	0	0	0	0	0
Acquisition fees	0	0	(680)	0	(680)	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	(4,192)	0	(4,192)	0	0	0	0	0
Net cash provided by (used in) financing activities	(494)	(459)	9,647	(415)	9,233	(415)	(415)	(415)	(415)	(1,658)
Effect of translation exchange rates	28	26	26	0	26	0	0	0	0	0
Net increase (decrease) in cash and equivalents	122	426	1,679	598	2,278	256	739	1,253	2,017	4,266
Cash and equivalents at beginning of period	1,067	1,067	1,067	2,746	1,067	3,344	3,601	4,340	5,593	3,345
Cash and equivalents at end of period	1,189	1,493	2,746	3,344	3,345	3,601	4,340	5,593	7,610	7,611

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	33.3%
Buy	3	25.0%
Speculative Buy	4	33.3%
Hold	1	8.3%
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