

Information Systems Associates

Information Systems Associates Corporate Profile

CORPORATE PROFILE
12/31/2010
OTCQB: IOSA



Business Description

Information Systems Associates (“ISA”) trades under the symbol (OTCQB:IOSA), was incorporated in 1994 and entered the public markets in 2008. It is a business services company providing data center solutions to many of the world’s largest companies. These services enable companies with large data centers (a minimum of 1,000 servers or switches) to manage their IT assets more efficiently by installing a sophisticated software system. The Company works directly with many of the leading software vendors and supports them in sales, installation, training and maintenance. Once implemented, the system is a powerful reporting tool used by executive management to make decisions on their IT infrastructure. These reports are vital when making multi-million dollar decisions regarding such issues as reducing power consumption, insuring data center reliability, replacing equipment, signing maintenance agreements, building new facilities, or determining excess capacity. The power consumption piece is becoming more and more critical as issues such as “Cap and Trade”, energy pollution and protecting the environment through “Green” initiatives are a geo political focus. Thus “Optimizing” or “Greening” data centers is vital to reducing energy costs and protecting the environment.

What is a Data Center?

While many companies have computer networks and/or computer equipment rooms, ISA targets major information intensive corporations, such as Bank of America or COMCAST, that have large data centers. These data centers often take up to one or sometimes even several floors (100,000+ square feet) of an office or industrial building. In these data centers, there can be several hundred racks holding thousands and sometimes tens of thousands of servers and other devices. For example, Google has approximately 1,000,000 servers.



How much Power Do Data Centers Consume?

Data centers use more than 1% of all electricity consumed worldwide, and more in many developed economies. In the U.S., data centers account for between 1.5% and 2% of electricity consumption, at approximately 61 billion kilowatt-hours, at an annual cost of \$4.5 billion and requiring the equivalent output of 15 power plants (2006). Federal servers and data centers account for approximately 10% of this energy consumption. The need for additional data center capacity is growing rapidly and U.S. energy consumption by servers and data centers is expected to exceed 100 billion kWh by 2011 representing an annual cost of \$11 billion (assuming an average of \$0.11 per kWh) and requiring the output of an additional 10 power plants.

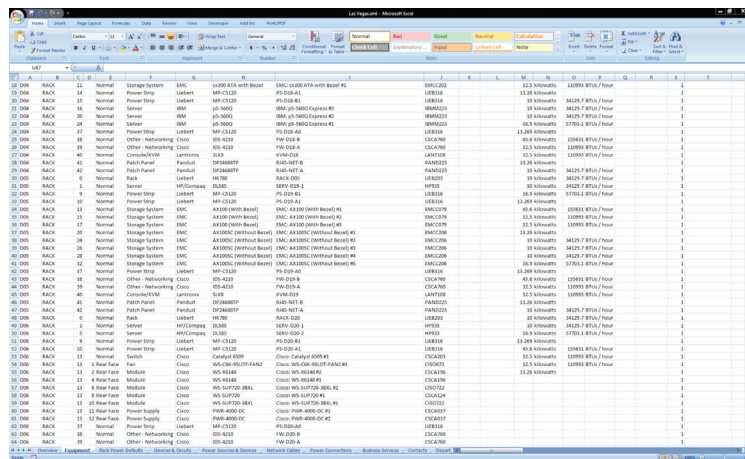
In addition the following trends have been identified:

- The world data center market could overtake the airline industry as a greenhouse gas polluter by 2020 (McKinsey & Co).
- Power failures and limits on power availability will interrupt data center operations at more than 90% of all companies over the next 5 years (2006-2011) - (AFCOM 2006).
- 70% of operators identify IT power and cooling as a primary issue in data center management (Ziff Davis 2005).
- 30% of U.S. corporations are deferring new technology initiatives because of data center limitations.
- Most of the data centers in the U.S. will be replaced or retrofitted over the next several years.
- Power consumption is about 25% of data center costs. More than half of that energy cost goes to cooling the data and electrical distribution inefficiencies.

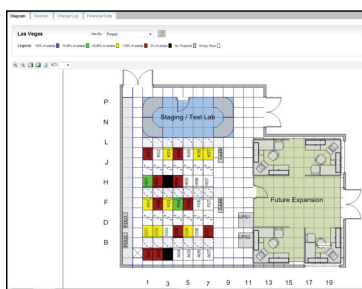
The ISA Solution

For companies with large data centers to efficiently manage their IT assets, they need to precisely know how many devices (servers, switches, routers and storage systems) they own, where they are located, what they are, how old they are, how are they connected and how much power are they consuming. This may not seem like such a difficult task, but when you own thousands of devices, that are changing everyday, it is a very difficult task. Historically, data center managers attempted to track these assets by building spreadsheets containing thousands of rows and dozens of columns. Each row was a specific device and each column included detailed information on each device. This is a very inefficient process that is cumbersome to maintain and prone to errors. Furthermore, once the spreadsheet was inaccurate, making decisions based on the information it contained was pointless and correcting the data was a very time consuming project that could take weeks or even months. Most importantly, even if the data center manager was able to maintain the spreadsheet, it was not capable of generating dynamic reports to aid management in making decisions on data center optimization. Fortunately, there are now robust software programs that are easier to maintain with powerful reporting tools to enable executive management to make informed decisions.

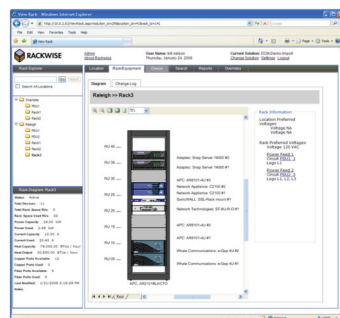
Old way of tracking IT assets using a spreadsheet:



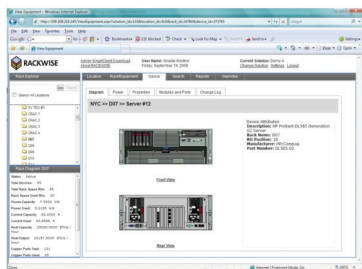
New way of managing IT assets using robust software system (actual system reports):



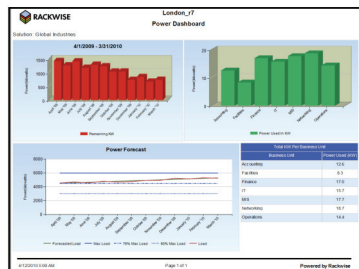
Top-Down View of Data Center



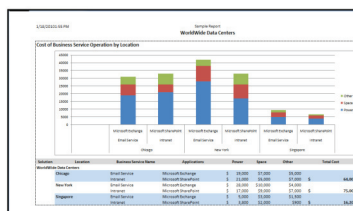
View of Data Center Rack



View of Data Center Device



View of Data Center Power Consumption



View of All Company Data Centers

Category	Current Cost	Target Cost	Savings
Power	\$100,000	\$80,000	\$20,000
Water	\$50,000	\$40,000	\$10,000
Space	\$200,000	\$150,000	\$50,000
Telecom	\$100,000	\$80,000	\$20,000
Total	\$450,000	\$350,000	\$100,000

Example of Data Center Cost Savings Analysis

This is how ISA provides the solution:

1. Determine which IT management software solution is best for the job.
2. Physically go on site into the data center and precisely inventory every rack of equipment, where it is positioned on the floor and how every device in the rack is connected. This step in the process is expedited using ISA's patented collection and maintenance tool "On Site Physical Inventory[®]" or "OSPI[®]".
3. The collected information is then validated and entered into the software system.
4. ISA then trains the company's personal on how to accurately maintain the data. This step is critical and simplified by recording all moves, adds and changes (MACS) through the OSPI[®] unit.
5. The software system is then used to generate reports for power consumption, equipment life cycle, capacity utilization and many others.
6. Based on the reports, recommendations are made on how to "Optimize" or "Green" the data center.
7. The aforementioned recommendations may include consolidating or re-locating equipment, purchasing new equipment, reconfiguring power supplies, switching "break-fix" agreements (maintenance agreements to fix equipment). ISA or its network of trusted partners can perform these services.



How is ISA Planning to Grow?

The majority of ISA's historic sales have been sourced via data center software vendors, who require ISA's services in order to collect and upload accurate data into their data center MIS products, as well as train the client's staff in system maintenance and operations. In a typical project, ISA is subcontracted by the software vendor to offer its clients specific data collection, installation and training services.

ISA has agreements in place with the leading data center software vendors. Most of ISA's historical data collection and installation clients have been referred in this way. In many cases ISA is also authorized to sell the vendor's software directly to its own sourced clients. In return, ISA receives a commission on the sale of the software, between 10% and 25% depending on the agreement. Realizing the lack of any software or hardware to simplify the data collection and maintenance requirements for the data center software to work properly; the Company secured outside capital to fund the development of its On Site Physical Inventory® (OSPI®) tool. The first version, with limited functionality, was introduced in January of 2008 and the significantly more powerful version 2 was completed and commercially available in December of 2009. The completion of OSPI version 2 positioned the Company for rapid growth by expanding its marketing efforts to support its strategic partners and by expanding its professional services team handle more projects. In late June 2010, the U.S. Patent and Trademark Office issued the Company a patent for its OSPI solution. The Company will soon be releasing its software update, which will have enhanced features and functionality and more strongly appeal to the target market.

With the technology update and the addition of a few key industry executives, the Company is in the process of transitioning from a more passive (referral) business model towards a more proactive model. ISA's current professional services team consists of Joe Coschera, its founder and president, Dom Lesme, President and Chief Operating Officer, one of the leading visionaries of the data center software industry and William F. Nelson, Director of Product Strategy, an industry professional with over 20 years of IT software experience. In addition, the Company is currently forming an internal sales force to be more proactive with respect to growing its direct sales business.

Additional exposure will be driven by the following efforts:

- Internet marketing using advance Search Engine Optimization (SEO) techniques, Pay-per-click advertising, email campaigns and banner advertisements.
- Expanding ISA's proprietary product offerings to appeal to a wider range of customers.
- Implements a Value Added Reseller (VAR) Program to offer ISA's products and services.
- Trade Shows
- Securing relationship for ISA to become a VAR of complementary datacenter solutions to open up additional revenue channels;
- Print advertisements in trade magazines
- Public relations efforts
- Direct Mail

Each of the aforementioned methods will be evaluated and the campaigns with the highest return-on-investment will be used most frequently.

How Big is the Opportunity?

There are approximately 6,600 data centers in the U.S. using in excess of 12 million server computers (11.8 million in 2007) with growth running at 2.5% annually. Worldwide, the number of servers exceeds 32 million. Worldwide, data center revenues grew by 14% between 2005 and 2008 from \$4.5 to \$5.1 billion, with predicted growth in 2009 of 9% to \$5.57 billion. What does this mean for ISA?

U.S. Initial Sale Potential:

6,600 data centers
x \$80,000*
= \$528,000,000

*(average sale consisting of software commission, data collection, implementation and training.)

U.S. Recurring Revenue Potential - OSPI Maintenance/Data Audit/Other Maintenance & Improvements:

6,600 data centers
X \$17,500 ** per year
= \$115,500,000

** (average reoccurring maintenance fee.)

International (Including U.S.):

Based on the number of servers the worldwide market is approximately 2.6 times the size of the U.S. market equating over \$1.4 billion in initial sales and \$308 million in recurring revenue.

What Distinguishes ISA from the Competition?

Joe Coschera, founder and President of ISA, has been working in data centers at the executive level or as a consultant for over 25 years. As a veteran industry insider, he has a wide range of industry experience and contacts which are necessary to flourish in the data center community. Dom Lesme, President and Chief Operating Officer, has built and sold two technology companies, including one to EMC and one to IBM. In addition, ISA developed a proprietary tool that's gives it a significant advantage over the competition. The Company's patented On Site Physical Inventory® (OSPI®) hand held device simplifies the most cumbersome, error prone and critical part of the process.

Key to Accurate Reports and Intelligent Decisions

The key to generating meaningful and accurate reports is up-to-date IT asset data. For a data center management tool to be effective, (similar to an accounting system) all existing IT assets must be accurately accounted for and then every change to the system from that point in time must be efficiently recorded into the system. To increase efficiency of this process, ISA has developed its own data collection solution named On Site Physical Inventory® (OSPI®), which allows rapid and accurate collection of data (device specification, precise location, connectivity, power status, etc.) with real-time validation of the data entered. The accurate and efficient collection of this key data enables the software to generate accurate reports and provides clients with considerable potential benefits from efficient use of capital, stock control, maintenance and reduction in energy costs, as well as compliance with financial control standards required under the Sarbanes-Oxley legislation.



ISA has Provided Services to Many of the World's Largest Companies Including:



ISA has Established Numerous Industry Relationships with Leading Companies Including:





Management Team

Joseph Coschera, CEO

Joseph Coschera leads ISA's development efforts as well as new business development and business partner relationships. Joseph Coschera's experience came from his previously held position as Vice President with JPMorgan Chase, which spanned 18 years. There he rose from the position of Systems Engineer to Manager of Facilities and Hardware Planning for the Retail Banking Division. Joe's responsibilities were extremely diverse and included direct interaction with the Branch Banking Operations. As part of managing the deployment of state of the art data center and banking technology (ATMs and Platform Automation) to more than 200 branches, Joe had extensive interaction with the financial systems departments in order to perform his tasks more efficiently. Joe's department managed the migration of data centers and the build-out of all data center facilities for the Retail Banking Division where he utilized data center management solutions to plan for growth and ensure reliability and availability.

Dom Lesme, President and Chief Operating Officer

Dom Lesme is a leader with 15 years of experience in the creation, development, and enhancement of worldwide teams leading to revenue acceleration, and market focused products. Successful at aligning organizations and programs with company goals; he most recently served at Rackwise as Vice President and General Manager, where he grew the company from a small desktop solution to an enterprise class DCIM solution deployed in the Global 2000. Prior to Rackwise, Mr. Lesme performed with distinction at Voyence (acquired by EMC), Micromuse (acquired by IBM), and at InfoVista covering configuration management, fault management, and performance reporting; respectively. Dom Lesme is responsible for managing the Sales, Marketing, Development, Operations, Professional Services, Partner, and Business Development organizations.

Mr. Lesme speaks fluent French and Spanish, and holds a Bachelor of Business Administration from Florida International University where he graduated Magna Cum Laude.

William Nelson, Director of Product Strategy

William Nelson is a seasoned IT software professional with more than 20 years' experience in product management, software design and implementation of network communications, network security, and data center management products. At Retix, IDEA, Hughes Network Systems and Tiara Communications, Mr. Nelson successfully led software engineering teams in the development of network communications and security products. At Digital Link, Tasman, NetScreen, Permeo, and Voyence, he managed a wide range of network communications, network and applications security, and IT configuration management products. Most recently Mr. Nelson served as the Director of Product Management at Rackwise, leading product management and the product marketing of an enterprise data center management product used by many of the Global 2000.

Financial Information

Quick Facts and Key Ratios

12-31-2010

12-Month Trading Price Low	\$0.05
12-Month Trading Price High	\$0.24
Closing Price	\$0.11
Shares Outstanding	20,536,920
Market Capitalization	\$2,259,061
Enterprise Value	\$2,228,080
Last Quarter Revenue	\$273,000
TTM Revenue	\$1,071,000
Current Assets (Most Recent 10Q or 10K)	\$280,028
Current Liabilities (Most Recent 10Q or 10K)	\$113,510
Current Ratio (Most Recent 10Q or 10K)	2.47 x
Total Assets (Most Recent 10Q or 10K)	\$299,712
Total Liabilities (Most Recent 10Q or 10K)	\$113,510
Shareholder Equity (Most Recent 10Q or 10K)	\$186,202





Income Statement

**INFORMATION SYSTEM ASSOCIATES, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2010</u>	<u>2009</u>
Revenue	\$ 1,070,704	\$ 780,244
Cost of Sales	<u>31,397</u>	<u>37,567</u>
Gross Profit	1,039,307	742,677
Operating Expenses		
Administrative and general	543,044	308,437
Salaries and employee benefits	282,408	224,206
Professional	<u>965,094</u>	<u>1,218,790</u>
Total Operating Expenses	<u>1,790,546</u>	<u>1,751,433</u>
(Loss) Before Other Income (Expense)	(751,239)	(1,008,756)
Other Income (Expense)		
Interest income	—	191
Miscellaneous income	30	—
Interest expense	(10,217)	—
Loss on sale of investments	(47,347)	—
Loss on sale of property and equipment	<u>—</u>	<u>(630)</u>
Total Other Income (Expense)	<u>(57,534)</u>	<u>(439)</u>
(Loss) From Operations Before Income Taxes	(808,773)	(1,009,195)
Provision for Income Taxes	<u>—</u>	<u>—</u>
Net (Loss)	(808,773)	(1,009,195)
Other Comprehensive (Loss)		
Unrealized gain/(loss) on securities:		
Arising during the year	13,399	(13,399)
Reclassification to net income	<u>—</u>	<u>—</u>
Total other comprehensive (loss)	<u>13,399</u>	<u>(13,399)</u>
Comprehensive (Loss)	<u>\$ (795,374)</u>	<u>\$ (1,022,594)</u>
Basic and Fully Diluted (Loss) per Share:		
Basic and fully diluted	<u>\$ (0.04)</u>	<u>\$ (0.06)</u>
Weighted average common shares outstanding	20,536,920	17,187,439



Balance Sheet

INFORMATION SYSTEMS ASSOCIATES, INC. BALANCE SHEETS

ASSETS

	As of December 31,	
	2010	2009
Current Assets		
Cash and cash equivalents	\$ 70,326	\$ 21,047
Accounts receivable	92,893	34,809
Prepaid consulting	109,187	190,500
Prepaid expenses	7,622	7,689
Total Current Assets	280,028	254,045
Property and Equipment (net)	19,684	174,288
Other Assets		
Investments	—	60,559
TOTAL ASSETS	\$ 299,712	\$ 488,892

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Note payable - line of credit	\$ 36,141	\$ 20,055
Note payable - insurance	3,204	3,276
Accounts payable	68,568	66,910
Accrued expenses and other liabilities	2,405	21,196
Deferred revenue	3,192	1,879
Total Current Liabilities	113,510	113,316

Stockholders' Equity

Common stock-\$.001 par value, 50,000,000 shares authorized, 22,266,084 and 18,266,084 issued and outstanding for 2010 and 2009, respectively	22,266	18,266
Additional paid in capital	2,781,213	2,179,213
Accumulated deficit	(2,617,277)	(1,808,504)
Accumulated other comprehensive (loss)	—	(13,399)
Total Stockholders' Equity	186,202	375,576

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 299,712	\$ 488,892
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The accompanying notes are an integral part of these financial statements



Cash Flow

**INFORMATION SYSTEMS ASSOCIATES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Net (Loss)	\$ (808,773)	\$ (1,009,195)
Adjustments to reconcile net (loss) to net cash provided from operating activities:		
Depreciation and amortization	156,309	19,657
Bad debt expense	2,625	—
Common stock for services	527,313	671,438
Loss on sale of security	47,347	—
(Loss) on abandonment of fixed assets	—	630
 (Increase) decrease in:		
Accounts receivable	(60,709)	59,312
Prepaid expenses	67	(7,689)
Increase (decrease) in:		
Accounts payable	1,658	82,626
Accrued expenses and other liabilities	(2,180)	(803)
Deferred revenue	1,313	379
	<u> </u>	<u> </u>
Net Cash (Used in) Operating Activities	<u>(135,030)</u>	<u>(183,645)</u>
 Cash Flows from Investing Activities		
Computer software development costs	—	(159,203)
Purchase of property and equipment	(1,705)	(14,204)
Proceeds from sale of investment	10,000	—
	<u> </u>	<u> </u>
Net Cash (Used In) Investing Activities	<u>8,295</u>	<u>(173,407)</u>
 Cash Flows from Financing Activities		
Proceeds from line of credit	19,000	20,055
Payments made on line of credit	(2,914)	—
Borrowings from note payable	7,559	9,615
Payments made on note payable	(7,631)	(6,339)
Proceeds from issuance of stock	160,000	150,000
	<u> </u>	<u> </u>
Net Cash Provided by Financing Activities	<u>176,014</u>	<u>173,331</u>
 Net Change in Cash and Cash Equivalents	49,279	(183,721)
 Cash and Cash Equivalents at Beginning of period	<u>21,047</u>	<u>204,768</u>
 End of Period	<u>\$ 70,326</u>	<u>\$ 21,047</u>



Why consider investing in ISA?

- Very large market opportunity.
- ISA has a long history performing services for Fortune 100 companies.
- ISA is in the first inning of a new product launch and is currently trading at a miniscule \$3 million market capitalization providing significant opportunity.
- ISA's patented, proprietary OSPI® handheld device is the only IT solution on the market that automates data collection and validation services in data centers.
- Currently, there are approximately 6,600 data centers in the U.S. using in excess of 12 million server computers.
- ISA is virtually debt free and is being lead by a team of IT professionals including Joseph Coschera, who has been in the business for over 25 years with a lot of "skin in the game" (over 30% ownership of total common stock), Dom Lesme, President and COO and William F. Nelson, Director of Product Strategy, two industry veterans with over 40 years of combined IT experience.
- ISA is in the process of finalizing the features and functionality of its updated software with greatly enhanced functionality.
- 37% year over year revenue growth for 2010 with even greater growth expected in 2011.

For Additional Information visit www.ISA-Inc.net or Contact :

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Important Note: This profile may contain forward-looking statements, particularly as related to pro forma financial statements, earnings estimates and business expectations, within the meaning of Section 27A of the Securities Act of 1933 and Sections 21E of the Securities Exchange Act of 1934, and are subject to the safe harbor created by these sections. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. These forward-looking statements are only made as of the date of their release and Information Systems Associates does not undertake any obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.