



**Automation with a Human Touch**

*The following is a message to Crispin customers, partners and friends from Crispin Founder and President, Alan DeVaney.*

October 2009

Dear Customers and Friends,

I thought it would be a good time to share with you some of the important happenings at Crispin. I'd also like to share with you some of my observations of the broadcast technology business in this most tumultuous year as well as address some questions and concerns that we continue to hear.

First, I want to say thank you for being part of the Crispin family of customers, partners, and friends. Despite being a difficult year economically, I'm as satisfied as ever with our position in the marketplace and I have each of you to thank for that. I value the relationships we've built together and it's from that foundation I believe we'll have many great years ahead of us.

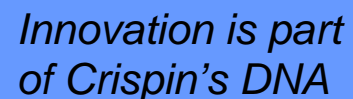


Our year has been a difficult one at times but we're hanging tough. Every path has some puddles and I expect that many of you have seen some struggles this year, too. Our new sales were down significantly starting earlier this year. Consequently it was necessary to cut some of our staff back in the spring. As difficult as that was, it was necessary to adjust to the new economic realities that the economic downturn presented. Most of the positions we shed were in

sales and R&D so the change might still have gone unnoticed by many of our customers.

And even though we cut back some on R&D, we're still making great strides by creating new technologies and enhancing our current products. For example, just recently I sat in on a demonstration of our newest offering, MetaTag, a new plug-in to AssetBase that allows our customers to create their own meta data fields for assets and even create multiple virtual assets for their material with frame accurate timings, all using a lorez proxy. It's more than just cool, it's part of a broader initiative we are undertaking in dramatically extending our current media asset management solution. We look forward to sharing it with each of you during our upcoming product launch.

Innovation is part of Crispin's DNA. We wouldn't be the same if we didn't keep moving the industry forward. Whether it's adding archive and storage management as we did many years ago, or more recent innovations like BXF and Digital Transfer Agent, we're optimistic about the future in no small part because we're confident we can add the technologies and solutions that will help our customers now and in the future. And our continued commitment to innovation is one of the big reasons why we are poised for a period of strong, sustained growth.



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Why is that the case? Well, since the beginning of the company I have chosen to re-invest our profits in the company. Each year we have been in business we have been able to add to our software offerings with new features and innovations. These software applications allow us to provide the most complete system solutions to our customers. And because these applications have already been "paid for" we can offer our customers this complete solution at a cost that is much less than comparable solutions from our competitors. When you add in the fact that we do not require support fees, our solutions become even more cost effective to customers over the life of the product.

But it's also important to me that you know that just because we cut our operational costs, we're committed to being here, today and tomorrow, with the very best team in the broadcast engineering industry. We're standing by ready to help you with your need to execute your operations efficiently and flawlessly.

So when will broadcasters and the broadcast technology firms see a recovery? Your guess is as good as mine. But I know this, now more than ever, our mission remains the same: to provide the very best broadcast engineering technology solutions and service to our customers that we can. I also know that in many regards business is a lot like life, it's not about how fast you run, or how high you climb, but how well you bounce. We're managing these times carefully but

it's also not changing our overall strategy. In fact, part of what I'd like to share with you is just how our strategy is more relevant today than ever.

To better explain our strategy, let me start by sharing an old cattleman's saying that my father shared with me: always drink upstream from the herd. When I think about Crispin in the marketplace versus our competition, it simply doesn't interest me to do things the same way the others do it, especially if it doesn't serve the needs of our customers. Case in point: years ago we decided to drop our policy of requiring customers to purchase those recurring annual service and support contracts for the first seven years after purchasing an automation system from us. The reasons were simple. Customers told us that they didn't like paying for something they thought they should get for free and we certainly believe that we are responsible for supplying customers a bug free system.

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Does it make sense that software bug fixes and 24 hour phone support should be free or included with the purchase? After hearing this feedback from customers, we thought so. Just as people have learned to expect that a new car comes with a multi-year warranty to fix problems and defects that may come up, we believe the same principle applies to software. If our software doesn't work right because of a software glitch, it only makes sense that we should pay for that, not the customer. We call that support plan Crispin 4 Life as a reminder to you—our customers—that we intend on doing the right thing in order to retain you as a customer for life.

The funny thing is, seems like sometimes when you make things simpler, someone's ready to jump in there and try and make it complicated again. Many of our competitors out there have set out to do just that. It seems our free support plan hasn't sat to well with some of them and they're out to do whatever they can to either say it ain't so or even tell everyone why it isn't good for us or even why it isn't good for you.

As one argument goes, a software company is a lot healthier if you charge annual support because you always have recurring revenue. True, we'd make more money in the sort run if we charged you each year but does that make us "healthier"? We don't necessarily see it that way. Look at it this way, Southwest Airlines could charge a lot more for their tickets or by charging for each piece of luggage like other airlines do. But if they did so, would it make them healthier? What's important is to know what drives your economic engine, not your competition's. And for us, the financial model that works for us is to sell some of our product to new customers and then provide superior

service on that system at no additional cost and trust that the customer will recognize the value and continue to select Crispin for future needs. That model simply doesn't require expensive and unnecessary annual support contracts.

Of course, that means having a solid customer base that believes in us and wants to continue purchasing our new offerings, not bug fixes. We think that model provides a lot more value to our customers and it's also a model that benefits us in the long term. We do have some revenue for support and services. Most of this comes in the form of enhancements to the system above what we originally sold.

Since our support plan is distinct in that it covers phone support and updates for software fixes for the first seven years, it requires that customers pay for elective changes to the system such as Mapper traffic file translation changes, new device configurations, and so forth. We're upfront about this during the sales process and we haven't come across a customer yet who didn't agree this was a fair way of doing business. In fact, seems the only people who object are our competitors who have done their best to instill some fear that it either isn't sustainable or is laden with hidden costs. Neither is true and I hope this explanation helps explain why.

You see, we've been operating this way for more than four years now and what others in the industry are convinced is a problem for us has actually been a huge growth engine for us. What our detractors have said reminds me of what Mark Twain once wrote, "it ain't what you don't know that gets you into

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trouble. It's what you know for sure that just ain't so." Just like how Southwest keeps selling tickets and growing profitably, we think a good deal like our Crispin 4 Life support plan just makes good business sense.

And so when we hear that a critic suggest that there isn't any way we can stay in business without charging annual support, it reminds me of some of the same voices I heard when I first started Crispin in 1997 that we couldn't build a business by selling software so inexpensively. We still have more

innovations to bring, both in our products but also the way that we do business in order to meet our customers' needs. In doing so, I believe that we're poised for growth that we haven't seen in our nearly 14 years of business.

I hope this letter has helped shed some light on what we've been doing over the last year to deal with the economic uncertainties. Perhaps the most important message is to convey what it hasn't changed for us.

I also want to extend a warm welcome to our newest member of the Crispin family of customers, WFMZ, in Allentown, Pennsylvania, who will be going online with our automation solution in a few short weeks from now. Like many other stations throughout the country, and perhaps just like yours, WFMZ is preparing for a bright future with the help of some technology that will make things a bit easier. We embrace that challenge as our own and in the true spirit of partnership we're eager to see WFMZ and each of you successful in that endeavor.

As always, please drop a note or call if I can answer a question you have on your mind or you just want to chat.

With Warm Regards and Best Wishes,

A handwritten signature in black ink that reads "Alan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Alan DeVaney  
Crispin President & Founder