

### **Please provide a brief history of SoftLayer.**

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SoftLayer was established in 2005 to deliver next generation webhosting and on-demand datacenter services to customers on a global basis from facilities in Dallas TX and Seattle WA. Utilizing proprietary management tools, coupled with the industry's first network-within-a-network topology, the company delivers unprecedented power and control to securely manage IT environments while providing unparalleled scalability. For more information please visit [www.SoftLayer.com](http://www.SoftLayer.com).

### **How many employees does SoftLayer have?**

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As of January 2008, SoftLayer had a staff of about 110 people working in our two data centers (Dallas and Seattle) as well as the corporate office in Plano, TX.

### **Is SoftLayer profitable? Please provide some key financial data.**

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SoftLayer is a private company and as such is not required to disclose financial results.

Some key financial and operating metrics for 2007 include:

- \$33 million in annualized revenue; up from \$13mn in 2006
- 32% EBITDA and 5% EBIT margins
- 155% growth in customer base
- 25% growth in revenue per customer
- 11,000 servers under management
- Customers in over 100 countries with 40% based outside of the US

### **What do you offer to customers that are unique to your company?**

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We deliver enterprise grade IT solutions to customers of all sizes in real-time. Our commitment is to make the entire purchase experience as simple as possible, including guaranteed server delivery within a 2-4 hour window. Many times our customers receive servers in less than one hour from the time the order is approved. We also make the cancellation process as simple as the purchase process. Our commitment to providing scalable access to technology extends for the entire life cycle – from initial purchase, growth, reduction and even when the need no longer exists.

We have invested tens of millions of dollars in technology and infrastructure to support our model and to optimize the delivery of technology to customers, thus, enabling solutions that are generally only available to large enterprises that can afford the investment. Examples of this include our security products from TippingPoint and the network storage infrastructure from EqualLogic.

### **What is the most challenging aspect to offering dedicated hosting?**

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We have taken dedicated hosting to the next level. The SoftLayer approach is to provide a Virtual Data Center environment to our customers. This goes well beyond the basics of providing racks and power. Along with the physical elements, we have invested heavily in automation of core functions – like server re-boots; O/S reloads; and upgrades/migrations for services like firewalls, storage, and load balancing. Our customers have unparalleled access to functionality that is not normally part of a simple dedicated hosting plan without the addition of manual managed services.

Going forward, the most difficult part will be continuing to innovate and automate key features and functionality ahead of customer demand.

### What makes SoftLayer a competitive company in the dedicated hosting market?

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We believe that the following core elements differentiate us from the competition:

- Our commitment to deploy leading technology that benefits our customers
- Our investment in a development team to provide continuous enhancement to our portal and customer management tools
- Our use of standards based APIs to allow all customers to integrate our infrastructure into existing tools and leverage those investments
- Our focus on innovation and the constant view to the future
- Our fundamental belief that that customer should always be in control

### What new features have SoftLayer added for its customers in the past year?

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We have added multiple features as well as enhancing our existing set of industry leading server options.

The top enhancements during 2007 included the following items:

- API to interface the SoftLayer portal with other management tools
- cPanel Update servers
- Passmark Hardware testing
- RescueLayer for automated server restore and repair
- Web analytics leveraging Urchin (Google Analytics)
- The launch of StorageLayer – iSCSI and EVault back up along with onsite/offsite storage options
- Automated Load Balancing deployment and management
- Diverse Datacenter options (Dallas and Seattle)
- Quad Processor Quad core servers from Intel and AMD

### What would you say is SoftLayer's #1 asset to its customer base?

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We provide complete flexibility in the purchase and use of enterprise class IT technology at a price that is affordable by all. Central to this is the proprietary portal and the open API that we have created to deliver a single management console for everyone from small businesses to the largest enterprises. The ultimate goal of SoftLayer is that the customer is always in control.

### Where do you see SoftLayer and the web hosting industry in three years?

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Our industry has evolved dramatically over the past decade and we only anticipate that this will accelerate as more businesses look to optimize the use of technology and focus resources on driving success in their core market.

1. Outsourcing of many business functions is now common across all sizes of business and geography. SoftLayer believes that this trend will continue and move to ever more complex elements of technology. So, the evolution of "web hosting" will be towards centralized management of all technology that a business requires to be competitive and being able to rely on a third party to deliver continuous evolution and innovation in technology.
2. Traditional "enterprise class" solutions will be made available to all organizations that require them, rather than only those that can afford significant up-front investments and a large technical staff to support the infrastructure. This trend is already starting with the various Software-as-a-Service offerings that are starting to flip traditional license and maintenance models upside down. But it will extend to almost every area of technology over the next 2-3 years.
3. Managed services will evolve and become "automated services" as part of the overall evolution and optimization of technology and data center infrastructure. SoftLayer has been leading this charge and will continue to find ways to drive more efficiency out of routine tasks.
4. We also believe that Open Source communities will continue to grow and will drive many of the new requirements for hosting companies.
5. Lines will blur between hardware, software, and IT. We believe that the term IT will be shortened to just "T" to reflect all aspects of technology that will be central to building and running a business in the future. There are some fundamental application elements that companies need to function effectively and these will form the new building blocks of next generation hosting companies.

Very simply, the evolution of a traditional hosting company is to that of a technology consolidator and enabler. We will all need to move beyond the box and focus on delivering complete technology solution.

### How many customers do you currently have?

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As of the end of January 2008, we have approximately 4,200 customers and over 13,000 dedicated servers under management.

### Which geographies does SoftLayer serve?

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Our customers are truly global in nature with over 40% of the base being located outside of the US. Using our best-in-class infrastructure and real-time access to technology, we serve customers in over 100 countries. Even within the US, we have almost no geographic concentration.

### Do you own your own datacenter?

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We lease the physical data center space but run all aspects of the operations for over 20,000 sq ft of raised floor in our data centers. We have an additional 5,000 sq ft of NOC space in our two data centers to provide onsite support for our customers.

### Where are the datacenters located?

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Our primary datacenter is located in the INFOMART carrier hotel located at 1950 N. Stemmons Freeway, Suite 1200, Dallas, TX 75207. We have just opened a second datacenter in Seattle, Washington and are in the process of building a facility in Washington DC that will go live in May, 2008. We are also looking to establish a presence in Miami.

### What kind of back up power do you have?

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- Dallas: 6 x 750Kva UPS Battery Backup Units & 3 x 2000Kw Diesel Generators with Onsite Fuel Storage
- Seattle: 4 x 500Kva UPS Battery Backup Units & 1 x 2000Kw Diesel Generator with Onsite Fuel Storage

### Do you offer 24/7 support?

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Yes. We support all of our customers and data center facilities with onsite technicians on a 24/7/365 basis. All of the support staff are SoftLayer employees, not third party contractors.

### What is your average turn-around time on a support ticket?

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Our standard turn-around time is 30 minutes or less.

### Do you offer a money back guarantee?

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We have no contract commitments, so a customer can cancel service at any time. All that we require is 3 days notice before the end of a billing cycle.

### Do you charge your clients for support? If so, please explain.

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SoftLayer support is designed to be the customer's safety net. Our engineers assist with questions about hardware, software, control panels, bandwidth, networking, datacenter and security products we deliver at no additional charge. Security updates are automated and we have Microsoft and Red Hat update servers onsite for customer use as well. Our customer portal and management network are designed to give our customers useful tools and maximum control over the server along with 24/7 Support via ticket or phone if you run into trouble. Customers have access to flash tutorials, a searchable knowledgebase, FAQs, private forums and tickets for issue resolution. If customers find themselves in need of server administration assistance beyond our standard level of support, we provide this for a nominal charge of \$3 per request.

### Do you have multiple backbone connections?

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Yes. We operate both our public and private networks with multiple carriers and across redundant fiber routes in order to guarantee the highest level of availability that is possible for our customers.

### What connections do you have?

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SoftLayer operates three distinct networks:

- Public Network for access to our facilities
- Private Network for system management
- DC to DC Network for free server connectivity across facilities

Multi-homed connectivity to the Internet with bandwidth from the following carriers:

- Internap (5 x 10 Gbps)
- SAVVIS (10 Gbps)
- NTT/Verio (2 x 10 Gbps)
- Global Crossing (10 Gbps)
- Level3 (10 Gbps)
- Qwest (10 Gbps)

Datacenter to Datacenter connectivity across a 10 Gbps fiber link from Abovenet

Private network connectivity for secure remote access through multiple VPN gateways:

- XO Communications (1Gbps)
- Cogent Communication (1Gbps)

### What hardware vendors does SoftLayer use?

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- Networking: Cisco
- Security: Cisco & Tipping Point
- Storage: EqualLogic (Dell)
- Servers: SuperMicro