

Protecting Business and Personal Data

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Jim Morris, President & CEO, GlobalSCAPE, Inc.

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Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words “would,” “exceed,” “should,” “anticipates,” “believe,” “steady,” “dramatic,” and variations of such words and similar expressions identify forward-looking statements, but their absence does not mean that a statement is not a forward-looking statement. These forward-looking statements are based upon the Company’s current expectations and are subject to a number of risks, uncertainties and assumptions. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Among the important factors that could cause actual results to differ significantly from those expressed or implied by such forward-looking statements are risks that are detailed in the Company’s Annual Report on Form 10-K for the 2010 calendar year, as filed with the Security Exchange Commission on March 29, 2011.

Today's Discussion

- Information security for companies and consumers
- Market growth drivers
 - Security
 - Cloud
 - Big data
- GlobalSCAPE at a glance
- Growth into adjacent markets
- Gaining the edge on computer viruses
- Recent financial highlights

Data loss incidents creating buzz

RECORDS	DATE	ORGANIZATIONS
<u>130,000,000</u>	2009-01-20	Heartland Payment Systems, Tower Federal Credit Union, Beverly National Bank
<u>94,000,000</u>	2007-01-17	TJX Companies Inc.
<u>90,000,000</u>	1984-06-01	TRW, Sears Roebuck
<u>76,000,000</u>	2009-10-05	National Archives and Records Administration
<u>40,000,000</u>	2005-06-19	CardSystems, Visa, MasterCard, American Express
<u>26,500,000</u>	2006-05-22	U.S. Department of Veterans Affairs
<u>25,000,000</u>	2007-11-20	HM Revenue and Customs, TNT
<u>17,000,000</u>	2008-10-06	T-Mobile, Deutsche Telekom
<u>16,000,000</u>	1986-11-01	Canada Revenue Agency
<u>12,500,000</u>	2008-03-26	LaSalle Bank, BNY Mellon Shareowner Services, Archive Systems Inc, The Walt Disney Company, SYNOVUS

Source: DataLossdb.org website, March 21, 2011.

YANKS LEAK PERSONAL INFO FOR SEASON-TICKET HOLDERS



UPDATE 2-Sony breach could cost card lenders \$300 mln



Breach in Texas comptroller's office exposes 3.5 million Social Security numbers, birth dates



Regulations and Compliance

Sarbanes-Oxley Act

Gramm–Leach–Bliley Act (GLBA)

EU Data Protection Directive

Federal Information Security Management Act (FISMA)

Payment Card Industry Data Security Standard (PCI DSS)

Health Insurance Portability and Accountability Act of 1996 (HIPAA)

Moving to the cloud

- Expensive and under utilized data centers
- “Pay as you go” service instead of buying and supporting software, hardware servers, power, patches, upgrades
- Main benefit is cost reduction
 - Example – Library of Congress data multiple times over
 - Buy hardware and equipment: \$1.7M *
 - Outsource the storage: \$130K *
- Main concern is security
- U.S. government “Cloud First” policy



* Source: Investors Business Daily “How To Overcome The Data Tsunami”. February 28, 2011.

Business relies on secure data transfers

- Need to securely and efficiently exchange business data with partners or customers on a global basis
- Need data transfers automated to keep business moving
- Need to send very large files via email to meet a deadline
- Need to provide full compliance and auditing reporting
- Need to seamlessly connect to existing backend systems like procurement, fulfillment, accounting, customer, inventory, and support

Company at a glance

Overview

- We provide **secure information exchange software and services** for enterprises and consumers
- Headquartered in San Antonio, Texas, with 83 full-time employees
- Founded 1996; publicly traded on NYSE Amex under ticker symbol 'GSB'

Business Highlights

- GlobalSCAPE has over 10,000 enterprise customers in over 150 countries; 2M licenses issued for CuteFTP® ; deployed by majority of Fortune 100
- Recognized as leader and innovator in the Information Security and Managed File Transfer Sectors by Gartner Group and others
- Profitable for 26 of the past 28 quarters (as of 3/31/2011); CAGR of 25+% during 2005 – 2009 (resulting in Deloitte Technology Fast 500 recognition in 2009 and 2010); Named to Russell Microcap® Index
- 92% maintenance and support renewals indicating high customer satisfaction in 2010
- Outstanding company culture recognized by Computerworld and other publications
- 4 products introduced in last 12 months with additional product launches over next 6 months

Unequaled Solution Certifications

US Army Certificate of Networthiness

Signifies successful completion of a stringent assessment to ensure Army Automated Information Systems are secure, supportable, sustainable, and compatible with Army standards.



FIPS-140-2 Certified

The Federal Information Processing Standard (FIPS) Pub 140-2 specifies the security requirements of cryptographic modules. The certification verifies that a vendors product has met or exceeded the requirement.



AS/2 Drummond Certified

Drummond certification is vendor-neutral operability testing and certification that a vendor meets or exceeds the Applicability Statement 2 (AS/2) standard with their product.



*These certifications represent a considerable **barrier to entry** that significantly differentiates GlobalSCAPE from its competitors.*

Select Customers



Microsoft®



Human Energy™



imagination at work









Allstate.
You're in good hands.



Strength On Your Side®



Secure File Transfer Leader

	Managed File Transfer
Market Size (\$mm)	\$554
Growth Rate	23.0%
Representative Companies	
	
	
	
	
	
	








Recognized global leader in the Managed File Transfer market



(1) Market size projected for CY 2010.

(2) Growth rate is 2009 to 2014 estimated CAGR.

Growth into Email Security

Email Security	
Market Size (\$mm)	\$1,929
Growth Rate	17.8%
Representative Companies	      

Launched email-based secure file transfer in August 2010

(1) Market size projected for CY 2010.

(2) Growth rate is 2009 to 2014 estimated CAGR.

Growth into Cloud Services

	Cloud Computing
Market Size (\$mm)	\$68,300
Growth Rate	20.5%
Representative Companies	

Launched cloud-based service for exchanging business data in July 2010



(1) Market size projected for CY 2010.

(2) Growth rate is 2009 to 2014 estimated CAGR.

Growth into Endpoint Security

Web/Network & Endpoint Security

Market Size (\$mm)	\$9,246
Growth Rate	11.0%
Representative Companies	

Investment in CoreTrace[®] in December 2009; Announced new consumer security product in February 2011



(1) Market size projected for CY 2010.

(2) Growth rate is 2009 to 2014 estimated CAGR.

Total Path Security™

	Managed File Transfer	Email Security	Cloud Computing	Web/Network & Endpoint Security
Market Size (\$mm)	\$554	\$1,929	\$68,300	\$9,246
Growth Rate	23.0%	17.8%	20.5%	11.0%
Representative Companies	 	 	 	

(1) Market size projected for CY 2010.

(2) Growth rate is 2009 to 2014 estimated CAGR.

Gaining the Edge on Computer Viruses

- Traditional antivirus solutions are hard pressed to deal with explosive malware growth
- Signature-based antivirus products detect only 25% to 50% of new threats
(source: Gartner 2010 report “A Buyer’s Guide to Endpoint Protection Platforms”)
- Enterprises are proving the effectiveness of application whitelisting in defeating malware in the real world
- GlobalSCAPE is taking robust CoreTrace enterprise technology to the consumer market

appShield™ Announcement

- Development underway, with targeted commercial release date in summer 2011
- Pioneering **application whitelisting** solution for consumers
- High value for consumer and prosumers for their home computers
 - Immediately blocks all unauthorized programs from running
 - Offers always-on protection against known and unknown threats
 - Consumes minimal computer resources
- Complements existing consumer antivirus products



appShield™ Product Launch

- Selling online through our website
- Leveraging CuteFTP® brand and customer base
- Securing partnerships, channels, distributors, and retail placements
- Integrating with other partner capabilities and vendors



Recent Financial Highlights

Q1 2011 (ended March 31, 2011)

- Revenue of \$4.6M vs. \$4.4M in Q1 10
- M&S revenue increased to more than \$2.2M in Q1, up from just under \$1.8M a year ago; expect this trend to continue
- Recognized \$385,000 in professional services revenue, accounting for almost 9% of Q1 11 revenue
- Increased recurring revenue to 48% of total revenue in Q1 11, up from 40% in Q1 10
- Expanding pipeline for larger, enterprise level transactions and for managed solutions
- Driving towards FY 2011 annual revenue in the range of \$21M+ vs. a record \$18.6M in FY 2010

Thanks for your interest in GlobalSCAPE[®]

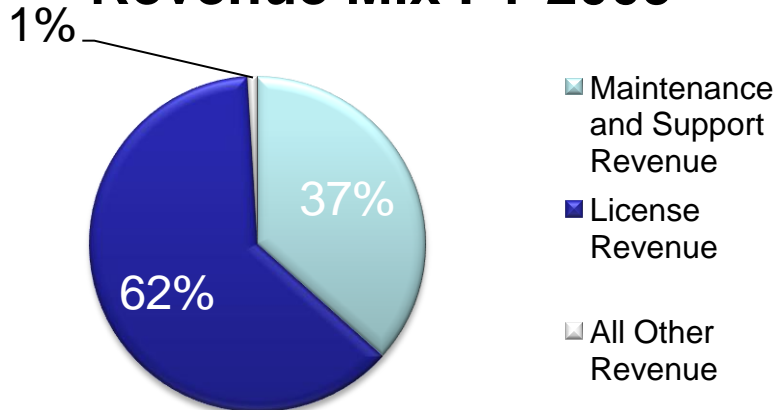
Questions?

gl**obal**SCAPE**[®]
Secure Information Exchange**

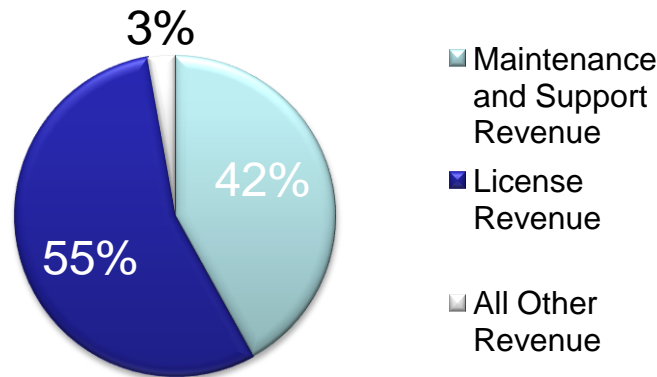
Backup Slides

Historical Financial Performance

Revenue Mix FY 2009

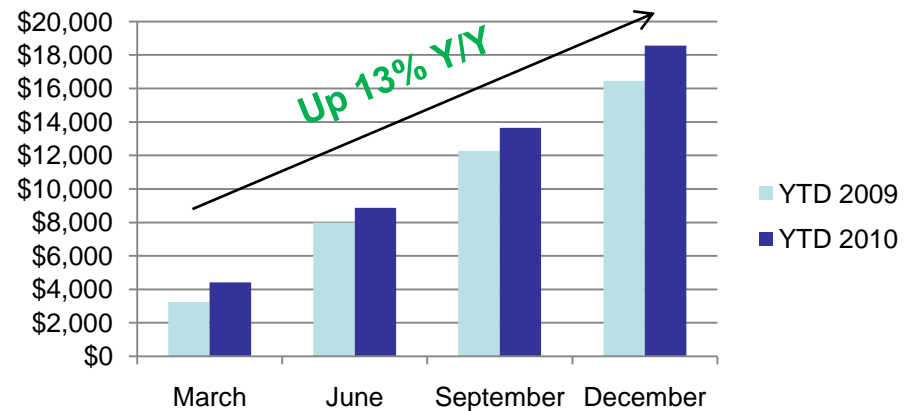


Revenue Mix FY 2010



*Other revenue primarily consists of professional services, training and Mail Express product sales.

Revenue Trend FY 2009 vs. FY 2010



- Continuing to increase recurring revenue from M&S contracts
 - M&S revenue more stable and predictable
- FY 2010 M&S total revenue up 29% over FY 2009

Trended Financial Results

(\$ in thousands)

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Revenue	\$ 4,413	\$ 4,466	\$ 4,769	\$ 4,917	\$ 4,644
Gross Margin	4,311	4,322	4,627	4,704	4,275
<i>Gross Margin</i>	<i>97.7%</i>	<i>96.8%</i>	<i>97.0%</i>	<i>95.7%</i>	<i>92.1%</i>
Operating Expenses					
R&D	646	725	832	813	785
SG&A	2,909	3,213	3,326	3,367	3,194
Operating Income (Loss)	556	185	268	272	92
Net Income	364	134	233	150	59
Adjusted EBITDA *	1,020	607	744	778	555
Cash and Short Term Inves	8,455	9,132	10,141	11,087	11,413

* Excludes stock-based compensation