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GlobalSCAPE® (NYSE Amex: GSB) Turnaround Presents a Compelling Investment Opportunity

GlobalSCAPE Inc. (AMEX: GSB), a leading developer of secure information exchange solutions, similar to companies like Smith Micro Software, Inc. (Nasdaq: SMSI) and Oracle Corporation (Nasdaq: ORCL), has recently turned around its operations under new leadership and could now present a compelling investment opportunity.

GlobalSCAPE Inc. (AMEX: GSB) is a leading developer of secure information exchange solutions for both consumers and the enterprise. After developing CuteFTP as one of the first consumer file transfer (FTP) applications on the market, the company has grown into a public entity with a \$40 million marketcap, that focuses on enterprise markets which require information security, governance and compliance when handling sensitive data.

The company's largest customer is the U.S. Army, which uses its technologies to securely share its logistics information. Meanwhile, its other enterprise customers (numbering in the thousands across more than 100 countries) are spread across different verticals, such as the payment credit, high security, financial services, healthcare and other industries. GlobalSCAPE offers customized modules with advanced security, automation, auditing, and transport capabilities.

A Growing End-Market that is Shifting to the Cloud

The research firm Gartner estimates that the secure file transfer industry represents a \$500 million market that is growing at 20% per year. Behind this growth is a growing need for data sharing and security, especially in market verticals like the healthcare industry that are facing increased government regulations around electronic records sharing and increased patient confidentiality.

By moving its services from installed software solutions and into the cloud, GlobalSCAPE has created a new business segment that provides both a high return on investment for customers and a predictable, recurring revenue stream for investors. The shift will help expand its potential market and revenues, by creating additional pricing points, as well as enhance profitability with higher margins.

Improving and Expanding Its Product Portfolio

GlobalSCAPE is also improving and expanding its product portfolio by enhancing existing products and making smart investments in up-and-coming technologies. For instance, the company continues to enhance its wide area file services product that it acquired through its acquisition of 2006.

Meanwhile, the company also made a strategic investment in CoreTrace in December of last year. The VC-funded application whitelisting firm operates in an industry that could eventually replace parts of the antivirus market over the next three to five years. With a seat on the board and an investment alongside “smart money” investors, investors could see some significant value from this purchase¹ over the long-term.

Conclusions

Over the past few years, management has been focused on growing revenues while maintaining profitability to take the company to the next level. In 2011, GlobalSCAPE is focused on growing both revenues and earnings, and anticipates generating revenues in the range of \$21-25 million, up strongly from 2010 levels. Meanwhile, the firm has \$10.2 million in cash, no debt, and the ability to raise growth capital if needed.

As a result, this is one stock that technology growth investors may want to take a look at for their portfolios in 2011 and beyond.

¹ GlobalSCAPE announced a \$2.3M strategic investment in CoreTrace Corporation on January 11, 2010.

GlobalSCAPE 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 2009 calendar year, filed with the Securities and Exchange Commission on March 30, 2010.