



September 12, 2011

To Our Shareholders:

We made solid progress on our primary objective in fiscal 2011: to broaden our customer base and lay a sound foundation for growth in our video and media data solutions business. Since my letter last year, we have expanded our presence on a global basis by adding new customers in North America, Europe, Latin America and Asia, and broadened our product offerings in several key areas. We advanced our goal of establishing a more robust and predictable revenue model which will form the foundation for earnings appreciation. Most importantly, Concurrent's transformation progressed toward our objective of building long-term value for our shareholders.

In the remainder of this letter I will highlight the following:

- > Our Financial Performance
- > The Market Opportunity
- > Advancements with Media Data Solutions
- > Progress with Video Solutions
- > An Update on Real-Time
- > Fiscal 2012 Objectives

### **Financial Performance**

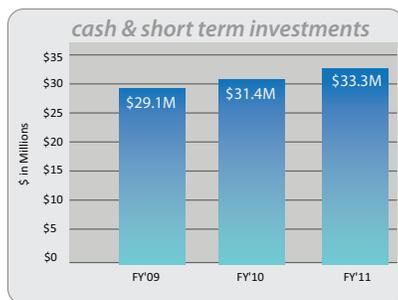
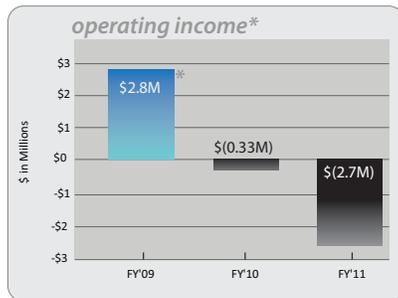
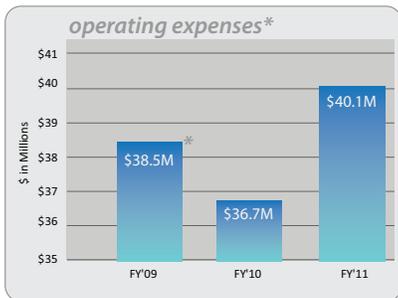
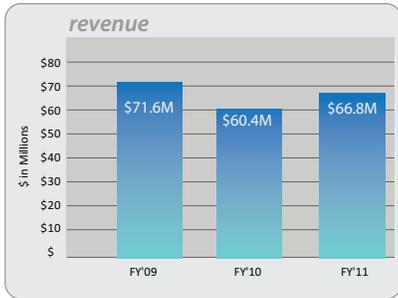
In fiscal 2011, revenue increased over 10% to \$66.8 million. Our video revenue, which includes our MDAS business, grew 17% and represented approximately 57% of total revenue for the fiscal year, compared with 54% of total revenue last fiscal year. The balance represents our real-time business, which grew 3%. Our revenue from international business represented 31% of total revenue versus 25% in fiscal 2010.

We made investments required to grow our customer base and expand our product offerings in fiscal 2011 and we were successful in those objectives. Our investments in sales and marketing, for greater market reach, as well as research and development to deliver innovative new products, resulted in operating expenses for the year of \$40.1 million. That was an increase of \$3.3M over fiscal 2010, including an increase of \$0.9 million in non-cash expenses.

Net loss for fiscal 2011 amounted to \$3.3 million, or \$0.39 per share, compared to a net loss of \$1.0 million in fiscal 2010, or \$0.12 per share.

*176 million US internet users or about 83% of the US audience viewed online videos in May 2011.*

comScore, May 2011  
Online Video Ranking



\* Operating expenses for FY'09 exclude \$17.1 million and a \$0.4 million tax benefit incurred in the third quarter of that year. A reconciliation of the Non-GAAP and GAAP results can be found on our website at: [www.ccur.com](http://www.ccur.com)

Our balance sheet is strong and we continue to have a sound financial foundation during this period of economic uncertainty. Cash and short-term investments at June 30, 2011 were over \$33.3 million, compared with \$31.4 million at June 30, 2010. At the end of fiscal 2011, we had working capital of over \$30 million and no debt. As we previously reported, we observed that many operators continue to have a cautious mindset which we believe will continue until a consistent recovery takes hold. However, there can be no doubt that the underlying market forces driving growth in the video and media data market are both real and permanent.

## Targeting a Big and Growing Market Opportunity

The proliferation of connected devices, including TVs, PCs, tablets, and smartphones, is helping to fuel the global demand for video viewing. The number of online video viewers worldwide, a completely on-demand audience, is expected to eclipse 1.3 billion by 2016, according to ABI Research. Today, up to 60% of mobile data traffic is generated by watching on-demand video as reported by Bytemobile in June 2011. Further, Parks Associates reported that by 2015, the sale of Internet-connectable TV devices is expected to reach nearly 350 million units worldwide. The growth in video viewing combined with the growth of on-demand video viewing devices naturally expands Concurrent's addressable market.

Additionally, because consumers today have more choices than ever to watch their favorite programming - including how, when and where - the video market is increasingly moving toward a completely on-demand model. Nielsen reported that during the first calendar quarter of 2011, 28.5 million Americans watched videos on their mobile devices—an increase of 41% over the same period in 2010. And, mobile video viewers watched an average of 4 hours, 20 minutes per user per month on their mobile devices, representing an increase of 20% over the same period in 2010.

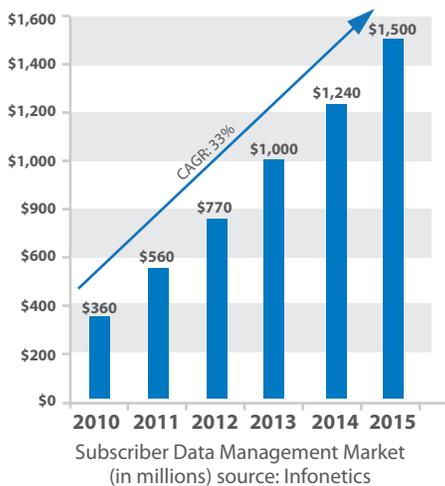
Importantly, the growth in on-demand video viewing is worldwide, opening new addressable markets for Concurrent. SNL Kagan reports that by 2015, China's multichannel subscriber base is expected to reach 259.5 million households as video service revenues grow at 20.5% CAGR to \$14.7 billion. In Europe, double digit (17%) year-over-year subscriber growth has led to annual revenue increases of 6%, double the prior year's growth, according to IHS Screen Digest and Cable Europe. The growth in these geographies fuels greater opportunity for Concurrent.

## Gaining Traction with Media Data Solutions

This growing market opportunity is driving MSOs, telcos, Content Delivery Networks (CDNs) and Internet content aggregators to put a greater emphasis on enhancing the accessibility and quality of the viewing experience. These solutions must effectively manage all of the consumption needs, and provide a holistic view of the consumer viewing experience. This provides Concurrent with growth prospects among our

*China to Become Asia's Top Pay-TV Economy in 2011 with \$7.5 Billion in Revenue.*

SNL Kagan Report,  
June 22, 2011



*Views of full-length TV shows on smartphones and mobile devices jumped 200% in the second quarter of 2011.*

Rhythm NewMedia,  
September 9, 2011

current installed base, as well as new market opportunities for our media data solutions (MDAS) offering.

MDAS solutions provide MSOs with the ability to mine, store, report, and analyze data on the consumer's viewing experience. Our data suite is currently deployed with five of the top six North American cable operators, as well as with J:COM, the largest cable operator in Japan, and ZON in Portugal.

A key objective for our MDAS business has been to establish a managed services business model, and we made good progress toward that objective in fiscal 2011. Three existing customers selected and purchased our expanded MDAS managed services offering in the fiscal year.

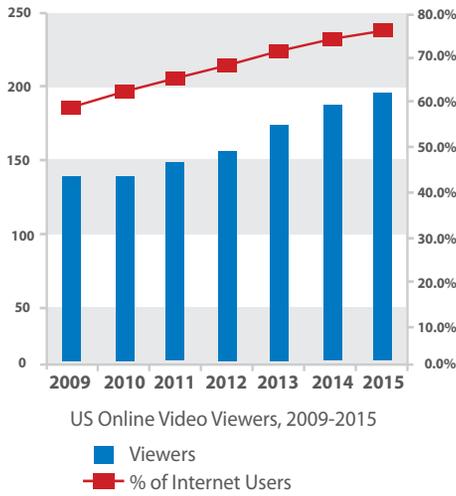
An additional objective was to deploy cross-service MDAS solutions to support emerging multi-screen business models. Charter Communications was our first success, followed by a second recent deployment with Rogers Communications, Canada's largest provider of wireless voice and data communications services, and one of the leading providers of cable television, high speed Internet and 31% growth to telephony services. This is a multi-year master purchase agreement that will allow Rogers visibility into their customers' viewing experience for all broadband video offerings.

At fiscal year-end we initiated a commercial trial of MDAS with a customer in Europe who is deploying our media data solutions to measure their video-on-demand operations. Additionally, we launched the industry's first media data logistics platform that provides customers with the ability to guarantee data quality, timeliness, and privacy compliance from source to destination.

### ***Broadening our Technologies and Footprint for Video Solutions***

Our strategies for expanding our video solutions business include providing continued innovations to improve the video viewing experience and extending the delivery of content to any connected device. This is becoming increasingly more valuable as video service providers must support both traditional set-top boxes and the newest IP-enabled consumer devices. We believe our software-based, open, flexible, and scalable video platform is the right solution for this ever-changing multi-screen market and is highly differentiated from a competitive standpoint.

We drove the expansion of our video solutions in international markets, addressing growth opportunities in Europe, where we recently executed a master purchase agreement with Kabel Deutschland, Germany's largest cable provider with 8.7 million subscribers. The key factor behind our selection in this competitive opportunity was our ability to support content delivery to any device. With



*In 2010, Consumers spent as much time online as they did watching TV.*

*Forrester Research, Understanding the Changing Needs of the U.S. Online Consumer 2010*

Concurrent’s MediaHawk VX, Kabel Deutschland will be able to deliver high quality video content to multiple screens from a unified video delivery solution. We also expanded in Portugal with ZON, and in Latin America with a top five global telco who went live with our over-the-top solution, which facilitates the delivery of video-to-PC and web-enabled television. In Japan, we launched a new video streaming service with J:COM that delivers on-demand video content to Apple® mobile devices. We believe China represents the largest green field opportunity in the world, and we had success this fiscal year working side-by-side with our China-based reseller, Potevio. During the year, Concurrent was selected by four cable television operators in China, including the country’s largest cable operator and second largest in the world, Jiangsu, growing our addressable footprint by over 25 million households. There are approximately 175 million cable subscribers in China and only about 6% have access to video-on-demand services, a promising market opportunity for Concurrent.

Finally, our investment in research and development has resulted in the launch of new products, such as eFactor, a new suite of video software solutions that streamlines the complex task of delivering multi-format video to a wide range of devices. By integrating eFactor, our cable and telco customers, as well as, Internet CDNs can seamlessly upgrade their services to deliver multi-format video to different devices. Recently, we signed our first agreement to deploy eFactor with a global Internet CDN customer, which represents our entry into this new market sector.

### **Operational Focus for Real-Time**

Our real-time business has continued to operate with excellence and contribute meaningfully to Concurrent, while also serving as a strong foundation for our video and media data business. In fiscal year 2011, we continued to focus on providing our established, blue-chip customers with the best-of-breed real-time products and services.

In the year we enhanced our core RedHawk™ Linux™ operating system and NightStar™ tools leading to large opportunities to serve as the foundation for radar systems for the Aegis class destroyers and other systems for Ballistic Missile Defense, the Littoral Combat Ship, the Coast Guard “Deep Water” and Air & Missile Defense Radar. We also had success in the simulation market, with Rolls-Royce, Ferrari and NASA Marshall selecting our solutions for hardware-in-the-loop testing. Similarly, our solutions were the foundations for man-in-the-loop simulators deployed by ESG, Daimler AG and Dallara. We also added new partners to expand our sales reach to new international markets.

*Worldwide TV VOD revenue expected to reach \$5.6 billion in 2016, up 58% from 2010.*

Direct TV Research Ltd.

## ***Moving Forward with Confidence***

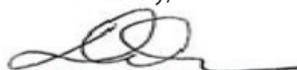
As on-demand viewing of video content becomes increasingly prevalent, MSOs, telcos, CDNs and Internet content aggregators are placing a greater focus on providing new video services to multiple devices. These seemingly boundless market opportunities in the video and media data space reaffirm our strategy and gives us increased confidence that we are on the right path heading into fiscal 2012.

As we move forward, we will continue to strive to achieve the following core objectives:

- > Drive revenue growth from our broadened customer base;
- > Strengthen our business by continuing to grow our customer base and contribution from our managed services business;
- > Leverage our history of software technology development to create innovative new products;
- > Continue to provide essential real-time products and services to our well-established global Fortune™ 500 customers; and
- > Continued diligence in maximizing operating efficiencies within the business.

We have established a solid foundation for growth and look forward to partnering with our customers as they navigate through the challenging economic environment and move forward with their plans for the future. We are confident we are focusing on the right market opportunities, making the right decisions and are excited about the future. I wish to offer my sincere appreciation to you, our shareholders, for your continued commitment and support, and look forward to reporting continued success in the coming year.

Sincerely,



Dan Mondor  
President and Chief Executive Officer