

2011 Customer Acquisition and Growth Report



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strength

BirchStreet experienced a strong year in 2011, delivering a range of products and services to manage supply chains and automate accounts payable processes. Our specialized procurement, financial control, and other “on-demand” Web-based applications are now helping nearly 5,000 hotels, assisted living facilities, country clubs and restaurants in more than 40 countries.

Customer Wins & Awards

In 2011, more than 300 properties began using BirchStreet’s software – representing nearly every hotel brand. Several new customers in 2011 include: Fairmont Hotels and Resorts, Montage Hotels & Resorts, theWit Hotel in Chicago, Edward Thomas Collection Hotels, the Modern Honolulu, JHM Hotels, Yedla Management Company, Century Golf Partners, The PGA National Resort and Spa, Trilogy Health Services, the Talisker Group and Northwood Hospitality.

Furthermore, our existing customers continued to implement BirchStreet in new properties and adopt new BirchStreet products:

- This year, additional Marriott properties in the U.S. and France implemented BirchStreet’s e-Procurement and Inventory solutions.
- A number of full-service Hyatt properties implemented BirchStreet’s e-Procurement and Inventory solutions.
- Several Hilton properties around the world implemented BirchStreet’s e-Procurement, Inventory, Recipe and AP Automation solutions.
- Additional Concorde hotels in France went live on BirchStreet’s full procure-to-pay solution.
- Interstate Hotels and Resorts, which has been an e-Procurement customer since 2003, is in process of rolling out BirchStreet’s AP Automation solution to its 340+ properties in the U.S.
- Additional Omni properties went live on BirchStreet’s procure-to-pay solution.

- BirchStreet strategic alliance with Avendra continues to exceed expectations, generating new customers for both organizations.
- The world leader in private club management selected BirchStreet's Enterprise Recipe Management Suite for its 150 golf and country clubs.

BirchStreet was also selected to provide our e-Procurement platform to the Asian American Hotel Owners Association (AAHOA), an association boasting 10,000 members that together own 20,000 hotels with a combined market value of almost \$130 billion. An innovative purchasing cooperative, the AAHOA eMarket will provide AAHOA members with direct access to negotiated supplier programs through BirchStreet's e-Procurement software, which will result in better pricing for their operations and greater control and visibility of their purchasing processes. The AAHOA eMarket is slated to go live in early 2012.

BirchStreet is passionate about building products and delivering services that stand up to the rigors of the real world. Listening to our customers and driving their input into our products is key. Adding Executive Chef Lawrence Madsen in March further strengthened our enterprise recipe management solutions by providing in-house, hands-on culinary expertise.

In September, BirchStreet was selected as a top performer among the world's leading e-Procurement vendors in the 2011 Gartner e-Procurement Market and Vendor Landscape report. The report pointed to our depth and breadth of supplier integrations and also noted our industry knowledge, solution flexibility and inventory support as strengths. BirchStreet was the only vendor included in the report with a hospitality focus.

Earlier in July, BirchStreet won a Top 100 Supply Chain Project Award from Supply & Demand Chain Executive Magazine for the implementation of BirchStreet's Procure-to-Pay solution for Pillar Hotels & Resorts' 250 properties.

Enterprise Recipe Management Suite Launch

To meet the needs of complex food and beverage operations, BirchStreet released a redesigned version of our recipe system in early 2011. The system leverages BirchStreet's e-Procurement system and

supplier network to continuously update recipe costs. A mobile version of BirchStreet's Enterprise Recipe Management Suite optimized for the Apple iPad and other tablets, Recipe Pad is designed to help food and beverage operators reduce training costs and increase production/service consistency. With a simple interface, Recipe Pad users have easy access to ingredients, nutrition and allergen information – and are able to browse, search and view photographs of preparation instructions, as well as edit and share recipes across the enterprise.

By combining recipe management with our e-Procurement backbone and supplier network, we can deliver unprecedented food cost visibility to our customers. The Enterprise Recipe Management Suite and the mobile Recipe Pad are examples of BirchStreet's commitment to innovation, as we strive to adapt new technology to changing market needs.

Forward Growth

This year, BirchStreet established a strategic partnership with Synergy Software Systems, a Dubai-based solutions provider in the Middle East. To meet the demands of customers worldwide, BirchStreet is also scheduled to open an office in China in January.

In 2012, we look forward to launching an updated user interface, offering a consumer-oriented shopping experience for business procurement. This new solution will bring the power of BirchStreet's cloud-based professional purchasing platform to occasional business users, select service properties and assisted living facilities. BirchStreet will also launch other new features and products in 2012, including an enhanced report publishing toolset, a Rebate Management solution, a Contract Management module, and a data aggregation and advanced product level compliance analytics engine.

Also in early 2012, 100 select service Hyatt properties will go live on BirchStreet. We forecast many achievements in 2012–BirchStreet is currently in discussions with a number of BPO, document management and e-Payment strategic partners to enhance our procure-to-pay offering. Additional strategic alliances are in process that will accelerate our entrance into healthcare and other industry verticals.

For more information about BirchStreet's procure-to-pay solutions, please visit www.birchstreet.net.

About BirchStreet Systems

As the recognized leader in the hospitality market, BirchStreet Systems, Inc. provides its cloud-based procure-to-pay platform to restaurants, country clubs and some of the world's largest hotel companies including Hilton Hotels, Hyatt Hotels, Marriott International, Inc., Omni Hotels and Interstate Hotels and Resorts. BirchStreet's applications are delivered over the Internet, using the "Software-as-a-Service" (SaaS) model, which reduces the total cost of ownership compared with the traditional method of buying and maintaining enterprise software. Currently, thousands of users in over 40 countries utilize BirchStreet to access and manage more than 160,000 suppliers. Established in 2002, BirchStreet is privately held and has offices in Newport Beach, California, New Delhi, India and Frankfurt, Germany. For more information on BirchStreet Systems, please visit www.birchstreet.net or follow our blog at www.BirchStreetBlog.com.



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