Inventergy Global, Inc.
(NASDAQ: INVT), Target Price: $1.03

We initiate coverage on Inventergy Global, Inc. (NASDAQ: INVT, "Inventergy") with a price target of $1.03 per share. Based in Campbell, CA, Inventergy is an intellectual property (IP) investment and licensing company. Inventergy works with leading technology companies to help them attain greater monetization from their IP assets and let them focus on their core business operations. The IP monetization business has high margin potential for savvy patent owners, and Inventergy has deep expertise in the telecommunications industry, in particular, and is skilled at identifying, acquiring and licensing high quality patents. We see a large potential opportunity for Inventergy, and note that the company has amassed what appears to be a very impressive portfolio of over 760 patents in the telecom industry including seminal patents from a number of leading companies including Huawei, Nokia and Panasonic.

INVESTMENT HIGHLIGHTS

Massive opportunity in managing and monetizing IP assets

Protecting, defending and monetizing value from intellectual property is a critical component of operating in the global economy in the 21st century. Indeed, according to data from *Ocean Tomo*, 80% of the value of most companies is intellectual property, versus just 20% in 1975. This is especially true for companies operating in the technology and telecom industries, where change takes place rapidly and companies' profit models are directly linked to their ability to generate revenue from their employees' innovations either through product sales, services, or through the licensing of technology. At the same time, extracting value from IP assets has become an increasingly complex and time-consuming endeavor, and many companies lack the resources and/or capabilities to monetize the vast amount of their intellectual property used by other companies. Indeed, Gartner Research estimates that US firms annually waste "$1 trillion in underused IP assets by failing to extract full value."

Compelling IP portfolio from Nokia, Huawei and Panasonic

Taken together, Inventergy spent approximately $10mn over two years to acquire its patent portfolio. The company amassed what appears to be an impressive collection of 760 patents from leading global technology players Huawei, Nokia, and Panasonic, which cover the use of fixed and mobile communications using Internet Protocol Multimedia Core Network Subsystems (IMS), enterprise Voice-over-Internet Protocol (VoIP), and 3G and 4G mobile broadband technology. We see the patent portfolio as well-conceived and believe there are significant synergies among the IP assets. Inventergy has identified 100 potential licensees for its three patent portfolios, and has disclosed that it is in various stages of discussion with 20 of these companies. The company completed its first licensing deal in February – a five year, $2mn deal with a mid-tier communications company, and is in litigation with telecom equipment suppliers Genband and Sonus Networks. Inventergy also announced a new mobile device licensing initiative that the company believes is applicable to over 1Bn new mobile handsets expected to be shipped this year, leveraging seminal patents acquired from Panasonic.

Strong management team experienced in creating value from IP

Led by its CEO Joe Beyers, Inventergy has an impressive senior management team and Board of Directors that has created over $10Bn in value from IP licensing transactions. The company's management team and Board draw on experience from an impressive list of IP and technology companies, including Hewlett Packard (HP), Rambus, Nokia, Cisco, IBM, Marvel, Microsoft and Ericsson, among others. A seasoned technologist and inventor, Beyers had over 30 years of experience working at HP before becoming CEO of Inventergy. Beyers led strategy and planning at HP, where he also started seven software businesses, led HP's $600mn / year internet business, and ran patent, standards, technology and brand licensing at the company.

Initiate coverage with a price target of $1.03

Our analysis indicates a fair value estimate of $1.03 per share (detailed on page 10), implying an upside of 238.7% from the recent price of $0.31. We view Inventergy as an intriguing speculative investment opportunity in the technology industry.

Stock Details (5/7/2015)

NASDAQ:	INVT
Sector / Industry	Technology /Telecom Services
Price target	**$1.03**
Recent share price	$0.31
Shares o/s (mn)	39.8
Market cap (in $mn)	13.1
52-week high/low	$3.85 / $0.33

Source: Bloomberg, SeeThruEquity Research

Key Financials ($mn unless specified)

	FY14	FY15E	FY16E
Revenues	0.7	3.7	8.5
EBITDA	(12.2)	(5.3)	(2.0)
EBIT	(13.8)	(6.9)	(3.5)
Net income	(20.5)	(7.4)	(4.0)
EPS ($)	(1.15)	(0.18)	(0.08)

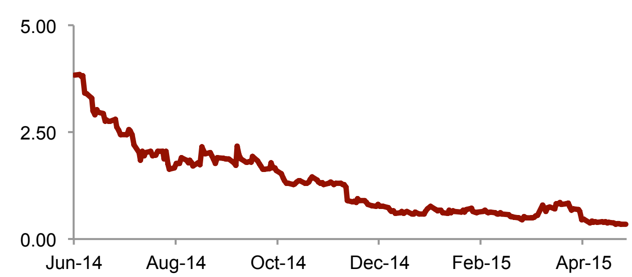
Source: SeeThruEquity Research

Key Ratios

	FY14	FY15E	FY16E
Gross margin (%)	(1.8)	71.9	76.5
Operating margin (%)	(1,916.9)	(186.2)	(41.3)
EBITDA margin (%)	(1,699.1)	(144.3)	(23.2)
Net margin (%)	(2,853.1)	(199.7)	(47.2)
P/Revenue (x)	17.1	3.3	1.4
EV/EBITDA (x)	NM	NM	NM
EV/Revenue (x)	26.2	5.1	2.2

Source: SeeThruEquity Research

Share Price Performance ($, LTM)



Source: Bloomberg

SUMMARY TABLE

Figure 1. Summary Table (As of May 7, 2015)

Share data		B/S data (As of fiscal 4Q14)		Key personnel:	
Recent price:	$0.31	Total assets:	37.9mn	CEO:	Joe Beyers
Price target:	$1.03	Total debt:	6.6mn	CFO	John Niedermaier
52-week range:	$3.85 / $0.31	Equity:	8.7mn	SVP	Wayne P. Sabon
Average volume:*	371,715	W/C:	(0.2mn)	SVP	Jon Rortveit
Market cap:	$12.3mn	ROE:	NM		
Book value/share:	$0.22	ROA:	NM		
Cash/share	$0.04	Current ratio:	0.7		
Dividend yield:	0.00%	Asset turnover:	0.0		
Risk profile:	High / Speculative	Debt/Cap:	43.1%		

** three month average volume (number of shares)*

	Estimates			Valuation		
FY December	**Rev ($mn)**	**EBITDA ($mn)**	**EPS ($)**	**P/Rev (x)**	**EV/Rev (x)**	**P/E (x)**
2014	0.7	(12.2)	(1.15)	17.1x	26.2x	NM
1Q15A	0.4	(1.7)	(0.06)	8.6x	13.1x	NM
2Q15A	0.8	(1.3)	(0.05)	3.9x	6.0x	NM
3Q15E	0.9	(1.4)	(0.05)	3.4x	5.3x	NM
4Q15E	1.7	(1.0)	(0.04)	1.9x	2.8x	NM
2015E	3.7	(5.3)	(0.18)	3.3x	5.1x	NM
2016E	8.5	(2.0)	(0.08)	1.4x	2.2x	NM
2017E	15.8	3.1	0.02	0.8x	1.2x	15.8x
2018E	22.0	7.3	0.10	0.6x	0.9x	3.2x

Source: SeeThruEquity Research

INVESTMENT THESIS

Based in Campbell, CA, Inventergy Global, Inc. (NASDAQ: INTV, “Inventergy”) is an intellectual property (IP) investment and licensing company. Inventergy works with leading technology companies to help them attain greater monetization from their IP assets and let them focus on their core business operations. The IP monetization business has high margin potential for savvy patent owners, and Inventergy has deep expertise in the telecommunications industry, in particular, and is skilled at identifying, acquiring and licensing high quality patents. We see a large potential opportunity for Inventergy, and note that the company has amassed what appears to be a very impressive portfolio of over 760 patents in the telecom industry including seminal patents from a number of leading companies including Huawei, Nokia and Panasonic. Given the critical human element in the ongoing process of identifying, evaluating and monetizing patents, we see Inventergy’s management team and Board as a key point of differentiation for the company; we note Inventergy’s leadership team has held advanced technology and IP roles at a veritable Who’s Who of leading global technology companies, including: HP, Rambus, Nokia, Cisco, IBM, Apple, Marvel, Microsoft and Ericsson, among others.

Initial portfolio focused on telecom IP from large industry players

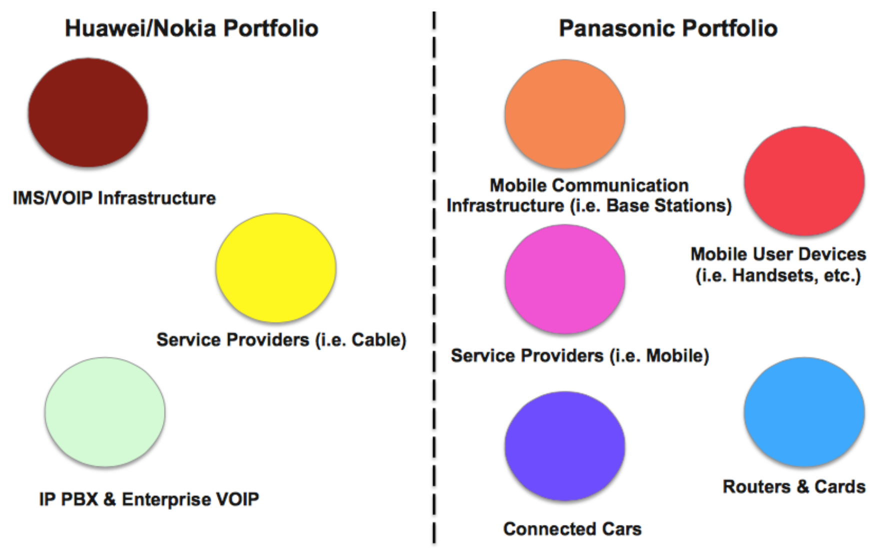
Inventergy’s patent portfolio includes over 760 patents, primarily acquired from Huawei, Panosonic, and Nokia. These are all leaders in the telecom and technology industries, and the quality of these partners underscores our opinion that Inventergy’s strategy is to develop a professional, corporate licensing approach to IP monetization with the potential to build a long term recurring business from a growing number of deep industry partnerships.

Huawei is a leading global technology and telecom equipment and services company, which serves 45 of the 50 largest telecom operators and had approximately $35Bn in annual revenues in 2013. The China-based company has over 140,000 employees working in research and development functions and has an R&D budget of $4.7Bn. Inventergy acquired 182 market leading technology patents from Huawei focused on the use of fixed and mobile communications focused on Internet Protocol Multimedia Core Network Subsystems (IMS) and Voice-over-Internet Protocol (VoIP) enterprise networking equipment, and is in discussions for further IP portfolios. This represents a large market for Inventergy – according to *Infonetics Research*, the worldwide growth in overall VoIP services revenue will reach $88Bn by 2018. It's also important to note that Inventergy is Huawei's first ever strategic IP licensing partner, supporting our view that Inventergy's management is well respected in the telecom and technology industry.

In 2014, Inventergy augmented this portfolio by acquiring acquired 83 patents from Finland-based Nokia focused on IMS. While Huawei is a fast-growing global telecom equipment and services provider, we view the addition of the Nokia patents as critical to the company's monetization efforts in this area, as Nokia's patents and the company's reputation for technological innovation are highly regarded. Inventergy's third key IP license deal is with Japan-based Panasonic. Panasonic is a global leader in consumer electronics and telecommunications, with revenues in excess of $75B annually. Inventergy acquired 497 patents from Panasonic that cover portions of 3G and 4G mobile broadband technology. Panasonic was an early innovator in the mobile broadband space, and was a major supplier to NTT when Japan built out their first 3G networks.

IP Portfolio has powerful licensing synergies in core IP communications

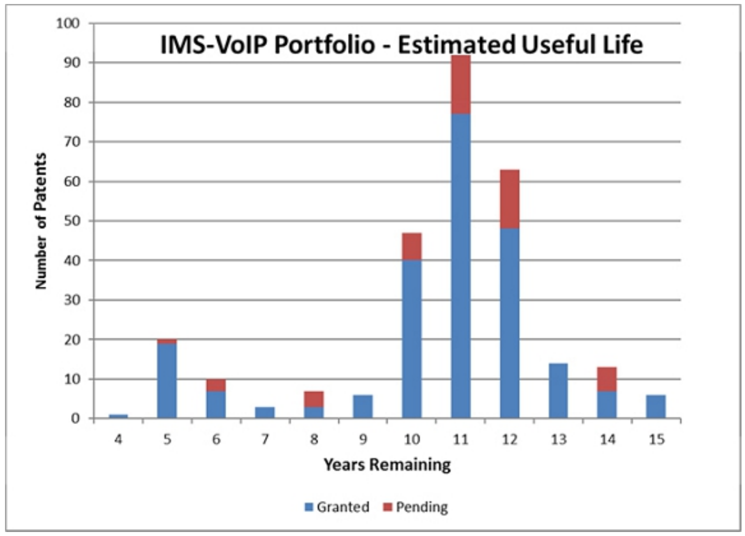
Taken together, Inventergy spent approximately $10mn over two years to acquire its patent portfolio, before the cost of its team and future litigation expenses. The company is currently evaluating additional patent portfolios and plans to add one to two new patent portfolios per year, with an aim of enabling potential continuous mid and long term revenue growth opportunities. The current portfolio appears to have nice synergies focused on covering leading standards-based intellectual property that covers the core functions of using Internet protocol for voice and data communications across service provider and enterprise networks. In the following graphic the company has identified key groupings of potential licensing customers based on each portfolio.



Source: Company investor materials, SeeThruEquity Research

Since becoming a public company last June, Inventergy has identified 100 potential licensees for its three patent portfolios, and has disclosed that it is in various stages of discussion with 20 of these companies. Inventergy has announced one multi-million dollar licensing agreement. The agreement, which was announced in February 2015, is a $2mn deal with a mid-tier telecommunications company covering a five-year license to the Huawei and Nokia IMS / VoIP infrastructure portfolios. The company also has a number of discussions underway in several market segments, including litigation with Genband and Sonus Networks, US-based communications equipment providers, which the company believes has infringed on several of the patents in its IMS / VoIP portfolio. Inventergy also recently launched an initiative to develop licensing customers in the mobile device market using its Panasonic patents, which management believes applies to more than 1Bn mobile handsets expected to be shipped in 2015.

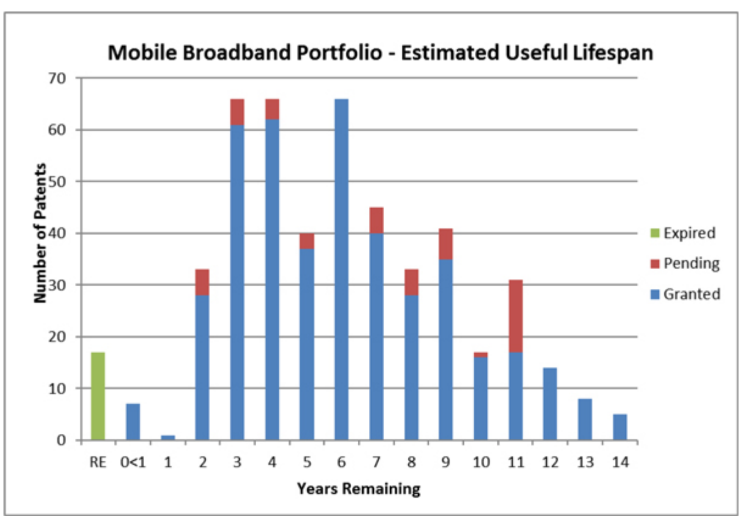
Combination of Nokia and Huawei IP has potentially widespread applications



We see a strong rationale to Inventergy's strategy of accumulating IMS and VoIP patents from Nokia and Huawei, and believe the combination offers a compelling focus with broad geographic coverage, and a healthy average remaining life (over 10 years for the Huawei portfolio and seven years for the Nokia portfolio). IMS is an architectural framework for delivering Internet Protocol multimedia and voice applications from wireless and wireline devices that is growing rapidly worldwide. The technology is already deployed at more than 100 service providers globally, as well as through cable companies to power voice + internet +TV bundles as well as internet and video delivery to mobile devices. Further, Inventergy management believes that its patented technologies should benefit from continued deployment of advanced wireless data technologies. A driving force behind the deployment of LTE (Long-Term Evolution) among service providers is the ability to offer Voice over LTE (VoLTE). Based on data from *Infonetics* and its own internal analysis, Inventergy believes the potential size of this market related to the service provider segment, which could benefit from its patented technologies, is as much as $25Bn billion over the next five years. Much of the IP acquired from Nokia and Huawei also has potential relevance in enterprise networking VoIP as companies increasingly seek to deploy unified communications networks enabled by packet-based networks. The IP cover portions of business communications systems that interconnect the various locations within an enterprise and includes PBX (Private Branch Exchange) and key systems for intra-company voice communications and access to the PSTN (public switched telephone system).

Panasonic IP covers key 3G and LTE technologies

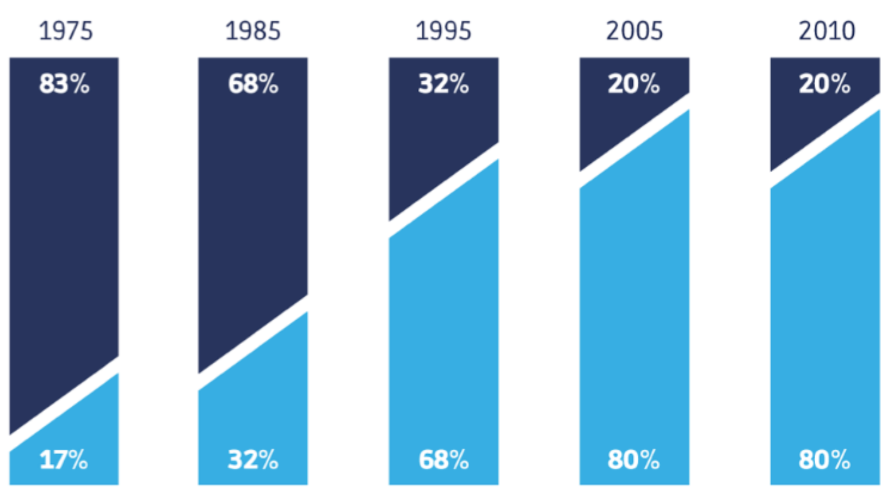
The IP Inventergy acquired from Panasonic has wide-reaching potential given its numerous applications in mobile broadband. The nearly 500 acquired patents have an average life of five to seven years and cover many aspects of radio communications between 3G/LTE base stations and end devices, including 3G radio technology, 4G/LTE radio technology, modulation and demodulation, channel coding, digital signal processing, power control, and protocol software processing. More than 189 of the patent assets are standards relevant, and in our view the patents have massive licensing potential considering the widespread deployment of radio access network technology among telecom operators, base station equipment vendors, mobile equipment vendors, mobile broadband routers and dongles, and even connected vehicles using 3G and/or LTE mobile communications.



In fact, Inventergy announced a licensing initiative focused on monetizing its patents with claims surrounding mobile end user devices, including handsets, tablets, PCs, modems and mobile hotspots. The initiative is largely underpinned by 350 of the 500 patents acquired from Panasonic, which also covers portions of the mobile infrastructure market. Inventergy is now offering a license for 189 of its standards essential patents covering 3G and LTE, as well as an option to license its entire mobile broadband portfolio. The initiative has vast potential if successfully executed; IDC estimates that over 1Bn mobile handsets will be shipped globally in 2015, and nearly 10Bn will be shipped cumulatively over the next five years. Inventergy is offering its Mobile Device SEP portfolio for "significantly less than $1 per handset", which management believes is reasonable and less than other IP licensing efforts, which are charging exorbitant fees of multiple dollars per handset.

IP asset monetization is a vast market opportunity

Protecting, defending and monetizing value from intellectual property is a critical component of operating in the global economy in the 21st century. Indeed, according to data from *Ocean Tomo*, 80% of the value of most companies is intellectual property, versus just 20% in 1975.



Source: Company investor materials, SeeThruEquity Research

This is especially true for companies operating in the technology and telecom industries, where change takes place rapidly and companies' profit models are directly linked to their ability to generate revenue from their employees' innovations either through product sales, services, or through the licensing of technology. At the same time, extracting value from IP assets has become an increasingly complex and time-consuming endeavor, and many companies lack the resources and/or capabilities to monetize the vast amount of their intellectual property used by other companies without fair compensation. This is where Inventergy comes in. Inventergy positions itself not as a "patent troll," but rather as a long-term strategic partner with the experience and expertise to drive significant incremental value for large technology firms' IP – allowing its partners to maximize their IP without having to take their eye off their core business. Given the increasing value of intellectual property in digital economy, this is a significant opportunity. Indeed, Gartner Research estimates that US firms annually waste as much as "$1 trillion in underused IP assets by failing to extract full value," while former US Commerce Secretary Carlos Gutierrez has stated that US generate intellectual property is valued at $5.5 trillion, or nearly 40% of the economy.

Strong management team experienced in creating value from IP

We see Inventergy's management team as a critical component to the company's success. In addition to needing the experience and skills required to identify, source and monetize intellectual property, Inventergy's leadership must be able to develop relationships with leading technology firms to help them extract value from under-monetized seminal patents. This requires a management team that can garner trust in the industry and demonstrate an ability to build deep partnerships among companies with vast intellectual property portfolios. Inventergy's management team has extensive experience creating value from IP, which we believe is evidenced by its existing partnerships with leading global technology firms such as Huawei, Panasonic, and Nokia. Indeed, the company's executive senior management team and Board has created more than $10Bn in IP licensing value. We also note that Inventergy's management team is highly invested in the company. As of March 20, 2015, the executive officers and directors collectively owned 38.4% of Inventergy's common stock outstanding, with CEO Joe Beyers controlling 21.7%.

Inventergy is led by its CEO Joe Beyers, a seasoned technologist and inventor who is well respected as an entrepreneur and thought leader in corporate IP. Importantly, Beyers has credibility not only as an accomplished corporate leader but also as an inventor – he was an inventor of the world's first commercial 32-bit computer chip and led patent, standards, technology and brand licensing for all of HP. His successful 30+ year career at HP included leading strategy and planning, serving as director of licensing, and leading HP's $600mn/year internet business. Board member Marshall Phelps serves as Chairman of IpCreate, and previously held IP strategy and licensing roles at Microsoft and IBM. Other key executives at Inventergy include Wayne Sobon, who served as Chief IP Counsel at Rambus and Accenture, and has also served as President of the American Intellectual Property Association (AIPLA), where he received a Gold Medal Award from the Commerce Department, and also served on the USPTO Public Advisory Committee. Jon Rortveit serves as Inventergy's SVP, IP Acquisitions & Licensing. Rortveit's experience includes founding and leading IBA Strategic Consulting, and serving as CEO of TYNAX Inc., where he led the global patent broker and technology trading exchange for the better part of a decade. VP of Patent Licensing Anna Johns has completed over $200mn in patent licensing transactions in roles at Ericsson and Nokia prior to joining Inventergy.

COMPETITIVE LANDSCAPE

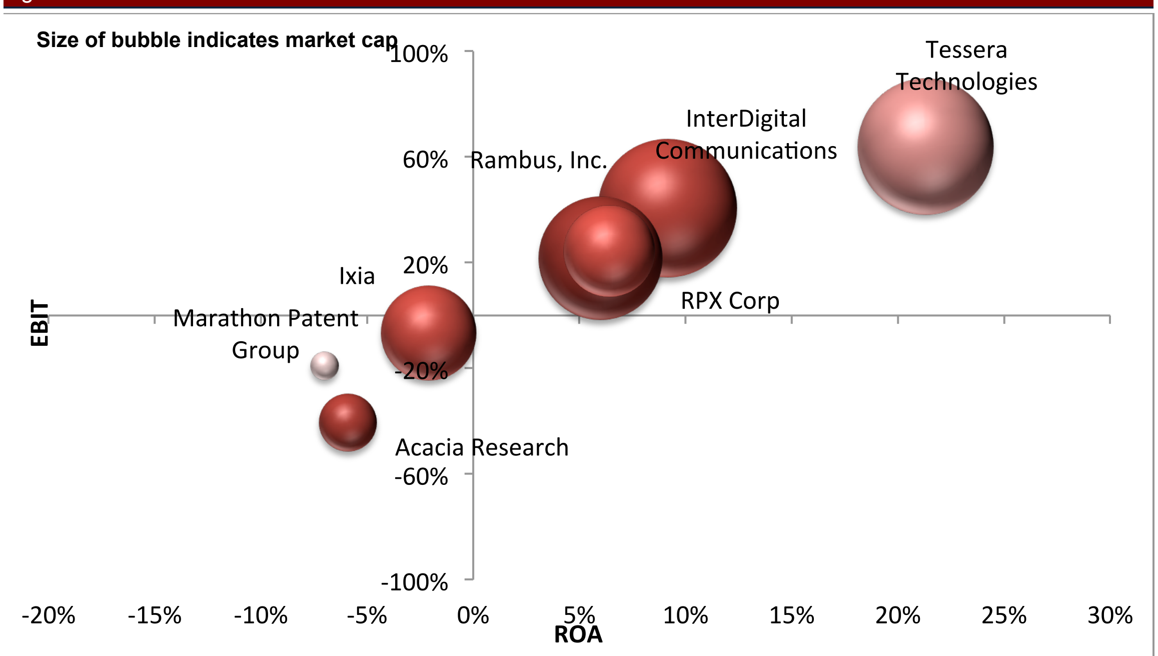
Inventergy operates in the high technology business, which is intensely competitive and is characterized by innovation and rapid change. Although we expect the company to expand the areas in which it acquires patent portfolios, Inventergy's current focus is on identifying, securing, and monetizing intellectual property (IP) for leading technology in the telecommunications industry, and particularly in the areas in which Internet Protocol intersects with the delivery of voice, data and video over service provider and enterprise networks.

The increasing value placed on defensible intellectual property has attracted intense competition for patent portfolios coming from both technology industry participants as well as companies in the dedicated business of creating, acquiring, licensing or otherwise leveraging the value of intellectual property. Many of these companies have more robust financial resources, better brand recognition, and / or better access to research and development than Inventergy. We note that the increased focus on the value of seminal intellectual property has attracted significant capital inflows. While this has the effect of increasing the value of IP assets due to increased demand for them, it also increases competition, with the potential to drive up the cost of acquiring patent portfolios. Additionally, competitors or technology industry participants that are infringing on Inventergy's patents with greater financial resources that Inventergy, can compete with the company by engaging in protracted litigation in order to apply pressures to Inventergy's financial position rather than opting to purchase a license from the company.

Inventergy has highlighted certain known competitors, which have business dedicated to leveraging the value of IP, including: Intellectual Ventures Management, LLC, Acacia Research Corporation, InterDigital, Inc., Rambus, Inc., Marathon Patent Group, Spherix, Inc., Tessera Technologies, Inc., Vringo, Inc., VirnetX Holding Corporation, and Wi-LAN Inc., among others.

In the following graphic we examined key size and profitability metrics for a group of Inventergy's competitors and other companies focused on the monetization of intellectual property. We note that the business of monetizing IP though licensing and litigation can generate high profitability if successfully executed, as demonstrated by Tessera Technologies, InderDigital Communications, RPX Corp, and Rambus.

Figure 2. ROA vs. EBIT– INVT Peers



Source: Thompson Financial, Company filings, SeeThruEquity Research

FINANCIALS AND FUTURE OUTLOOK

Revenue / License forecast

Inventergy is an emerging company operating in the business of monetizing intellectual property. This business is not characterized by smooth revenue growth but rather by large revenue events taking place at unpredictable intervals. These revenue events typically result from either from litigation or negotiated multi-year licenses. To date the company has announced one license agreement, a $2mn five-year deal with a mid-tier communications company, which has licensed access to Inventergy's Nokia and Huawei patents. We have extrapolated a forecast for the company based this deal and management's description of its mobile device initiative – which has larger potential market opportunity – but note that it is difficult to predict the timing and quantity of revenues for an IP-licensing company, particularly in the early stages of growth.

Inventergy has identified 100 potential licensees for its three patent portfolios and is in discussions with 20 of these companies. The company has completed one licensing deal with the Nokia / Huawei portfolio, a five-year, $2mn agreement with a mid-tier communications company, and is in litigation with two other companies who may have infringed on its IMS and VoIP patents, Sonus Networks and Genband.

Our forecast assumes the company increases revenue from $0.7mn in 2014 to $3.7mn in 2015E and $8.5mn in 2016E, as the company begins to generate licensing revenue from its mobile and IMS / VoIP portfolios. We forecast the company to eclipse $20mn in revenue during 2018E, per the following table. While we believe the potential upside for the Panasonic mobile broadband portfolio is larger than the IMS / VoIP portfolio, we have forecast more revenue for IMS / VoIP given what we view as the relatively stronger competitive position and industry standing of Huawei and Nokia versus Panasonic.

Figure 3. INVT Revenue Forecast by Paten Portfolio

Fiscal Period	2015E	2016E	2017E	2018E	2019E	2020E
IMS / VoIP	2.6	6.6	12.2	16.4	18.9	21.4
Mobile & Other	1.1	1.9	3.6	5.6	10.2	13.5
Total	**3.7**	**8.5**	**15.8**	**22.0**	**29.1**	**34.9**

Source: SeeThruEquity Research, estimates in millions USD

Margins/Expenses

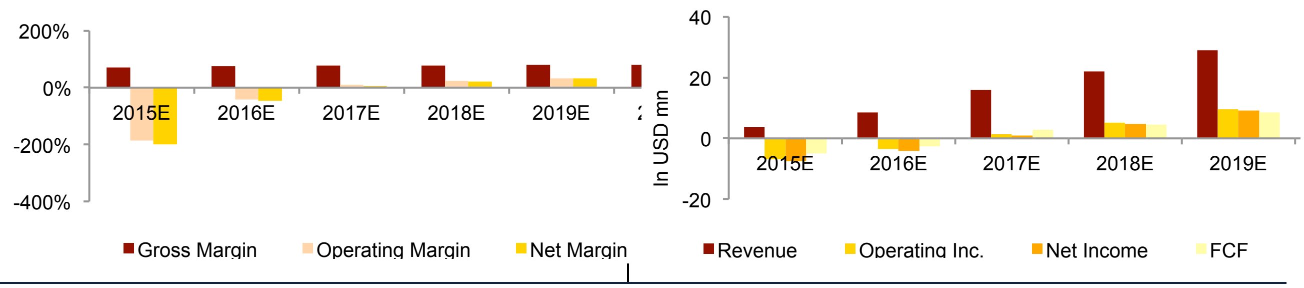
We expect Inventergy to post negative operating and EBITDA margins in 2015E and 2016E. In 2017E we have assumed the company is generating enough license revenue to cover the cost of its operations. Well-run companies in the IP monetization business can generate high profit margins, and we have assumed Inventergy's operating margins improve from (41.3%) in 2016E to 23.9% by 2018E. We have forecast Inventergy to lose (0.18) per share in 2015E, an improvement over ($1.15) in 2014. Our model does not predict the company will generate positive net income until fiscal 2017E, when we expect it to earn $0.02 per share. We note that Inventergy has federal net operating loss carryforwards of $39mn to offset future taxable income.

Balance Sheet & Financial Liquidity

We see the balance sheet and financial liquidity as a key concern for Inventergy. Inventergy's auditor, Marcum LLP, issued a going concern opinion with its 2014 audited financial statements. Inventergy ended fiscal 2014 with cash on hand of $1.44mn and a current ratio of 0.7x. The company recently completed a registered direct offering in April that netted proceeds of $1.9mn, which should ease liquidity pressures somewhat in the short run. Inventergy closed the year with debt of approximately $8mn, and has access to additional funding from its facility with Fortress, which will advance up to $3mn against committed new license payments. Our model assumes the company raises $6mn in new equity and $3mn in debt to fund operations over the next 18 months.

Inventergy has paid approximately $10mn for its patent portfolio, but has guaranteed payments to its partners as part of a revenue sharing component of the patent acquisitions. Importantly, the company has approximately $20mn of guaranteed payments due in 2015, 2016, and 2017 for its patents, consisting of $4mn, $6mn and $10mn payments, respectively. While the source of funds for these payments is expected to come from the revenue sharing of future license agreements, these guarantees represent a risk to the balance sheet should license deals take longer than expected to materialize.

Figure 4. Key Performance Indicators of INVT, FY15E–19E



Source: Company filings, SeeThruEquity Research

VALUATION

We utilize discounted cash flow (DCF) analysis and peer group multiples to value Inventergy. It is important to note that the intrinsic values of publicly traded peer companies in the IP monetization business are inherently linked to company-specific intangible assets, such as the perceived market value of their patent portfolios, which may of may not yet be reflected in ongoing fundamental data such as revenue and earnings. Therefore we ascribed more weight to our discounted cash flow analysis in determining the price target than peer group multiples. Our blended valuation, which combines these two methodologies, yields a fair value of $1.03 per share. Relative to the recent price of $0.31, our target of $1.03 represents upside potential of 238.7%.

DCF

We expect Inventergy will achieve positive operating income beginning in fiscal 2017E. We have forecast that the company will be able to generate free cash flow after the acquisition of new patents and capital spending beginning in 2017E as a result of our assumption that by this point Inventergy will have been able to generate substantial license revenues from its patent portfolio in IMS, VoIP, and wireless handsets / infrastructure.

We project free cash flow to move from ($4.9mn) in FY15E to $2.7mn by FY17. We discounted cash flows at a weighted average cost of capital of 15.4% and assumed a terminal growth rate of 3% at the end of FY2020E to arrive at an enterprise value of $52.2mn. We adjusted for the cash balance of $1.4mn and debt of $8.0mn as of December 31, 2014, arriving at a fair value of $1.15 per share.

Figure 5. Discounted Cash Flow Analysis

$	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E
EBIT	(6,890,334)	(3,526,334)	1,448,103	5,255,328	9,670,804	12,878,887
Less: Tax	0	0	0	0	0	0
NOPLAT	(6,890,334)	(3,526,334)	1,448,103	5,255,328	9,670,804	12,878,887
Changes in working capital	455,979	(600,000)	634,863	(274,580)	(535,947)	123,863
Depreciation & Amortization	1,550,334	1,550,334	1,693,191	2,050,334	2,478,905	3,050,334
Capex	(25,000)	(25,000)	(1,025,000)	(2,525,000)	(3,025,000)	(4,025,000)
FCFF	**(4,909,021)**	**(2,601,000)**	**2,751,157**	**4,506,082**	**8,588,762**	**12,028,084**
Discount factor	0.91	0.79	0.68	0.59	0.51	0.44
PV of FCFE	(4,459,345)	(2,047,654)	1,877,031	2,664,374	4,401,154	5,341,613
Sum of PV of FCFE						7,777,175
Terminal cash flow						100,008,804
PV of terminal cash flow						44,413,422
Enterprise value						52,190,597
Less: Debt						7,980,517
Add: Cash						1,443,349
Equity value						**45,653,429**
Outstanding shares (mn)						39,786,000
Fair value per share ($)						**1.15**

Summary conclusions		**Key assumptions**	
DCF FV ($ per share)	1.15	Beta	2.0
Recent price ($ per share)	0.31	Cost of equity	20.0%
Upside (downside)	271.0%	Cost of debt (post tax)	7.8%
WACC	15.4%	Terminal Growth Rate	3.0%

Source: SeeThruEquity Research

Figure 6. Sensitivity of Valuation – WACC vs. Terminal Growth Rate

Terminal growth rate (%)	WACC (%) 14.4%	14.9%	15.4%	15.9%	16.4%
2.00%	1.21	1.13	1.05	0.99	0.92
2.50%	1.26	1.18	1.10	1.03	0.96
3.00%	1.32	1.23	**1.15**	1.07	1.00
3.50%	1.39	1.29	1.20	1.12	1.05
4.00%	1.46	1.35	1.26	1.17	1.09
4.50%	1.54	1.42	1.32	1.23	1.14

Source: SeeThruEquity Research

Peer Group Valuation

We have compared Inventergy with publicly traded peers whose business is driven by the monetization of intellectual property. It is important to note that the intrinsic value of many of these peer companies is not only linked to their fundamental performance but also the perceived value of their intellectual property. We considered peer companies with market capitalizations that ranged from Spherix's (SPEX) $20.9mn to billion-dollar companies such as InterDigital Communications' (IDCC), Tessera Technologies (TSRA) and Rambus (RMBS). Our peer group also looked at mid-sized intellectual property companies including Acacia Research (ACTA), Ixia (XXIA), RPX Group (RPXG), VirnetX Holdings, and Wi-Lan, among others.

We arrived at a fair value range of $0.59 to $1.15 per share based on EV/Revenue, Price / Book, and P/Revenue multiples of selected peers. We considered a target multiple of 4.6x Price / Book Value, in line with peers such as InterDigital Communications. We considered Inventergy's book value of $0.22 per share at the end of 2014. For determining a target based on EV/Revenue, we used a multiple of 3.5x our 2016E estimated revenue of $8.5mn to arrive at a fair value of $0.59 per share. Similarly, we used a P/Revenue multiple of 6.8x our 2015E revenue forecast of $3.7mn to arrive at a fair value of $0.63 per share, a 20% premium to the group average to the higher percentage growth expectation for Inventergy versus larger companies with slower growth rates. As the following table indicates, Inventergy currently trades at a discount to peers on most of these metrics.

Figure 7. Comparable Valuation (Data as of 4/29/15)

Company	Mkt cap ($ mn)	EV/Revenue(x) FY15E	EV/Revenue(x) FY16E	Price/Sales (x) FY15E	Price/Book MRQ
Rambus, Inc.	1,629	4.9x	4.5x	5.3x	4.0x
InterDigital Communications Inc.	2,060	4.0x	4.0x	5.4x	4.4x
Acacia Research Corporation	350	2.1x	1.6x	2.4x	1.2x
Ixia, Inc.	961	2.1x	2.0x	2.0x	2.0x
RPX Corp.	881	1.7x	1.6x	3.0x	1.8x
Tessera Technologies	1,973	6.4x	6.7x	7.5x	3.6x
Vringo, Inc.	57	NA	NA	NA	1.8x
VirnetX Holding Corporation	353	15.7x	2.1x	17.6x	10.7x
Marathon Patent Group	80	N/A	N/A	N/A	3.3x
Nxt-ID, Inc	58	4.9x	1.7x	4.6x	21.2x
Wi-Lan, Inc.	297	2.6x	2.2x	3.3x	1.2x
Spherix, Inc.	21	N/A	N/A	N/A	0.4x
Average		**4.9x**	**2.9x**	**5.7x**	**4.6x**
Inventergy	13	5.3x	2.3x	3.5x	1.5x
Premium (discount)		7.8%	(21.4%)	(37.6%)	(66.8%)

Source: Bloomberg, SeeThruEquity Research;

RISK CONSIDERATIONS

Financial Solvency

We have assumed in our analysis that Inventergy is able to raise fresh capital as needed to fund growth, and on terms that are palatable to holders of common equity. Access to growth capital is a critical component of Inventergy's business, as the company will need capital to acquire more intellectual property in order to grow its IP license business, and there is a time lag between the time it takes to acquire IP and the time by which IP can be monetized. The company ended 2014 with cash on hand of $1.4mn, current portion of notes outstanding of $1.7mn, and long term notes outstanding of $6.3mn.

Inventergy completed a $1.9mn offering in April, which we believe takes some of the pressure off of the company in the short run; however, we note that Inventergy has significant minimum guaranteed payments as part of revenue sharing agreements with is IP partners that call for the company to outlay $20mn over the next three years, including $4mn in 2015, $6mn in 2016, and $10mn in 2017. Unless the company accelerates its licensing activity during 2015 we expect Inventergy will need to raise additional funds. We have assumed the company raises new capital by drawing more debt through its agreement with Fortress and by issuing equity over the course of our forecast period, until reaching recurring free cash flow from operations. Our model assumes the company raises $6mn in new equity and $3mn in debt to fund operations over the next 18 months.

Competition

The market for identifying, acquiring and licensing intellectual property assets is extremely competitive, and includes market participants with greater access to financial resources and research and development facilities than Inventergy.

Technology Risk

Inventergy operates in the technology industry, which is characterized by innovation, intense competition and rapid change. The company uses its expertise to identify, acquire and license intellectual property in the technology industry, and is exposed to risk that technological changes or other innovations make it difficult to monetize the IP that it acquires. The result could be that Inventergy acquires patents for more than it can monetize them, causing a loss of capital.

Going Concern

Inventergy's auditors, Marcum LLP, raised doubt as to the company's ability to continue as a going concern. The company reported a net loss of $20.1mn in fiscal 2014, and used $8.4mn in cash from operations during the same period. As of December 31, 2014, the company had an accumulated deficit of 43mn and negative working capital of $2.1mn. Inventergy raised gross proceeds of $1.9mn in an offering in April 2015.

Material Weakness in control over financial reporting

Inventergy's disclosed that it identified a material weakness in its control over financial reporting during 2014. The company has undertaken steps to remedy this weakness, and added a new CFO during April 2015, though there is no guarantee that the company will be able to remedy the material weakness.

Dilution potential

We expect Inventergy to raise fresh capital by the issuance of equity instruments, including common equity, preferred equity, options and warrants, among others. Holders of common equity may have their positions diluted over time as the company raises new capital. Further, the company's existing preferred stock is convertible to equity and may also cause dilution to common equity holders.

Regulation & Litigation Risk

The business of monetizing intellectual property (IP) involves certain risks related to legislation, litigation and legal precedents, which could affect Inventergy's ability to monetize its patent portfolio. Litigation can be time consuming and costly. Additionally, Inventergy may be limited in the extent it can monetize the IP of Huawei and foreign entities due to potential issues of national security.

Management Team

Joe Beyers – Chairman & Chief Executive Officer

Joe Beyers serves as Inventergy's Chairman and CEO. Inventergy is the fourth IP-centric startup for Joe, after a 34-year career leading IP licensing for Hewlett-Packard. While at HP, he increased the IP income for the company by 20x in just six years. In addition to driving the IP strategy for HP, he reviewed and approved every IP transaction, including patent licensing, technology licensing, brand licensing, standards based licensing and patent sales & acquisitions.

A corporate veteran with an inventor's soul, Joe developed operating systems, was the lead inventor of the world's first single chip 32bit microprocessor and led M&A, technology partnership, and corporate strategy programs for HP. He received the Distinguished Alumni Award from the University of Illinois. Joe has been featured twice on the cover of *IAM Magazine*, most recently along with Steve Jobs and 22 others as the "Top people who helped transform the IP industry in the last decade".

Wayne P. Sobon – SVP, General Counsel

Wayne Sobon serves as Senior Vice President and General Counsel for Inventergy. As President of the American Intellectual Property Law Association (AIPLA) and a frequent speaker and lecturer on intellectual property issues, Wayne is at the center of what's happening in the IP world. Before joining Inventergy, he served as Vice President and Chief IP Counsel for Rambus Inc., where he led all global intellectual property development.

From 2000 to 2011, he was Associate General Counsel, and Director of Intellectual Property for Accenture's global IP programs. Wayne has also been a key player at a number of notable Silicon Valley law firms – including Gray Cary Ware & Freidenrich LLP (now DLA Piper), where, as a partner, he specialized in patent prosecution, litigation and general intellectual property counseling. He is currently a member of the USPTO's Patent Public Advisory Committee (PPAC) and a member of the board of InventNow.org of the National Inventor Hall of Fame.

Jon Rortveit – SVP, IP Acquisitions & Licensing

Jon Rortveit serves as Senior Vice President of IP Acquisitions and Licensing for Inventergy. Jon brings a wealth of expertise and experience in leveraging IP assets to turn startups into financially strong corporations. As the former CEO of TYNAX Inc., he led the global patent broker and technology trading exchange for the better part of a decade.

There, he grew TYNAX from a pre-revenue Silicon Valley startup to a profitable global organization with offices, JVs and partnerships throughout the US, Europe and Asian markets. He has also served as a Venture Partner with EuroUS Ventures and was President of US Operations for DAVIS A/S (a leading market maker for TI's DLP technology). Today, Jon serves on the board of directors for innovative companies including China International Intellectual Property Services (CIIPS), the Nansha International Science Park (a Guangzhou company) and as an advisor to CEO Clubs China.

John Niedermaier – Chief Financial Officer

Mr. Jon Niedermaier is currently a senior Chief Financial Officer with The Brenner Group, a position he has held since October 2014. He currently also serves as Chief Financial Officer of Pristine Sun, LLC on a contract basis. Prior to his employment with The Brenner Group, Mr. Niedermaier acted as Chief Financial Officer of PureWave Networks, Inc., a wireless technology company, from November 2013 to July 2014. Prior to PureWave Networks, Inc., Mr. Niedermaier worked as the Chief Financial Officer at Neato Robotics, Inc. from April 2012 through March 2013 and at Tigo Energy, Inc. from April 2011 through April 2012. From 2002 through 2010, Mr. Niedermaier worked at ADC Telecommunications, Inc., and had the title of Vice President, GM immediately prior to his departure. Mr. Niedermaier began his career at KPMG. Mr. Niedermaier holds a B.S. in Business Administration and Accounting from Wayne State University.

FINANCIAL SUMMARY

Figure 8. Income Statement

Figures in $mn unless specified	FY14A	FY15E	FY16E	FY17E	FY18E	FY19E
Revenue	**719**	**3,700**	**8,530**	**15,812**	**21,976**	**29,070**
YoY growth	24.5%	24.5%	24.5%	24.5%	24.5%	24.5%
Gross Profit	**(13)**	**2,660**	**6,524**	**12,349**	**17,281**	**22,956**
Margin	(1.8%)	71.9%	76.5%	78.1%	78.6%	79.0%
Operating expenses	13,775	9,550	10,050	10,901	12,025	13,285
EBIT	(13,788)	(6,890)	(3,526)	1,448	5,255	9,671
Margin	NM	(186.2%)	(41.3%)	9.2%	23.9%	33.3%
EBITDA	**(12,221)**	**(5,340)**	**(1,976)**	**3,141**	**7,306**	**12,150**
Margin	NM	(144.3%)	(23.2%)	19.9%	33.2%	41.8%
Other income/ (expense)	(6,294)	(500)	(500)	(500)	(500)	(500)
Profit before tax	(20,082)	(7,390)	(4,026)	948	4,755	9,171
Tax	2.4	0.0	0.0	0.0	0.0	0.0
Net income	**(20,521)**	**(7,390)**	**(4,026)**	**948**	**4,755**	**9,171**
Margin	NM	(199.7%)	(47.2%)	6.0%	21.6%	31.5%
EPS (per share)	**(1.15)**	**(0.18)**	**(0.08)**	**0.02**	**0.10**	**0.18**

Source: SeeThruEquity Research

Figure 9. Balance Sheet

Figures in $mn, unless specified	FY14A	FY15E	FY16E	FY17E	FY18E	FY19E
Current assets	5,217	5,230	6,036	10,986	14,900	22,825
Other assets	0	0	0	0	0	0
Total assets	32,658	28,586	21,234	16,411	16,886	17,432
Current liabilities	**37,876**	**33,816**	**27,270**	**27,397**	**31,786**	**40,257**
Other liabilities	7,331	9,001	12,221	8,279	9,729	11,029
Shareholders' equity	21,874	20,537	11,737	11,737	6,737	2,737
Total liab and shareholder equity	8,671	4,278	3,311	7,381	15,320	26,490

Source: SeeThruEquity Research

Figure 10. Cash Flow Statement

Figures in $mn, unless specified	FY14A	FY15E	FY16E	FY17E	FY18E	FY19E
Cash from operating activities	(8,371)	(5,703)	(2,369)	5,460	9,715	13,114
Cash from investing activities	(2,262)	(25)	(25)	(1,025)	(2,525)	(3,025)
Cash from financing activities	10,558	6,000	3,000	(300)	(5,000)	(4,000)
Net inc/(dec) in cash	**(75)**	**272**	**606**	**4,135**	**2,190**	**6,089**
Cash at beginning of the year	1,519	1,443	1,715	2,321	6,456	8,646
Cash at the end of the year	**1,443**	**1,715**	**2,321**	**6,456**	**8,646**	**14,734**

Source: SeeThruEquity Research

About Inventergy Global, Inc.

Inventergy Global, Inc. is a Silicon Valley-based intellectual property company dedicated to identifying, acquiring and licensing the patented technologies of market-significant technology leaders. Led by IP industry pioneer and veteran Joe Beyers, the Company leverages decades of corporate experience, market and technology expertise, and industry connections to assist Fortune 500 companies in leveraging the value of their innovations to achieve greater returns. For more information about Inventergy Global, visit www.inventergy.com.

CONTACT:

Amit Tandon
Director of Research
SeeThruEquity, LLC
www.seethruequity.com
(646) 495-0939
amit@seethruequity.com

DISCLOSURE:

This report has been prepared and distributed by SeeThruEquity, LLC. This report is based on sources that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. All information contained herein is subject to change without notice. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. Statements included in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks and uncertainties such as competitive factors, technological development, market demand and the company's ability to obtain new contracts and accurately estimate net revenues due to variability in size, scope and duration of projects, and internal issues.

SeeThruEquity has not been compensated for the preparation of this report. SeeThruEquity and/or its affiliates may have a long position with respect to the publicly traded shares of the subject company covered in this report. SeeThruEquity, LLC is not a broker-dealer and does not generate any investment banking or commission-based revenue with respect to the securities of the company described herein.

Our professionals may provide oral or written market commentary that reflects opinions that are contrary to the opinions expressed in this report. The price and value of the investment referred to in this report may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. Electronic report is simultaneously available to all recipients in any form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof.