

digitiliti

2011 Annual Shareholder Meeting

November 15, 2011

Board of Directors

Kedar R. Belhe

Chair – Compensation Committee
Member – Audit Committee
Director in 2009
Nominee for 2012

David F. Dalvey

Chair – Governance and Nominating Committee
Member – Compensation Committee
Director in 2011
Nominee for 2012

Kent O. Lillemoe

Chair – Audit Committee
Member – Governance and Nominating
Committee
Director in 2011
Nominee for 2012

Jack B. Scheetz

Interim President and CEO
Director in 2011
Nominee for 2012

Important Digitiliti Partners

- **Malone and Bailey – Auditors**
 - Jay Norris

- **Winthrop and Weinstine – SEC Counsel**
 - Philip T. Colton

Executive Team



Official Agenda Items

Proposal 1: Elect all Class 1 Directors to serve until the next annual meeting

Proposal 2: To approve an amendment to our Certificate of Incorporation to increase the number of authorized shares from 135,000,000 to 200,000,000 shares and allocate the additional shares as common stock. This proposed increase relates only to authorized common stock which would result in a 65,000,000 increase in authorized common stock from 125,000,000 to 190,000,000

Proposal 3: Ratify the appointment of Malone and Bailey, LLP as our independent registered public accounting firm

Official Agenda Item # 1

Elect all Class 1 Directors to serve until next annual meeting

Nominees:

Kedar R. Belhe

David F. Dalvey

Kent O. Lillemoe

Jack B. Scheetz

Official Agenda Item # 2

To approve an amendment to our Certificate of Incorporation to increase the number of authorized shares from 135,000,000 to 200,000,000 shares and allocate the additional shares as common stock. This proposed increase relates only to authorized common stock which would result in a 65,000,000 increase in authorized common stock from 125,000,000 to 190,000,000

Official Agenda Item # 3

Ratify the appointment of Malone and Bailey, LLP as our independent registered public accounting firm



Voting Process and Annual Meeting

Other Items

- Company Overview
- 2011 Recap
- Financial Performance
- The Industry and the Opportunity
- **digi***LIBE* User Profile
- Critical Dependencies
- Summary

Safe Harbor Caution Concerning Forward-Looking Statements

This material contains “**forward-looking statements**”. These are statements related to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “expect”, “anticipate”, “forecast”, “intend”, “plan”, “believe”, “seek”, “may”, “will”, “estimate”, and similar expressions describing future events, performance or valuations. Forward-looking statements by their nature address matters that are, to different degrees, uncertain.

For us, forward-looking statements are intended to communicate strategic direction, not to commit to forward performance or company valuations.

Particular uncertainties arise from competition we face from other providers, uncertainties arising from our partners, our ability to finance our expansion, dependence on third-party suppliers, government regulation and other risks. We describe some of these risks, uncertainties, and other considerations in the “Risk Assessment” section of our Business Plan. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements.

Company Overview – The Good News

- **digiLIBE**
 - Unit sales ~1.3 X compared to last year 3QYTD
 - Revenue ~3X compared to last year 3QYTD
 - 50+ high quality companies in our pipeline with whom we have direct contact...working on more every day
 - **digiLIBE** sales are also a source of new or additional **digiBAK** revenue
- Balance Sheet has improved and overdue debt has been “restructured”
- New equity capital raised of \$2.3M since last year
 - Used \$700K to pay off shareholder notes, \$800K other payables, \$200K professional fees
- Improved operational burn by 60% year over year through 3QYTD
- Major turnover in senior management, sales organization and board structure
 - New Sales Executive as of May, 2011
 - New CEO as of June 30, 2011
 - New Board members as of July 1, 2011



Company Overview - Products

- **digiLIBE** Unstructured Information Management Solution
 - Manages 100% of a corporation's unstructured information management and data storage needs with one affordable and easy to use software product
 - Provides instant search and retrieval of all “unstructured” data regardless of information file type or ultimate storage location
 - Solves problems companies have with data growth, data proliferation and information access
 - **digiLIBE** beginning to see success in the marketplace
- **digiBAK** cloud backup and disaster recovery product – legacy product
 - Over \$2 million in sales last year with a number of blue chip clients
 - Approximately 60 Terabytes of data stored
 - Competitive pricing pressure from cloud providers
 - **digiBAK** business provides cash for operations
 - **digiLIBE** customers using **digiBAK**

2011 Recap

- Company restructuring late 2010 early 2011
- Raised additional operating capital
 - Completed \$1.3M senior note capital raise to restructure balance sheet
 - Initiated \$1.5M junior note capital raise May 2011
 - First \$500K tranche closed June 30
 - \$550K of last \$1M raised - \$450K needs to be raised to close the 2nd tranche
- Announced **digiLIBE** Release 3.5
 - Document sharing and collaboration option
 - Up to 15X performance improvement on large searches
- Accounts are purchasing and deploying additional **digiLIBE** function to users as well as purchasing our **digiBAK** solution

2011 Recap

- Re-evaluated / re-focused go-to-market and **digiLIBE** positioning strategy (2H2011)
 - Was VAR business partner  Is short term (6 months) direct sales focused
Will be Systems Integrators and Agents
 - Was Small/Medium business  Medium business and enterprise departments
 - Sell cycle can be longer but ...
 - Business case easier to develop and ...
 - Average sale is larger plus ...
 - Possibility of multiple sales in an enterprise
- Added Marketing VP
- Learned / learning how to best sell our product and create business propositions / new marketing collaterals and developing marketing campaigns by vertical. Website redesigned
- Building 20+ **digiLIBE** reference accounts targeted in mid-west region

William McDonald
Chief Financial Officer

Digitiliti Year-to-Year Financial Comparison

9 Months Ending September 30, 2011

Balance Sheet	9/30/2010	9/30/2011	
Assets			
Total Current Assets	\$ 819,293	\$ 1,179,046	
Total Assets	\$ 1,582,117	\$ 1,490,126	
Liabilities			
Total Current Liabilities	\$ 1,990,751	\$ 1,190,258	Reduced by -40%
Total Long Term Liabilities	\$ 195,803	\$ 2,452,951	
Total Stockholder's deficit	\$ (604,437)	\$ (2,153,083)	
Total Liab and Stockholder's deficit	\$ 1,582,117	\$ 1,490,126	
Income Statement for 9 Months Ending			
	9/30/2010	9/30/2011	
Revenue	\$ 1,719,520	\$ 1,394,661	
Gross Profit	\$ 797,933	\$ 364,175	GP % 46% GP % 26%
Operating Expenses			
Sales and Marketing	\$ (732,531)	\$ (305,688)	Reduced by -58%
General Admin	\$ (1,849,487)	\$ (1,291,585)	Reduced by -30%
Research & Development	\$ (776,800)	\$ (335,285)	Reduced by -57%
Operations	\$ (181,356)	\$ (204,729)	13%
Total Operating Expenses	\$ (2,742,241)	\$ (1,773,113)	
Gain or Loss on Settlement of Debt	\$ (315,428)	\$ (27,734)	
Bank Interest Expense	\$ (2,197,860)	\$ (448,131)	
Net Loss	\$ (5,255,529)	\$ (2,248,977)	Reduced by -57%

The Company Continues to Strengthen its Financial Position

- March 2008, the Company purchased an exclusive software code that would be developed into our **digiLIBE** product
- 2009 was a transition year to develop **digiLIBE** software and to deal with \$1.2M of legacy issues/payables and improve **digiBAK** operations
 - Addressed the Company's debt burden in March through the Modification Proposal that extended and/or converted approximately 85% of the \$5.5M Unsecured debt
 - Raised \$750K through a Secured Debt Offering
- 2010 completed development of Version 2.0 of **digiLIBE** product, while re-positioning Company's balance sheet debt through Incentive Offer in June and through additional equity raise
 - Incentive Offer converted 93% of Convertible Debt to equity
 - Incentive Offer provided \$500K of proceeds through Warrant exercise
 - \$1.9M equity raise
- 2011 addressed majority of past due secured debt and payables through the First Secured Convertible Debt Offering and the Junior Secured Convertible Debt Offering
 - Satisfied 84% of past due secured debt leaving \$135K outstanding
 - Satisfied approximately \$800K in operating payables
 - Restructured convertible debt to reflect 76% as long term versus 19%

Financial Summary - Over the last 3 years, the Company actions to improve its financial position have resulted in the following accomplishments:

- Balance Sheet Summary
 - Since January 2009, the Company has converted over \$6.5M in convertible debt into equity securities
 - Currently, 76% of the company convertible debt is classified as “Long Term” - versus a 19% ratio on 9-30-2010
 - Shareholder approval to increase the amount of authorized common stock, positions the Company to process any future equity raises to support operations
- Operations Summary – The company restructured personnel and vendors to:
 - Deliver our **digiBAK** service more affordably in response to an increasingly competitive marketplace
 - Deliver and support our new **digiLIBE** product
 - Reduce our overall monthly cash burn by approximately 60% when compared to the 2010 monthly average



The Industry and the Opportunity

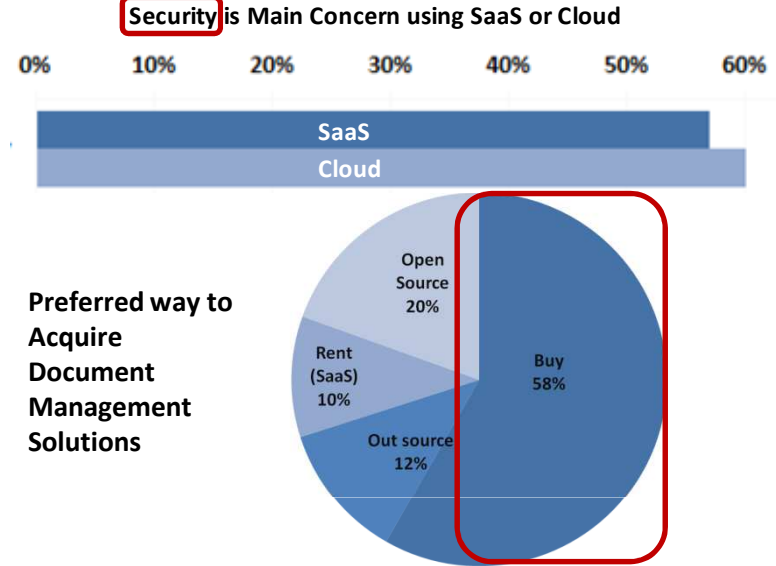
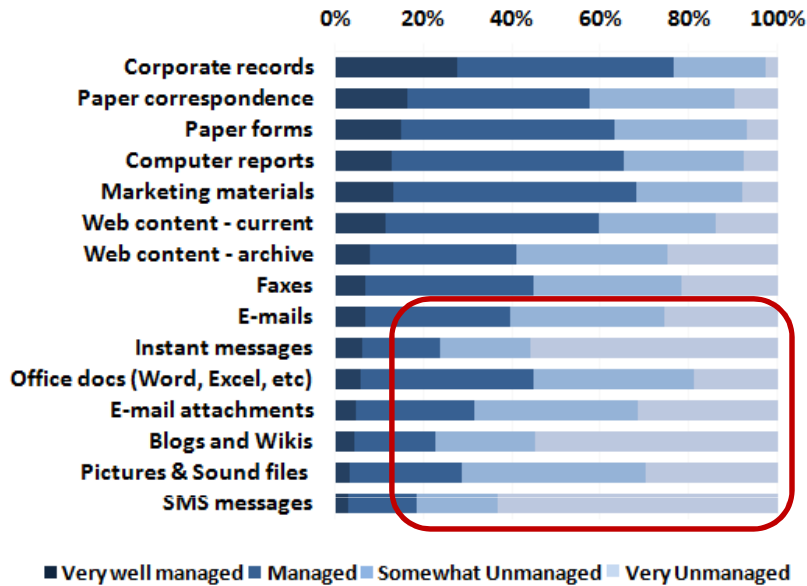
Industry Trends

- Continued competitive price pressures on **digiBAK** business
- Acquisition and consolidation in the storage management and information management sectors continues:
 - HP buys Autonomy
 - IBM buys 25 companies to support information on demand
 - Oracle buys Endeca and RightNow to extend SAAS

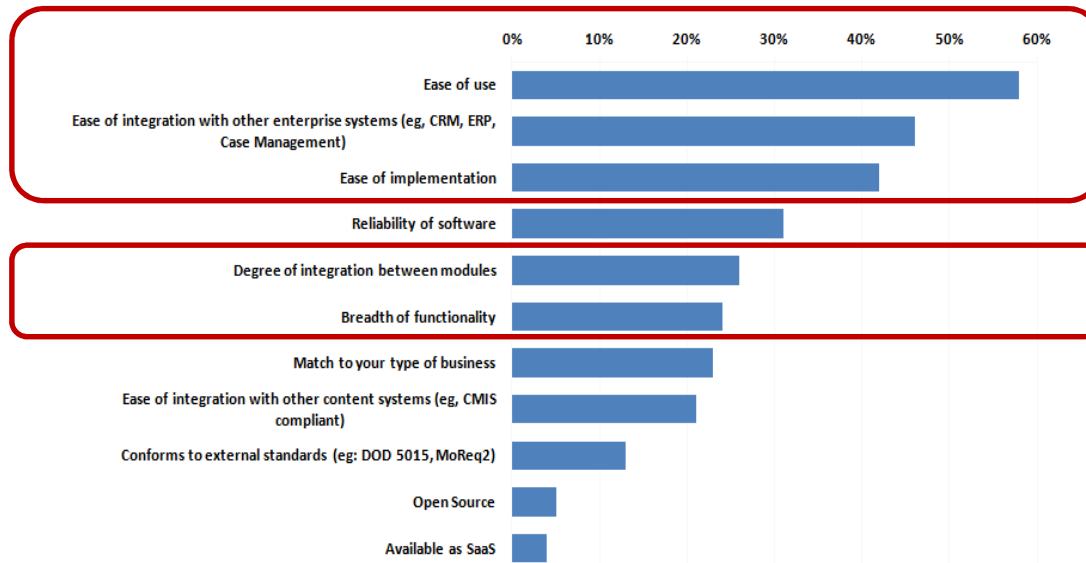
- Unstructured data and e-mail management continue to be difficult to control in organizations
 - Policy management and control is an issue
- Companies looking for single point of access to share and collaborate on information
- 58% of companies still prefer to buy document management solutions
- 60% of companies believe security is a main concern operating in a cloud or Software as a Service environment
- Ease of use (~60%), ease of integration (~45%), degree of integration between solutions (~25%) and ease of implementation (~42%) are important in selection of new products
- Compliance requirement increasing – finding, retrieving, controlling, monitoring, reporting, retaining and destroying

digiLIBE Strengths

digilibE is Well Positioned to Take Advantage of Industry Trends Identified by AIIM in a Recent Study

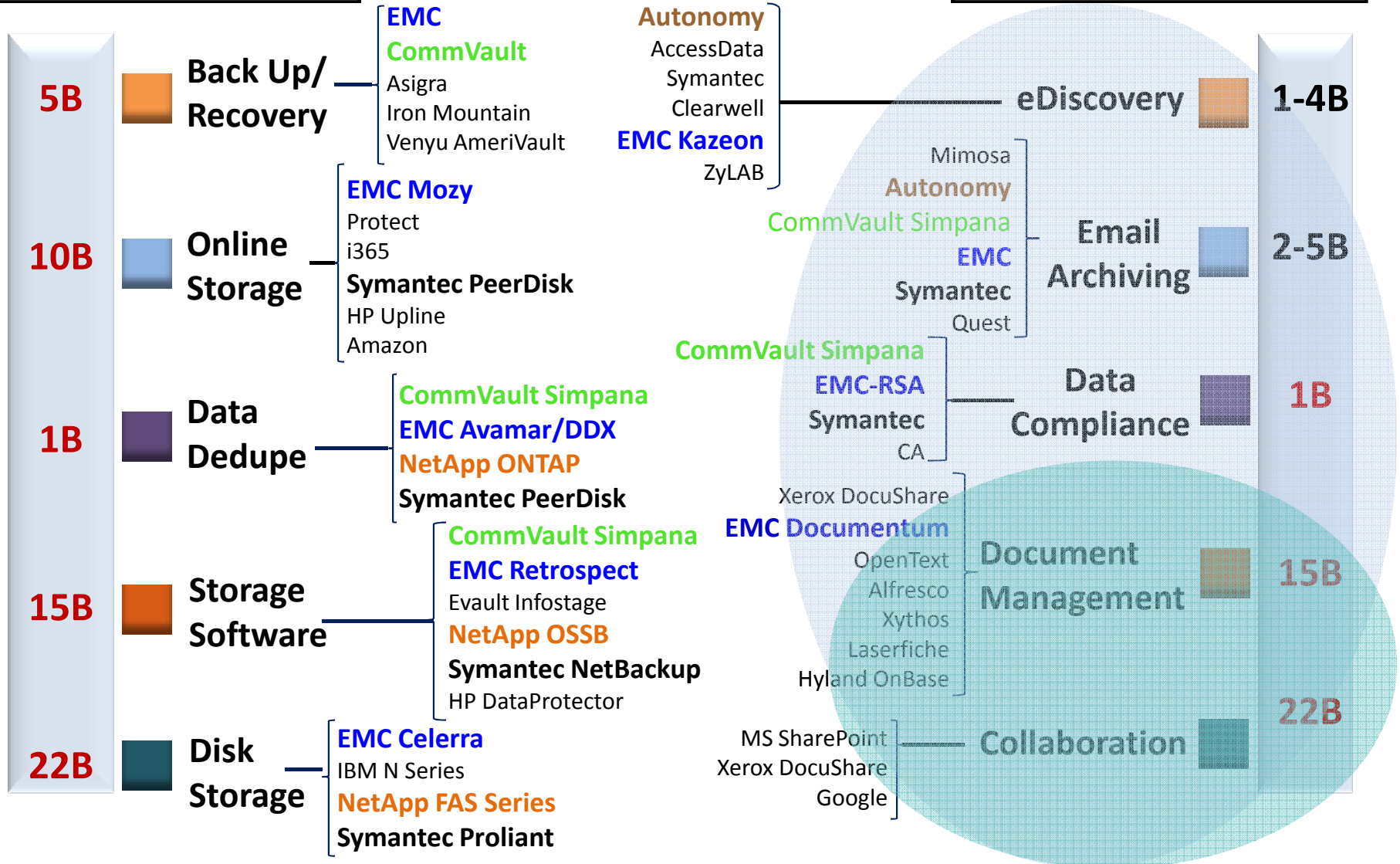


Most important in selection of new products



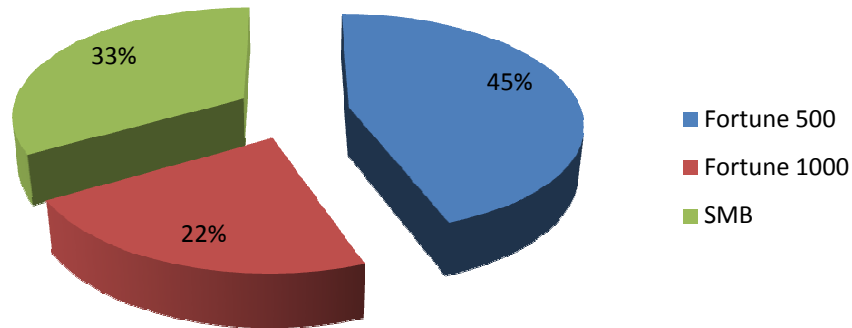
STORAGE MGMT

INFORMATION MGMT

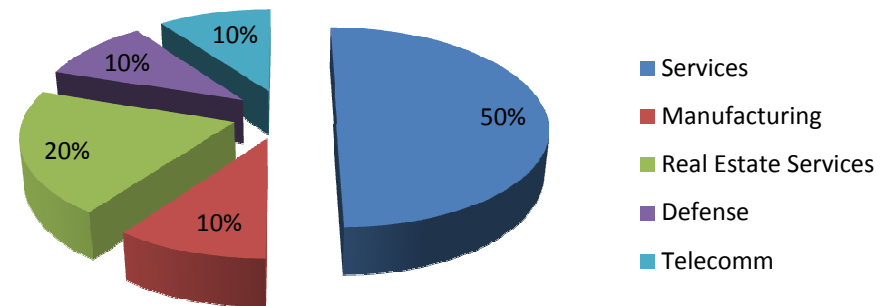




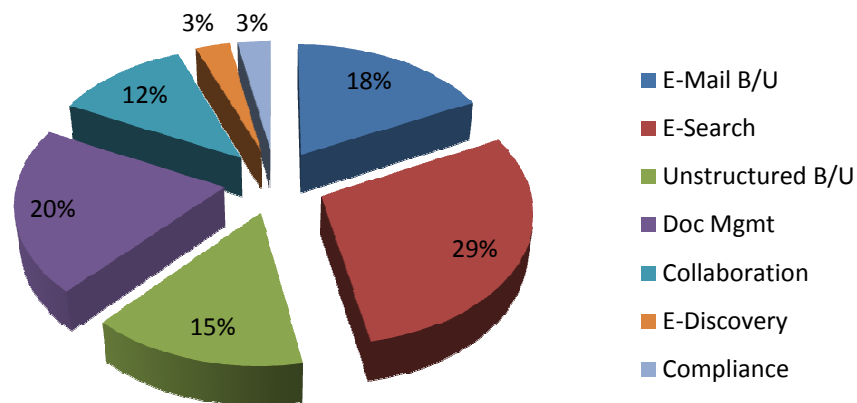
digiLIBE Install Profile



digiLIBE Industry Profile

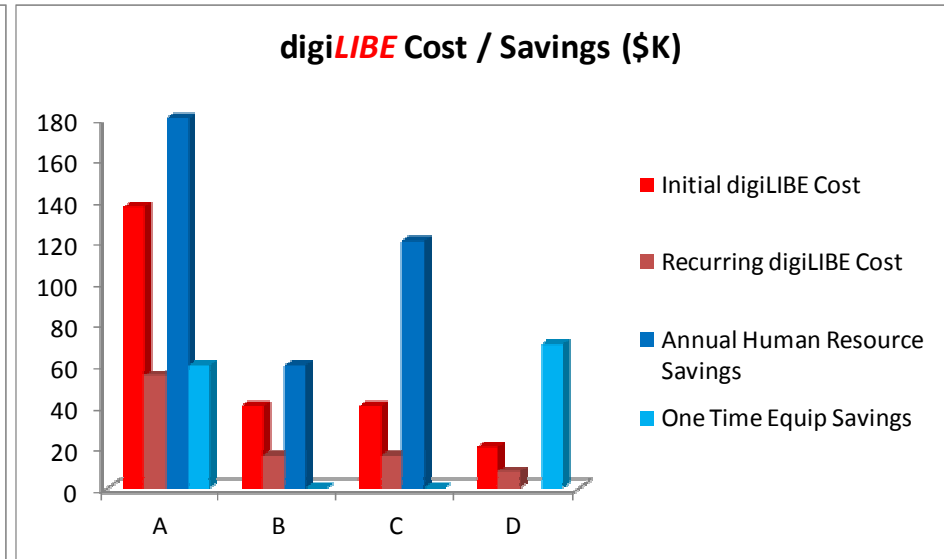
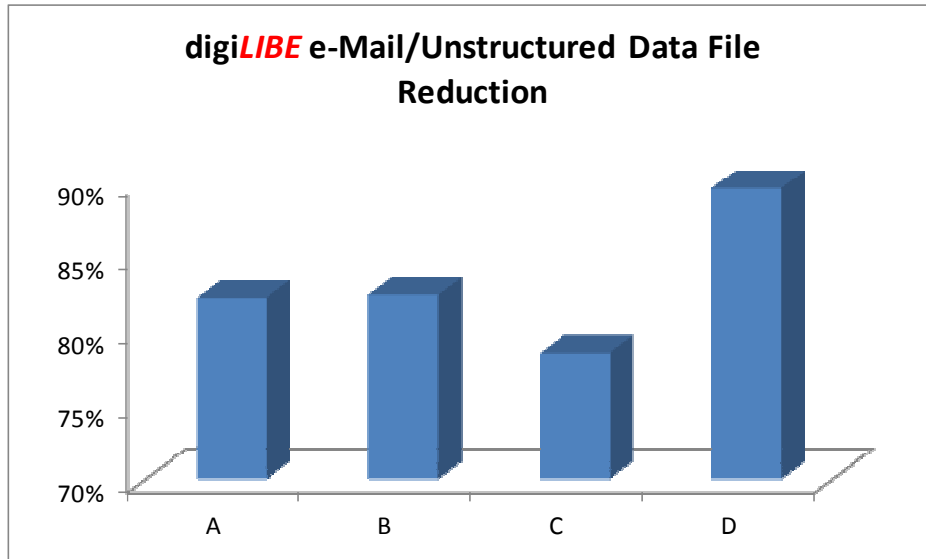


How digiLIBE is Used



- Conversion from pilot to order takes longer than anticipated but...
- High acceptance rate on pilots
- Current customers deploying more features to desktop users
- 50+ high quality companies in current pipeline

Why companies buy **digiLIBE** - compelling business results



- File restores: Fast file restores - “Days to minutes”
As Important – “the ability to locate the appropriate files and restore them”
- Share option: “Performance testing with the **digiLIBE** Director has indicated that the **digiLIBE** solution is 285% to 340% faster than Microsoft SharePoint.”
- Other benefits: Sensitive data security, storage capacity planning, customer satisfaction analysis, fast eSearch capability

Critical Success Factors

Factors:

Cash to meet obligations and fund growth



Actions:

Continue to raise capital through any available alternatives

Brand Awareness



Continue to build reference accounts
Continue to refine and distribute marketing materials, enhance website, press releases with customer testimonials and enhanced marketing programs

Develop effective channels



Attract qualified Systems Integrators
Develop qualified agents

Product support structure



Staffing and building process infrastructure to support growth

Digitiliti has great products and capable people. The company is positioned for success

The Bottom Line:

It's All About Closing More Business!!!

Questions and Answers