
BPO Management Services Reports Second Quarter 2007 Revenue Grew 86% Year over Year.

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IRVINE, Calif.--(BUSINESS WIRE)--BPO Management Services, Inc. "BPOMS"(OTCBB **BPOM - News**), a full service business process outsourcing company focused on serving middle market enterprises, today announced its financial results for the second quarter ended June 30, 2007.

SECOND QUARTER 2007 HIGHLIGHTS

- * Total revenue increased 86% year over year;
- * Enterprise Content Management revenue increased 86% year over year;
- * IT Infrastructure and Outsourcing revenue increased 134% year over year;
- * Completed \$14 million equity financing;
- * Completed acquisition of DocuCom;
- * Completed acquisition of Human Resource Management Systems (HRMS);
- * Appointed Russell Cleveland to board of directors.

FINANCIAL DISCUSSION

"We achieved a number of key milestones this quarter, including strong growth in both our ECM and ITO business segments, which contributed to overall strong growth in revenue," commented Patrick Dolan, chief executive officer. "Consistent with our growth plan, we completed a capital raise that enabled us to complete our previously announced acquisitions, DocuCom and HRMS, allowing us to continue to build out our full-service BPO capability. These acquisitions strategically expanded both our service offerings as well as our geographic footprint in North America, and added a number of key customers in these markets. By consolidating the best technologies and business processes in what is currently a very fragmented marketplace, we continue to position ourselves to become the leading provider of end-to-end back office outsourcing solutions for middle market enterprises."

"Our long-term strategy is to offer a comprehensive suite of end-to-end back office outsourcing services that are uniquely designed to solve the needs of the middle market enterprise, a market that is fragmented and too small to be adequately served by Tier 1 providers. We completed a number of acquisitions over the past two years and will continue to selectively pursue strategic acquisitions to maximize cross-selling opportunities and better penetrate the middle market," Dolan continued.

"Going forward, we will continue to focus on managing daily operations and executing against our business plan, which we believe will ultimately maximize shareholder value," Dolan continued.

FINANCIAL RESULTS

Second quarter total revenue for the three months ended June 30, 2007 was \$2.4 million, up 86% compared to total revenue of \$1.3 million for the three months ended June 30, 2006.

Enterprise Content Management (ECM) experienced continued growth and new contract wins. Net revenue from ECM products and services during the three months ended June 30, 2007 increased 86% to \$1,352,273 compared to \$727,952 during the three months ended June 30, 2006. In addition, the Company completed the acquisition of DocuCom on June 21, 2007. The results of DocuCom operations from June 21 to June 30, 2007 have little impact on second quarter results, but are expected to significantly increase both revenues and profitability of this segment in the near future. This acquisition adds the DocuCom data and document management solutions capability, with its long-term Canada-based

customer relationships, and enhances the Company's ability to offer high quality, cost-effective service utilizing its near shore delivery model to its US customers.

The Company also completed the acquisition of Human Resource Micro Systems (HRMS), which took place on June 29, 2007. This acquisition is expected to form the cornerstone of the Company's Human Resource Outsourcing (HRO) offering in the future and bring increasing revenues and profitability to this segment. The HRMS product delivers customizable software solutions for domestic and global mid-market organizations seeking to optimize their human resources service delivery and is being integrated with the Company's existing HRO operations based in San Francisco, California in order to broaden the Company's HRO offering to its customers. Human Resource Outsourcing, which prior to the HRMS acquisition consisted of a small project/consulting group that delivered HRO related services to our clients on a project basis, reported net revenues of \$3,299 for second quarter of fiscal 2007, down from \$111,306 during the second quarter of fiscal 2006. The decline was primarily attributable to the integration planning effort associated with the HRMS acquisition and the resulting decrease in project work completed during this timeframe. The Company has developed a strong pipeline of HRO related opportunities and in conjunction with the HRMS acquisition expects to see both increasing revenues and profitability in future periods.

IT Infrastructure and Outsourcing (ITO) also saw continued growth and new contract wins. Net revenue from ITO during the three months ended June 30, 2007 increased by 134% to \$1,000,608 compared to \$428,483 during the three months ended June 30, 2006. Continued revenue growth and profitability is expected in this business segment in the coming quarters.

The Company's net loss available to common shareholders for the three months ended June 30, 2007 was \$(1,295,956), or a loss of \$(0.15) per share, compared to a net loss of \$(597,076), or a loss of \$(0.08) per share, for the same period 2006. This loss includes approximately \$0.3 million in non-cash charges related to the issue of bridge loan warrants, management stock options and balance sheet amortization/depreciation expense items. In addition, the Company experienced higher than normal SG&A expenses associated with business integration activities related to recently acquired business units and professional service expenses associated with new acquisition activity.

The company closed the quarter with \$5.3 million in cash and cash equivalents.

OUTLOOK FOR 2007

"We successfully completed our capital raise in the second quarter which allowed us to complete the integration of Novus, as well as finalize the acquisition of both DocuCom and HRMS. In light of our recent acquisition activity, we are further evaluating the maximum short-term potential of each of our business segments and are not going to give formal guidance for the third quarter at this time. We expect to see growth momentum across all business segments and a continuing reduction in operating expenses in the third quarter," Dolan concluded.

About BPO Management Services, Inc.

BPO Management Services (BPOMS) is a business process outsourcing (BPO) service provider that offers a diversified range of on-demand services, including human resources, information technology, enterprise content management, and finance and accounting, to support the back-office functions of middle-market enterprises on an outsourced basis. BPOMS supports middle-market businesses new to the BPO market, established businesses that already outsource, and businesses seeking to maximize return-on-investment from their in-house workforce. For more information, please visit www.bpoms.com.

DocuCom Imaging Solutions:

DocuCom is recognized as a leading provider of document management solutions across Canada and offers a wide range of document management products and service solutions to government and middle market enterprises.

Approximately 50% of its existing business is provided under recurring revenue customer service contracts through which DocuCom supports its clients' document management and imaging based requirements. In addition to expanding BPOMS' document management service offering, this acquisition will greatly enhance BPOMS' market presence with both corporate and government organizations located in the strategic Toronto-Ottawa-Montreal business corridor and provide ready access to the large US marketplace located in the nearby northeastern United States. BPOMS plans to merge DocuCom with its existing ECM/Document Management division based in Winnipeg, Canada. For the most recent fiscal year ended as of October 31, 2006, DocuCom reported annual revenues of approximately \$12 million dollars.

Human Resource Micro Systems (HRMS):

HRMS provides comprehensive HRIS Software Solutions to Human Resource departments across a broad range of middle market industries. Its current install base includes more than 100 middle market companies located throughout the United States. The company combines the human resource and technical expertise to deliver HRIS products and services that meet the immediate and ongoing HR software needs of middle market enterprises. In addition to licensing this product, BPOMS plans to provide this HRIS software to its customers on a software-as-a-service ("SaaS") basis hosted from a BPOMS data center facility where it is intended to serve as the anchor offering for its HRO division headquartered in San Francisco, CA. To date approximately 50% of HRMS revenues are derived from recurring revenue maintenance and support contracts. For the most recent fiscal year ended as of May 31, 2007, HRMS reported annual revenues of approximately \$1.3 million dollars.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

With the exception of historical or factual information, the matters discussed in this press release, including without limitation the acceptance of new technology by the general marketplace, the Company's future growth plans and the ability of the Company's common stock to trade or be quoted on various markets are forward-looking statements that involve risks and uncertainties. Actual results may differ. Factors that could cause or contribute to such differences in results include, but are not limited to, the availability of financing and changes in market and business conditions; and other risks and factors detailed from time to time in the Company's public statements and its periodic reports and other filings with the U.S. Securities and Exchange Commission.