MER TELEMANAGEMENT SOLUTIONS LTD
Form 20-F
April 30, 2018

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report.................

Commission file number: 0-28950

MER TELEMANAGEMENT SOLUTIONS LTD.
(Exact Name of Registrant as specified in its charter
and translation of Registrant’s name into English)

Israel
(Jurisdiction of incorporation or organization)

14 Hatidhar Street, Ra’anana 4366516, Israel
(Address of principal executive offices)

Alon Mualem (Chief Financial Officer), +972-9-7777-555 (phone), +972-9-7777-566 (fax)
14 Hatidhar Street, Ra’anana 4366516, Israel
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Ordinary Shares, NIS 0.03 Par Value	NASDAQ Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Ordinary Shares, par value NIS 0.03 per share…………… 3,120,684
(as of December 31, 2017)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	International Financial Reporting Standards as issued by the International Accounting Standards Board	Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

This Report on Form 20-F is incorporated by reference into our Form S-8 Registration Statements File Nos. 333-123321 and 333-180369.

INTRODUCTION

We are a global provider of solutions for telecommunications expense management, or TEM, enterprise mobility management, or EMM, and for online and mobile video advertising.Our TEM solutions allow enterprises and organizations to make smarter choices with their telecommunications spending at each stage of the service lifecycle, including allocation of cost, proactive budget control, fraud detection, processing of payments and spending forecasting. Our converged billing solutions include applications for charging and invoicing customers, interconnect billing and partner revenue management using pre-pay and post-pay schemes, as well as managed services for mobile virtual network operators in the United States and worldwide.

The online video advertising solution is provided through Vexigo, a wholly-owned subsidiary of our company. The Vexigo solution for online and mobile platforms supports multiple ad formats and interactive ad units.

Since our public offering in May 1997, our ordinary shares have been listed on the NASDAQ Stock Market (symbol: MTSL) and are presently listed on the NASDAQ Capital Market. As used in this annual report, the terms “we,” “us” and “our” mean Mer Telemanagement Solutions Ltd. and its subsidiaries, unless otherwise indicated. As used in this annual report, “MTS IntegraTRAK” means MTS IntegraTRAK Inc., our wholly-owned U.S. subsidiary, and “Vexigo” means Vexigo Ltd., our wholly-owned Israeli subsidiary.

We own U.S. trademark rights for CALLTRAC®, ANCHORPOINT®, MAP-TO-WIN® and TOTAL-e™ and have common law rights in the trademarks TABS.IT, PMSI, TELSOFT SOLUTIONS, TELSOFT, MEGACALL and CALLTRAC LITE, based on use of the marks in the United States. All other trademarks and trade names appearing in this annual report are owned by their respective holders.

On September 6, 2017, we effected a one-for-three reverse split of our ordinary shares. The reverse split entailed the exchange of one ordinary share, NIS 0.03 nominal value per share for three ordinary shares, NIS 0.01 nominal value. No fractional shares were issued as a result of the reverse split. The reverse split reduced the number of outstanding ordinary shares from 9,356,566 ordinary shares to 3,120,684 ordinary shares. Unless explicitly stated otherwise, all share prices and amounts are adjusted to account for the reverse split.

Our consolidated financial statements appearing in this annual report are prepared in U.S. dollars and in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. All references in this annual report to “dollars” or “$” are to U.S. dollars and all references in this annual report to “NIS” are to New Israeli Shekels.

Statements made in this annual report concerning the contents of any contract, agreement or other document are summaries of such contracts, agreements or documents and are not complete descriptions of all of their terms. If we filed any of these documents as an exhibit to this annual report or to any registration statement or annual report that we previously filed, you may read the document itself for a complete description of its terms.

Except for the historical information contained in this annual report, the statements contained in this annual report are “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995, as amended, with respect to our business, financial condition and results of operations. Such forward-looking statements reflect our current view with respect to future events and financial results. We urge you to consider that statements which use the terms “anticipate,” “believe,” “do not believe,” “expect,” “plan,” “intend,” “estimate,” “anticipate” and similar expressions are intended to identify forward looking statement We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual results, performance, levels of activity, or our achievements, or industry results, to be materially different from any future results, performance, levels of activity, or our achievements expressed or implied by such forward-looking statements. Such forward-looking statements are also included in Item 4 – "Information on the Company" and Item 5 – "Operating and Financial Review and Prospects." Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to publicly release any update or revision to any forward looking statements to reflect new information, future events or circumstances, or otherwise after the date hereof. We have attempted to identify significant uncertainties and other factors affecting forward-looking statements in the Risk Factors section that appears in Item 3D. "Key Information - Risk Factors."

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following selected consolidated financial data for and as of the five years ended December 31, 2017 are derived from our audited consolidated financial statements, which have been prepared in accordance with U.S. GAAP. Our audited consolidated financial statements for the three years ended December 31, 2017 and as of December 31, 2016 and 2017 appear elsewhere in this annual report. Our selected consolidated financial data as of December 31, 2013, 2014 and 2015 and for the years ended December 31, 2013 and 2014 have been derived from audited consolidated financial statements not included in this annual report. The selected consolidated financial data set forth below should be read in conjunction with and are qualified entirely by reference to Item 5. "Operating and Financial Review and Prospects," and our consolidated financial statements and notes thereto included elsewhere in this annual report.

Statement of Operations Data:

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(U.S. dollars in thousands, except share and per share data)				
Revenues	$8,626	$14,052	$14,712	$7,066	$12,472
Cost of revenues	3,511	6,913	8,414	2,893	4,024
Gross profit	5,115	7,139	6,298	4,173	8,448
Selling and marketing	1,829	2,343	2,225	1,868	2,164
Research and development	2,145	2,763	1,805	1,387	1,389
General and administrative	3,009	3,472	3,459	2,459	3,188
Goodwill and technology impairment, net of change in contingent earn-out consideration	-	4,245	3,514	--	--
Operating income (loss)	(1,868)	(5,684)	(4,705)	(1,541)	1,707
Financial (expenses) income, net	144	(17)	(17)	(95)	61
Income (loss) before taxes on income	(1,724)	(5,701)	(4,722)	(1,636)	1,768
Taxes on income (benefit), net	(9)	(507)	194	54	435
Net income (loss) from continuing operations	(1,715)	(5,194)	(4,916)	(1,690)	1,333
Net income (loss) from discontinued operations	(53)	(27)	177	80	73
Net income (loss)	(1,768)	(5,221)	(4,739)	(1,610)	1,406
Basic and diluted net income (loss) per share from continuing operations	$(0.57)	$(1.84)	$(2.05)	$(1.08)	$0.84
Basic and diluted net income (loss)per share from discontinued operations	$(0.02)	$(0.01)	$0.07	$0.06	$0.06
Basic and diluted net income (loss) per share	$(0.59)	$(1.85)	$(1.98)	$(0.14)	$0.90
Weighted average number of ordinary shares used in computing basic net income (loss) per share	2,991,547	2,817,427	2,391,664	1,556,988	1,553,230
	2,991,547	2,817,427	2,391,664	1,556,988	1,573,655

Weighted average number of ordinary shares used
in computing diluted net income (loss) per share

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Balance Sheet Data:

	As of December 31,				
	2017	2016	2015	2014	2013
	(in thousands)				
Working capital (deficiency)[1]	$(1,409)	$(1,552)	$(438)	$2,090	$3,455
Total assets	8,646	12,288	22,024	10,892	12,629
Shareholders' equity	1,712	1,860	6,149	5,632	7,161

1. Working capital (deficiency) excludes discontinued operations.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Investing in our ordinary shares involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties described below before investing in our ordinary shares. If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be harmed. In that case, the value of our ordinary shares could decline, and you could lose all or part of your investment.

Risks Relating to Our Business and Market

Our auditors have expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain further financing.

Our audited financial statements for the year ended December 31, 2017, were prepared under the assumption that we would continue our operations as a going concern. Our independent registered public accounting firm has included a "going concern" explanatory paragraph in its report on our financial statements for the year ended December 31, 2017, indicating that we have suffered recurring losses from operations and have a net capital deficiency, which raises substantial doubt about our ability to continue as a going concern. The inclusion of this "going concern" paragraph in our financial statements and the uncertainty concerning our ability to continue as a going concern may adversely affect our ability to obtain future financing and, if obtained, the terms of such financing. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. As of December 31, 2017, we had cash and cash equivalents of $1.3 million and a working capital deficiency of $1.4 million. We expect to report a loss for the first quarter of 2018 and that our cash position will be reduced further. Without additional funds from private or public offerings of debt or equity securities, sales of assets, sales or licenses of intellectual property or technologies, or other transactions, we will exhaust our resources and will be unable to continue operations. If we cannot continue as a viable entity, our shareholders would likely lose most or all of their investment in us.

We have incurred operating losses in each of the past four years and may not regain profitability in the future. We anticipate that we will need additional funding. If we are unable to raise capital, we will be forced to reduce or eliminate certain of our operations.

We have incurred operating losses in each of the last four years and may not be able to regain profitable operations in the future or generate positive cash flows from operations. Our continued losses have resulted in our having a working capital deficiency in the past three years. To the extent that we incur operating losses in the future or are unable to generate free cash flows from our business, we may not have sufficient working capital to fund our operations in the future, and as a result, there is substantial doubt about our ability to continue as a going concern. During 2017, we had negative operating cash flows and as of December 31, 2017, our cash and cash equivalents declined to $1.3 million and we had a working capital deficiency of $1.4 million. We anticipate that we will be required to obtain financing from outside sources or further reduce our level of expenditures. Such financing may not be available to us, or, if available, may not be on terms satisfactory to us. If adequate funds are not available to us, our results of operations and financial condition will be adversely affected and we will be forced to reduce the scope of, or eliminate certain of our operations. Even if we are able to continue to finance our business, the sale of additional equity will result in dilution to our current shareholders and the incurrence of debt could require us to grant a security interest in our assets. If we raise additional funds through the issuance of debt securities, these securities may have rights senior to those of our ordinary shares and could contain covenants that could restrict our operations. In addition, we may require additional capital beyond our currently forecasted amounts to achieve profitability.

Our efforts to reduce expenses, could disrupt our business and may not be successful.

As part of our strategy to return to profitable operations, we have determined to reduce our operational expenses across the company and to eliminate our non-profitable operations. We are now focused on our core businesses, TEM, call accounting and to a lesser degree, video advertising. We must manage our employees, operations, finances, research and development and capital investments efficiently. If we fail to appropriately coordinate across our executive, engineering, finance, human resources, legal, marketing, sales, operations and customer support teams, our productivity and the quality of our solutions may be adversely affected and our results of operation will be negatively impacted.

We would be adversely affected if we are unable to attract and retain key personnel.

Our success depends in part on key management, sales, marketing and development personnel and our continuing ability to attract and retain highly qualified personnel. There is competition for the services of such personnel. The loss of the services of key personnel, and the failure to attract highly qualified personnel in the future, may have a negative impact on our business. Moreover, our competitors may hire and gain access to the expertise of our former employees or our former employees may compete with us. In the last year a number of our key personnel have resigned from our company or have been dismissed, including our former CEO, our current chief financial officer, the Chairman of our Vexigo subsidiary, the CEO of Vexigo and the President of our North America operations. While we have successfully replaced our former CEO, who also currently heads our North America operations, in a timely manner and believe that we have a qualified successor to our CFO in-house, there is no assurance that any of the associated risks will not be realized in the future.

We derive a significant portion of our revenues from TEM call accounting solutions, whose revenues have declined in recent years.

A significant portion of our revenues is derived from our TEM call accounting solutions, whose revenues declined each year from 2006 through 2014 and from 2016 through 2017. Revenues for these products may not grow or stabilize in the future. If the market for our TEM solutions fails to grow or stabilize in the future, our business, operating results and financial condition would be adversely affected. Our future financial performance will be dependent to a substantial degree on the successful introduction, marketing and customer acceptance of our current and future TEM call accounting solutions.

The operating expenses associated with our TEM call accounting solutions are mostly fixed expenses. If our TEM call accounting revenues decline, our operating results will be adversely affected.

Our expense levels are substantially based on our expectations for future revenues and are therefore relatively fixed. If revenue levels fall below expectations, our quarterly results are likely to be disproportionately adversely affected because a proportionately smaller amount of our expenses varies with our revenues. Our operating results are generally not characterized by a seasonal pattern, except that our sales in Europe are generally lower in the summer months.

We typically ship orders for our TABS product shortly after receipt of a purchase order and, consequently, order backlog at the beginning of any quarter has in the past represented only a small portion of that quarter’s revenues. As a result, license revenues from our TABS product in any quarter depend substantially on orders for TABS products that have been booked and shipped in that quarter. Also, we cannot predict whether revenues from our TEM Suite will be recognized in any quarter because the delivery and, in some cases, the implementation of all the components of the TEM Suite (including among, other things, customer training) are dependent on the customers individual timing requirements, which can delay the completion of these orders. In addition, a portion of our revenues from billing solutions are generated by using contract accounting on a percentage of completion method and because the completion pace varies from quarter to quarter and is dependent on different variables that are out of our control, a portion of our billing solutions revenues in any quarter depend on our customers' operational plans, which can delay our ability to progress and complete the projects.

Our quarterly and annual results have fluctuated significantly in the past and are likely to fluctuate significantly in the future.

Our quarterly and annual results have fluctuated significantly in the past and are likely to fluctuate significantly in the future. Our future operating results will depend on many factors, including, but not limited to the following:

- demand for our products;
- ability to retain existing customers;
- changes in our pricing policies or those of our competitors;
- new product announcements by us and our competitors;
- the number, timing and significance of product enhancements;
- product life cycles;
- our ability to develop, introduce and market new and enhanced products on a timely basis;
- changes in the level of our operating expenses;
- budgeting cycles of our customers;
- customer order deferrals in anticipation of enhancements or new products that we or our competitors offer;
- changes in our strategy;
- seasonal trends and general domestic and international economic and political conditions, among others; and
- currency exchange rate fluctuations and economic conditions in the geographic areas where we operate.

Due to the foregoing, our quarterly financial performance has varied significantly in the past and may vary significantly in the future. Our revenues and operating results in any quarter may not be indicative of our future performance, and it may be difficult for investors to evaluate our prospects. In some future quarter, our operating results may be below the expectations of public market analysts and investors. In such event, it is likely that the price of our ordinary shares would be adversely affected. Accordingly, quarterly revenues and operating results are difficult to forecast, and it is likely that our future operating results will be adversely affected by these or other factors. We believe that period-to-period comparisons of our operating results are not necessarily meaningful and you should not rely upon them as indications of future performance.

We are subject to risks associated with rapid technological change and risks associated with new versions, offerings, products and industry standards.

The information and telecommunication service providers market in which we compete is characterized by rapid technological change, introductions of new products, changes in customer demands and evolving industry standards. Our future success will depend upon our ability to keep pace with the technological developments and to timely address the increasingly sophisticated needs of our customers by supporting existing and new telecommunication technologies and services and by developing and introducing enhancements to our current and new products. We may not be successful in developing and marketing enhancements to our products that will respond to technological change, evolving industry standards or customer requirements. We may experience difficulties that could delay or prevent the successful development, introduction and sale of such enhancements or such enhancements may not adequately meet the requirements of the marketplace and achieve any significant degree of market acceptance. If release dates of any new products or enhancements are delayed, or if when released, they fail to achieve market acceptance, our business, operating results and financial condition would be materially and adversely affected. In addition, the introduction or announcement of new product offerings or enhancements by us or our competitors may cause customers to defer or forgo purchases of current versions of our products, which could adversely affect our business, operating results and financial condition.

With its digital video advertising solution, Vexigo competes for advertisers and publishers, which are often represented by agencies, who want to purchase digital media for advertising campaigns. Vexigo's industry is subject to rapid changes in standards, technologies, products and service offerings, as well as in advertiser and publisher demands and expectations. Vexigo continuously needs to make decisions regarding which offerings and technology to invest in to meet media affiliates' demand and evolving industry standards and regulatory requirements. Vexigo may make wrong decisions regarding these investments. If new or existing competitors offer more attractive offerings than those of Vexigo, it may lose affiliates or affiliates may decrease their spending on its solutions. New media affiliates' demand for superior competitive offerings or new industry standards could render Vexigo's existing solutions unattractive, unmarketable or obsolete and require it to make substantial unanticipated changes to its technology platform or business model, resulting in additional expenses and loss of revenues. Vexigo's failure to adapt to a rapidly changing market or to anticipate media affiliates' demand could harm our business and our financial performance.

The market for our TEM and call accounting solutions may be adversely affected by intense competition.

The market for TEM and call accounting solutions is fragmented and is intensely competitive. Competition in the industry is generally based on product performance, depth of product line, technical support and price. We compete both with international and local competitors (including providers of telecommunications services), many of whom have significantly greater financial, technical and marketing resources than us. We anticipate continuing competition in the TEM and call accounting markets and the entrance of new competitors into the market. Our existing and potential customers, including business telephone switching system manufacturers and vendors, may be able to develop products and services that are as effective as, or more effective or easier to use than, those offered by us. Such existing and potential competitors may also enjoy substantial advantages over us in terms of research and development expertise, manufacturing efficiency, name recognition, sales and marketing expertise and distribution channels. We may not be able to compete successfully against current or future competitors and that competition may adversely affect our future revenues and, consequently, our business, operating results and financial condition.

The impairment of intangible assets and goodwill arising from our acquisitions could continue to negatively impact our net income and shareholders' equity.

When we acquire a business, a substantial portion of the purchase price of the acquisition may be allocated to goodwill and other identifiable intangible assets. The amount of the purchase price which is allocated to goodwill and other intangible assets is determined by the excess of the purchase price over the net identifiable assets acquired. The current accounting standards require that goodwill and intangible assets should be deemed to have indefinite lives, which should be tested for impairment at least annually (or more frequently if impairment indicators arise). Other intangible assets are amortized over their useful lives. In light of changes that occurred in the online advertising market during the latter part of 2015 and during 2016, which resulted in reduced revenues and gross margins, we performed an impairment analysis in accordance with ASC 350 and re-evaluated the contingent consideration payable to the former shareholders of Vexigo as of the end of 2015 and as of the end of 2016. As a result of these analyses and reevaluations, we recorded in 2015 a non-cash impairment of goodwill of $3.5 million, net of the re-evaluation of the contingent consideration payable to the former shareholders of Vexigo, and in 2016 we recorded a non-cash impairment of goodwill and technology of $4.2 million, net of a $4.3 million re-evaluation of the contingent consideration payable to the former shareholders of Vexigo resulting in the impairment of the entire amount recorded as goodwill and technology in connection with our acquisition of Vexigo.

Based on the impairment analysis, we did not identify any impairment losses for the goodwill assigned to the Enterprise reporting unit. We may not be able to achieve our business targets for our acquired businesses, which could result in our incurring additional goodwill and other intangible assets impairment charges. Further declines in our market capitalization increase the risk that we may be required to perform another goodwill impairment analysis, which could result in an impairment of up to the entire balance of our goodwill and other identifiable intangible assets.

We depend on business telephone system manufacturers, vendors and distributors for our sales.

Historically, one of the primary distribution channels for our call accounting management products has been private branch exchange, or PBX, original equipment manufacturers, or OEMs, and vendors who market our products to end-users in conjunction with their own products. We are dependent upon the active marketing and distribution efforts of our PBX, OEMs and local master distributors.

Sales of call accounting solutions by PBX manufacturers and vendors have declined markedly in the recent past, and sales through this channel may continue to decline. Our future success will be dependent to a substantial degree on the marketing and sales efforts of such third parties in marketing and integrating our products. These third parties may not give priority to the sale of our products as an enhancement to their products. Although most of the major business telephone switching systems manufacturers and vendors currently rely on third party suppliers to provide call accounting and other telemanagement products, these manufacturers and vendors, including our current customers, may develop their own competing products or purchase competing products from others.

Because we sell our products through local master distributors in countries where we do not have a marketing subsidiary, we are highly dependent upon the active marketing and distribution efforts of our distributors. We also depend in large part upon our distributors for product maintenance and support. Our distributors may not continue to provide adequate maintenance and support to end-users or provide maintenance and support for new products, which might cause us to seek new or additional distributors or incur additional service and support costs. The distributors to whom we sell our products are generally not contractually required to make future purchases of our products and could, therefore, discontinue carrying our products at any time. None of our distributors or resellers is subject to any minimum purchase requirements under their agreements with us.

We may not be able to continue our relationships with our OEM customers or, if such relationships are not maintained, we may not be able to attract and retain comparable PBX OEMs. The loss of any of our major reseller or OEM relationships, either to competitive products offered by other companies or products developed by such resellers, would adversely affect our business, financial condition and results of operations. Our future performance will depend, in part, on our ability to attract additional PBX manufacturers and vendors that will be able to market and support our products effectively, especially in markets in which we have not previously distributed our products.

The online advertising field is highly competitive and is increasingly dominated by large players, diminishing access and opportunities for smaller players like our company. The increased cost of online advertising space decreased Vexigo’s gross margin.

The online advertising field has undergone significant changes in recent years, resulting from, among other factors, the increased significance and scope of the mobile advertising segment and from consolidation in the ad exchange and ad network markets. Two of the largest online services providers, Google and Facebook, derive the significant majority of their revenues in the online advertising market and control a substantial portion of the supply chain for online advertising spots. The smaller players, including Vexigo, compete for the remaining market share, including the remaining placement inventory and advertising customers. This competitive field requires Vexigo and its competitors to continuously advance technologically and develop or locate technological and other solutions to stay competitive. If Vexigo will be unsuccessful in obtaining and maintaining a competitive position, its results of operations will be adversely affected and our results of operations and financial condition will be adversely affected. During recent years, the cost of online advertising space significantly increased, resulting in a lower gross margin for Vexigo’s operations. In the event Vexigo will not be successful in y generating higher revenues for its online advertising space inventory, Vexigo’s gross margin may not recover to its historic levels and may further decline, adversely affecting Vexigo’s results of operations.

Vexigo’s reliance on a small number of suppliers and customers, places our business, financial condition and results of operations at risk.

A relatively small number of customers have historically accounted for a majority of Vexigo's revenue. During 2016, Vexigo's top three customers accounted for 50% of its aggregate revenues. In addition, until January 2016 Vexigo relied on one major supplier, AppNexus, for a significant portion of its advertising space (approximately 54% during 2015). Vexigo's activity with AppNexus was reduced significantly in early 2016 and we expect that Vexigo will continue to depend upon a relatively small number of suppliers and customers for a significant portion of its advertising space and revenue for the foreseeable future. During January 2017, Brightroll, which was acquired by Yahoo and which Vexigo used for purchasing media, switched to a different platform and significantly reduced its activity with Vexigo. During 2017, Vexigo faced significant difficulties in its efforts to work with different platforms and therefore Vexigo's activity declined. If Vexigo fails to compensate for the loss of advertising space or revenue by creating commercial relationships with new suppliers and attracting new customers, or fails to retain new or existing suppliers and customers, or if existing suppliers terminate or materially alter their commercial relationships with Vexigo, or if existing customers run fewer advertising campaigns with Vexigo, defer or cancel their insertion orders, or terminate their relationship with Vexigo altogether, whether through the actions of their agency representatives or otherwise, our business, and results of operations and financial condition will be further adversely affected.

Vexigo has experienced fluctuations and material declines in its operating results, which make its future results difficult to predict and could cause its operating results to continue to decline in the future.

Vexigo's operating results have fluctuated in the past and will likely fluctuate in the future, while experiencing a steady decline since its acquisition in 2015, due to a variety of factors, many of which are not readily discernible and are beyond Vexigo's control. Vexigo's fluctuating results could cause its performance to fall below our expectations and adversely affect our operating results. Factors that may increase the volatility of and adversely affect Vexigo's operating results include the following:

- changes and new measures implemented by internet browsers and manufacturers of mobile devices limiting the scope and type of advertising that can be placed using Vexigo's solutions;
- consolidation of Vexigo's competitors and the entry into the advertising sales market of the major players and web services providers;
- increases in the percentage of advertising space that Vexigo acquires but does not sell, thereby increasing its operating costs without a parallel increase in its revenues;
- Vexigo's ability to obtain quality advertising space;
- developments in technology or new devices that enable users to block advertising;
- the addition or loss of media affiliates;
- changes in demand and pricing for Vexigo's solutions and the overall reduction in the prices of online advertising placements;
- Vexigo's inability to obtain long-term commitments from advertisers;
- changes in the way advertisers verify safe video impressions;
- changes in publishers' policy for running in-banner video advertising, preventing Vexigo from utilizing its media assets;
- changes in video platforms regulation, preventing Vexigo from selling its inventory to its advertisers;
- the seasonal nature of Vexigo's customers' spending on video advertising campaigns;
- changes in Vexigo's pricing policies or the pricing policies of its competitors and the pricing of video advertising space or of other third-party services;
- the introduction of new technologies, products or service offerings by Vexigo's competitors;
- changes in Vexigo's customers' video advertising budget allocations, agency affiliations, or marketing strategies;
- changes and uncertainty in the regulatory environment applicable to Vexigo or its affiliates;
- changes in ad-exchanges that may prevent running rotating advertisements;
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changes in the economic prospects of Vexigo's video advertisers or the economy generally, which could alter current or prospective advertisers' spending priorities or could increase the time or costs required to complete sales with advertisers;

- changes in the availability of video advertising space through real-time advertising exchanges or in the cost to reach end consumers through video advertising; and

- changes in Vexigo's capital expenditures as it acquires the hardware, equipment and other assets required to support its business.

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Vexigo has encountered and will continue to encounter risks and difficulties frequently experienced by companies in rapidly changing industries, including challenges related to layoffs, recruiting, integrating and retaining qualified employees, making effective use of limited resources, achieving market acceptance of its existing and future offerings, as well as competing against companies with greater financial and technical resources; acquiring and retaining customers and maintaining relationships with advertisers, advertising agencies and owners of publishing space and publisher agencies; and developing new offerings. Based upon all of the factors described above and others that Vexigo may not anticipate, including those beyond its control, it has a limited ability to forecast its future revenue, costs and expenses. As a result, our operating results, may from time to time fall below our estimates or the expectations of investors.

If Vexigo acquires low quality advertising space, or if fraud content or views are detected in connection with the placement of advertisements by Vexigo or if Vexigo sells advertising space in connection with undesirable advertising campaigns, Vexigo's revenues may decrease and its reputation may be harmed.

The instances of fraudulent content and fraudulent views of online advertising (using bots or other technologies) increased during recent years and pose a significant threat to the online advertising market. The advertising space that Vexigo accesses through real-time advertising exchanges may be of low quality or misrepresented to it, despite attempts by Vexigo and its suppliers to prevent fraud and conduct quality assurance checks. In addition, Vexigo has contractual commitments to take reasonable measures to prevent undesirable advertising from appearing on the websites that sell the advertising space to Vexigo. In the event Vexigo detects the low quality or fraudulent advertising space or problematic campaign, it will lose the funds invested in acquiring the relevant advertising space. In the event Vexigo is not successful in detecting such low quality or fraudulent advertising space or problematic campaign and sells it to its customers or places it on advertising space, these customers may refuse to pay for their ad placement or cease working with Vexigo and Vexigo, and we, may become subject to indemnification claims by Vexigo's customers or from the publishers and Vexigo's reputation may be harmed, resulting in decreased revenues from, or the cessation of commercial relationships with, the affected advertising agencies, advertisers or their affiliates.

Vexigo relies on "Demand Side Platforms," or DSPs, and "Video Ad Exchanges" to purchase its solutions on behalf of advertising agencies or advertisers, and incurs the cost of an advertising campaign before it is paid for its services and the advertising space. Such agencies and advertisers may have or develop high-risk credit profiles, which may result in credit risk to Vexigo.

Vexigo must consider the effect of credit risk in transactions with agencies or other third parties and advertisers. A substantial portion of Vexigo's business is sourced through Video Ad Exchanges and DSPs. These Video Ad Exchanges and DSPs represent advertising agencies and advertisers and payment of fees to Vexigo originates with the advertising agencies or advertisers and is submitted through the Video Ad Exchanges and DSPs. Certain of the advertising agencies or advertisers have or may develop high-risk credit profiles, and, to the extent they do, may not remit payment or transfer only a portion of the payment due to Vexigo. The credit risk of advertising agencies may vary depending on the nature of an advertising agency's aggregated advertiser base. There can be no assurances that Vexigo will not experience bad debt expense or deferred revenues in the future. Any such write-offs for bad debt or deferrals of revenues could have a materially negative effect on Vexigo's results of operations for the periods in which the write-offs occur. Even if Vexigo is not paid, Vexigo is still obligated to pay for the media it has purchased for the advertising campaign, and as a consequence, our results of operations and financial condition could be adversely impacted.

Legislation and regulation of digital businesses and industry standards or technical measures adopted by key market players, such as Google, could create unexpected additional costs or termination of services, subject Vexigo to enforcement actions for compliance failures, or cause Vexigo to change its technology solutions or business models, which may have an adverse effect on the demand for Vexigo's solutions.

In the course of conducting its business, Vexigo collects, stores, transmits, and uses information related to computing and communications devices, user activity on devices, and advertisements placed through Vexigo’s solutions. The online advertising field is subject to federal, European and other regulation, including with respect to privacy and data protection and targeting minors and children, for example, the Children's Online Privacy Protection Act of 1998. Several governments are considering legislation related to digital advertising and certain media advertising organizations, such as the Network Advertising Initiative and the Interactive Advertising Bureau, adopted “best practice” guidelines with which Vexigo may be required to comply pursuant to current or future contractual undertakings. Key market players, such as Google, have in the past and may in the future implement technical measures in their products that limit the options, opportunities and access of online advertisers. Such legislation, technical measures and industry standards could affect the costs of doing business online, and may adversely affect the demand for or effectiveness and value of Vexigo’s solutions. If future regulation, industry standards or consumer preferences make the collection or use of such data more difficult or impracticable, the value of online advertising could be adversely affected which, in turn, could impact the demand for our products. The costs of compliance with privacy and other laws and regulations are high and are likely to increase in the future and any failure on Vexigo’s part to comply with laws and regulations may expose Vexigo to significant liabilities.

If mobile connected devices, their operating systems or content distribution channels, including those controlled by Vexigo's competitors, develop in ways that prevent its advertising campaigns from being delivered to their users, Vexigo's ability to grow its business will be impaired.

Vexigo's success in the mobile channel arena depends upon the ability of its technology platform to integrate with mobile advertising space suppliers and provide advertising for most mobile connected devices, as well as the major operating systems that run on them and the thousands of applications that are downloaded onto them. The design of mobile devices and operating systems is controlled by third parties with whom Vexigo does not have any formal relationships. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones, which makes it easier to block ads and introduce ad blocking applications that are compatible with their devices. Network carriers may also impact the ability to access specified content on mobile devices or even block such access. If Vexigo's solution was unable to work on these devices or operating systems, either because of technological constraints or because an operating system or app developer, device maker or carrier wished to impair its ability to purchase advertising space and provide advertisements, our ability to generate revenue could be significantly harmed.

We are subject to risks relating to proprietary rights and risks of infringement.

Due to the rapid pace of technological change in the communications industry, we believe that the most significant factors in our intellectual property rights are the knowledge, ability and experience of our employees, the frequency of product enhancements and the timeliness and quality of support services provided by us. In addition, we rely upon a combination of security devices, copyrights, trademarks, patents, trade secret laws, confidentiality procedures and contractual restrictions to protect our rights in our products. We try to protect our software, documentation and other written materials under trade secret and copyright laws, which afford only limited protection. It is possible that others will develop technologies that are similar or superior to our technology. Unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. It is difficult to police the unauthorized use of our products, and we expect software piracy to be a persistent problem, although we are unable to determine the extent to which piracy of our software products exists. In addition, the laws of some foreign countries do not protect our proprietary rights as fully as do the laws of the United States. Our means of protecting our proprietary rights in the United States or abroad may not be adequate or our competition may independently develop similar technology.

Vexigo's success depends, in part, on its ability to protect proprietary methods and technologies that it develops or otherwise acquires, so that Vexigo can prevent others from using Vexigo's inventions and proprietary information. If Vexigo fails to protect its intellectual property rights adequately, its competitors might gain access to its technology, and its business might be adversely affected. Vexigo relies on trademark, copyright and trade secret laws, confidentiality procedures and contractual provisions to protect its proprietary methods and technologies. Vexigo, whose patent strategy is still in its early stages, has one registered patent.

Vexigo generally enters into confidentiality and/or license agreements with its employees, consultants, vendors and advertisers, and generally limits access to and distribution of its proprietary information. However, Vexigo cannot assure that any steps taken by it will prevent misappropriation of its technology and proprietary information or infringement of its intellectual property rights. Policing unauthorized use of Vexigo's technology and intellectual property is difficult and expensive. Vexigo's competitors and others could attempt to capitalize on its brand recognition by using domain names or business names similar to Vexigo's, and Vexigo may be unable to prevent third parties from acquiring or using domain names and other trademarks that infringe on, are similar to, or otherwise decrease the value of its brands, trademarks or service marks. Also, despite the steps Vexigo has taken to protect its proprietary rights, it may be possible for unauthorized third parties to copy or reverse engineer aspects of Vexigo's technology or otherwise obtain and use information that it regards as proprietary, or to develop technologies similar or superior to its technology or design around its proprietary rights.

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The digital advertising industry is characterized by the existence of large numbers of patents, copyrights, trademarks, trade secrets and other intellectual property and proprietary rights. Companies in this industry are often required to defend against litigation claims that are based on allegations of infringement or other violations of intellectual property rights. Vexigo's technologies may not be able to withstand any third-party claims or rights against their use.

It is possible that third parties will claim infringement by us of their intellectual property rights regarding both the telecommunications industry and the advertising industry. We believe that software product developers will increasingly be subject to infringement claims as the number of products and competitors in our industry segments grows and the functionality of products in different industry segments overlaps. As a result of the Vexigo acquisition, Vexigo's business and financial condition may become more visible, which may result in threatened or actual litigation, including by competitors and other third parties.

Regardless of whether claims that we are infringing patents or infringing or misappropriating other intellectual property rights have any merit, these claims are time-consuming and costly to evaluate and defend, and can impose a significant burden on management and employees. The outcome of any litigation is inherently uncertain, and we may receive unfavorable interim or preliminary rulings in the course of litigation. There can be no assurances that favorable final outcomes will be obtained in all cases. Any such litigation could also cause product set-up or maintenance delays, expose us to indemnification claims by our customers or require us to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to us, if at all. Some of Vexigo's competitors for example have substantially greater resources than we do and are able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. If there is a successful claim of product infringement against us and we are not able to license the infringed or similar technology, our business, operating results and financial condition would be adversely affected. We cannot assure you that we are not infringing or violating any third-party intellectual property rights.

Unfavorable national and global economic conditions could adversely affect our business, operating results and financial condition.

Worsening economic conditions, such as the continued European sovereign debt uncertainty, may result in diminished demand for our products and in decreased sales volumes. Although global economic conditions have stabilized or improved since the 2008 financial crisis, many of the markets in which we operate have not fully recovered. If the economies in the countries in which we operate continue to be uncertain or weaken further, the demand for our products and technology may decrease as a result of constraints on capital spending by our customers. In addition, this could result in longer sales cycles and increased price competition for our products. Any of these events would likely harm our business, operating results and financial condition.

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum (Brexit). The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could continue for a few years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, and has given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom as well as for the governments of other EU member states to consider withdrawal.

These developments, or the perception that any of them could occur, could have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility.

If global economic and market conditions, or economic conditions in the United States, Europe or Asia or other key markets, remain uncertain or weaken further, our business, operating results and financial condition may be adversely affected.

Notably, Vexigo's business depends on the overall demand for advertising, specifically online video advertising, and on the economic health of its current and prospective publishers and advertisers. If advertisers reduce their overall advertising spending, Vexigo's revenue and results of operations are directly affected. Economic downturns or instability in political or market conditions generally may cause current or new advertisers to reduce their advertising budgets. Adverse economic conditions and general uncertainty about economic recovery are likely to affect Vexigo's business prospects.

Because we collect and recognize revenue from services over the term of our customer agreements, the lack of customer renewals or new customer agreements may not be immediately reflected in our operating results.

We collect and recognize revenue from our customers in service agreements over the term of their agreements with us. As a result, the aggregate effect of a decline in new or renewed customer agreements in any one quarter would not be fully recognized in our revenue for that quarter, but would negatively affect our revenue in future quarters. Consequently, the aggregate effect of significant upturns or downturns in sales of our solution would not be fully reflected in our results of operations until future periods.

We are subject to risks associated with international operations.

We are based in Israel and generate a large percentage of our sales in the United States. Our sales in the United States accounted for 77.8%, 48.8% and 76.1% of our total revenues for the years ended December 31, 2015, 2016 and 2017, respectively. We may not be able to maintain or increase international market demand for our products. To the extent that we cannot do so in a timely manner, our business, operating results and financial condition will be adversely affected.

International operations are subject to inherent risks, including the following:

· the impact of recessionary environments in multiple foreign markets;

· costs of localizing products for foreign markets;

· foreign currency exchange rate fluctuations

· longer receivables collection periods and greater difficulty in accounts receivable collection;

· unexpected changes in regulatory requirements;

· difficulties and costs of staffing and managing foreign operations;

· reduced protection for intellectual property rights in some countries;

· potentially adverse tax consequences; and

· political and economic instability.

The foregoing factors may adversely affect our future revenues from international operations and, as a result, adversely affect our business, operating results and financial condition.

The base erosion and profit shifting, or BEPS, project undertaken by the Organization for Economic Cooperation and Development, or OECD, may have adverse consequences on our tax liabilities. The BEPS project contemplates changes to numerous international tax principles, as well as national tax incentives, and these changes, if adopted by individual countries, could adversely affect our provision for income taxes. It is hard to predict how the principles and recommendations developed by the OECD in the BEPS project will translate into specific national laws, and therefore we cannot predict at this stage the magnitude of the effect of such rules on our financial results.

In the United States, the new Trump Administration has called for substantial change to fiscal, tax and trade policies that may adversely affect our business. We cannot predict the impact, if any, of these changes to our business. However, it is possible that these changes could adversely affect our business.

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We may be adversely affected by fluctuations in currency exchange rates.

While our revenues are generally denominated in U.S. dollars and Euros, a significant portion of our expenses, primarily salaries, is incurred in NIS. From time to time, we may enter into hedging transactions in order to mitigate such fluctuations. Any hedging transactions that we enter into may not materially reduce the effect of fluctuations in foreign currency exchange rates on our results of operations. In addition, if, for any reason, exchange or price controls or other restrictions on the conversion of foreign currencies into NIS were imposed, our business could be adversely affected. Currency fluctuations in the future may adversely affect our revenues from international sales and, consequently, on our business, operating results and financial condition.

Breaches of network or information technology security, natural disasters or terrorist attacks could have an adverse effect on our business. Vexigo, in particular, relies heavily on its IT systems and on third party IT support and systems, including communications lines.

Cyber-attacks or other breaches of network or information technology, or IT, security, natural disasters, terrorist acts or acts of war may cause equipment failures or disrupt our systems and operations. In particular, both unsuccessful and successful cyber-attacks on companies have increased in frequency, scope and potential harm in recent years. Such an event may result in our inability to operate our facilities, which, even if the event is for a limited period of time, may result in significant expenses and/or loss of market share to other competitors in the market for TEM and call accounting solutions. While we maintain insurance coverage for some of these events, the potential liabilities associated with these events could exceed the insurance coverage we maintain. A failure to protect the privacy of customer and employee confidential data against breaches of network or IT security could result in damage to our reputation. Any of these occurrences could result in a material adverse effect on our results of operations and financial condition.

Vexigo and our TEM services, in particular, rely heavily on IT systems to manage critical functions such as media campaign management and operations, data storage and retrieval, revenue recognition, budgeting, forecasting, financial reporting and other administrative functions. Certain of these IT services are provided by third parties, including communications lines, and certain of Vexigo's data is stored on third parties' servers, which exposes Vexigo to additional risks relating to loss of data and security breaches.

We are subject to risks arising from product defects and potential product liability. Errors or failures in Vexigo's software and systems could adversely affect its operating results and growth prospects.

In the TEM business, we may generally provide a warranty for up to three months for end-users and, in limited instances, up to twelve months. Our sales agreements typically contain provisions designed to limit our exposure to potential product liability or related claims. The limitation of liability provisions contained in our agreements may not be effective. Our products are used by businesses to reduce communication costs, recover charges payable by third parties, prevent abuse and misuse of telephone networks and converged billing solutions for information and telecommunication service providers, and as a result, the sale of products by us may entail the risk of product liability and related claims. A product liability claim brought against us could adversely affect our business, operating results and financial condition. Products such as those offered by us may contain undetected errors or failures when first introduced or when new versions are released. Despite our testing and testing by current and potential customers, errors may be found in new products or releases after commencement of commercial shipments. The occurrence of these errors could result in adverse publicity, loss of or delay in market acceptance or claims by customers against us, any of which could adversely affect our business, operating results and financial condition.

We depend upon the continued retention of certain key personnel. Turnover in recent years in the position of our chief executive officer could adversely affect our growth strategy and the execution of our business plans.

We depend to a significant extent on the efforts and abilities of our senior management team and on our skilled professional and technical employees. The competition for these employees is intense. We may not be able to retain our present employees, or recruit additional qualified employees as we require them. The loss of any key member of our management team might significantly delay or prevent the achievement of our business or development objectives. Any failure to attract and retain key managerial, technical and research and development personnel could adversely affect our ability to generate sales, deploy our products or successfully develop new products and enhancements. In addition, the loss, for any reason, of the services of any of these key individuals and any negative market or industry perception arising from such loss, could damage our business and harm our reputation.

In October 2017, we announced the appointment of Roy Hess as our chief executive officer. Mr. Hess replaced Mr. Alon Mualem who served as interim chief executive officer since February 2017. In February 2017, we announced the departure of Orey Gilliam as our chief executive officer and the appointment of Alon Mualem as interim chief executive officer. In June 2016, Mr. Gilliam replaced Lior Salansky, who had served as our chief executive officer since January 2015. Mr. Salansky replaced Alon Mualem who served as interim chief executive officer after the departure of Eytan Bar in May 2014. This turnover in the position of our chief executive officer and any future turnover in this position could hinder our strategic planning, execution and future performance.

We have encountered difficulties in realizing any financial or strategic benefits from the Vexigo acquisition and may be unable to realize any benefits from the Vexigo acquisition or any future transactions.

Mergers and acquisitions of companies are inherently risky and subject to many factors outside of our control and no assurance can be given that the acquisition of Vexigo or other companies in the future, will be successful and will not adversely affect our business, operating results, or financial condition. To date we have not been able to capitalize on our acquisition of Vexigo and have been required to record impairments of substantially all of our investment. In the future, we may seek to acquire or make strategic investments in complementary businesses, technologies, services or products, or enter into strategic partnerships or alliances with third parties in the future in order to expand our business. Failure to manage and successfully integrate acquisitions could materially harm our business and operating results.

Actual results could differ from the estimates and assumptions that we use to prepare our financial statements.

In order to prepare our financial statements in conformity with accounting principles generally accepted in the United States, or U.S. GAAP, our management is required to make estimates and assumptions, as of the date of the financial statements, which affect the reported values of assets and liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. Areas that require significant estimates by our management include contract costs and profits, application of percentage-of-completion accounting, provisions for uncollectible receivables and customer claims, impairment of long-term assets, goodwill impairment, valuation of assets acquired and liabilities assumed in connection with business combinations, accruals for estimated liabilities, including litigation and insurance reserves, and stock-based compensation. Our actual results could differ from, and could require adjustments to, those estimates.

We may fail to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, which could have an adverse effect on our financial results and the market price of our ordinary shares.

The Sarbanes-Oxley Act of 2002 imposes certain duties on us and our executives and directors. Our efforts to comply with the requirements of Section 404(a) of the Sarbanes-Oxley Act of 2002 governing internal control and procedures for financial reporting have resulted in increased general and administrative expense and a diversion of management time and attention, and we expect these efforts to require the continued commitment of significant resources. We may identify material weaknesses or significant deficiencies in our assessments of our internal control over financial reporting. Failure to maintain effective internal control over financial reporting could result in investigation or sanctions by regulatory authorities and could adversely affect our operating results, investor confidence in our reported financial information and the market price of our ordinary shares.

Vexigo’s solutions include certain open source software components and failure to comply with the terms of the underlying open source software licenses could restrict Vexigo’s ability to use its proprietary software.

Vexigo’s platform includes certain software components licensed to Vexigo by third-parties under “open source” licenses. The use of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that their users make the source code available for modifications or derivative works or other compliance requirements. Therefore, if Vexigo combines its proprietary software with open source software subject to certain licenses in a certain manner, it could, under these open source licenses, be required to release the source code of its proprietary software to the public. This would allow Vexigo's competitors to create similar solutions with less development effort and time and ultimately put Vexigo at a competitive disadvantage.

The terms of many open source licenses have not been interpreted by United States courts at this time, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on Vexigo's ability to commercialize its services. Moreover, we cannot guarantee that Vexigo will be able to prevent use of certain open source software subject to restrictive licenses or licenses requiring distribution of its software or that in the future the terms of licenses that apply to open source software will be interpreted in ways that will be harmful to Vexigo. If Vexigo fails to observe the terms of the applicable licenses, it may be subject to litigation, to a demand to make its proprietary software available to the public and to restriction on future use of the relevant open source software, any of which could adversely affect our business, financial condition and results of operations.

The earn-out payments pursuant to the Vexigo acquisition will reduce our ability to use cash generated from Vexigo's operations in order to fund our operations.

The terms of the Vexigo stock purchase agreement, or the Vexigo SPA, require us to pay the former Vexigo shareholders earn-out payments, or the Earnout Payments, equal to 45% of the EBITDA from the Vexigo Products Line (as such term is defined in the Vexigo SPA) for a period of 5.5 years from the closing date of the acquisition, subject to certain limitations and up to a cap of $16 million. The Earnout Payment in connection with fiscal years 2015, 2016 and 2017 (commencing on April 1, 2015, the date we acquired Vexigo) amounted to $0. As the Earnout Payments are calculated based on EBITDA, certain payments and liabilities of Vexigo, including any tax liability, will not be taken into account in the calculation of the payments, which will further decrease the cash, if any, generated by Vexigo's operations that we will be able to use to fund our operations and growth. In the event we require additional funds for our ongoing operations beyond the funds remaining after deduction of the Earnout Payments, we may be required to raise funds by means of an equity financing, which will dilute the holdings of our current shareholders or loans from financial institutions. Such equity or debt financings may not be available on terms acceptable to us, or at all, which would have an adverse effect on our operations and business.

Risk Factors Related to Our Ordinary Shares

If we fail to maintain compliance with NASDAQ's continued listing requirements, our shares may be delisted from the NASDAQ Capital Market.

Our ordinary shares are listed on the NASDAQ Capital Market under the symbol "MTSL." To continue to be listed on the NASDAQ Capital Market, we need to satisfy a number of conditions, including a minimum closing bid price per share of $1.00 for 30 consecutive business days and shareholders' equity of at least $2.5 million. On February 22, 2017, we were notified that that we were not in compliance with NASDAQ's requirement that listed securities maintain a minimum bid price of $1.00 per share. As a result of our reverse split in September 2017, we were able to achieve compliance by meeting the applicable standard for a minimum of ten consecutive business days.

In addition, as of December 31, 2016 our shareholders' equity was $1.9 million. On April 3, 2017 we received a NASDAQ Staff Determination letter indicating that we failed to comply with the continued listing requirement that we maintain either a minimum of $2,500,000 in stockholders' equity or $35,000,000 market value of listed securities or $500,000 of net income from continuing operations for the most recently completed fiscal year or two of the three most recently completed fiscal years, as set forth in NASDAQ Marketplace Rule 4320(e)(2)(B), and that the Staff is therefore reviewing our eligibility for continued listing on The NASDAQ Capital Market. In accordance with NASDAQ Marketplace Rule 4320(e)(2)(D), we received 45 calendar days, or until May 18, 2017, to submit a plan to regain compliance. On May 17, 2017, we submitted our plan to regain compliance with the minimum stockholders' equity requirement), which included a proposed debt conversion of the outstanding debt owed to the former shareholders of Vexigo that was recorded in our balance sheet in the amount of approximately $1.2 million and a proposed private placement of our ordinary shares in consideration for an aggregate amount of $400,000. On August 14, 2017, following the implementation of the Vexigo debt conversion and a private placement of our ordinary shares, we regained compliance with the NASDAQ's minimum stockholders' equity requirement and accordingly we received a conditional notice of regaining listing compliance from the NASDAQ. As of December 31, 2017, our shareholders' equity was $1.83 million. Therefore, we expect to receive a NASDAQ Staff determination letter indicating that we again failed to comply with the continued listing requirement that we maintain a minimum of $2.5 million in stockholders' equity. We may not be able to reach the minimum shareholders' equity required for continued listing by NASDAQ in the timeframe that will be prescribed by NASDAQ and, even if we do regain compliance, we could in the future fail to meet this or other NASDAQ continued listing requirements and fail to cure such noncompliance, resulting in the delisting of our ordinary shares from NASDAQ. If we are delisted from NASDAQ, trading in our ordinary shares would be conducted on a market where an investor would likely find it significantly more difficult to dispose of, or to obtain accurate quotations as to the value of, our ordinary shares.

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A few of our shareholders who are also members of our Board, may have a significant influence over our business prospects. Future disagreements among these Board members may delay or prevent certain business developments.

Mr. Haim Mer, the Chairman of our Board of Directors, and his wife, Mrs. Dora Mer, currently beneficially own approximately 17.3% of our outstanding ordinary shares. The Info Group, Inc. (formerly AnchorPoint, Inc.) whose principal shareholder, Mr. Roger Challen, is one of our directors, currently beneficially owns 14% of our outstanding shares. Mr. Tzvika Friedman, who is one of our directors, currently beneficially owns 5.8% of our outstanding shares. As a result, each of these shareholders has a significant influence over the election of our Board of Directors and over our business and affairs. Any future disagreements between these board members in connection with our business and affairs, including with respect to any determinations relating to potential mergers or other business combinations involving us, our acquisition or disposition of assets, our incurrence of indebtedness, our issuance of any additional ordinary shares or other equity securities, our repurchase or redemption of ordinary shares and our payment of dividends, may delay or prevent certain of these developments and thereby harm our future prospects and results of operations. This concentration of ownership may also adversely affect our share price, especially if these shareholders sell substantial amounts of our ordinary shares. Our current officers and directors beneficially own, collectively, 1,244,814 ordinary shares, or approximately 39.6% of our outstanding shares.

Our share price has been volatile in the past and may decline in the future.

Our ordinary shares have experienced significant market price and volume fluctuations in the past and may experience significant market price and volume fluctuations in the future in response to factors such as the following, some of which are beyond our control:

- quarterly variations in our operating results;
- operating results that vary from the expectations of securities analysts and investors;
- changes in expectations as to our future financial performance, including financial estimates by investors;
- announcements of technological innovations or new products by us or our competitors;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- announcements by third parties of significant claims or proceedings against us;
- changes in the status of our intellectual property rights;
- additions or departures of key personnel;
- future sales of our ordinary shares; and
- general stock market prices and volume fluctuations.

Domestic and international stock markets often experience extreme price and volume fluctuations. Market fluctuations, as well as general political and economic conditions, such as a recession or interest rate or currency rate fluctuations or political events or hostilities in or surrounding Israel, could adversely affect the market price of our ordinary shares.

In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and divert management's attention and resources.

We do not expect to distribute cash dividends.

We do not anticipate paying cash dividends in the foreseeable future. According to the Israeli Companies Law, 1999-5759, or the Israeli Companies Law, a company may generally distribute dividends only out of its retained earnings (within the meaning of the Israeli Companies Law), so long as the company reasonably believes that such dividend distribution will not prevent the company from paying all its current and future debts. The declaration of dividends is subject to the discretion of our Board of Directors and will depend on various factors, including our operating results, financial condition, future prospects and any other factors deemed relevant by our board of directors. You should not rely on an investment in our company if you require dividend income from your investment in our company. The success of your investment will likely depend entirely upon any future appreciation of the market price of our ordinary shares, which is uncertain and unpredictable and there is no guarantee that our ordinary shares will appreciate in value or even maintain the price at which you purchased your ordinary shares.

We may be classified as a passive foreign investment company, or PFIC, which will subject our U.S. investors to adverse tax rules.

For U.S. federal income tax purposes, we may be classified as a PFIC for any taxable year in which either: (i) 75% or more of our gross income is passive income or (ii) at least 50% of the average quarterly value of our assets (which may be determined in part by the market value of our ordinary shares, which is subject to change) for the taxable year produce or are held for the production of passive income. We believe that we were not a PFIC in 2016 and we do not expect to become a PFIC in future years. If we are classified as a PFIC for U.S. federal income tax purposes, highly complex rules would apply to U.S. holders owning our ordinary shares and such U.S. holders could suffer adverse U.S. tax consequences. Accordingly, you are urged to consult your tax advisors regarding the application of such rules. For more information please see “Item 10. Additional Information – E. Taxation - United States Federal Income Taxation – Passive Foreign Investment Companies.”

Risks Relating to Operations in Israel

Political, economic and military instability in Israel may disrupt our operations and negatively affect our business condition, harm our results of operations and adversely affect our share price.

We are incorporated under the laws of, and our principal executive offices, production or manufacturing and research and development facilities are located in, the State of Israel. As a result, political, economic and military conditions affecting Israel directly influence us. Any major hostilities involving Israel, a full or partial mobilization of the reserve forces of the Israeli army, the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel could adversely affect our business, financial condition and results of operations.

In recent years, there have been hostilities between Israel and Hezbollah in Lebanon and Hamas in the Gaza strip, both of which resulted in rockets being fired into Israel causing casualties and disruption of economic activities. In addition, Israel faces threats from more distant neighbors, in particular, Iran. Also, in recent years riots and uprisings in several countries in the Middle East and neighboring regions have led to severe political instability in several neighboring states and to a decline in the regional security situation. Such instability may affect the local and global economy, could negatively affect business conditions and, therefore, could adversely affect our operations. To date, these matters have not had any material effect on our business and results of operations; however, the regional security situation and worldwide perceptions of it are outside our control and there can be no assurance that these matters will not negatively affect our business, financial condition and results of operations in the future.

Furthermore, there are a number of countries, primarily in the Middle East, as well as Malaysia and Indonesia, that restrict business with Israel or Israeli companies, and we are precluded from marketing our products to these countries. Restrictive laws or policies directed towards Israel or Israeli businesses may have an adverse impact on our operations, our financial results or the expansion of our business.

Our results of operations may be negatively affected by the obligation of our personnel to perform military service.

Some of our directors, officers and employees in Israel are obligated to perform annual reserve duty in the Israeli Defense Forces and they may be called for active duty under emergency circumstances at any time. If a military conflict or war arises, these individuals could be required to serve in the military for extended periods of time. Our operations could be disrupted by the absence for a significant period of one or more of our executive officers or key employees or a significant number of other employees due to military service. Any disruption in our operations could adversely affect our business.

Our financial results may be adversely affected by inflation and currency fluctuations.

We report our financial results in dollars, while a significant portion of our expenses, primarily salaries, are paid in NIS. Therefore, our NIS related costs, as expressed in U.S. dollars, are influenced by the exchange rate between the U.S. dollar and the NIS. The appreciation of the NIS against the U.S. dollar will result in an increase in the U.S. dollar cost of our NIS expenses. We are also influenced by the timing of, and the extent to which, any increase in the rate of inflation in Israel over the rate of inflation in the United States is not offset by the devaluation of the NIS in relation to the dollar. Our dollar costs in Israel will increase if inflation in Israel exceeds the devaluation of the NIS against the dollar or if the timing of such devaluation lags behind inflation in Israel. In the past, the NIS exchange rate with the dollar and other foreign currencies had fluctuated, generally reflecting inflation rate differentials. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation or appreciation of the NIS against the dollar. If the U.S. dollar cost of our operations in Israel increases, our dollar measured results of operations will be adversely affected. From time to time, we engage in currency-hedging transactions intended to reduce the effect of fluctuations in foreign currency exchange rates on our financial position and results of operations. However, any such hedging transaction may not materially reduce the effect of fluctuations in foreign currency exchange rates on such results.

Service and enforcement of legal process on us and our directors and officers may be difficult to obtain.

Service of process upon our directors and officers, most of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since substantially all of our assets, and the assets of most of our directors and officers, are located outside the United States, any judgment obtained in the United States against us or these individuals or entities may not be collectible within the United States.

There is doubt as to the enforceability of civil liabilities under the Securities Act and the Exchange Act in original actions instituted in Israel. However, subject to certain time limitations and other conditions, Israeli courts may enforce final judgments of United States courts for liquidated amounts in civil matters, including judgments based upon the civil liability provisions of those Acts.

Provisions of Israeli law may delay, prevent or make difficult our acquisition by a third-party, which could prevent a change of control and therefore depress the price of our shares.

Provisions of Israeli corporate and tax law may have the effect of delaying, preventing or making more difficult a merger with us or other acquisition of our shares or assets. This could cause our ordinary shares to trade at prices below the price for which third parties might be willing to pay to gain control of us. Third parties who are otherwise willing to pay a premium over prevailing market prices to gain control of us may be unable or unwilling to do so because of these provisions of Israeli law.

The rights and responsibilities of our shareholders are governed by Israeli law and differ in some respects from the rights and responsibilities of shareholders under U.S. law.

We are incorporated under Israeli law. The rights and responsibilities of holders of our ordinary shares are governed by our memorandum of association, articles of association and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, each shareholder of an Israeli company has a duty to act in good faith in exercising his or her rights and fulfilling his or her obligations toward the company and other shareholders and to refrain from abusing his power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters. Israeli law provides that these duties are applicable in shareholder votes on, among other things, amendments to a company’s articles of association, increases in a company’s authorized share capital, mergers and interested party transactions requiring shareholder approval. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or who has the power to appoint or prevent the appointment of a director or officer in the company has a duty of fairness toward the company. However, Israeli law does not define the substance of this duty of fairness. Because Israeli corporate law has undergone extensive revision in recent years, there is limited case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

As a foreign private issuer, whose shares are listed on the NASDAQ Capital Market, we may follow certain home country corporate governance practices instead of certain NASDAQ requirements. We follow Israeli law and practice instead of NASDAQ Stock Market Rules regarding the requirement to maintain a majority of independents directors, the director nomination process and the requirement to obtain shareholder approval for certain dilutive events.

As a foreign private issuer whose shares are listed on the NASDAQ Capital Market, we are permitted to follow certain home country corporate governance practices instead of certain requirements of the NASDAQ Stock Market Rules. We follow Israeli law and practice instead of the NASDAQ Stock Market Rules regarding the requirement to maintain a majority of independents directors and the director nomination process. Although we have on occasion sought and obtained shareholder approval as required under NASDAQ Stock Market Rules for certain dilutive events (such as for the establishment or amendment of certain equity based compensation plans, an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company and certain acquisitions of the stock or assets of another company), we may in the future exercise our right to follow Israeli law and practice in connection with these matters. As a foreign private issuer listed on the NASDAQ Capital Market, we may also follow home country practice with regard to, among other things, compensation of officers and quorum at shareholders' meetings. A foreign private issuer that elects to follow a home country practice instead of NASDAQ requirements must submit to NASDAQ in advance a written statement from an independent counsel in such issuer's home country certifying that the issuer's practices are not prohibited by the home country's laws. In addition, a foreign private issuer must disclose in its annual reports filed with the Securities and Exchange Commission, or the SEC, each such requirement that it does not follow and describe the home country practice followed by the issuer instead of any such requirement. Accordingly, our shareholders may not be afforded the same protection as provided under NASDAQ's corporate governance rules.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our company was incorporated under the laws of the State of Israel in December 1995. We are a public limited liability company under the Israeli Companies Law and operate under such law and associated legislation. Our registered offices and principal place of business are located at 14 Hatidhar Street, Ra anana 4366516, Israel, and our telephone number is +972-9-7777-555. Our website address is www.mtsint.com. The information on our website is not incorporated by reference into this annual report.

We are a worldwide provider of TEM and billing tools and solutions and of solutions for video advertising over the internet and mobile devices. Our TEM solutions assist enterprises and organizations in making smarter choices with their telecommunications spending at each stage of the service lifecycle, including allocation of cost, proactive budget control, fraud detection, processing of payments and spending forecasting. Our converged billing solutions include applications for charging and invoicing customers, interconnect billing and partner revenue management using pre-pay and post-pay schemes.

On December 30, 2008, we completed the acquisition of certain assets and liabilities of AnchorPoint, a Massachusetts-based provider of TEM solutions. This acquisition has enabled us to expand our product offerings. The aggregate consideration paid for the acquisition at the closing date was the issuance of 24.4% of our outstanding shares on a post-transaction basis.

In April 2015, we acquired 100% of the outstanding shares of Vexigo, a privately-held Israeli-based software company supporting video advertising over the internet and mobile devices, which continues to operate as our wholly-owned subsidiary. Due to the continued weakness in Vexigo's business, during April 2018 our board of directors decided that we will either sell the Vexigo business or discontinue its operations in the near term.

B. Business Overview

Industry Background

We are a global provider of solutions for telecommunications expense management (TEM), enterprise mobility management (EMM) and online and mobile video advertising. Our TEM Suite helps organizations reduce operational expenses, improve productivity and optimize networks and services associated with communications networks and information technology.

Through Vexigo, we offer many advertising solutions, including delivery of video advertising campaigns to relevant, brand-receptive digital audiences. Vexigo manages and optimizes its customers' digital marketing campaigns assisting them to maximize the effectiveness of every advertisement delivered to its target audience. Vexigo is able to perform accurate analysis of video campaigns across different devices and ad exchanges, managing a significant amount of campaigns, while driving monetization for the digital media property owner.

TEM Industry

The advances in communications technologies and the proliferation of mobile devices have greatly increased the financial and personnel resources required by an enterprise to operate and manage its communications environment. The communications industry has also undergone significant regulatory changes that have resulted in the expansion of the number of service providers and available products. Public cloud IaaS (Infrastructure as a Service) consumption and spending continue to grow. Cloud leaders responsible for IaaS spending need to get ahead of spending and waste through the emerging practice of cloud service expense management, and to take advantage of the emerging tools. Enterprises need to manage an increasing number of service options and a growing volume and complexity of communications contracts and billing arrangements. Inefficient management of these expenses, including overpayments as a result of billing errors, get visibility and control over resources for expense reduction which often results in enterprises incurring significant unnecessary expenses.

Enterprises are increasingly seeking solutions to effectively and efficiently manage, control and optimize their expanding communications assets, services, usage and associated expenses. The TEM market provides solutions to help meet this demand. A number of trends have increased the demand for TEM solutions, such as the growing complexity of communications service plans, large volume and complexity of communications bills and the globalization of business that require corporations to manage their communications assets and services in a centralized fashion across carriers, countries of origin and languages.

Unified Communication & Collaboration products, which are fundamental management tools, record, retrieve and process data received from a PBX or other Unified Communication and Collaboration, or UC&C, systems. This information provides a telecommunications manager with information on telephone usage, instant messaging, application sharing, presence, video and enables the management of internal billing, fraud detection, compliance and optimizes an enterprise's telecommunications resources.

Digital Advertising Industry

Google and Facebook dominate the US digital ad market. The advertising market is generally divided into two broad categories: direct response and branding. Direct response advertising is designed to induce specific action, while brand advertising is designed to establish a long-term, positive consumer attitude toward a company or its product or service without a specific call to action. While direct response advertisers measure campaign effectiveness against consumer response to an advertisement's call to action, brand advertisers measure campaign effectiveness against metrics such as reach (how many consumers within the advertiser's target audience were exposed to the advertisement) and frequency (how many times was the consumer within the target audience exposed to the advertisement). Brand advertisers may conduct post-campaign surveys with their target audience to measure how well a campaign increased brand-relevant metrics, such as brand awareness, message recall, brand favorability and purchase intent.

Currently, direct response campaigns, such as search engine marketing, click-through banners and digital coupons, account for the majority of digital advertising. Historically, brand advertisers have relied on television, print and other traditional media to promote their brands, and we believe that digital video advertising remains underpenetrated by brand advertisers compared to traditional media. Brand advertisers' target audiences are spending less time watching traditional television and more time viewing video entertainment on internet connected devices.

Vexigo expects that television brand advertisers will in the future follow their target audiences onto digital video and allocate more of their budgets to digital video advertising. As new solutions address the challenges advertisers face with deploying digital video brand campaigns in a fragmented ecosystem, Vexigo believes this market is poised to capture increasing amounts of advertising dollars.

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Products

Call Accounting and Telecommunications Expense Management Solutions for Enterprises

TEM Suite

Our TEM Suite is a solution that assists organizations to reduce their telecom and cloud spending, manage their IT assets, bill internal and external customers, and monitor the quality of service of their telecom and cloud networks. Our TEM Suite includes several modules that can be delivered as a SaaS. The TEM Suite software platform encompasses the business processes conducted by IT and finance departments in acquiring, provisioning and supporting corporate telecommunications assets. Solutions include software suites and the outsourcing of specific tasks to third-party service providers. At the heart of any TEM offering is an automated software platform used by the business or by an external service provider managing a company's telecom invoices and assets. In 2017, our TEM Suite won a 2017 award from TEMIA, Communications Solutions Products of the Year Award from TMC, and from Internet Telephony.

Our TEM Suite enables IT managers and finance teams to monitor, control and save IT and communication expenses by utilizing the following features and functions:

· Invoice Management - Provides enterprises with a simplified and automated tool for monitoring, managing, verifying and routing invoices for payment or correction. Invoice items originate from various sources, which include the telecommunication service provider, the devices used such as calling cards, mobile lines, landlines, circuits as well as services and equipment provided. Our solution provides an analysis of all invoice data against the agreement between the enterprise and the service provider, real device usage, online inventory, as well as additional equipment or services. This reduces overhead costs caused by invoice and contract discrepancies, disputes and errors.

· UC&C Analytics (eXsight)- Collection of call data records, Instant messaging, app sharing, video, presence information directly from the UC&C provider, including rates and pricing of calls, serviceability, employee productivity, and generation of insights.

Additional features and functions:

· Asset Management

· Cable Management

· Private Calls Management

· Quality of Service

· Contact Center Analysis

· Provision Engine

· VOIP Quality of Service

· Proactive Alerts

· Tenant Resale

- Work Order Management
- Procurement Management

Cloud Expense Management – Empowers organizations to monitor cloud spend, optimize cloud efficiency, resource re-sizing recommendations, cost allocation, cloud governance for eliminates barriers without sacrificing control.

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TEM Services

Map-to-Win[s]. Customer engagements begin with Map-to-Win[s], which is a strategic consulting approach for our TEM solution. Map-to-Win[s] enables organizations to effectively align their business goals with their people, processes and technology investments to assure that their expense management initiatives will be successful. Our proprietary Map-to-Win[s] approach ensures that proven business processes are used to define both the customer's and our responsibilities during setup and implementation. This enables our customers to maximize any process improvement opportunities and ensures that nothing is overlooked during this process.

Consulting Services. Consulting services for our TEM solution are designed to assist companies to develop a strategic telecom plan that is right for their needs and to address their tactical requirements as they arise. Our consulting services work closely with internal IT/telecom and finance teams to ensure a successful TEM solution from start to finish. Our TEM consultants support every stage of the TEM lifecycle, using best-practices-based analysis and processes to help leverage the customers' internal processes and technology. The end result is a long-term, measurable TEM strategy. Our consulting services include:

- invoice and inventory audit and recovery;
- contract negotiations and strategic sourcing;
- discovery and road mapping services;
- process diagnosis and solution design;
- wireless optimization; and
- creation and implementation of IT governance, risk and compliance policies.

Cloud and Managed Services

Our Call Accounting and TEM solutions are offered either as a perpetual license or as a managed service. Our operation in the U.S. provides cloud based call accounting, TEM managed services and MVNE services.

Implementation and Maintenance Service

We provide customer support to end-users and channels (distributors and business partners) through support centers located in the United States, Israel and Hong Kong on both a service contract and a per-incident basis. Our technical support engineers answer support calls directly and generally seek to provide same-day responses. We provide updated telephone rate tables to customers on a periodic basis under annual service contracts. The rate tables are obtained from third-party vendors who provide this data for all major long-distance service providers. Our distributors provide a full range of service and technical support functions for our products, including rate tables, to their respective end-user customers.

Vexigo's Solutions

Vexigo's solutions are built for brand advertisers and professional digital media property owners that produce content and applications. Vexigo built its data-science capabilities to deliver reliable campaign results for brand advertisers and monetization for digital media property owners. Vexigo's ads run when users choose to view video content on their internet-connected devices and platforms. Vexigo delivers video advertisements, largely on a pre-roll basis, meaning that the advertisements are prominently displayed before the chosen video content is displayed. Utilizing campaign management platform, Vexigo's advertiser customers reach large-scale, brand-receptive audiences, and digital media