Letter of Comment No: 2833 File Reference: 1102-100

From: Byron McCann [BMcCann@ServiceIntelligence.com]

Sent: Friday, May 28, 2004 9:43 PM

To: Director - FASB

Cc: 'jcdowling@nvca.org'; 'kpaschall@austinventures.com'

Subject: File Reference No. 1102-100

Dear Director.

I am writing on behalf of my company, Service Intelligence, Inc., that expensing of its employees, and shareholders to let you know how important we believe the issue of Expensing of Stock Options is and that we strongly believe stock options would have a negative impact on the capital formation process that is core to the success of our business community and country.

We believe expensing of stock options as proposed will:

- Render financial statements less precise and due to the volatility of stock price as it impacts the calculations that
 influence the financial reports. Less clear financial reports cause investors to compensate for incremental
 uncertainty with higher risk assessments and, therefore, lower stock prices. This could increase the cost of capital
 for companies and ultimately impact their competitiveness on a global basis. Investors also prefer to estimate
 real cash flow of an enterprise and this method would make it more difficult. As a private company, this process
 has absolutely no value and only cost.
- Increase administrative costs without generating concomitant benefits to company, investors, or public.
- Reduced competitiveness when you consider that emerging, aggressive companies outside the U.S. who can
 compete in the globalized, information-based marketplace will not have the administrative burden or the reduced
 clarity of their financial reports.
- Technology companies are difficult to launch and build and become successful. This Herculean effort is enabled
 by the collective effort of individuals motivated by tangible rewards that stock options have fueled. To constrain
 that engine of economic development strikes us as the absolutely wrong thing to do.

I believe that we will either look back from our vantage point in the future and say that either the expensing of stock options was the worst thing we could have implemented given all the choices that the creativity of our country has, or preventing it was the least thing we could do to help us have a chance to be competitive. Please do not underestimate how fierce that competition is and will be.

Sincerely, Byron B. McCann

Byron B. McCann President & CEO

Service Intelligence, Inc.
Champion the Customer Experience(tm)

206-352-7910 678-513-4776 403-261-5000 x231

Seattle Office Atlanta Office Calgary Office

403-261-5000 x240

Assistant: Heather Guay

www.serviceintelligence.com