UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-QSB

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2003

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

Commission File Number: 0-29020

ViewCast.com, Inc.
(Exact Name of Small Business Issuer as Specified in its Charter)

Delaware	**75-2528700**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Incorporation Identification No.)

17300 Dallas Parkway, Suite 2000, Dallas, TX 75248
(Address of principal executive offices)

972/488-7200
(Issuer's Telephone Number)

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

As of October 31, 2003, 20,671,955 shares of the Registrant's common stock were outstanding.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

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PART I. FINANCIAL INFORMATION

VIEWCAST.COM, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2002	September 30, 2003 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 288,519	$ 610,231
Accounts receivable, less allowance for doubtful accounts of $144,000 and $132,000 at December 31, 2002 and September 30, 2003, respectively	2,515,164	2,437,273
Inventories	1,598,019	1,792,147
Prepaid expenses	86,906	202,504
Deferred charges	43,395	41,644
Total current assets	4,532,003	5,083,799
Property and equipment, net	1,795,809	1,560,083
Goodwill	1,041,430	1,041,430
Customer contracts, net	-	435,139
Software development costs, net	68,713	8,172
Deferred charges	92,707	-
Deposits	127,481	124,275
Total assets	$ 7,658,143	$ 8,252,898
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 1,818,991	$ 1,634,257
Accrued expenses	1,430,444	1,426,470
Deferred revenue	905,632	1,073,714
Advance from stockholder	500,000	-
Stockholder line of credit	5,161,582	1,100,000
Short-term debt, other	717,705	64,119
Current maturities of long-term debt	-	1,058,493
Total current liabilities	10,534,354	6,357,053
Convertible debentures	950,000	-
Stockholder note payable	-	6,401,089
Stockholder accrued interest	-	988,751
Series D redeemable convertible preferred stock	987,120	1,392,914
Commitments	-	-
Stockholders' equity (deficit):		
Convertible preferred stock, $0.0001 par value:		
Authorized shares - 5,000,000		
Series B - issued and outstanding shares - 800,000	80	80
Series C - issued and outstanding shares - 200,000	20	20
Common stock, $.0001 par value:		
Authorized shares - 100,000,000		
Issued shares - 20,822,847 and 20,893,829 at December 31, 2002 and September 30, 2002, respectively	2,083	2,090
Additional paid-in capital	55,685,444	55,609,467
Accumulated deficit	(60,489,052)	(62,486,660)
Treasury stock, 261,497 shares at cost	(11,906)	(11,906)
Total stockholders' deficit	(4,813,331)	(6,886,909)
Total liabilities and stockholders' deficit	$ 7,658,143	$ 8,252,898

The accompanying notes are an integral part of these consolidated statements.

VIEWCAST.COM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended September 30,		For the nine months ended September 30,	
	2002	2003	2002	2003
Net sales	**$ 2,094,407**	**$ 5,381,014**	**$ 5,659,818**	**$ 14,807,095**
Cost of sales (includes depreciation of $73,427 and $201,284 for the three and nine months ended September 30, 2003, respectively)	898,324	3,199,561	2,569,981	8,661,183
Gross profit	**1,196,083**	**2,181,453**	**3,089,837**	**6,145,912**
Operating expenses:				
Selling, general and administrative	1,125,731	1,638,703	3,705,331	5,070,495
Research and development	706,788	523,189	2,361,703	1,871,126
Restructuring charge	7,070	-	119,343	-
Depreciation and amortization	202,339	135,575	642,872	445,899
Total operating expenses	2,041,928	2,297,467	6,829,249	7,387,520
Operating loss	**(845,845)**	**(116,014)**	**(3,739,412)**	**(1,241,608)**
Other income (expense):				
Dividend and interest income	75	381	1,724	1,074
Interest expense	(185,624)	(273,619)	(602,790)	(761,904)
Gain on sale of available-for-sale securities	-	-	1,071,891	-
Other	(442)	-	11,684	4,830
Total other income (expense)	(185,991)	(273,238)	482,509	(756,000)
Net loss	**$ (1,031,836)**	**$ (389,252)**	**$ (3,256,903)**	**$ (1,997,608)**
Preferred dividends	(142,857)	(232,943)	(672,059)	(708,020)
Net loss applicable to common stockholders	**$ (1,174,693)**	**$ (622,195)**	**$ (3,928,962)**	**$ (2,705,628)**
Net loss per share - basic and diluted	**$ (0.06)**	**$ (0.03)**	**$ (0.20)**	**$ (0.13)**
Weighted average number of common shares outstanding	**20,530,814**	**20,632,332**	**19,990,013**	**20,603,211**

The accompanying notes are an integral part of these consolidated statements.

VIEWCAST.COM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003
(UNAUDITED)

	Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity (Deficit)
	Shares	Par Value	Shares	Par Value	Shares	Par Value				
Balance, January 1, 2003	**800,000**	**$ 80**	**200,000**	**$ 20**	**20,822,847**	**$ 2,083**	**$ 55,685,444**	**$ (60,489,052)**	**$ (11,906)**	**$ (4,813,331)**
Value of options issued for consulting services	-	-	-	-	-	-	587	-	-	587
Imputed redeemable convertible preferred stock dividends - Series D	-	-	-	-	-	-	(86,814)	-	-	(86,814)
Sale of common stock, employee stock purchase plan	-	-	-	-	70,982	7	10,250	-	-	10,257
Net loss	-	-	-	-	-	-	-	(1,997,608)	-	(1,997,608)
Balance, September 30, 2003	**800,000**	**$ 80**	**200,000**	**$ 20**	**20,893,829**	**$ 2,090**	**$ 55,609,467**	**$ (62,486,660)**	**$ (11,906)**	**$ (6,886,909)**

The accompanying notes are an integral part of this consolidated statement.

VIEWCAST.COM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the nine months ended September 30,	
	2002	**2003**
Operating activities:		
Net loss	$ (3,256,903)	$ (1,997,608)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of fixed assets	504,471	556,783
Amortization of software development costs	138,401	60,541
Amortization of purchased contracts	-	29,861
Non-cash charges to interest expense	52,147	94,458
Gain on sale of available-for-sale securities	(1,071,891)	-
Gain on disposition of fixed assets	(2,889)	(5,977)
Foreign currency translation adjustment	53,895	-
Consulting fees exchanged for options	723	587
Changes in operating assets and liabilities:		
Accounts receivable	419,333	77,891
Inventories	904,951	(194,128)
Prepaid expenses	(22,313)	(115,598)
Deposits	(66,872)	3,206
Accounts payable	172,061	(24,524)
Accrued expenses and stockholder accrued interest	(151,657)	984,777
Deferred revenue	(76,342)	168,082
Net cash used in operating activities	(2,402,885)	(361,649)
Investing activities:		
Proceeds from the sale of available-for-sale securities	2,910,641	-
Purchase of property and equipment	(29,380)	(321,625)
Customer contracts	-	(306,230)
Proceeds from disposition of property and equipment	8,302	6,545
Net cash provided by (used in) investing activities	2,889,563	(621,310)
Financing activities:		
Net proceeds (repayments) stockholder notes	(1,135,469)	1,948,000
Repayment of short-term debt, other	-	(653,586)
Net proceeds from the sale of common stock	10,978	10,257
Net cash provided by (used in) financing activities	(1,124,491)	1,304,671
Net increase (decrease) in cash and cash equivalents	**(637,813)**	**321,712**
Cash and cash equivalents, beginning of period	**851,464**	**288,519**
Cash and cash equivalents, end of period	**$ 213,651**	**$ 610,231**
Supplemental cash flow information:		
Cash paid for interest	$ 548,111	$ 70,895

The accompanying notes are an integral part of these consolidated statements.

ViewCast.com, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

1. Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of ViewCast.com, Inc. and its wholly-owned subsidiaries, Delta Computec Inc., Osprey Technologies, Inc., VideoWare, Inc. and ViewCast Online Solutions, Inc. (collectively, the Company or ViewCast). All material inter-company accounts and transactions have been eliminated in consolidation.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002 filed with the Securities and Exchange Commission.

The Company utilizes significant capital to design, develop and commercialize its products and intends to fund its operating activities and sales growth during the next year by utilizing cash contributed from operations and its available working capital lines of credit. The Company anticipates it will require additional capital during the first half of 2004 for working capital to support the expansion of sales channels and market distribution, to develop and introduce new products and services, to enhance existing product offerings, to address unanticipated competitive threats or technical problems, to transition adverse economic conditions and for potential acquisition transactions. Although the Company has no firm arrangements with respect to additional financing, it is currently considering proposals relating to the issuance of equity securities in exchange for a cash investment in the Company. There can be no assurance that additional financing will be available to ViewCast on acceptable terms, or at all. Additional equity financing may involve substantial dilution to our then existing stockholders. In October 2002, to enhance financial performance and increase revenue, the Company acquired the assets and operations of Delta Computec Inc. (See Note 2). The Company intends to actively pursue other such strategic merger and acquisition activities to the extent possible. In the event the Company is unable to raise additional capital or execute other alternatives, we may be required to sell segments of the business, or substantially reduce or curtail our activities. Such actions could result in charges that could be material to ViewCast's results of operations or financial position.

2. Acquisition

On October 11, 2002, the Company completed the acquisition of the assets and operations of Delta Computec Inc. pursuant to an Asset Purchase Agreement dated as of May 31, 2002 (the "APA") between Delta Computec Inc. (the "Seller"), a New York corporation, and its parent and sole shareholder, NQL Inc., a Delaware corporation. The acquisition assets and operations were assigned to the Company's wholly owned subsidiary named Delta Computec Inc., a Delaware company ("DCi"). The operations of DCi have been included with those of the Company since the agreed upon business valuation date of October 1, 2002. DCi is a provider of professional information technology and customized network support services to Fortune 500 and Fortune 1000 corporations, mid-sized companies, hospitals, health care facilities and financial institutions primarily in the northeastern United States.

The combined maximum total consideration to be paid by the Company pursuant to the APA is equal to $2.5 million. The Company purchased all of the Seller's assets, including all of its operating assets, property, contracts and customer lists for a combination of up to $1 million in cash, issuance of up to 150,000 shares of Series D Redeemable Convertible Preferred Stock (the "Series D Preferred Stock") further described in Note 9, and the assumption of certain liabilities as outlined in the terms of the APA established based on arms-length negotiations.

At the closing date, the Company paid $500,000 in cash and issued 95,500 shares of Series D Preferred Stock. The closing cash payment was funded from an advance from one of its principal stockholders and Chairman of the Board of the Company, H.T. Ardinger, Jr. During January 2003, the Company issued 10,539 additional shares of Series D Preferred Stock for closing adjustments required by the APA. The APA provides for two additional contingent payments of up to $250,000 each to be paid to Seller approximately 6 months and 12 months after closing, subject to contract revenue levels achieved by DCi over six months and twelve months subsequent to the acquisition date and including a provision providing for a portion of the payments to be made with shares of Series D Preferred Stock. In April 2003, the Company paid $56,230 in cash and issued 19,377 shares of Series D Preferred Stock to satisfy the requirements of the first contingent payment and recognized an asset for customer contracts in the amount of $215,000. At September 30, 2003, the Company accrued the second contingent payment, payable in cash during October 2003, and recognized additional customer contracts in the amount of $250,000. At September 30, 2003, customer contracts totaled $435,139 and are presented net of accumulated amortization of $29,861. Customer contracts are being amortized on a straight-line basis over a three-year period.

In June 2003, the Company issued 6,042 shares of Series D Preferred Stock to its investment banker for $60,420 of services performed at the time of the DCi acquisition. A liability for the services was accrued in October 2002.

3. Inventories

Inventories consists of the following:

	December 31, 2002	September 30, 2003 (Unaudited)
Purchased materials	$ 438,631	$ 476,384
Finished goods	1,159,388	1,315,763
	$ 1,598,019	$ 1,792,147

4. Accrued Expenses

Accrued expenses consist of the following:

	December 31, 2002	September 30, 2003 (Unaudited)
Stockholder accrued interest	$ 628,564	$ 219,722
Accrued interest other	11,083	27,708
Accrued compensation	415,757	651,915
Accrued legal & professional	80,763	75,784
Accrued warranty	39,000	44,000
Accrued rent	37,725	27,007
Accrued inventory purchases	28,197	32,754
Customer deposits	57,965	190,841
Other	131,390	156,739
	$ 1,430,444	$ 1,426,470

5. Warranty Reserves

Reserves are provided for the estimated warranty costs when revenue is recognized. The costs of warranty obligations are estimated based on warranty policy or applicable contractual warranty, historical experience of known product failure rates and use of materials and service delivery charges incurred in correcting product failures. Specific warranty accruals may be made if unforeseen technical problems arise. If actual experience, relative to these factors, adversely differs from these estimates, additional warranty expense may be required.

The following table below shows the roll forward of warranty expense for the three and nine months ended September 30, 2002 and 2003.

	For the three months ended September 30,		For the nine months ended September 30,	
	2002	2003	2002	2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Beginning balance	$ 66,000	$ 17,000	$ 70,000	$ 39,000
Charged to expense	6,000	32,000	20,000	69,000
Usage	(6,000)	(5,000)	(24,000)	(64,000)
Ending balance	$ 66,000	$ 44,000	$ 66,000	$ 44,000

6. Property and Equipment

Property and equipment, at cost, consists of the following:

	Estimated Useful Life (Years)	December 31, 2002	September 30, 2003 (Unaudited)
Computer equipment	3 to 7	$ 2,492,165	$ 2,406,575
Service assets	3	476,666	693,234
Software	3 to 5	630,355	634,773
Leasehold improvements	1 to 5	103,886	132,248
Office furniture and equipment	5 to 7	598,571	615,712
		4,301,643	4,482,542
Less accumulated depreciation and amortization		(2,505,834)	(2,922,459)
		$ 1,795,809	$ 1,560,083

7. Stockholder Line of Credit and Short-term Debt

In October, 2003, ViewCast.com, Inc., Osprey Technologies, Inc. and VideoWare, Inc. (jointly and severally, "the Borrower") amended the terms and conditions of its line of credit note and security agreement with the Ardinger Family Partnership, LTD. ("Lender"), an entity controlled by one of its principal stockholders, Mr. H.T. Ardinger, who currently serves as Chairman of the Board of Directors of the Company. As of the date of the agreement, the outstanding principal balance of the indebtedness under the original loan agreement was $7,509,582 and accrued and unpaid interest thereon was $1,243,665. Additionally, in October of 2003 the Company had outstanding $500,000 in advances from Lender for the purchase of DCi in October 2002. Effective October 15, 2003, terms and conditions of the note agreement were amended to establish a long-term payout for a majority of the note and significantly reduce the per annum interest rate from the original 12% fixed rate as follows:

1) $1,100,000 ($600,000 principal amount from the original note and $500,000 of stockholder advances) was rolled into a revolving credit note with a maximum credit line of $2,000,000. The revolving credit note accrues interest at a per annum rate equal to the lesser of prime plus 3.0% or 9.5%. Interest is payable on demand or together with principal on December 31, 2004. The note provides for automatic one-year renewals through December 31, 2006 and for certain mandatory prepayments from third party loans and equity offerings by Borrower.

2) $6,909,582 principal amount from the original note was rolled into a term note with principal and interest payable as follows:

   a) Thirty-three (33) consecutive monthly principal payments of $19,193, which is equal to a thirty (30) year amortization (monthly) of the total principal outstanding as of the date of the note, payable and due commencing on April 30, 2004 and continuing on the last day of each calendar month thereafter; and

   b) One (1) final installment of all outstanding principal and all accrued and unpaid interest hereunder shall be due and payable on December 31, 2006.

   The term note accrues interest at a per annum rate equal to the lesser of prime plus 3.0% or 9.5% and requires certain semi-annual mandatory prepayments based on 25% of calculated excess cash flow.

3) Accrued interest on the original loan in the amount of $1,243,665 is payable in (33) equal consecutive monthly installments commencing on April 30, 2004 and continuing on the last business day of each calendar month thereafter with the final payment being made on December 31, 2006.

The amended note agreement eliminates the borrowing base requirements based on outstanding accounts receivable and inventory and is secured by all assets of the Borrower.

During the nine months ended September 30, 2003, net borrowings under the stockholder line of credit increased $1,948,000 resulting in a note principal balance of $7,109,582 at September 30, 2003. Total accrued interest on stockholder notes at September 30, 2003 totaled $1,208,473. The balance sheet at September 30, 2003 has been adjusted to reflect the long term nature of stockholder notes payable and accrued interest then outstanding and assumes the aforementioned debt amendments took effect September 30, 2003.

In October 2002, the Company acquired the assets and operations of DCi (See Note 2). Part of the acquisition transaction included the payoff of the Seller's asset based revolving credit facility and the establishment for DCi of a new $1.5 million asset based revolving credit facility for a period of one year with Keltic Financial Partners, LP ("Keltic"). In addition, ViewCast entered into a Guaranty of Payment and a Performance and Subordination Agreement with Keltic for this facility. The loan interest rate is, at the option of Lender, the greater of: (a) the prime rate plus two hundred fifty (250) basis points per annum, or (b) seven and one-quarter percent (7.25%). Draws on the revolving credit facility are based on qualifying DCi accounts receivable. The loan balance is reduced as cash collections are received directly by Keltic. During the nine months ended September 30, 2003, cash collections in excess of draws reduced the Keltic loan balance by $649,385 to $63,167 at September 30, 2003. DCi had asset based availability of $270,000 under the Keltic revolving credit facility at September 30, 2003.

8. Long -Term Notes Payable

Long - term notes payable a September 30, 2003 consists of the following:

	December 31, 2002	September 30, 2003 (Unaudited)
7% Senior Convertible Debentures due 2004 with interest payable semi-annually in arrears	$ 950,000	$ 950,000
Stockholder term note with an entity controlled by a principal stockholder of the Company, collateralized by all assets of Borrower, with interest due at a rate per annum equal to the lesser of prime plus 3.0% or 9.5% fixed rate, due April 30, 2006. (See Note 7)	-	6,509,582
	950,000	7,459,582
Less current maturities	-	(1,058,493)
Total long-term notes payable	$ 950,000	$ 6,401,089

9. Series D Redeemable Convertible Preferred Stock

During October 2002 through June 2003, the Company issued 150,670 shares of Series D Preferred Stock as partial consideration for the acquisition of DCi and for related investment banking fees (See Note 2). Each share of Series D Preferred Stock has a stated value of $10.00 with a conversion option to common stock at $1.50 per share of Company common stock. The Series D Preferred Stock provides redemption rights for the holders and the Company, and other rights as described in the Certificate of Designation of the Series D Preferred Stock. The Series D Preferred Stock is redeemable at its stated value at the holders' option upon written notice at any time after October 11, 2004. The value of the 150,670 shares issued and outstanding at September 30, 2003 reflects a discount of $113,786 from the stated value of $1,506,700 and will be recorded as imputed preferred dividends until the initial redemption date of October 11, 2004. Through September 30, 2003, the Company has recognized $86,814 as dividends on the Series D Preferred Stock. The Series D Preferred Stock is redeemable at its stated value at the Company's option upon written notice at any time after October 11, 2005 or prior to that date if the Company's common stock has a market value of $3.75 per share for ten consecutive trading days. Holders of Series D redeemable convertible preferred stock have no voting rights except as required by law.

10. Net Loss Per Share

Basic loss per share is calculated by dividing net loss by the number of weighted average common shares outstanding for the period. Since the Company has reported net losses for all periods presented, the computation of diluted loss per share excludes the effects of convertible preferred stock, convertible debt, options, and warrants since their effect is anti-dilutive.

Following is a summary of excluded securities:

	For the three months ended September 30,		For the nine months ended September 30,	
	2002	2003	2002	2003
Stock options	3,868,049	4,092,287	3,948,108	4,246,273
Public and private warrants	4,305,120	4,184,512	4,321,370	4,184,512
Convertible debentures	190,000	190,000	190,000	190,000
Convertible preferred stock - Series B	2,206,896	2,206,896	2,306,896	2,206,896
Convertible preferred stock - Series C	3,333,333	3,333,333	3,333,333	3,333,333
Redeemable convertible preferred Stock - Series D	-	1,004,466	-	902,171
	13,903,398	15,011,494	14,099,707	15,063,185

11. Stock-Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in its primary financial statements and has provided supplemental disclosures required by Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation" and by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure an amendment of FASB Statement No. 123."

Option exercise prices are equal to the market price on the date of grant. In general, a portion of the shares under grant become exercisable after one year and remaining shares vest monthly thereafter on a straight line basis over the vesting term of the option (typically five years). Options expire after ten years.

SFAS 123 requires the disclosure of pro forma net income and earnings per share information computed as if the Company had accounted for its employee stock options granted under the fair value method set forth in SFAS 123. The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized as expense over the options' vesting periods. Pro forma information for the three and nine months ended September 30, 2002 and 2003 is as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2002	2003	2002	2003
Net loss applicable to common stockholders:	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As reported	$ (1,174,693)	$ (622,195)	$ (3,928,962)	$ (2,705,628)
Deduct: total stock-based compensation under fair value based method for all awards, net of related tax expense	(476,265)	(406,177)	(1,428,795)	(1,216,749)
Pro forma	$ (1,650,958)	$ (1,028,372)	$ (5,357,757)	$ (3,922,377)
Net loss per share:				
As reported - basic and diluted	$ (0.06)	$ (0.03)	$ (0.20)	$ (0.13)
Proforma - basic and diluted	$ (0.08)	$ (0.05)	$ (0.27)	$ (0.19)

12. New Accounting Standards

In May 2003, the Financial Accounting Standards Board issued SFAS No.150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No.150 revised the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. The new statement requires that those instruments be classified as liabilities in statements of financial condition. SFAS No.150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is generally effective at the beginning of the first interim period beginning after June 15, 2003. The Company adopted this standard for the quarter ended September 30, 2003 and reclassified $987,120 and $1,392,914 of Series D redeemable convertible preferred stock outstanding at December 31, 2002 and September 30, 2003, respectively to long-term liabilities from mezzanine liabilities. The adoption of SFAS No.150 did not have a material impact on our results of operations, financial condition or cash flows.

13. Segment Information

Prior to October 2002, the Company's organizational structure was based on one business segment engaged in the design, development and marketing of video products, systems and services. Since the acquisition of Delta Computec Inc. in October 2002, the Company now operates in two distinct business segments as follows:

IT Services and Products

This business segment includes the operations of Delta Computec Inc. which is headquartered in New Jersey and provides customized network support, Internet and Intranet consulting, networking, maintenance, disaster recovery services as well as computer and networking product sales to Fortune 500 and 1000 companies. Customers include financial institutions, accounting firms, healthcare providers, pharmaceutical companies and educational institutions located in the northeastern United States.

Video Distribution and Networking Products

This business segment is engaged in designing, developing and marketing video communications products and services. It includes operations of the Company's Osprey® line of video capture and video compression-decompression cards, its Viewpoint VBX™ video distribution system, and its Niagara™ line of encoding and streaming video servers. The Company markets its video products and services directly to end-users, through original equipment manufacturers, value-added resellers and computer system integrators, worldwide.

Corporate

The corporate functions of human resources, legal, financial reporting, accounting, and risk management are located in Dallas, TX. Operating expenses not fully distributed to business segments include interest expense plus certain administrative salaries, legal and professional fees, and corporate facility expenses.

The Company's underlying accounting records are maintained on a legal entity basis for government and public reporting requirements. Segment disclosures are on a performance basis consistent with internal management reporting. The Company evaluates performance based on sales, gross margins and operating income and expense.

The following tables provide financial data by segment for the three and nine months ended September 30, 2003:

Summary of Operations by Operating Segment for the three Months Ended September 30, 2003:

	IT Services, Products	Video Distribution & Networking Products	Unallocated Corporate	Total
Total sales	$ 2,893,706	$ 2,500,060	$ -	$ 5,393,766
Intersegment sales	-	(12,752)	-	(12,752)
Revenue from external customers	$ 2,893,706	$ 2,487,308	$ -	$ 5,381,014
Gross profit	$ 797,674	$ 1,383,779	$ -	$ 2,181,453
Operating income (loss)	$ 342,363	$ 350,897	$ (809,274)	$ (116,014)

Summary of Operations by Operating Segment for the Nine Months Ended September 30, 2003:

	IT Services, Products	Video Distribution & Networking Products	Unallocated Corporate	Total
Total sales	$ 8,236,406	$ 6,602,325	$ -	$ 14,838,731
Intersegment sales	-	(31,636)	-	(31,636)
Revenue from external customers	$ 8,236,406	$ 6,570,689	$ -	$ 14,807,095
Gross profit	$ 2,228,146	$ 3,917,766	$ -	$ 6,145,912
Operating income (loss)	$ 342,738	$ (532,953)	$(1,051,393)	$ (1,241,608)
Total assets	$ 5,057,659	$ 2,814,834	$ 380,405	$ 8,252,898
Goodwill	$ 1,041,430	$ -	$ -	$ 1,041,430
Customer contracts	$ 435,139	$ -	$ -	$ 435,139
Capital additions	$ 287,612	$ 34,013	$ -	$ 321,625

Summary of Sales by Geographic Area for the Three Months Ended:

	IT Services, Products	Video Distribution & Networking Products	Total	%
September 30, 2003				
United States	$ 2,893,706	$ 1,606,446	$ 4,500,152	83.6%
Europe	-	292,344	292,344	5.4%
Pacific Rim	-	489,605	489,605	9.1%
Other	-	98,913	98,913	1.8%
Total	$ 2,893,706	$ 2,487,308	$ 5,381,014	100.0%
September 30, 2002				
United States	$ -	$ 1,272,597	$ 1,272,597	60.8%
Europe	-	319,142	$ 319,142	15.2%
Pacific Rim	-	409,748	$ 409,748	19.6%
Other	-	92,920	$ 92,920	4.4%
Total	$ -	$ 2,094,407	$ 2,094,407	100.0%

Summary of Sales by Geographic Area for Nine Months Ended:

	IT Services, Products	Video Distribution & Networking Products	Total	%
September 30, 2003				
United States	$ 8,236,406	$ 3,981,991	$ 12,218,397	82.5%
Europe	-	942,998	942,998	6.4%
Pacific Rim	-	1,354,582	1,354,582	9.1%
Other	-	291,118	291,118	2.0%
Total	$ 8,236,406	$ 6,570,689	$ 14,807,095	100.0%
September 30, 2002				
United States	$ -	$ 2,980,602	$ 2,980,602	52.7%
Europe	-	1,077,532	$ 1,077,532	19.0%
Pacific Rim	-	1,188,684	$ 1,188,684	21.0%
Other	-	413,000	$ 413,000	7.3%
Total	$ -	$ 5,659,818	$ 5,659,818	100.0%

14. Subsequent Events

In October 2003, the DCi asset based revolving credit facility with Keltic Financial Partners, LP ("Keltic") was amended to extend the maturity date of the note to October 11, 2004 and to modify the interest rate to the greater of, at the option of Keltic,: (a) the prime rate plus two hundred fifty (250) basis points per annum, or (b) six and one-half percent (6.50%). Amendments were also made to lower certain "EBITDA" requirements of the loan agreement. The credit facility continues to be secured by all DCi assets and is guaranteed by the Company. In October 2003, Keltic was paid $7,500 in extension fees pertaining to the note renewal.

ViewCast.com, Inc. and Subsidiaries
Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Some of the statements in this Report on Form 10-QSB under "Management's Discussion and Analysis of Financial Conditions and Results Of Operations" and elsewhere in the Report constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding ViewCast's expectations, beliefs, hopes, intentions or strategies regarding the future. These statements involve known and unknown risks, uncertainties, and other factors that may cause ViewCast or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, product demand and market acceptance risks, the impact of competitive products and pricing, product development, commercialization and technological difficulties, capacity and supply constraints or difficulties, general business and economic conditions, the availability of sufficient working capital, the ability to service our debt, continued significant losses, the ability to successful integrate acquired operations, the effect of our accounting polices and other risks detailed in the Annual Report on Form 10-K for the year ended December 31, 2002 and the Registration Statements on Form S-3 filed on April 26, 2000 and June 30, 2000 and other filings with the Securities and Exchange Commission.

In some cases, you can identify forward-looking statements by terminology such as "may", "will", "expects", "should", "anticipates", "believes", "estimates", "predicts", "plans", "potential", "intends" or "continue" or the negative of such terms or other comparable terminology.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We are under no duty to update any of the forward-looking statements after the date of this report to conform such statements to actual results.

Overview

ViewCast.com, Inc., doing business as ViewCast Corporation, ("ViewCast") develops and markets a variety of products and services that enable networked video communications and provides professional information technology and customized network support services through its wholly owned subsidiary, Delta Computec Inc. ("DCi"). We continue to be a leading global provider of enterprise-wide, video communication products for both real-time and on-demand applications. Our market presence has been expanded and supplemented with the acquisition of DCi's technology services and sales operation in October 2002.

Prior to October 2002, ViewCast's organizational structure was based on one business segment engaged in the design, development and marketing of video products, systems and services. Since the acquisition of DCi in October 2002, ViewCast now operates in two distinct business segments: (1) video communications products and services and (2) IT services and products.

Video Communications Products and Services

This business segment is engaged in designing, developing and marketing video communications products and services. ViewCast's Interactive Video Network is a suite of products and offerings that addresses the processing, distribution, and use of high-quality video throughout the enterprise in a variety of forms and applications and includes the Osprey® line of video capture and video compression-decompression cards, Viewpoint VBX™ video distribution systems and Niagara™ line of encoding and streaming video servers. Corporations, media organizations, financial institutions, educational networks, healthcare facilities, and government agencies utilize our products and services, as do their customers, vendors and others with whom they may communicate. ViewCast markets its video products and services directly to end-users, through original equipment manufacturers, value-added resellers and computer system integrators, worldwide.

IT Services and Products

This business segment includes the operations of Delta Computec Inc. which provides customized network support, Internet and Intranet consulting, networking, maintenance, disaster recovery services as well as computer and networking product sales to Fortune 500 and 1000 companies. Customers include financial institutions, accounting firms, healthcare providers, pharmaceutical companies and educational institutions primarily in the northeastern United States.

Critical Accounting Policies

Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. We review the accounting policies we use in reporting our financial results on a regular basis. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis we evaluate our estimates, including those related to accounts receivable, inventories, investments, warranty obligations, income taxes, restructuring and contingencies and litigation. Our estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. In addition to the items listed above which are affected by estimates, we believe that the following are among critical accounting policies used in the preparation of our consolidated financial statements:

- *Revenue Recognition* – We recognized hardware product revenue using the guidance from SEC Staff Accounting Bulletin No. 101, *Revenue Recognition in Financial Statements* and Statement of Financial Accounting Standards No. 48, *Revenue Recognition When Right of Return Exists*. We recognize software revenue in accordance with SOP 97-2, *Software Revenue Recognition*, as amended by SOP 98, Modification of SOP 97-2, *Software Revenue Recognition, with Respect to Certain Transactions*. Under these guidelines, we defer revenue recognition on transactions where persuasive evidence of an arrangement does not exist, title has not transferred, product payment is contingent upon performance of installation or service obligations, the price is not fixed or determinable or payment is not reasonably assured. In addition we defer revenue associated with maintenance and support contracts and recognize revenue ratably over their term.

- *Allowance for Doubtful Accounts* – We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers or distribution partners were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

- *Excess and Obsolete Inventories* – We write down our inventories for estimated obsolescence and unmarketable inventory equal to the difference between the cost of the inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less than those projected by management, additional write-downs may be required.

- *Deferred Taxes* – We record a valuation allowance to reduce our deferred tax assets to an amount that we believe is more likely than not to be realized. In our opinion, realization of our net operating loss carryforward is not reasonably assured, and a valuation allowance has been provided against deferred tax assets in excess of deferred tax liabilities in the accompanying consolidated financial statements. However, should we in the future determine that realization of deferred tax assets in excess of recorded amounts is likely, an adjustment to the deferred tax assets would increase income in the period such determination was made.

Results of Operations

Three and Nine Months Ended September 30, 2003 vs. 2002

Net Sales. Net sales for the quarter ended September 30, 2003 increased 156.9% to $5,381,014 from $2,094,407 reported for the same period in 2002. Net sales for the nine months ended September 30, 2003 increased 161.6% to $14,807,095 from $5,659,818 reported during the same period last year. The overall increase was due principally to the acquisition of DCi operations in October 2002 and inclusion of its sales during the third quarter of 2003 of $2,893,706 and in the first nine months of 2003 of $8,236,406.

Video Communications Product and Service Sales. During the third quarter ended September 30, 2003, total video communications product and service sales of $2,500,060 increased by 19.4% compared to third quarter revenues in 2002 of $2,094,407. During the nine months ended September 30, 2003, total video communications product and service sales of $6,602,325 increased 16.7% compared the same period revenues in 2002 of $5,659,818. The improvement was mainly due to increased sales in the Osprey® and Niagara product lines.

IT Service and Product Sales. In October 2002, ViewCast acquired the assets and operations of DCi, a provider of professional information technology and customized network support services to Fortune 500 and Fortune 1000 corporations, mid-sized companies, hospitals, health care facilities and financial institutions primarily in the northeastern United States**.** For the quarter and nine months ending September 30, 2003, IT services and product sales totaled $2,893,706 and $8,236,406, respectively, and represented 53.8% and 55.6% of total ViewCast revenues, respectively. During the nine months ending September 30, 2003, contract service fees for customized network support, consulting, networking, maintenance, and disaster recovery services provided 84.3% of the IT service and product revenues while product sales provided the remainder. There were no comparable IT service and product sales during the quarter and the nine months ending September 30, 2002.

As a reseller for ViewCast's video systems products, DCi should contribute to improving revenues by creating interest within its customer base to utilize ViewCast's video products and software, by bundling services with hardware and software sales and by the addition of complementary product offerings. Additionally, we believe that DCi will provide expanded sales channels, enhanced customer support through real-time IT integration and access to key clients in its vertical markets.

Other Revenues. Other video product and service revenues consisting of software maintenance, training, engineering consulting fees and professional services for the quarter and the nine months ended September 30, 2003 totaled $46,463 and $146,890, respectively, or 1.0% of ViewCast's revenues for the nine months ended September 30, 2003, a decrease from the $182,274 reported for the same period in 2002.

Cost of Sales/Gross Margins. Cost of sales totaled $3,199,561 for the quarter ended September 30, 2003, a 256.2% increase from 2002, reflecting the increased cost of sales associated with DCi's IT service and product sales. Gross profit margin for the quarter ended September 30, 2003 was 40.5% compared to 57.1% in 2002. The video products segment's margin for the third quarter of 2003 was 55.3% compared to 57.1% in 2002, a decline in margin due to a relatively large sale of lower margin third party software bundled with ViewCast's products during the third quarter of 2003. Total cost of sales for IT products and services for the third quarter of 2003 totaled $2,096,032, resulting in a gross margin of 27.6%. There were no IT service and product operations in the third quarter of 2002.

Cost of sales totaled $8,661,183 for the nine months ended September 30, 2003, a 237.0% increase from 2002 reflecting the increased cost of sales associated with DCi's IT service and product sales. Gross profit margin for the nine months ended September 30, 2003 was 41.5% compared to 54.6% in 2002. The video products segment's margin for the first nine months of 2003 was 59.3% compared to 54.6% in 2002. This improvement reflects improved manufacturing costs and bundling of higher margin ViewCast software products. Total cost of sales for IT products and services for the first nine months of 2003 totaled $6,008,260 resulting in a gross margin of 27.1%. There were no IT service and product operations in the first nine months of 2002.

We expect future margins for IT services and products to average in the 20%-30% range compared to the video products segment's historical margins in the 50%-56% range. Margins will be affected quarter to quarter by promotional activities, price adjustments, cost of materials, inventory obsolescence, the introduction of new products and the sales mix between products, services, and third party products in any one reporting period.

Selling, General and Administrative Expense. Selling, general and administrative ("SG&A") expenses for the three and nine months ended September 30, 2003 totaled $1,638,703 and $5,070,495, respectively, an increase from the $1,125,731 and $3,705,331, respectively, reported last year for the same periods. The increase reflects the addition of SG&A expense from DCi operations of $626,848 and $1,784,907 during the three and nine months ended September 30, 2003, respectively, with no comparable expense in 2002. Excluding DCi, SG&A expenses during the first nine months of 2003 associated with the video products division decreased $419,743 or 11.3% due to ViewCast's efforts to trim operating expenses and to reduce and restructure its workforce.

Research and Development Expense. Research and development expense for the three and nine months ended September 30, 2003 totaled $523,189 and $1,871,126, respectively, a decrease of 26.0% and 20.8% over 2002 levels, reflecting a decrease in personnel and related expenses during restructuring. There has been no material research and development expenses associated with DCi operations during the third quarter of 2003 or the nine months ended September 30, 2003.

Restructuring. During the quarter and the nine months ending September 30, 2003 there were no restructuring charges compared to $7,070 and $119,343 reported respectively for the same periods during the prior year.

Other (Income) Expense. Total other (income) expense for the third quarter of 2003 totaled $273,238 compared to $185,991 in 2002, and for the nine months ended September 30, 2003 totaled $756,000 compared to $(482,509) in 2002. The increase in Other (Income) Expense was principally due to the increase in interest expense in 2003 associated with higher average debt balances including the Keltic debt established during the DCi acquisition and by a $1,071,891 one-time gain from the sale of securities that occurred in May of 2002. There was no comparable gain transaction during the same period in 2003. In future periods, we expect our interest expense to decline as a result of amendments to our Stockholder loan agreement which lowers the annual interest rate on outstanding notes from 12% to the lesser of prime plus 3.0% or 9.5% beginning October 15, 2003.

Net Loss. Net loss for the three and nine months ended September 30, 2003 was $389,252 and $1,997,608, respectively, this represents a 62.3% improvement compared to the third quarter of 2002 loss of $1,031,836 and a 38.7% improvement over the $3,256,903 loss reported for the first nine months of 2002. The first nine months of 2002 included a $1,071,891 gain from the sale of securities with no comparable transaction during the same period in 2003. Excluding the $1,071,891 one-time gain reported in 2002, the net loss for the first nine months of 2003 would be a 53.9% improvement over the same period in 2002. The overall improvement is due to the addition of net operations from our IT services and products business segment and the increased revenues and reduced operating expenses associated with our video products business segment.

Liquidity and Capital Resources

ViewCast's primary sources of funds for conducting its business activities are derived from sales of its products and from its debt facilities and equity securities. ViewCast requires working capital primarily to fund operating losses, increase inventories and accounts receivable during sales growth, develop products, service debt, purchase capital assets and acquire the operations of others.

Net cash used in operating activities for the nine months ended September 30, 2003 totaled $361,649 due principally to the reported net loss of $1,997,608 offset by adjustments for non-cash operating expenses of $736,253 and net cash positive changes in operating assets and liabilities of $899,706. Cash generated from the change in operating assets and liabilities was due principally to increases in stockholder accrued interest, accrued compensation and customer receivable collections as well as increases in deferred IT service billings. These changes were offset by increases in inventories, prepaid director and officer insurance premiums, and decreases in trade payables.

Cash utilized for investing activities during the nine months ended September 30, 2003 totaled $631,310 and included purchases of computer equipment, demo equipment, HVAC equipment for the DCi office facility and service assets to support existing IT service contracts. In April 2003, the Company paid $56,230 in cash and issued 19,377 shares of Series D Preferred Stock to satisfy the requirements of the first contingent payment in conjunction with the DCI acquisition and in September 2003, accrued the final DCi contingent payment in the amount of $250,000 which was paid in cash in October 2003.

During the nine months ended September 30, 2003, ViewCast's financing activities generated cash of $1,304,671 principally due to short-term borrowings of $1,948,000 under the terms of its stockholder line of credit facility offset in part by repayments of $653,586 under the terms of its revolving asset-based lending line of credit with Keltic.

In October, 2003, ViewCast.com, Inc., Osprey Technologies, Inc. and VideoWare, Inc. (jointly and severly, "the Borrower") amended the terms and conditions of its line of credit note and security agreement with the Ardinger Family Partnership, LTD. ("Lender"), an entity controlled by one of its principal stockholders, Mr. H.T. Ardinger, who currently serves as Chairman of the Board of Directors of the Company. As of the date of the amendment agreements, the outstanding principal balance of the indebtedness under the original loan agreement was $7,509,582 and accrued and unpaid interest thereon totaled $1,243,665. Additionally, in October of 2003 ViewCast had outstanding $500,000 in advances from Lender for the purchase of DCi in October 2002. Effective October 15, 2003, terms and conditions of the note agreement were amended to establish a long-term payout for a majority of the note and significantly reduce the per annum interest rate from the original 12% fixed rate as follows:

1) $1,100,000 ($600,000 principal amount from the original note and $500,000 of stockholder advances) was rolled into a revolving credit note with a maximum credit line of $2,000,000. The revolving credit note accrues interest at a per annum rate equal to the lesser of prime plus 3.0% or 9.5%. Interest is payable on demand or together with principal on December 31, 2004. The note provides for automatic one-year renewals through December 31, 2006 and for certain mandatory prepayments from third party loans and equity offerings by Borrower.

2) $6,909,582 principal amount from the original note was rolled into a term note with principal and interest payable as follows:

    a) Thirty-three (33) consecutive monthly principal payments of $19,193, which is equal to a thirty (30) year amortization (monthly) of the total principal outstanding as of the date of the note, payable and due commencing on April 30, 2004 and continuing on the last day of each calendar month thereafter; and

b) One (1) final installment of all outstanding principal and all accrued and unpaid interest hereunder shall be due and payable on December 31, 2006.

The term note accrues interest at a per annum rate equal to the lesser of prime plus 3.0% or 9.5% and requires certain semi-annual mandatory prepayments based on 25% of calculated excess cash flow.

3) Accrued interest on the original loan in the amount of $1,243,665 is payable in (33) equal consecutive monthly installments commencing on April 30, 2004 and continuing on the last business day of each calendar month thereafter with the final payment being made on December 31, 2006.

The amended note agreement eliminates the borrowing base requirements based on outstanding accounts receivable and inventory and is secured by all assets of the Borrower.

During the nine months ended September 30, 2003, net borrowings pursuant to the stockholder note increased $1,948,000 resulting in a note principal balance of $7,109,582 at September 30, 2003. Total accrued interest on stockholder notes at September 30, 2003 totaled $1,208,473. The balance sheet at September 30, 2003 has been adjusted to reflect the long term nature of stockholder notes payable and accrued interest then outstanding and assumes the aforementioned debt amendments took effect September 30, 2003.

On October 11, 2002, part of the DCi acquisition transaction included the payoff of the Seller's asset based revolving credit facility with Keltic Financial Partners, LP ("Keltic") by establishing for DCi a new asset based revolving credit facility for a period of one year with Keltic. DCi will utilize the $1.5 million Keltic credit facility for working capital support. The loan interest rate is, at the option of Keltic, the greater of: (a) the prime rate plus two hundred fifty (250) basis points per annum, or (b) seven and one-quarter percent (7.25%). Draws on the revolving credit facility are based on qualifying DCi accounts receivable. The loan balance is reduced as cash collections are received directly by Keltic. During the nine months ended September 30, 2003, cash collections in excess of draws reduced the Keltic loan balance by $649,385 to $63,167 at September 30, 2003. DCi had asset based availability of $270,000 under the Keltic revolving credit facility at September 30, 2003 and will continue to utilize the facility for working capital support of DCi operations. In addition, ViewCast entered into a Guaranty of Payment and a Performance and Subordination Agreement with Keltic relating to this facility plus agreed to provide $350,000 of working capital to DCi within ninety days of the closing date. The $350,000 working capital commitment was provided to DCi on January 14, 2003 and was funded by additional borrowings under ViewCast's stockholder line of credit.

In October 2003, the Company amended DCi's asset based revolving credit facility with Keltic to extend the maturity date of the note to October 11, 2004 and to modify the interest rate to the greater of, at the option of Keltic,: (a) the prime rate plus two hundred fifty (250) basis points per annum, or (b) six and one-half percent (6.50%). Amendments were also made to lower certain DCi "EBITDA" requirements of the loan agreement. In October 2003, the Company paid Keltic $7,500 for extension fees pertaining to the note renewal.

At September 30, 2003, the Company had 3,799,680 public and public equivalent warrants and 122,500 representative warrants outstanding exercisable at $1.00. The warrants are redeemable by ViewCast under certain conditions.

At September 30, 2003, ViewCast had a consolidated stockholders' deficit of $6,886,909, and in accordance with Delaware law, was precluded from paying dividends on its outstanding Series B and

Series C convertible preferred stock. As a result, no preferred stock dividends have been declared or paid during 2003. The Series B and Series C preferred stock issues carry cumulative dividends of 8% and 9% per year, respectively, and are generally payable semi-annually in arrears in cash or common stock of ViewCast, at ViewCast's option. Cumulative dividends in arrears on preferred shares are approximately: Series B-$959,000, Series C-$267,000. Holders of Series B and Series C preferred stock have no voting rights except as required by law.

At September 30, 2003, ViewCast had a working capital deficit of $1,273,254 and cash and cash equivalents of $610,231. During the nine months ended September 30, 2003, ViewCast experienced an overall sale increase of 161.6% compared to the first nine months of 2002 because of the DCi acquisition and improving video product sales. While wary of current economic conditions, ViewCast anticipates that revenues will continue to increase over 2002 levels with the addition of DCi operations and assuming moderate growth across all business segments. ViewCast plans to improve its working capital position by increasing sales and lowering operating expenses, by further acquisitions and/or divestitures of its business segments, by exercise of warrants, as necessary, and by additional equity financing. As of September 30, 2003, ViewCast improved its working capital position by $7.4 million through amendments to its stockholder line of credit and classification of a major portion of the debt and accrued interest as long-term. ViewCast also anticipates that losses may continue during the balance of 2003, or until such time as total profit margins from the sales of its products and services exceeds its total development, selling, administrative and financing costs. ViewCast will continue to monitor its workforce and operating expenses. During May 2001 through March of 2003, ViewCast reorganized the operations of its video products business segment, reduced its workforce by 51 individuals, and trimmed other related operating expenses. As a direct result of these measures, ViewCast (excluding DCi) has decreased selling, general and administrative expenses by $419,743, or 11.3%, and development expenses by $490,557, or 20.8%, during the first nine months of 2003 compared to the same period in 2002. Additionally, consolidated net loss for the nine months ended September 30, 2003 was reduced by 53.9%, compared to 2002 and excluding a one-time gain on the sale of securities of $1,071,891 that occurred in May of 2002. ViewCast will remain proactive in managing its operating expenses.

ViewCast utilizes significant capital to design, develop and commercialize its products and intends to fund its operating activities and sales growth during the next twelve months by utilizing cash contributed from operations and its available working capital lines of credit. ViewCast anticipates it will require additional capital during the first half of 2004 for working capital to support the expansion of sales channels and market distribution, to develop and introduce new products and services, to enhance existing product offerings, to address unanticipated competitive threats or technical problems, to transition adverse economic conditions, to support newly acquired DCi operations and for completion of other acquisition transactions. Although ViewCast has no firm arrangements with respect to additional financing, it is currently considering proposals relating to the issuance of equity securities in exchange for a cash investment in ViewCast. There can be no assurance that additional financing will be available to ViewCast on acceptable terms, or at all. Additional equity financing may involve substantial dilution to our then existing stockholders. In October 2002, to enhance financial performance and increase revenue, ViewCast acquired the assets and operations of DCi. ViewCast intends to actively pursue other such strategic merger and acquisition activities to the extent possible. In the event we are unable to raise additional capital or execute other alternatives, we may be required to sell segments of the business, or substantially reduce or curtail our activities. Such actions could result in charges that could be material to ViewCast's results of operations or financial position.

At September 30, 2003, ViewCast had no material commitments for capital expenditures except those outlined for the remaining DCi purchase commitments.

Off-Balance Sheet Arrangements

ViewCast does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on ViewCast's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 3. Controls and Procedures

Management, including the Company's President and Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

There have been no changes in the Company's internal control over financial reporting identified in connection with the evaluation that occurred during the Company's last fiscal quarter that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings
(Not Applicable)

Item 2. Changes in Securities
(Not Applicable)

Item 3. Defaults Upon Senior Securities
(Not Applicable)

Item 4. Submission of Matters to a Vote of Security Holders

The Company held its Annual Meeting of Shareholders on September 17, 2003 and the following proposals were submitted to a vote by proxy of the shareholders of record on August 11, 2003:

Proposal No. 1. To elect the Board of Directors (four directors) to serve until the next Annual Meeting of Shareholders. The following persons were nominated for election as directors of the Company with the following voting results:

Director Nominees	Shares Voted For	Shares Voted Against/ Withheld	Share Abstentions	Broker Non-votes	Results	Total Shares Represented
H.T. Ardinger, Jr.	19,781,622	69,589	-	-	Elected	19,851,211
Joseph Autem	19,812,847	38,364	-	-	Elected	19,851,211
David A. Dean	19,812,747	38,464	-	-	Elected	19,851,211
George C. Platt	19,773,947	77,264	-	-	Elected	19,851,211

Proposal No. 2. To ratify the appointment of Grant Thornton LLP as the Company's independent public accountants for the year ending December 31, 2003. Voting results were as follows:

Proposal	Shares Voted For	Shares Voted Against/ Withheld	Share Abstentions	Broker Non-votes	Results	Total Shares Represented
Grant Thornton, LLP Ratification	19,768,129	7,417	75,665	-	Pass	19,851,211

Item 5. Other Information
(None)

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits filed with this report:

(See Exhibit Index)

(b) Reports on Form 8-K
On August 14, 2003, the Company filed a Form 8-K inclusive of a press release announcing its operating results for the quarter ended June 30, 2003.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ViewCast.com, Inc.
(Registrant)

BY:

Date: November 14, 2003

/s/ George C. Platt
George C. Platt
Chief Executive Officer
Principal Executive Officer

/s/ Laurie L. Latham
Laurie L. Latham
Chief Financial Officer
Principal Financial Officer

EXHIBIT 32.1

EXHIBIT INDEX

Exhibit Number	
10.14	FORM OF AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT DATED OCTOBER 15, 2003 BETWEEN VIEWCAST.COM, INC. AND THE ARDINGER FAMILY PARTNERSHIP, LTD.
10.15	FORM OF AMENDED AND RESTATED PLEDGE AGREEMENT DATED OCTOBER 15, 2003 BETWEEN VIEWCAST.COM, INC. AND THE ARDINGER FAMILY PARTNERSHIP, LTD.
10.16	FORM OF FIRST AMENDMENT TO THE REVOLVING LOAN AGREEMENT DATED OCTOBER 11, 2003 BETWEEN DELTA COMPUTEC INC. AND KELTIC FINANCIAL PARTNERS, LP
31.1	CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
32.1	STATEMENTS FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350