

INCENTRA

SOLUTIONS, INC.

1140 Pearl Street, Boulder, Colorado 80302

Contacts for Incentra Solutions:

Allen & Caron Inc.
Jill Bertotti (investors)
jill@allencaron.com
Len Hall (financial media)
len@allencaron.com
(949) 474-4300

Incentra Solutions, Inc.
Anthony DiPaolo
Chief Financial Officer
adipaolo@incentrasolutions.com
(720) 566-5000

INCENTRA SOLUTIONS REPORTS 2007 FOURTH QUARTER, YEAR-END RESULTS

Year-over-Year Revenues Increase 123% and 119%, Respectively; Operating Profit for Second Consecutive Quarter; Recurring Services Revenue for the Year Up 67 Percent

Boulder, CO, March 20, 2008 – Incentra Solutions, Inc. (OTCBB: ICNS), a provider of complete IT services and solutions to enterprises and managed service providers in North America and Europe, today announced results for its fourth quarter and year ended December 31, 2007. Total revenues from continuing operations for the 2007 fourth quarter increased 123 percent to \$53.6 million, up from \$24.1 million for the 2006 fourth quarter. Total Product revenue for the fourth quarter of 2007 increased 130 percent from the prior year's fourth quarter and total Services revenue was up 85 percent. The 2007 fourth quarter included revenue from the acquisitions of Helio Solutions and Sales Strategies, Inc (SSI), which were completed late in the third quarter of 2007.

Chairman and CEO Thomas P. Sweeney said that for the second consecutive quarter operating profit in the fourth quarter of 2007 was positive increasing to \$188,000, compared to an operating loss of \$2.4 million in the 2006 fourth quarter. He also said that SG&A expense as a percentage of revenue declined substantially in 2007 with a significant year-to-year decrease in the fourth quarter. "We believe that the cost structure, trends and product mix we saw in the 2007 fourth quarter will be indicative of our business going forward."

Chief Financial Officer Anthony DiPaolo said, "The increase in operating profit in the 2007 fourth quarter is encouraging, particularly when one considers the non-recurring charges in the quarter associated with the integration of the acquisitions and the higher commission costs we typically incur at year end."

Total revenues from continuing operations for the year ended December 31, 2007, rose 119 percent to \$145.8 million, up from \$66.6 million for 2006 with year-over-year organic growth in Product revenue of 17 percent and Services revenue of 52 percent. Compared to 2006, total Product revenue in 2007 increased 130 percent and total Services revenue rose 73 percent. Results from continuing operations for all periods exclude the operating results of the Company's former Front Porch Digital Broadcast and Media business, which was sold in July 2006.

"The 2007 fourth quarter and year were periods of significant growth and expansion for Incentra," Sweeney added. "Our success is a direct result of our focus on strategic acquisitions and organically growing Services and Product revenues in our acquired and in-place businesses. We are rapidly becoming the preeminent complete solutions provider to the mid-tier IT market in North America and will continue to focus on expanding our business and geographic footprint.

"We are now positioned to exceed \$200 million in revenue in 2008, with a business that continues to generate increasing cash flow and strong gains in Services revenue," Sweeney said. "Because of our focus on driving sales of our higher margin services offerings, we were able to grow our base of recurring services revenue in 2007 by 67 percent year-over-year, and we expect to continue to see solid increases in recurring services revenue in 2008." Recurring services revenue for all of 2007 increased to \$15 million, up from \$9 million in 2006. This increase was driven by increasing sales of higher margin First Call and Enhanced First Call maintenance programs, and Managed Services offerings.

Net loss applicable to common shareholders for the 2007 fourth quarter decreased to \$3.1 million, or a loss per share of \$0.12, from \$4.5 million, or a loss per share of \$0.34 for the 2006 fourth quarter. The loss for the 2006 fourth quarter included \$1.0 million of severance costs and other charges. Net loss applicable to common shareholders for the full 2007 year was \$11.9 million, or a \$0.63 loss per share, compared to \$5.5 million, or a loss per share of \$0.40, for 2006. The net loss in 2006 included a \$15.4 million gain recognized on the sale of Front Porch Digital which was sold in July 2006.

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President and Chief Operating Officer Shawn O'Grady said, "The integration of Helio and SSI is progressing as expected. We are focusing on expanding our services and product offerings, streamlining processes and implementing efficiencies across the entire organization. In 2008, we expect to see additional synergies from our acquisitions, which will increase gross margins for products and services and reduce operating costs."

Overall gross margin in the 2007 fourth quarter, which included the effects of the Company's acquisition of Helio and SSI, was 20 percent, compared to 24 percent in the fourth quarter of 2006 and 21 percent in the third quarter of 2007. Services gross margin in the fourth quarter of 2007 was 27 percent, compared to 30 percent in the prior year fourth quarter. Product gross margin in the quarter was 19 percent compared to 23 percent in the 2006 fourth quarter.

"The decreases in gross margin as a percentage of revenue were expected as the gross margins of the acquired companies were lower than Incentra's. As we execute on our integration plan, we expect to see gross margins rise for the acquired companies and the combined company to pre-acquisition levels," O'Grady added. Exclusive of the impact of the acquisitions of Helio and SSI, Incentra's overall gross margin for the 2007 fourth quarter was 22 percent. Services gross margin for the 2007 fourth quarter, excluding the acquisitions, was 27 percent, and Product gross margin was 21 percent.

Excluding stock-based compensation charges, SG&A expense as a percentage of revenue in the 2007 fourth quarter was 21 percent. This is down from 37 percent in the 2006 fourth quarter and down sequentially from 24 percent in the 2007 third quarter. SG&A expense, excluding stock-based compensation, as a percentage of revenue for all of 2007 was 24 percent, down significantly from 39 percent in 2006. Excluding incremental expenses of any companies acquired in 2008, SG&A expenses are not expected to increase in 2008.

DiPaolo added, "During the fourth quarter, we increased our revolving line of credit from \$15 million to \$20 million. The increased operating profit and credit availability will provide us the liquidity to fund our anticipated organic growth in 2008."

Outlook for 2008:

Exclusive of any acquisitions, Incentra expects 2008 revenue to be between \$200 million and \$220 million, approximately 35 to 50 percent higher than revenue in 2007, and the Company believes it will be cash positive for the year. Excluding funds which may be required under a possible redemption associated with the Company's Series A Preferred Stock, Incentra believes its combined operating and non-operating cash flows, cash on-hand and working capital facilities are sufficient to support its business operations and growth plans for 2008.

Conference Call Information

As previously announced, management will host a conference call to be broadcast live on the Internet at 11:30 a.m. (Eastern time) on March 20, 2008. The dial-in number for the call from locations in North America is 1-800-762-8779, and for callers outside North America, the dial-in number for the call is 1-480-248-5081. You may also access the live webcast on the Company/Investors section of the Company's website, www.incentrasolutions.com, under "Conference Call and Webcasts." Additionally, an archive of the conference call will be available on this site.

About Incentra Solutions, Inc.

Incentra Solutions, Inc. (www.incentrasolutions.com) (OTCBB:ICNS) is a provider of complete IT services and solutions to enterprises and managed service providers in North America and Europe. Incentra's complete solution includes managed services, professional services, hardware and software products with the Company's First Call and Enhanced First Call support services, IT outsourcing solutions and financing options.

Incentra Solutions Forward Looking Statements

Certain information discussed in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the federal securities laws. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, it can give no assurance that its expectations will be achieved. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are inherently subject to unpredictable and unanticipated risks, trends and uncertainties such as the Company's inability to accurately forecast its operating results; the Company's potential inability to achieve profitability or generate positive cash flow; the availability of financing; and other risks associated with the Company's business. For further information on factors which could impact the Company and the statements contained herein, reference should be made to the Company's filings with the Securities and Exchange Commission, including Annual Reports on Form 10-KSB, Quarterly Reports on Form 10-QSB and Current Reports on Form 8-K. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

TABLES FOLLOW

Operating Profit Reconciliation

All amounts in (000's)	Three Months Ended December 31,		Years Ended December 31,	
	2007	2006	2007	2006
Loss from continuing operations before accretion on preferred stock	\$ (2,359)	\$ (3,862)	\$ (9,199)	\$ (18,838)
Depreciation and amortization	891	716	3,066	2,488
Interest expense, net (cash portion)	917	240	2,037	1,365
Interest expense (non-cash portion)	500	295	1,621	1,520
Taxes	-	-	-	-
Loss on early extinguishment of debt	24	-	160	2,957
Non-cash stock-based compensation	215	229	1,440	1,588
Operating Profit¹	\$ 188	\$ (2,382)	\$ (875)	\$ (8,920)

Operating Profit¹: Earnings before interest, taxes, depreciation, amortization, and before stock-based compensation charges and loss on early extinguishment of debt.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2007	2006	2007	2006
REVENUES:				
Products	\$ 46,147	\$ 20,039	\$ 122,333	\$ 53,085
Services	<u>7,486</u>	<u>4,044</u>	<u>23,442</u>	<u>13,547</u>
TOTAL REVENUES	53,633	24,083	145,775	66,632
COST OF REVENUES:				
Products	37,584	15,449	99,620	42,797
Services	<u>5,433</u>	<u>2,835</u>	<u>15,955</u>	<u>9,577</u>
TOTAL COST OF REVENUES	<u>43,017</u>	<u>18,284</u>	<u>115,575</u>	<u>52,374</u>
GROSS MARGIN	<u>10,616</u>	<u>5,799</u>	<u>30,200</u>	<u>14,258</u>
Product - \$	8,563	4,590	22,713	10,288
Services - \$	2,053	1,209	7,487	3,970
Product - %	19%	23%	19%	19%
Services - %	27%	30%	32%	29%
SG&A	<u>11,569</u>	<u>9,071</u>	<u>35,619</u>	<u>27,318</u>
OPERATING LOSS FROM CONTINUING OPERATIONS	<u>(953)</u>	<u>(3,272)</u>	<u>(5,419)</u>	<u>(13,060)</u>
Other income (expense):				
Interest expense, net	(1,418)	(535)	(3,658)	(2,885)
Loss on early extinguishment of debt	(24)	-	(160)	(2,957)
Other (expense) income, net	<u>36</u>	<u>(54)</u>	<u>37</u>	<u>64</u>
LOSS FROM CONTINUING OPERATIONS	<u>(2,359)</u>	<u>(3,861)</u>	<u>(9,200)</u>	<u>(18,838)</u>
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	<u>(108)</u>	<u>29</u>	<u>(93)</u>	<u>16,004</u>
NET LOSS	(2,467)	(3,832)	(9,293)	(2,834)
Accretion of convertible redeemable preferred stock to redemption amount	<u>(654)</u>	<u>(654)</u>	<u>(2,618)</u>	<u>(2,618)</u>
NET LOSS APPLICABLE TO COMMON SHAREHOLDERS	<u>\$ (3,121)</u>	<u>\$ (4,487)</u>	<u>\$ (11,911)</u>	<u>\$ (5,452)</u>
Weighted average number of common shares outstanding - basic and diluted	26,066,523	13,320,576	19,045,385	13,643,447
Basic and diluted net loss per share applicable to common shareholders				
Loss from continuing operations	(0.12)	\$ (0.34)	\$ (0.63)	\$ (1.57)
Income (loss) from discontinued operations	<u>*</u>	<u>*</u>	<u>*</u>	<u>1.17</u>
Net loss per share--basic and diluted	<u>\$ (0.12)</u>	<u>\$ (0.34)</u>	<u>\$ (0.63)</u>	<u>\$ (0.40)</u>

* Amount is less than \$0.01 per share

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