

sensible proposal on cost efficiency but not one that should be high up the priority list in such a battle.

*Point 3 : Expansion of existing product into overseas markets such as Brazil.* It might create some short term gain but this is also a dangerous path. Our business model in a more mature market is going to be chewed up but rather than face this, we're going to take our model and attempt to re-apply it to a less mature or emerging market. All that will happen is our competitor will chew up both markets and we are simply spending money laying the groundwork for them to attack the emerging market. It would probably be more favourable to our shareholders to give half the money to the competitor for marketing in Brazil and return half the money to the shareholders than to build up future liability. This isn't as bad as the cloud effort but this will increase inertia to change due to the belief that the short term gain translates to our past model still being successful.

*Point 4 : Increasing the development effort on our existing product line including more advanced reporting and other innovative features.* There is always value in focusing on user needs but in this case we're not addressing the problem of our competitor but patching over it in the very short term. Unfortunately for us, if the competitor is using an ILC model then we are in competition with the entire ecosystem that has built upon the competitor's API. If for example that includes 200 software companies then our poor product development team is going up against the might of 200 software teams. This situation only gets worse as the ecosystem grows. This is a path of spending money and still losing by ever increasing margins.