#### Thoughts re TARI, Braiins, and GGTC

17 October 2011

#### Introduction

This document presents some thoughts on the potential of TARI, Braiins, and possible synergies with GGTC’s objectives as we understand them.

The document is intended purely as a basis for discussion. It is not a business plan or a proposal.

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#### TARI to Now

TARI has the potential to help most businesses in the world that are big enough to keep records, through its simple yet insightful approach, if carried through to help effect improvements in the business.

Yet, despite some significant successes, as described in the [TARI® Testimonials](http://www.tariinfo.com/about/testimonials.htm) page of the TARI Info site, TARI has never achieved a breakthrough into mass acceptance and use.

Why not?

In our view the reasons are:

* Lack of marketing. TARI has never benefitted from strong marketing.
* TARI’s very simplicity turns Business School and Management Consultant types off, as there is no basis for their analysis or high fees when using it, so no Business Schools other than those associated with Keith, or “gurus’ other than Keith himself, have endorsed it.
* It is so different from what most Accountants and business people are accustomed to, that they don’t “get it” readily, and if people have to struggle for more than a few minutes at most to understand a new concept, they move on.
* Current accounting systems do not usually record activity, one of the key components of TARI. As a consequence no integration with any package exists, so people think they won’t have the required data, or are put off by the thought of needing to find the data from sources other than their existing accounting system, even though in fact the data required is minimal, and readily available to most businesses once what is needed is understood.
* No method has yet been achieved that allows TARI to be used well without hands on consulting by Keith himself or an expensive person like him. In particular no guidance has been available for choosing what activity or activities to target.
* The various TARI products over the years including Hartley.Consultant and [TARI for Business](http://www.fbm.com.au/products.php) have been too complicated, and thus at odds with the conceptual simplicity of TARI and the claims made about its simplicity in Keith’s various papers and book.

#### TARI from Now

How could TARI be made to take off and achieve its potential?

Again, in our view, TARI can be made to work as a business, and in the process help thousands and ultimately millions of business owners around the world, by:

* Fully embracing modern software delivery and operating methods, namely SaaS (Software as a Service) or Cloud based systems. This provides major advantages of:
* ability to add or change things easily and quickly
* no installation or upgrade problems for supplier or user
* no backup issues for users
* ability by users to work with their TARI data via any computer or smart phone/tablet anywhere
* ability to allow interaction between user and advisor, whether Accountant or a Tari qualified consultant in Bangalore or anywhere else in the world
* pricing flexibility
* increased possibility of exchanging data with other accounting systems (SaaS based ones anyway such as Kashflow) via mashups. Keith and Trevor have attempted to interest accounting system suppliers such as MYOB, QuickBooks, Intuit, SAP, Sage (who passed on Hartley.Consultant in 2000) to put “TARI Inside” but did not ever find a taker.
* no large supplier capital investment, cloud servers being readily available at low cost by the month
* no expensive database or other software required by supplier as all can be done with open source systems in a so called LAMP environment - Linux, Apache, MySQL, and PHP. (When volumes are such that multiple servers for high availability fail safe redundancy with DB replication involved are required, a support contract for MySQL would be wise, but that is all that is needed.)
* low supplier operating costs with few fixed costs e.g. no office is required – all can be done virtually with people working from home or on the road
* low staffing costs – provided the software is written to minimise support needs
* all data for all users available for KPI and inter-form comparison use, subject to user agreement for the use of their data in aggregate form for this purpose of course. This is major.

The disadvantages of the SaaS/Cloud approach are primarily security or hacking concerns, but these can be addressed by proper software development - most hacking successes even of the likes of major companies like Sony have been through exploiting well known and easily prevented security holes. People are also becoming used to the whole concept of cloud systems thanks to its wide spread use by Google, Microsoft, Apple, and others.

* Changing to a low monthly subscription based pricing model, as is common for cloud systems, with no lock in, thereby making the buying decision easier, and ensuring good cash flow as the numbers build, albeit with less inflow in the beginning. The pricing can be flexible as to business size, number of users, features used, data volume, or whatever else it might make sense to factor in, though obviously the pricing equation should not be so complicated as to frighten people off. This monetisation model also helps to keep the supplier focused on serving existing clients which is good.
* Keeping the software simple, yet also building in step by step getting started help (e.g. via a Wizard) that has been lacking previously, and ongoing help as per the next point.
* Including tracking and built in guidance for meeting the business goals is vital for achieving scale. Over time this system could be made smarter and smarter, progressively becoming closer to an automated Keith. The growing database of live “case studies” would help greatly. The semantic web of Tim Berners-Lee’s dreams has been a long time coming, but bits of it are becoming real. TARI, despite the complexities of business, is still a small subset of “the web” and so should be able to become intelligent faster or better than general purpose systems. Achieving this, even a small bit at a time, but progressively getting better, would help make TARI a “WOW” success, and even perhaps a viral phenomenon. It would help ensure that most users use it every day and that the monthly subscriptions keep coming in.
* Building a network of advisors to provide help for those who need more than even “smart” TARI can provide. Previous attempts to convince Accountants to be proactive about TARI have not worked very well. Most Accountants just aren’t of that mind set. But an online network that allowed TARI qualified advisors, whether Accountants or not, to match up with business people wanting help, wherever they might be in the world, and a product that facilitated this, could be rather a different matter.
* Potentially including TARI as a part of a broader offering as envisaged by GGTC, though that has the dangers of complexity and loss of focus.
* Marketing, both online and offline, including, crucially, developing ways and means of conveying the concept and benefits quickly in easy to grasp ways.

Given all this, TARI has the potential to serve hundreds, thousands, tens of thousands, and ultimately millions of businesses.

Why hasn’t this been done?

Work did start on the SaaS approach and the above broad philosophy via David’s company in Antigua in 2008. However, Keith and Trevor pulled the plug in August 2009, as initial targets had not been met, as a traditional distributor had appeared on the horizon (though the deal did not go to completion), and as they were not able or willing to keep funding development. (The whole system was far from complete or ready at the time that the attempt was abandoned.)

Since then Keith and Trevor have developed their version of TARI SaaS (which David has not seen), but a whole integrated plan as described above has not been carried through.

Mentor has not done it either due to lack of the required financial resources.

#### Braiins

Braiins or Business Reporting and Accounting Inline InterNet Service, is a SaaS/Cloud based Accounts Production system in development, with a 2012 launch target.

Braiins is an iXBRL accounts expert system which generates Taxonomy and HMRC/CH compliant accounts while ensuring accounting and dimensional integrity is maintained, all under full practice control, with complete audit trail.

Braiins is owned by Charles Woodgate and David Hartley.

Charles and David have been active in the Accounts Production market for many years, most recently via Hartley Computer UK Ltd (HCUK) which was sold to Sage in 2000. (For why see [David Hartley](http://www.davidjohnhartley.com/).)

The HCUK Accounts Production system, named Hartley.Accountant, now renamed Sage Accounts Production Advanced (SAPA) remains the flagship product of the Sage Accounting Division to this day, some 11 years later, attesting to its fundamental quality.

In January 2011 when the news broke that Sage was expected to be late in releasing iXBRL capable versions of their AP products for the pending HRMC deadline of 1st April 2011 for mandatory submission of company accounts in iXBRL format, David and Charles offered their services to Sage to help their old clients, and Sage, through the crisis. Plus it was an opportunity to earn a few bob. But Sage did not take advantage of the offer.

Thus Braiins was born, with Charles and David going it alone, to offer iXBRL Accounts Production services to SAPA users, the five year restraint of trade from the sale to Sage having long since expired.

Thus the initial target market for Braiins will be SAPA Accounting Firm users. We understand that some one million sets of accounts are produced annually via SAPA, so Braiins will not need to capture a very big market share to reach break even. Some national and large regional SAPA users produce tens of thousands of sets of accounts, so only a few sales to such users will see Braiins well on its way.

We intend to offer Braiins to users of other AP packages too e.g. Digita, Iris etc, once the SAPA offering is bedded down.

Braiins will initially be UK-GAAP taxonomy based, but it will be extended to encompass UK IFRS, and in time to work with other international taxonomies. The international potential is not limited to countries requiring accounts in iXBRL format.

In the end Sage did cobble together kludge releases by 31 March 2011, which was good from our perspective – it was just enough to stop the base from defecting en masse, but not enough to meet the need properly. These releases did not even perform HMRC minimum tagging and needed special dispensation from HMRC. Sage has announced that they are developing a new system to replace SAPA and their other AP systems, but no launch date has yet been advised. We believe that even when/if they do get their new system out, the opportunity for Braiins will remain, and perhaps even be strengthened.

#### Braiins Technology, Design and Key Features

Braiins is being developed as a SaaS/cloud system. The advantages this provides for Braiins are similar to those listed above for TARI, so we won’t repeat them here, except to highlight the last one:

* all data for all users available for KPI and inter-form comparison use, subject to user agreement for the use of their data in aggregate form for this purpose of course. This is major

Yes, just as envisaged for a potential TARI cloud system, Braiins will have available the financial data for all companies being processed through the system.

Initially Braiins is intended for use by Accounting Firms (HMRC Agents) on behalf of their clients, though in time, Braiins could be used directly by those companies e.g. PLCs which produce their own accounts.

Braiins is not, and is not ever intended to be, a full Accounts Production system in the traditional ledger/chart of accounts sense. Instead, it focuses on the final stage of the process, to produce iXBRL compliant accounts as required by HMRC and CH. Thus our description of it as an iXBRL accounts expert system.

Data will usually be imported from another system, and then be refined within Braiins for the final accounts step, though posting (data entry) of everything within Braiins will be possible.

We say that Braiins ensures that “accounting and dimensional integrity is maintained, under full practice control, with complete audit trail” because, amazingly, the current AP systems in the market do not do this.

All current systems, as far as we are aware anyway, work by “bolting on” iXBRL output to their other methods of generating accounts (at a cost of £1 million in development according to Iris for their effort), and fail to enforce proper controls. It is easy to produce garbage iXBRL. This is especially true of the tagging systems on offer. The audit trail reference is in our tag line is because there is no way for a partner to review iXBRL tags in other systems, as to what was entered or edited by whom, and when. A partner or senior has to look at every tag individually = a huge time consumer.

Braiins, by comparison, has started from the proverbial clean slate, with the benefit of our experience, and many years of thought and discussion as to what is needed in an “AP engine”. The process has enabled us to incorporate big steps forward, rather the backwards steps resulting from the bolting on approach.

*Some Key Features*

* Taxonomy in DB Form: The Taxonomies are published in XML form, involving 91,386 XML nodes in the case of the UK GAAP taxonomy. Working with such a large amount of XML is cumbersome and slow, so one of the first things we did for Braiins was to convert the taxonomy to an MySQL database. We know of no other product which works with the Taxonomy in this form. We have developed numerous tools to work with the Taxonomy DB.
* Speed: Braiins is fast. Generating a full set of accounts takes in around a tenth of a second on an ordinary PC or on a low powered $15 a month shared server. This compares with up to minutes for competing systems. The speed difference is money to an Accounting firm producing many sets of accounts. Plus less frustration. Imagine having to wait one or more minutes to regenerate the accounts every time an adjustment is made.
* Braiins Report Objects: Braiins works using Braiins Report Objects or Bros, which embody a large amount of intelligence, effectively replacing the chart of accounts of traditional systems, but with full taxonomy knowledge built in. It is not now good enough to use either just a traditional chart of accounts, or just a Taxonomy based structure as the new Sage system is rumoured to do, as aspects of both are needed. Bros provide both ‘chart of accounts’ (in implicit and explicit ways) features plus taxonomy knowledge. They provide much of the Braiins power and control, while also allowing fast processing.
* Automatic summing and checks: Bros include built in automatic summing and checks, as part of ensuring data and dimensional integrity, so that the report generator does not need to do all these things, or check them after the event.
* HTML Quality: Braiins produced good quality, good looking HTML accounts. The quality of the HTML output produced by competing systems is poor.
* Accounts Quality and Finesse: Braiins incorporates much of the intelligence regarding things like suppressing unwanted subtotals though keeping but hiding those with tags, moving single items items between columns etc that helped make Hartley.Accountant so much loved.
* User Preferences: Braiins provides options for users to customise the look of the accounts to suit their preferences. It even keeps track of different kinds of zeros (sum to zero versus a not posted ‘zero’) and allows them to be formatted differently.
* Smart Posting: Braiins makes posting (and thus tagging) easy by how it presents entry options to users, partly by how it organises data, and partly by how it keeps track of company type and what accounts areas are appropriate.
* Separation of Double Entry and Schedule Data: Braiins conceptually and in practice keeps double entry “accounting” data and schedule, single entry, data distinct with different controls applying. SAPA and other AP systems have tended to mix these up because of how they operate through a chart of accounts structure. With the proliferation of compliance requirements, the traditional way has “grown like Topsy” and become very messy. Braiins will help restore sanity, and make everything much cleaner.
* Full Tagging: Braiins is designed to go straight to full tagging as required by HMRC from 1st April 2013. We have skipped the minimum tagging option totally.
* Dimensional Integrity enforced: Braiins does not permit silly or inappropriate taxonomy dimensions to be applied, as other systems do since they lack the build in knowledge about what is valid where.
* Audit trail: Braiins keeps a full audit trail of who did what when to make manager or partner review much easier and faster.
* Full Export: Users will remain in full control of their data i.e. they will be able to export it, and or delete it.
* KPI or Interfirm Comparison System: We plan to invite Accountant firm users to opt in to this system. Users who opt in will then in turn need to obtain the approval of their clients. Participating Accountants could then use the results to assist in advising their clients. Braiins would provide starting point KPI/Comparison results for the Accountant to use. As the database grows, this source of data could become a significant strength of Braiins. No other AP system which is not cloud based could offer it.

Note: Some of the above is working today, and sufficient to show that the concepts do work and can be delivered, but much still remains to be completed.

#### Braiins UK Monetisation

It is planned to charge for Braiins on pre-paid credits (or tokens) basis i.e. on a pay as you go basis, with no big commitment and no lock in.

Credits will then be charged per set of accounts. The number of credits can be varied according to the complexity of the set of accounts and areas used e.g. more if Financial Instruments are involved.

Credits will probably cost £1 each, with a discount for volume, but the number of credits per average set of accounts hasn’t been finalised yet. The prices being charged in the market to tag a set of accounts in Word varies between a low of £100 to thousands of pounds for a complex set being tagged by a Big 4 type firm.

We think our average will end up being somewhere in the £10 to £25 range.

With the cloud approach and our knowledge of the work involved for each client, we will be able to produce an “iXBRL Processing Fee” report or pro-forma invoice for the Accounting Firm to include as an oncost in their bill to their client. Accounting firms will love that. One of the popular topics on iXBRL related forums has been about how much to charge for the extra work involved in producing iXBRL accounts at HMRC’s dictate. The answers range from nothing to £250. Having an external “fee” particular to the individual client would get around this problem nicely.

PLC type clients, when we get to that stage, will be charged much more of course.

We may also licence the back end parts of the system to other suppliers as an iXBRL engine on a royalties basis.

Another possibility is to sell the system outright to large practices who want to customise it heavily, or who would like to re-brand it under the firm’s name.

We have not as yet decided, or even discussed, how to charge for the KPI/Interfirm Comparison service.

Staff needs will be modest – Charles and David, plus 2 or 3 others up to the 100,000 sets of accounts per annum sort of level.

Survival and funding for expansion requires us to reach about 1,000 sets of accounts per month at an average of our lowest goal of £10 each. That should not be too hard!

Numbers of the order of 100,000 sets of accounts per year (which is 10% of the number we believe that SAPA alone is producing currently) should be achievable within a few years.

Then we will be in a position to get moving internationally and to do other interesting things.

#### Braiins UK USPs

The speed, accuracy, control, quality of output, KPI service, pay as you go, and client recharge fee “service” described in the previous sections, are the UK USPs of Braiins.

We think they will provide an attractive offering.

#### Braiins UK Marketing

Braiins will have to be marketed as for any business, but we will have a good start thanks to HMRC and full tagging being required from 1st April 2013, the SAPA user base with mostly fond memories of Hartley.Accountant, and the frustrations people are suffering with their current systems.

Getting the word out will be relatively easy thanks to the accounting press and accounting focused web sites such as Accounting Web.

#### Braiins Internationally

The UK approach can be replicated internationally for other countries mandating iXBRL or XBRL account submission. Numerous jurisdictions have XBRL initiatives in place (see [XBRL Jurisdictions](http://www.xbrl.org/Jurisdictions)) though the current UK iXBRL program is the world’s largest in terms of mandated general company reporting.

The US requires XBRL submissions to the SEC. Holland, Australia, New Zealand and Singapore have Standard Business Reporting (SBR) programs in place which are XBRL based. The list and scope of adoption will grow. Braiins will be ready.

But the Braiins system is not limited to countries mandating iXBRL accounts submission, as it could be adapted to skip the XBRL tagging parts, and just produce HTML accounts. This would still provide all the KPI/interfirm comparison features available.

#### GGTC Synergy

We have noted with interest your comments in the draft response to Keith that “To reiterate: Our interest is to build a sustainable scalable business in offering support services to SME’s, as such we are seeking products that can be offered in a structured consistent way. The software is as important as the principles in the selection of what we offer ... Scalability is the key for us – we want thousands of clients as opposed to a few.”

Hopefully what we have had to say about TARI will assist your thinking.

But further to that, what we seek to do with Braiins may well be able to help in building a base of thousands of SME clients, the KPI/Interfirm comparison service being an obvious area of potential cooperation.

Other than those few comments perhaps it is best to leave the thoughts of potential synergies to you, given that we have described our TARI thoughts and Braiins plans in what we trust is sufficient depth to give you a good idea of where we are coming from, and what we might be able to contribute.

#### Blue Sky

Thinking about the TARI/Braains/GGTC opportunities has naturally led to thoughts of where all this could take us five years from now.

The mobile age is upon us. The advent of mobile devices in their billions, with a multitude of mobile money solutions to go with them, means that the number of micro businesses in the world will explode.

For sure most of these new businesses will be “bottom of the pyramid” businesses in what used to be called the developing world, and far too “micro” to need accounts production or TARI like systems, but some will. The huge numbers in total will mean that even at a tiny percentage, the numbers needing business advisory like help within five years who are “online” will become millions rather than the tens or hundreds of thousands of today.

We are not suggesting that we should think of entering the SaaS accounting system market. That is fiercely competitive, and will really become a dog eat dog market. But the TARI/Business advisory/KPI/Interfirm comparison, and XBRL/iXBRL data exchange for the somewhat larger firms, will be an opportunity area not so over supplied. We could dream of dominating that field.

Low priced and low cost systems will be required, supported out of somewhere like India. The home country of the cloud servers will also need to be one where most people would be happy to have their data reside i.e. perhaps not the USA or UK. Singapore? Whatever the fine details, we suggest that the approaches described in this document, can be made to work. One million businesses paying $2 a month for a system which costs 1c to deliver, would be a nice little earner. And what could grow out of that? Lots!

So our “Blue Sky” dream is that a SaaS/Cloud/mobile system along the lines very broadly described here, could become the “Google” of the SME (or Micro Business) advisory industry world wide.

We look forward to discussing these various thoughts.

David Hartley and Charles Woodgate

Braiins Limited

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