De-Ops

Cathedral meets Bazaar

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1.0 Executive Summary

John Marshall Group Inc. was created a few years ago as a way to license technologies I've developed professionally. My realm of expertise is internet based decentralized networks. I find my motivation in the amazing decentralized networks around us. For example, our bodies consist purely as a decentralized mesh of cells. Another more abstract example is society, which is a decentralized system where humans are the basic components. Now the internet in conjunction with software gives us the ability to create our own decentralized systems. Unfortunately the complexity of decentralized systems has left our vision into the potential of such networks a little cloudy.

The common thread through all decentralized systems is that they are self-regulating and able to adapt. Using the internet as a medium we are just beginning to build complex decentralized systems. I started in 2000 by writing a client for the Gnutella network which is a system for sharing files. As the network became more complex, it was harder for new developers to add Gnutella into their applications. I saw the opportunity to build a Gnutella component, which I called GnucDNA. It lowered the bar of entry for developers and also stabilized the network with a common foundation. It became an important part of many very successful applications such as Morpheus, iMesh and i2hub.

I am always collaborating over the internet, and developing GnucDNA involved people all over the world. When I worked developing Morpheus there were managers in LA, coders in Moscow, designers in Indiana, and myself in New Hampshire. In most cases people are still using email as their main tool to collaborate. Email, and other collaboration tools work alright for small scale projects, but start to break down as the scale increases. Even though there were many people willing to work on GnucDNA, they went unutilized because email, forums, and chat rooms only worked so well.

Coordination is the main problem. When a project grows in size, authority needs to be delegated. The organization needs to become self-managing and able to adapt to internal changes. These are the same characteristics as a decentralized network. So this is the problem I began to solve four years ago. I put college on hold for a year, went back for two more, left again, and during the entire time I was designing and re-designing a solution to this problem. From the network, to the protocol, to the interface, each component has gone through countless iterations. My goal is an application that lets people build their own self-managing, adaptable, and scalable organization for use over the internet.

The need is real. If today I gave you 1,000 people around the world with computers and said, "Use them to do X." How would you do this? It just isn't possible without putting a lot of overhead into operations. The software I'm developing is called De-Ops for Decentralized Operations. And with De-Ops the scenario I just presented becomes possible without the overhead. The question becomes, "What would you do with 1,000 people?" Why not 10,000, or even a million. This is what self-management can achieve, and it's possible in a form that is more secure, adaptable and resilient than ever before through decentralized networks.

The internet has significantly improved the way we communicate. But the methods in which we organize and coordinate are not much different than they were 20 years ago. De-Ops strives to become the first tool to do for coordination, what email did for communication. Imagine using De-Ops to form a hierarchically structured organization with 10,000 individuals instantly. Almost immediately your organization can begin work in an efficient manner that takes accountability for every member, while giving them transparency to the internals of their own organization. Data, communication, and planning lay over the hierarchy as inherently secure and compartmentalized services.

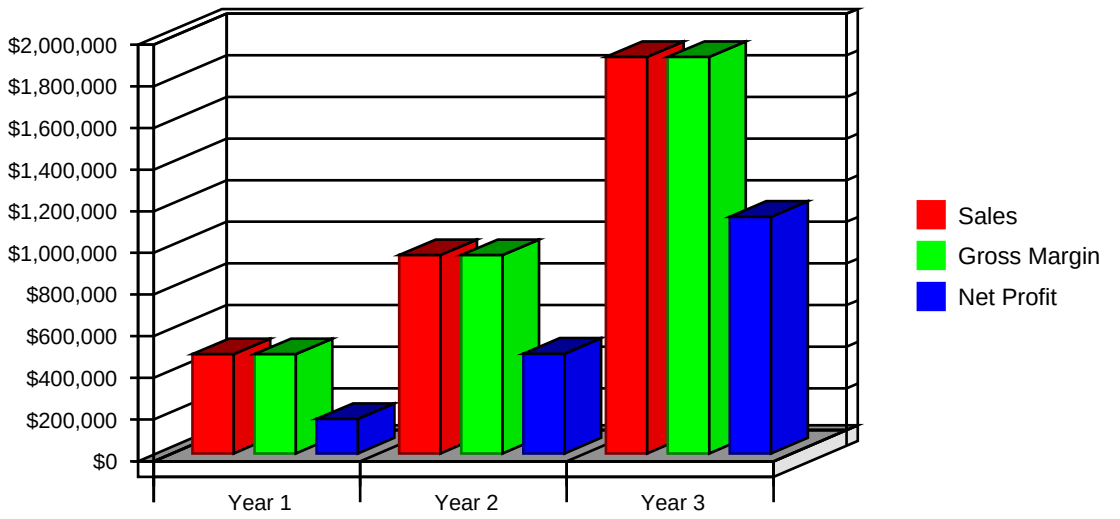
There's no need for walls with a De-Ops organization. The complexity is greatly reduced as the application takes over the role of security and authentication. It eliminates the need for VPNs, complex firewalls, and IT overhead. This advantage makes De-Ops an attractive solution for anything from mobile command centers, to global organizations who wish to become more flexible with their people. Decentralization eliminates the need for expensive servers, and adds a layer of fault tolerance not possible with centralized solutions such as anything web-based.

As I mentioned before De-Ops has gone through four years of research and development. Most of the systems have already been designed, and a good number have been built, even a full scale simulator. My company is looking for investment so that we can do this project right. I have taken projects from nothing to commercial quality in the past, but this project is bigger and the markets it can be sold in are wider. Corporations, individuals, and the government will all find different aspects of De-Ops valuable to their organizations.

The business plan is methodical, broken into interlinked stages for all aspects - development, sales, and marketing. We plan a slow, but steady growth through individuals with a Standard version. Using their success as a gateway into larger organizations with a Professional version. We are competing in overlapping market segments, both collaboration and directory services. As well as new market segments such as public coordination and disaster management. Our product itself is unique enough not to have direct competition upon release, and the technological bar is set quite high for potential competitors.

I invite you to read the business plan over. Also to talk with me about how the software works and the ideology behind it. With many years of research and development, there is still a lot that couldn't be fit in. I am searching for an investor who wants to be part of something truly innovative. Someone who can understand our technological vision and complement it with a more experienced business vision. I am seeking around 500k to bring the final version of this product to market in under a year. It's a great opportunity to invest in something that is really going to change the scale of collaboration over the internet.

Highlights



1.1 Objectives

De-Ops is an application that facilitates the coordination of people within organizations. The objectives set below are realistic projections derived from download and usage numbers of internet applications that I have been involved with in the past 6 years.

- Within the first 6 months of operation we plan to receive a large amount of media exposure. Mainly though online news sites, blogs, and reviews; our goal is to declare our software niche as quickly as possible and simultaneously become a leader in it. To measure market penetration - downloads of the Standard version will be used as a benchmark. Our goal is to meet and exceed 60,000 downloads in the first 6 months.

- To gauge user retention, the size of the global network will be calculated weekly. The global network is what De-Ops uses to lookup users of the same organization and bring them together. Everyone who runs De-Ops and is part of an organization that is non-secret will be able to be found through the global network. Calculating the size of the global network can give us a sense of the total number of people using the application at any given time. Our goal is to achieve 12,000 concurrent users in the first 6 months.

- By demonstrating a strong, quality product through the Standard version. We hope to achieve a respectable sales number of 3000 licenses, of the Professional version in the first 6 months.

1.2 Mission

De-Ops is the first piece of software that attacks the problem of large scale user coordination in a modern way. Our mission is to introduce this niche into the market and then take the lead in it. By utilizing years of experience in decentralized technologies, we hope to create a high bar of entry for potential competitors. The methodology we plan to use to achieve success is straight forward - great interface simplicity, and great backend technology. By continually improving De-Ops on both these fronts we will always be increasing the size of our potential market.

Part of our mission is to change the way people feel about coordinatiion through computer networks. Right now they are complicated, expensive to manage, and hard to change. With De-Ops the computer becomes smarter, it can organize communication, synchronization and coordinate automatically, over a LAN or over the internet. All this while improving overall security and decreasing IT administration overhead.

It is not an easy mission, but myself and the people I want to bring in are more than qualified to accomplish this task successfully. This application is already at the stage of functional prototype, serving as a solid proof of concept.

1.3 Keys to Success

- As with any new application, it is difficult to predict the public's response to a genuinely new technology. But I have found through experience that a product is best received if it is released with a high degree of initial quality to kick-start its reputation and acceptance into the marketplace.

- The right people. There are few developers with experience in decentralized networks for a variety of reasons. It's not taught in schools, so students are more familiar with centralized models. Another reason is that while the technology is very sophisticated, it has had a difficult time finding a profitable niche in the marketplace. De-Ops is using mature, proven, decentralized technologies to create a profitable product.

- Focus. Many companies become side-tracked by short-term opportunities that impede their speed of development and cause their technology to stagnate. Trying to appease to every single user can cause a company to lose focus of its mission. To ensure growth, we must be focused on continually moving forward.

2.0 Company Summary

John Marshall Group Inc. was founded in 2003 as a corporate umbrella underwhich I could place my software products and technologies. In 2000 I developed the first open-source Gnutella client for windows called Gnucleus. Gnutella was a decentralized network protocol developed by Nullsoft Inc. and was more simple than a competing protocol, Freenet. Gnutella was the first massive, decentralized computer software network, and since 2000 there have been a myrid of technologies and networks that have been developed in its wake. I have played an integral part of it the entire way through.

In late 2000, I rewrote Gnucleus entirely. I started collaborating with other developers over the internet to create protocol improvements. As this was cutting edge technology, there was just as much research going on as there was programming. I've written simulators to analyze different network topology scenarios. I've also written crawlers to build real-time 3D models of the network to analyze node distributions by client, bandwidth and other variables.

Many facets of computer science were integrated while these networks were built and improved. Globalization technologies, extensible binary protocols, advanced hashing , supernodes, auto-orgization techniques and more. Many

advanced technologies were developed that have still not made it out of the decentralized networking space. The reason mainly being the lack of drive. Fault tolerance and reliability are desirable to have, but client server systems are more simple to create, despite the disadvantages.

I developed a successful system for building a distributed web based cache, that could act as a persistant lookup for nodes on the Gnutella network. Later, I completely seperated out the core of my application into a COM component that was integrated into many successful applications. The largest were Morpheus and iMesh, both companies that I worked with personally. StreamCast networks, the owner of the Morpheus application, contracted me to lead a team of distributed developers around the world to build version 4 of their product. Both Morpheus and iMesh have been in the top 10 at Download.com simultaneously; bringing in over one million downloads per week.

De-Ops is our company's first original product. Pulling together many of the advanced technologies developed over the past six years. As well as the latest programming language C# and .Net framework from Microsoft, which has recently matured in its 2.0 version. De-Ops is really a product that the industry has a need for, but few with the experience to make a reality. I am passonite and dedicated to this project. I set the bar of quality, performance and success, very high.

I am young, but I do have a lot of real world experience. I have worked for numerous companies in the southern New Hampshire area, including White Pine, Transparent Language, LCD Multimedia, Northwoods Software, and Teletrol. I also have a strong belief in doing things the right way; not the easy way. I am an Eagle Scout and I also have some military experience through Army Basic Training and a year with ROTC. I also have four years college experience, one at Worcester Polytechnic and three at Northeastern University. I've been persuing a degree in Industrial Engineering.

De-Ops itself is meant to improve the efficiency of individuals within an organization, which is the same focus of Industrial Engineering. In fact, many of the concepts I've learned in Human Machine Systems, Engineering Psychology and Quality Analysis have found their way into De-Op's implementation.

2.1 Company Ownership

John Marshall Group Inc. was incorporated in 2003, in New Hampshire. It is a subchapter S corporation owned by John Marshall. It holds the copyright on both Gnucleus and GnucDNA technologies that are licensed under the GPL. JMG also holds rights on technology developed for P2P simulators and crawlers.

2.2 Start-up Summary

Our startup expenses are those typical for a software company. Intellectual Property protection is one of our most important expenses. It is a long process that will run parallel with De-Op's development. Our target is to have the application filed in the Patent Office's database by the time De-Ops is released.
The website and graphics is another large expense. The website needs to be informative and attractive to users. The website will offer many facilities such as a way to purchase the Professional version of De-Ops online. A customer support system needs to be built into the website so that we can orderly process customers' needs. A forum will be setup on the website to create a community between the users and developers.
Software Expenses

Obfuscator ($300) - Prevents reverse engineering of released applications

Profiling Tool ($400) - Tunes application performance and finds bottlenecks

Certicom ECC ($1,000) - Advanced encryption algorithms, for increased security and value

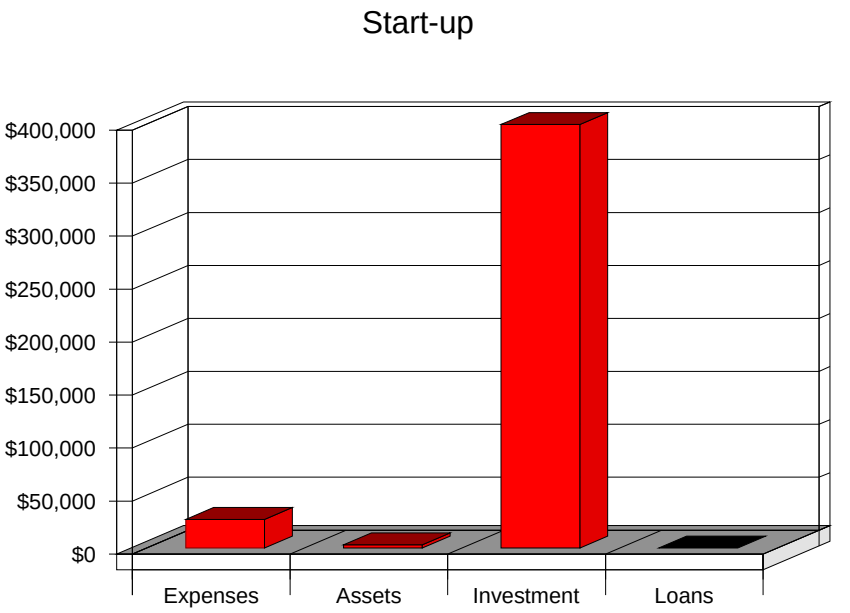
Long-term Assets

Simulation Computer ($3,000) - Used for creating a virtual decentralized network that De-Ops can be tested

with.

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Legal	$15,000
Stationery	$400
Software	$1,700
Website / Graphics	$10,000
Other	$0
Total Start-up Expenses	$27,100
Start-up Assets	
Cash Required	$0
Other Current Assets	$0
Long-term Assets	$3,000
Total Assets	$3,000
Total Requirements	$30,100



3.0 Products

Our software product is called De-Ops, short for Decentralized Operations. The goal of De-Ops is to create a mirror of organizational structure on the computer. In doing so, we hope to achieve a high degree of transparency within organizations which will allow members to see where they fit into the whole. This is important because another goal of De-Ops is to create a framework for coordination that can scale into the millions. As one person among millions, understanding through transparency is key to a smooth running organization.

Currently, the effort required to coordinate large numbers of people is huge. Over the internet, most collaboration systems are flat; unable to scale very far before there is so much noise that nothing can get done. Also, many systems for organizing people are centralized, which requires IT resources to maintain and operate. This overhead also makes for a more static system that cannot change with the needs of the end user. The same problems persist in business also. A large IT staff manages systems, but the members who consist of the organization are not the ones in control of it. This can lead to gaps in security and accountability of information. More advanced security systems with information compartmentalization, require even more overhead and are more difficult to keep track of. The problem today is that these systems work independently of the structure of the organization. With De-Ops, all systems (planning, communication, and storage) lie to top of the organizational structure. Dynamically fitting itself to the needs of the members instead of the other way around.

De-Ops can work online or offline. It can still operate if parts of the network go down. This provides the end user with a reliable and fault tolerant product; one that they can trust. To achieve this De-Ops is decentralized, meaning the software is homogeneous for all users. There is no separate client and server version of De-Ops. All versions take the same security measures so there are no lapses. Decentralization also allows for instant setup of a network consisting of thousands of computers. People are quickly connected to one another in a secure environment in which they can work together without waiting for IT to setup servers and firewalls. People can change computers, change locations, or change their position in the organization on the fly while retaining security. This is something just not possible in today's organizations.

There are a number of services built on top of the secure, decentralized foundation De-Ops provides. The main service is the link system which allows members to create a strong functional hierarchy which defines the organization. In addition, separate hierarchies can be created for cross functional projects. Achieving what is called the matrix organization, but now it is computerized and inherently secure for all members.

There are communication services which enable users to communicate in different mediums. For real-time communication there is instant messaging and hierarchal chat. The chat works along the lines of the organizational structure providing persistent spaces for members above and below a person to communicate. There is also permanent communication services such as mail and message boards. All communication is secure in transit, and on disk. Digital signatures are used so that only the receivers of communication can access it.

One of the most important services De-Ops provides is called Common File Storage (CFS). It is an innovative, hierarchal method in which the entire organization shares the same file system. De-Ops tackles the problem of quality control of data storage head-on with the CFS. Changes must be accepted before they are moved up the organizational tree, which ensures multiple levels of human check-off, creating an inherent system of accountability within the organization. Once a change moves up the tree, it flows down to other branches automatically so that everyone is updated with the change.

De-Ops is a very exciting product and this summary only scratches the surface. We have lofty goals, but I assure you they are grounded firmly in reality. There is a genuine need right now in the world for something like this, and creating this software is well with-in our realm of expertise. We currently have a working prototype build and a simulator for demonstration. So far, fom what has been created, we can see that this product has a long and interesting life ahead of it.

4.0 Market Analysis Summary

The potential market for De-Ops is large. It ranges from small groups working over the internet to businesses and global organizations. Wherever there is an IT department, there is a potential for De-Ops. Wherever a project is using collaboration software and wishes to expand further , there is potential for De-Ops.

De-Ops was born of necessity. My first project Gnucleus was a huge success in the file sharing space, but managing the project was very difficult. The system I used to keep track of my development files was called CVS (Concurrent Versioning System). It is used across the software industry to help developers collaborate on software projects. My problem with the system was that it was flat. All users on the system had the same access to make changes to the repository. And as the number of developers increased it felt as though I had less and less control on the direction of the project. Without vigilant monitoring of the CVS system, bugs would have slipped into the code and quality would have degraded.

As a side note, linux and open-source development in general has suffered from this same problem. This is a quote from 1992

Andy Tanenbaum: The problem is co-ordinating things. Projects like GNU, MINIX, or LINUX only hold together if one person is in charge.
Linus Torvalds: Yes, coordination is a big problem, and I don't think linux will move away from me as "head surgeon" for some time..

Linux and open-source development in general suffer from the same fundamental problem that corporations do; the lack of software to facilitate organization down to the lowest levels. There are numerous client-side and web based tools for collaborating on a small scale, but nothing comprehensive enough. Something that could serve as a backbone for additional services to run on top of. Large projects like apache, linux and mozilla are huge coordination nightmares, and for businesses, re-organizing can be a long, expensive process. Fortunately large scale organizations is what De-Ops does best.

This problem needs to be solved, for the industry and for myself as I develop next generation software. In addition, I've taken it a step further using my accumulated experience in network protocols and decentralization. These additional technologies add significant value to De-Ops and raise the bar higher for potential competitors.

4.1 Market Segmentation

Businesses
This is the major market we wish to enter with De-Ops as we believe De-Ops offers businesses significant advantages. First, De-Ops is a package that manages and self-contains all network communication and storage systems. With De-Ops, an employee's computer is no longer an insecure spot where data can be copied unencrypted. If the employee works from home, in the office or on the road, their communication and data will be safe. Losing a laptop would not compromise sensitive corporate files and communications. Transnational companies could use De-Ops to maintain a large, fully functional organization distributed around the world without complex security and VPN systems.

De-Ops also puts more control of IT into the hands of members of the corporation. From the CEO to the sales person, each has a defined place in the functional structure of the corporation and maybe separate project structures as well. Each has defined access to their respective branches of the organization and correct access to sensitive corporate files. For example, marketing will be able to communicate with the development branch, but would not have access to source code files.

Another interesting market segment are those businesses that lack disaster management plans. For example, if the office is hit by a natural disaster or a pandemic breaks out and people are unable to come together, the corporate organizational structure still needs to exist. De-Ops is location independent and fault tolerant. Even if the entire 10,000 person corporation is at home, their network structure doesn't change at all. This is a huge win for business.

Government

Government is a huge market that is continually looking for solutions to reduce overhead and increase productivity. De-Ops achieves both to become an attractive option for agencies who wish to coordinate better. Especially for large, multi-leveled bureaucracies. De-Ops can help employees see the larger picture of the organization they are apart of and find resources with greater speed through well defined lines of communication. Accountability is a huge part of government and De-Ops. Communication and files move through the system on orderly hierarchial paths. Data stored in the system, and the updates distributed to all, can be ensured to have been checked off by the highest levels.

Government contractors also benefit from De-Ops because there is inherent compartmentalization of data among different branches of the hierarchal structure. This in addition to advantages in security and accountability, make De-Ops a good fit for businesses working with government.

Lastly, the US Military and agencies such as FEMA can utilize De-Ops for ad-hoc networks with low support overhead. A network with De-Ops can be setup as easy as it is to garrison a bunch of computers, hook them up to a router, and hook the router up to the internet. Now the people using the computers have instant secure access to the rest of the organization following the chain of command and no IT or server overhead required. An instant command center that is quickly visible to everyone in the organization, top to bottom.

Non-Profits

Some of the best management techniques come from non-profit organizations. Non-profits have to make every dollar count and their members must be managed and utilized well or they will be lost to a non-profit that does utilize their skill set effectively. De-Ops is attractive to non-profits in a number of areas. Its overhead IT cost is low, while still providing all communication and storage services efficiently. De-Ops works great in distributed environments and can scale, enabling tens of thousands of volunteers to effectively coordinate from their homes. De-Ops also allows the organization to change structure dynamically. A mid-level manager of a branch of 100 volunteers can change superiors, and instantly the change in command is instantly reflected for all 100 subordinates.

Another large market for De-Ops is academic institutions. Researchers without management overhead can use De-Ops to provide a framework for self-management. Synchronizing files and facilitating communication between the professors and grad students. De-Ops opens up even more possibilities when used for multi-university projects. It gives even the lowest grad student a transparent picture to all pieces of the project, allowing him or her to collaborate on sub-projects with other grad students at different universities when needed. Something they may have not been able to do before when they only had visibility of their own professor and not the larger picture.

The last market in the non-profit sector is the grass-roots organization. Political campaigns and activists for different causes. Currently, many of these organizations are bottom heavy with managers at the top trying to keep grips on hundreds of people in their specified zones. Using De-Ops, these organizations would have the ability to organize with again, no overhead. De-Ops would allow total transparency throughout the organization and create a secure space in which people could plan strategies in an organized fashion. The inherent hierarchy of De-Ops creates a high signal to noise ratio where people can work with others in adjacent branches and filter out the rest.

Individuals

This is the first market De-Ops will enter, it is the proving grounds for De-Ops, and the launch pad into other markets. Currently on the internet there is an excess of collaboration tools, but a lack of coordination tools. Collaboration works for a small group, but usually lacks control and the ability to scale to signifigantly larger sizes. Many people still rely on email for coordination, but it also doesn't scale well and soon a project leader becomes overwhelmed by the time the project requires. So this market is where De-Ops will first offer a solution to people with unmanageable projects, or projects they wish could grow larger while staying in control.

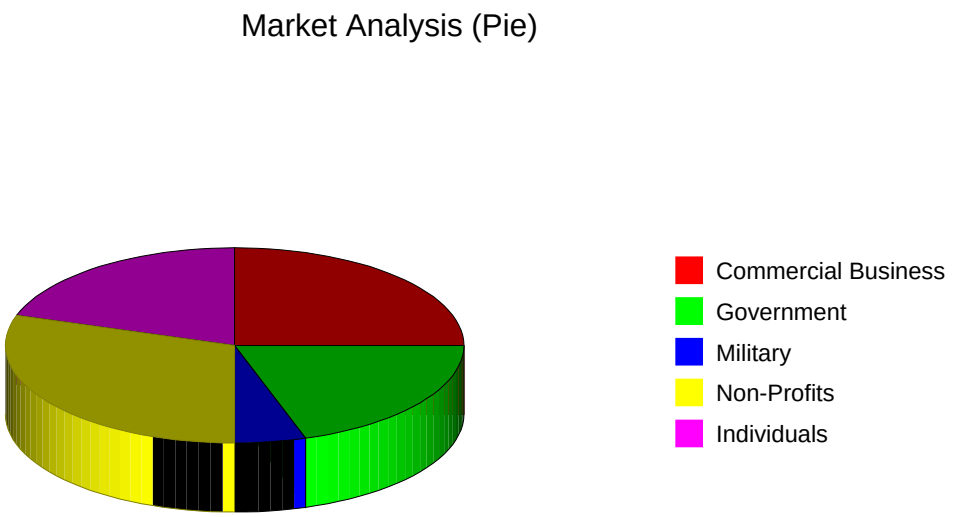
There is a huge number of people working on open-source projects as a hobby. Many of theses projects are spearheaded by one person, and this one person takes care of patches and quality control. Many open-source projects as they grow exhibit the same problems. Such as lack of clear direction and leadership, they also lack the ability to change structure dynamically. There is the same IT overhead that exists in business, but here it is CVS servers, web forums, and web collaboration sites. There is also a bar to entry with open-source projects; it is hard to find a common place in which to organize everything so it is often hard for people to get involved that really want to. With De-Ops, there is a persistent organizational structure that always exists, and people can join and leave the project dynamically by their own will.

Another common sector for individuals working together is game mods. Mods are modifications to computer games put together by individuals who work in their free time over the internet. They too have the same organizational

difficulties that open-source developers have. Especially with scaling to large numbers of contributors, quality control, and lines of communication which is often done in web forums. A common file system would give mod developers a huge boost in productivity as members on all levels could work on the final distribution simultaneously without relying on one person to manage everything and put it all together.

Table: Market Analysis

Market Analysis							
Potential Customers	Growth	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Commercial Business	15%	250,000	287,500	330,625	380,219	437,252	15.00%
Government	10%	200,000	220,000	242,000	266,200	292,820	10.00%
Military	5%	50,000	52,500	55,125	57,881	60,775	5.00%
Non-Profits	20%	300,000	360,000	432,000	518,400	622,080	20.00%
Individuals	30%	200,000	260,000	338,000	439,400	571,220	30.00%
Total	18.68%	1,000,000	1,180,000	1,397,750	1,662,100	1,984,147	18.68%



4.2 Target Market Segment Strategy

Two fully functional versions of De-Ops will be completed before entering the market. A Standard version which will be free and contain the regular communication, planning and data components. And a Professional version which will be meant for profit and non-profit organizations. The Professional version has a cost for download. In addition there will be a price for yearly version upgrades. It will also include features not present in the Standard version such as compartmentalization, enhanced security features and other value adds. On launch the Standard and Professional versions will be available in a variety of languages so that international markets can begin saturation right from day one.

Our strategy to bring De-Ops into the marketplace has distinctive steps. First we will focus on getting users to utilize the Standard version for their individual projects such as open-source and game mods. From there we will evaluate the effectiveness of De-Ops in their organizations and make changes to the application where necessary. The initial builds released will be heavily tested beforehand with profiling tools, and an internet simulator to ensure minimal bugs crop up unexpected. Our goal is to use the individual projects and favorable tech reviews as proof that De-Ops is a valuable tool inside organizations.

In the next step we plan to market De-Ops to non-profits in two directions, the top and bottom of the organization.

Our marketing team will demonstrate De-Ops to the higher levels of non-profits by showing them successful individual projects and simulations of how they would experience their organization through De-Ops. From the bottom we will rely on individual end users of our product. Hopefully by word of mouth to the inside management of these organizations. If they can get small pockets within the organization to start using De-Ops to coordinate, the network will grow until everyone within is part of the same structure.

A new company with a new product is not going to instantly become incorporated into commercial organizations. It must build its reputation first, one step at a time until it is ready to be accepted by businesses as commercial grade software. This is why the marketing strategy must be so methodical, because each step builds a little more reputation and puts more success stories under our belt. We want individuals and people that work for non-profits to start bringing De-Ops to work and suggesting to their managers it be used to coordinate their projects. Similar to the non-profit strategy our marketing will also target business leaders, when the time is right, to start making inroads into the corporate market.

The final market we plan to approach is the public sector, meaning the government and military. This is the easiest and at the same time hardest market to enter. It is easy because the technology itself is interesting enough to get the attention of government funding and support. It is difficult though to put into practical use because extensive review and code audits will have to be done to certify the code at different government required levels of security.

In summary, we plan to release a free Standard version. Garner positive reviews and experiences from users. We will then use this to propel the Professional version forward into non-profit markets and then commercial markets. Finally we plan to go after government certification which will open the door to government markets and provide a further selling point to even larger commercial organizations.

4.3 Industry Analysis

De-Ops makes a stake in two very large software industries. The first is the collaborative software industry. What collaborative software does is allow a group of people to work in a shared space over a network. Common features include IM, chat, calendar, and file sharing. De-Ops also has these features, but they are overlayed on to a decentralized hierarchal structure.

The second industry De-Ops makes a stake in is the Directory Services industry. Directory Services is what IT uses to manage large computer networks. These networks scale into the tens of thousands and can be distributed around the world. Directory Services allows IT to manage the network by organizing computers into groups, setting permissions throughout the network, and push software packages and updates out to users.

Both these industries are extremely lucrative. Businesses, non-profits, and governments around the world use Directory Services to manage their computer networks. According to Novell the expected revenue in the Directory Services market in 2000 was $5 billion and that was only six years ago. Collaborative software is a relatively new industry, but already businesses around the world are making huge investments in collaborative software to enhance the productivity of their employees. According to IDC research, the market for collaborative software in 2004 was generating $1.8 billion in revenue, and was expected to increase by 12.8% annually. De-Ops will benifit from the fast growth of both these industries.

In the Directory Service space the two big players are Novell's eDirectory and Microsoft's Active Directory. The same big players are in the collaborative space as well, and IBM is there also. Microsoft has two collaborative systems, Groove which is client side, and SharePoint which is web based. Novell has GroupWise. And IBM has Lotus Notes. There are also many startups in the collaborative space that offer both client side and web based solutions.

Pricing for Directory Services are usually broken into two parts. The cost of the server software and the cost per user or device. For example Microsoft's Active Directory costs $4,000 per server, and $40 per client user license. Collaborative software has a similar two part model. Microsoft Groove is $180 per user license and $10,000 per server. Microsoft's web-based SharePoint is much cheaper at $70 per user and $4,000 per server. Both these products have higher end server models that run $20,000 and higher. Novell's GroupWise software is similarly priced at $130 per user license.

While De-Ops is competing in these industries, it is unique enough to stand apart from competitors. The solutions De-

Ops entails to solve Directory Services and Collaboration problems are entirely unique to De-Ops. Typical Directory Services are server based and complex to manage. Typical Collaborative software lacks scalability, true security, and are also complex to manage. De-Ops provides a very clean way for massive amounts of people to coordinate, and while doing so feel like they are in control of their own organization. De-Ops is the first application in the **Coordination** software industry.

4.3.1 Competition and Buying Patterns

Novell provided the first platform for commercial grade computer networks. In the early 90s it controlled the industry, but over the course of the decade analysts say it diversified too quickly, and invested too little in R&D causing its products to fall behind. Since then Microsoft has taken the lead in the market with its Active Directory software. Novell still controls the multi-platform market, but because multi-platform is only a fraction of the Windows market; odds are slim that Novell will become the market leader again. Both target medium to large size organizations with their products because the server side software costs thousands of dollars and the client side licenses are expensive as well.

Companies choosing a Directory Services package take a few things into account. First they analyze if they have the need and the resources to implement Directory Services, sometimes the complexity of implementation is too high for the organization. Next they analyze what platforms need to be included in the Directory Services implementation. Novell has the upper-hand if the organization is multi-platform. The last factor is price which varies by how distributed and how big the organization is.

De-Ops is a highly attractive option for organizations of all sizes and distributions; because of its ability to scale and operate completely decentralized. It is also attractive because it is simple to implement and does not require the entire restructuring of the organization's network to make it operational. As for platform, De-Ops is written in Microsoft's flagship C# language which is at the cutting edge of technology. Because of this De-Ops is more secure, globalized, and easier to debug than applications written in other languages. De-Ops will also have the ability to go multi-platform with a graphical and even console version, thanks to open-source C# implementations.

In the Collaborative space, most of the big companies competing have been doing so through their acquisitions. Novell bought WordPerfect Office, renaming it Groupwise. IBM bought Lotus, whose collaborative product is Lotus Notes. And Microsoft bought the collaborative software Groove. Over the years as the web has taken hold, IBM and Novell have added web interfaces to their collaborative products. Microsoft on the other hand has built their own system, SharePoint, for web collaboration.

There are many startups in the collaborative field, both client-side and web-based. All more or less follow the same framework. A normal server or web server that tracks all information, and then a client-side program or website for user interface. Larger organizations will most likely go with Microsoft, IBM and Novell, smaller organizations will look at smaller companies offering solutions. And individuals will go more towards general web based solutions.

Collaborative software today all more or less do the same thing, the same way, and that is why there are so many options in the market. De-Ops completely breaks away from the these solutions because it's not really collaboration software in the first place. Its Coordination software, and the typical services collaboration software offers like chat, planning and storage, are only the tip of the iceberg. The iceberg itself is De-Op's powerful decentralized network that can scale, its hierarchal trust system, its auto-synchronization, fault-tolerannce, and data replication systems.

Collaborative software is easy to make, thats why there is so much of it out there. De-Ops is only collaborative software on the most superficial level, underneath it reaches all the way down into the Directory Services industry. This uniqueness is something that will make not only competitors turn their heads, but buyers as well.

5.0 Strategy and Implementation Summary

We recognize a large potential for coordination solutions in the software industry. There are no products that try to solve the coordination problem head on. By using years of experience in decentralized technologies we have developed a product that will up-the-ante in the collaboration software and directory services industries. Both these industries are prevalent in business, government and military organizations. Our software provides unpanelled security and scalability.

Our finance strategy is to secure investment so that we may finish development of the De-Ops application. The application itself is already more than half completed. We will utilize funds to complete its development and bring it to market in a timely manner.

Our sales strategy is to price the application at a point where it is attractive for organizations to buy hundreds of license or more. We encourage adoption of our software through a Standard version that people can use for personal activities. Individuals who experience firsthand the benefits our software provides, we will create a natural bridge to the inside of corporations.

5.1 SWOT Analysis

The SWOT analysis is a useful tool for evaluating the potential of De-Ops in the marketplace. We bring a lot a strengths with us, but there are weakness as well that you should be made aware of. Also the analysis examines the opportunities present in the marketplace, and the threats we will face trying to capitalize on those opportunities.

5.1.1 Strengths

JMG has six years of experience in the field of decentralized networks. My experience includes the hard lessons learned as our networks were built and deployed on the global internet. I have built commercial grade applications from start to finish many times over and all that experience will be brought into the De-Ops product. The technological and development experience being brought into De-Ops is a powerful force in itself. Over the past six years technology has been built, tested, and refined so that when it is integrated into De-Ops it is of the highest quality and sophistication. The technology is in the form of protocols, transfer systems, debugging processes, simulators, crawlers, and many other systems.

I have the many contacts with other decentralized developers. Getting developers like these is not something you can put an ad in the paper for, there are relatively few in the field. Being involved for the past six years has given me numerous contacts for potential developers. JMG's developers will not be your typical clock-punchers. The people I recruit will be ones who have demonstrated their dedication and passion for decentralized networks.

De-Ops has a headstart being the first product in the Coordination software space, which means potential competitors will come later on. It will be the first product that lets users take responsibility for and control their own data, without the risks of putting sensitive information in the hands of administrators. I believe the biggest strength De-Ops has is that it is based on established technology that is the culmination of years of development in decentralized networks.

5.1.2 Weaknesses

Our greatest obstacle to overcome is getting a foothold in the market. With De-Ops we are starting from scratch; new company, new product, new industry, the most important thing is to get as much exposure as possible and as large of a user base as possible. Our reputation and perceived quality is something we also have to build from scratch. The bulk of our users won't come immediately, but after we have both these areas built up a bit.

Another weakness, depending on how it is looked at, is that De-Ops in its essence is a disruptive technology. Our technology gives people the power to organize on a massive scale, in an orderly fashion with complete chains of command. Usually something like this required so much overhead that it was not feasilbe without a large business or government institution. With De-Ops large organizations can be created spontaneously and change shape dynamically, while retaining full user integrity and network security.

Also we talk about decreasing the need for IT with De-Ops, but IT is what controls most organizations' infrastructure today. The trick will be finding a way inside organizations while side stepping IT's control of the situation. It is a definite challenge for our product.

5.1.3 Opportunities

There are significant opportunities in the markets De-Ops plans to enter. The first is that there is an increase in the number of transnational organizations which means an increase in distributed computer networks. De-Ops will be looked at by organizations to structure their corporate networks with. This especially includes smaller distributed companies which have small teams scattered around the world, but need a central system in which to coordinate with. De-Ops provides a way for companies to securely bring outsourced teams into the organization without compromising security. The outsourced team would be in its own branch of the organization.

Organizations nowadays are often restructuring more often. As markets change, and opportunities arise, corporations need to refactor their organization as quickly as possible. Unfortunately current Directory Services are complex and take a lot of time and resource to modify with a company's restructuring plans. With De-Ops restructuring is seamless, security is maintained, and people feel like they are in control of their own organization, which for the first time they are.

Recent disasters have exposed our governments' and corporations' lack of resilience in the face of disaster. And they are now actively looking for solutions to minimize the effect disasters have on their organization's function. De-Ops is the first product to come to market that is truly flexible enough to deal with serious disaster scenarios. There will be definite opportunities in this market upon De-Op's public release.

5.1.4 Threats

Other software competitors are an obvious threat. But as was stated previously, larger companies would have to sacrifice their current products to compete with us. Smaller competitors would need to first have the technology we have and second have the same contacts to decentralized developers we have. Hopefully these to factors minimize the risk of direct competition. More realistically competition might come from open-source competitors. To mitigate this risk we plan to release linux versions of our software so there will be no need for an open-source solution. Second if the scenario does arise where there might be a serious open-source competitor we will investigate dual-licensing De-Ops so that there will be even less demand or need for an open-source client.

Another threat is intellectual property infringement. As with any successful software product, when competitors notice you the first thing they will do is try to stretch their IP over your current technology. The decentralized hierarchal systems we've developed have been researched through the patent office's databases so we know we are not directly infringing on other companys' IP. But still the risk is there and remains our most likely threat in the future of

this product. The advanced technology thats been developed is valuable and competitors will do anything to block us from using it against them.

5.2 Competitive Edge

De-Ops provides a unique solution to a problem many have thought too complex to solve. The software is written from the ground up in the latest development environment. The people we hope to recruit will be respected developers from the decentralized space already and add significantly to the value of the product.

Technologically our edge is having the experience and resources to create a product like De-Ops in the frist place. Few competitors are familiar with our methods. And those who are interested will have a difficult time figuring them out as we make sure everything is secured. This means network transmissions are encrypted, the protocol and source code is obfuscated and data stored on the disk is also unidentifiable and encrypted. In this way we have an edge over potential smaller competitors.

As stated previously, our edge over larger competitors is that we are a disruptive technology. The larger companies already have acquired server based collaboration technology and have invested millions into them. Competing with De-Ops would mean building a new system from scratch and giving up their lucrative server-client pricing models.

5.3 Marketing Strategy

Our marketing strategy is broken into stages corresponding with the sales and market specific strategy for each stage. First off before release a comprehensive website needs to be created to serve as a center for all activities related to De-Ops. The person contracted to build the website will need to be capable of a variety of tasks. First and foremost creating an professional looking website. In addition the same person will be creating the graphics for the De-Ops client application achieving a consistency in artistic style between both the website and application. The website author will also be responsible for setting up the support forums, which will also serve as a base for the De-Ops community. The online purchase system will also be built by the website author. Website translation will be done after the english website is complete.

In the first stage of the marketing strategy we release De-Ops Lite and De-Ops Standard simultaneously on the fully functional De-Ops website. In the first two weeks we will go through a small beta period so that early problems can be weeded out. Once we are sure of the applications performance we will open it up to a wider audience. News sites will be alerted to a press release which will offer a comprehensive review of the exciting opportunities the software creates for organizations. For the next month we will be monitoring reviews and partaking in interviews about the software. The development team will be active in the web forums taking note of user opinions and requests.

In the second month if we have not made progress with open-source and game mod developers we will start soliciting them to try the software listening to their needs specifically. If at the second month there are already fairly large De-Ops organizations running, we will make sure to be apart of these and use them as benchmarks as performance and case studies that will be posted on the web site. If organizations are finding their efficiency improve with De-Ops, buzz will be a large factor carrying De-Ops forward in the marketplace. Building up a fair amount of research and testimonials of the software's performance is key to the next stage.

In the second stage, estimated to be around the third month after release, we will begin to approach small non-profits and individual organizations. Demonstrating to them how their organizations can run better with De-Ops. We will advertise to them how De-Ops can bring their personal together in a private, organized space that they can use to better mange their distributed personal. We will also approach political campaigns because they perfectly fit the bill for the type of organizations De-Ops is targeted for. Massive amounts of highly distributed people that need to self-organize themselves efficiently to best achieve their goals.

As we progress with smaller organizations, when the time is right we will start to approach small to mid-size businesses. Though if our software is successful in the open-source and non-profit markets, we may already have a respectable number of businesses utilizing De-Ops. Regardless in the third stage we will focus on soliciting potential

businesses to consider De-Ops with in their organizations. It will not be marketed as a replacement for their current infrastructure, but something that can be run along side it seamlessly.

Fourth stage of the marketing strategy is the public sector. Hopefully our progress in the private sector has made the government more receptive to our product. Before entering this stage we will have had to bring the software up to government standards. Which would then be used in the marketing of the product. In addition to certification we will market De-Op's survivability and quick setup time making it perfect for fast command centers. We will market De-Ops to various agencies and military branches.

Overall our marketing strategy is targeted not passive. We know who our customers are, what sectors they are in and how to approach each sector. For passive advertising we will rely on news sites, reviews, and word of mouth. Though the largest amount of advertising will come from De-Ops itself. De-Op's allows organizations to effortlessly grow larger, so as they do that, more and more users will be exposed to De-Ops as a solution for other organizations they might be apart of. At its heart it is a communal application which means if it is of high usefulness and quality, it has the ability to grow itself.

5.4 Sales Strategy

The most important part of the strategy is how the product is released. Too many times software products are announced to the public before the software is available, causing hype. Other times betas are released and the imperfect quality of the software puts a bad taste in users' mouths. Our strategy with De-Ops is to take the time needed to finish a quality product with a functional website and purchasing systems. So on release day there will be a free Standard version and a pay for Professional version that is of commercial quality. Both will be available for trial and purchase in a variety of languages.

By working in secret up to release and then dropping this application on the industry we can achieve maximum buzz through news sites, blogs, and tech reviews. Which are also our primary advertising platforms in the first stage of our marketing strategy. Our primary goal in the first stage is users, perceived quality, and favorable reviews. The development team will be consistently working on improving user experience throughout the first stage. Note, this does not mean additional features, but polishing existing features, optimizing performance, and purging all bugs.

The first stage is the proving grounds for De-Ops, it is where large organizations of individuals will utilize De-Ops to achieve their goals; and based on this we can measure the success of the entire concept behind the creation of De-Ops. Building a strong user base enables us to transition into the second stage of our sales strategy where we start to focus on commercial organizations. We will create simulations and case-studies to demonstrate to businesses the productivity and cost advantages De-Ops provides.

The Professional version of the software will be priced low at $25, this is to attract the maximum number of individuals and non-profits into using our software. Again our main focus at the beginning stages is user base because this is where our real power will come from. Also, a lower price means more people will start organizations with De-Ops, and as the organizations grow, so will our sales of the Professional version. Additional revenue will be generated by annual point releases and higher end versions such as an Enterprise version which would begin development during the second stage.

We believe direct competition, as in duplication of our technology, will not come from larger corporations. This is because the technology undermines their existing products. If they were to compete with us directly it would mean abandoning their current systems, which is possible, just not probable. The greatest threat comes from smaller companies who we can handle in a few ways. First is properly protected intellectual property, part of our business plan is funding for putting a patent on our decentralized bottom-up hierarchy system, which is the key to how De-Ops allows massive amounts of people to self-coordinate. The next way to protect ourselves from smaller companies is our technology which has been developing for over 6 years, and the people working on De-Ops who will all be experienced in decentralized systems. Lastly is the lower cost of the product, our strategy resolves around user base not instant revenues. While money equals power, the reverse is also true, and often more rewarding in the end.

The third stage is refining De-Ops for entry into government and military organizations. This means complete code audits and security certifications. The government is a huge market and it is only beginning to test out collaborative software. Which means it is not set on a specific solution yet. Government is in the third stage so we can approach

them with a successful portfolio of organizations using De-Ops. Also in the third stage we will start looking at selling De-Ops pre-installed on biometric USB keys. The biometric key will be tied directly into De-Op's encryption, providing the easiest way for someone to be completely hardware independent while retaining full security and access into their organization.

5.4.1 Sales Forecast

For the Standard version our sales figures represent downloads. The figures are based on download numbers for typical collaboration software released free on the internet and exposed through online news sites. The type of exposure can be expected when De-Ops is released. Through constant updates of the software we will consistently keep some exposure on our product through the internet. Users will see the project as active and want to try it. Upon release, the application will be multi-platform also allowing users to work on the same project no matter what operating system they are using and also projects that target specific operating systems. One of our main target audiences are open-source users who mainly use linux for personal projects. De-Ops will be watching these users closely as a measure of our success.

Our sales figures are conservative at best. We know that a percentage of our users will upgrade to the Professional version for the additional components, enhanced security and compartmentalization features. As our sales strategy states, our goal is to build a user base in the individual market first. As our user base grows we will see use of De-Ops expand out of the individual market and into the non-profit and small business markets. This is where our greatest potential for sales will be in the first stage of our business strategy.

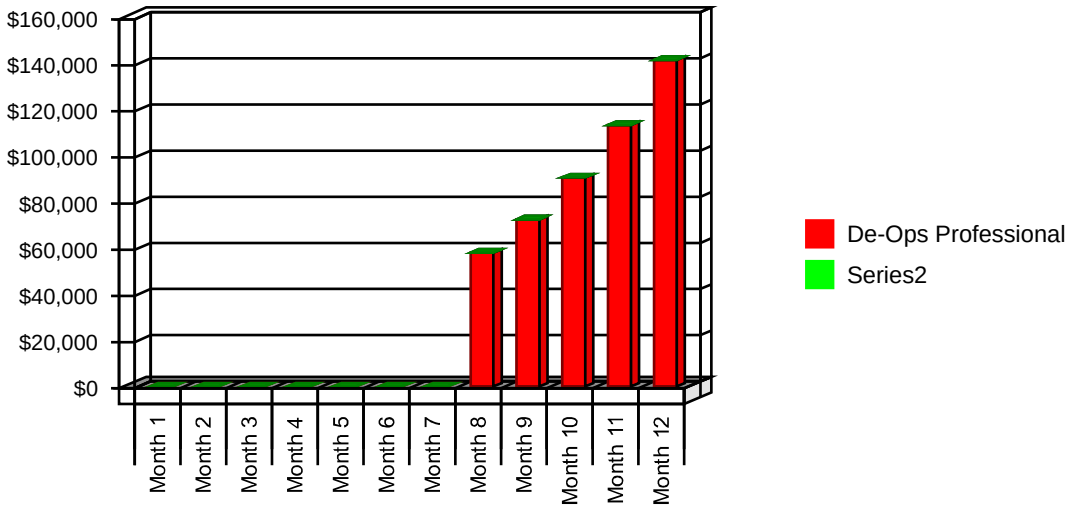
Our monthly growth rates for the first year are 25% for the Standard and 20% for the Professional version. Continual development and quality improvements throughout the first year are critical to keeping growth on track. Our perceived innovation and reputation, as well as word of mouth and user experience will be what drives our user base higher month to month.

We will continually revise our sales forecast with actual sales and download data upon release of De-Ops.

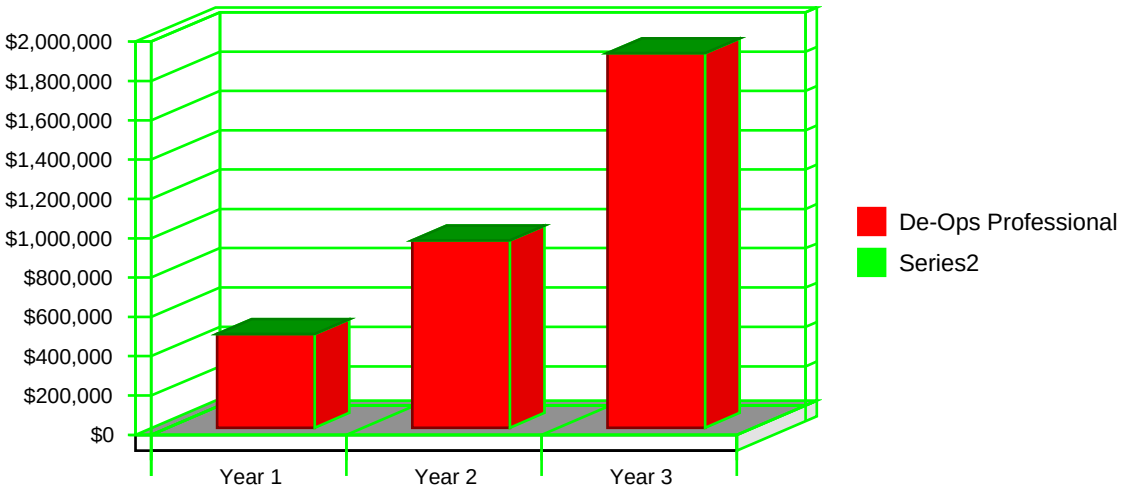
Table: Sales Forecast

Sales Forecast			
	Year 1	Year 2	Year 3
Unit Sales			
De-Ops Professional	16,414	32,828	65,656
	0	0	44,596
Total Unit Sales	16,414	32,828	110,252
Unit Prices	Year 1	Year 2	Year 3
De-Ops Professional	$29.00	$29.00	$29.00
	$0.00	$0.00	$0.00
Sales			
De-Ops Professional	$476,008	$952,012	$1,904,024
	$0	$0	$0
Total Sales	$476,008	$952,012	$1,904,024
Direct Unit Costs	Year 1	Year 2	Year 3
De-Ops Professional	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Direct Cost of Sales			
De-Ops Professional	$0	$0	$0
	$0	$0	$0
Subtotal Direct Cost of Sales	$0	$0	$0

Sales Monthly



Sales by Year



5.5 Milestones

The first milestone is to find investment in De-Ops. With that potential developers can be approached with an offer. At the same time the intellectual property process will begin so that an application can be filed as soon as possible.

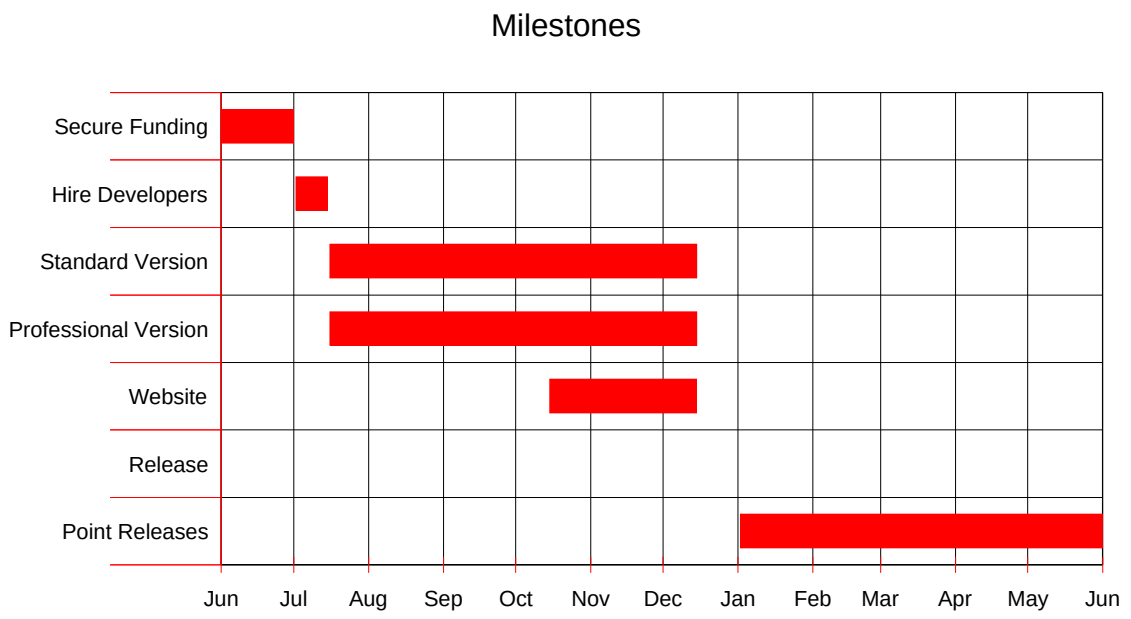
The development process will span 4.5 months in which time the Standard and Professional versions of the software will be completed. The estimated breakdown of time is 1.5 months to finish the Standard version, two months spent on the Professional version, and a month to implement release features, profiling, obfuscating, generating pre-compliled code, and creating installers. These sub-timeframes will overlap as nesscesary.

Two months before final release and web developer will be contrated to build the site. The domain De-Ops.com has already been registered. The developer will setup the purchase system, forums, and information pages. The developer will also create graphics for the De-Ops application.

Point releases will go out at least monthly after the initial release. The development team will continue at the same pace, fixing, improving and adding functionality to the application.

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Secure Funding	6/1/2006	7/1/2006	$0	JM	Main
Hire Developers	7/2/2006	7/15/2006	$0	JM	Main
Standard Version	7/16/2006	12/15/2006	$0	JM	Main
Professional Version	7/16/2006	12/15/2006	$0	JM	Main
Website	10/15/2006	12/15/2006	$0	JM	Main
Release	1/1/2007	1/1/2007	$0	JM	Main
Point Releases	1/2/2007	6/1/2007	$0	JM	Main
Totals			$0		



6.0 Management Summary

The management team consists of John Marshall, the Investors, and a hired manager. John Marshall has put together a preliminary strategy through this business plan. He is familiar with the industry and is steering the technology inside De-Ops. The Investors are an integral part of our management team as they bring experience into our fledgling business. They analyze our strategy and ask the right questions. The final part of our management team is the Manager who is in charge of executing strategy amid other business operations tasks.

6.1 Personnel Plan

The manager is in charge of executing strategy, but also needs business administration skills. This includes accounting, personal management, taking care of contracts, etc.. Preferably it would be someone familiar with operating in a small business before.

We plan to have four developers including myself, working full-time on De-Ops Their pay, around $60,000 annually, is based on typical salaries for C# developers. The values in the table represent the pay after taxes because those are expensed separately. Three developers will be C# and socket programming experts. The other will be an expert in Mono which is a tool that allows De-Ops to run on Linux and Macs. He will also be in charge of creating the command line client.

After the product is released we will look to hire a sales person to execute our sales strategy for non-profits and small businesses.

Table: Personnel

Personnel Plan	Year 1	Year 2	Year 3
Manager	$44,400	$46,620	$48,840
Developer	$44,400	$46,620	$48,840
Developer	$44,400	$46,620	$48,840
Developer	$44,400	$46,620	$48,840
Total People	4	4	4
Total Payroll	$177,600	$186,480	$195,360

7.0 Financial Plan

Our financial plan is broken into three phases. The initialization phase, which are the immediate costs of starting up De-Ops. The development phase, where De-Ops is turned into a commercial quality product. And the sales phase, where De-Ops is released to market and a purchasing system is put in place. Our expected time frame immediately starts with initialization, then five to eight months of development, and finally sales which will continue into the next year of operation.

We intend to achieve our goal of corporate growth through an initial investment in our company of around 400k. Upon startup our initialization consists of the items listed in the startup table. Namely beginning the patent process to protect our intellectual property in De-Ops. A multi-processor computer needs to be purchased so that we can run large network simulations. Also money needs to be allocated for website and graphic development.

To ensure strong growth upon release, we need to put out a quality, fully functional product on the first day. To achieve this the bulk of investment will go towards labor costs. It will take four dedicated developers about eight months to bring De-Ops up to commercial quality. Also during the development phase, the patent application will be submitted, and website development will be done.

In line with our sales and marketing strategy, we anticipate strong but steady growth upon release. Our product is priced low to encourage large groups of individuals to use the Professional version of our software. Our overhead

costs upon release are low compared to our competitors which means to break even each month only 800 Professional versions need to be sold. As our software is specifically designed to handle organizations of over 1000, it doesn't take many organizations using De-Ops before we are generating revenue.

We plan to continue our development process after the first year and hire a number of sales people proportional to our projected sales potential. Through re-investing revenue into sales and marketing we hope to further grow our business into the second and third year. We conservatively estimate that the net worth of our company will be over a million dollars by year three.

7.1 Start-up Funding

Our startup expenses, around $30,000, consists primarily of intellectual property and website development costs. A lengthy patent application needs to be created, reviewed and filed with the patent office before the release of De-Ops. The website will be contracted out to a professional development house, which will also be creating the graphics for De-Ops. Secondary expenses are the relatively cheaper development tools. The only asset we will be purchasing is a powerful computer for running simulations on.

To ensure that a well protected and quality product is released; we hope to raise $400,000 to finish the work started on De-Ops. A small portion will be used to cover our expenses described above. The rest will be reserved for developer and sales person compensation for the first year of work.

Table: Start-up Funding

Start-up Funding	
Start-up Expenses to Fund	$27,100
Start-up Assets to Fund	$3,000
Total Funding Required	$30,100
Assets	
Non-cash Assets from Start-up	$3,000
Cash Requirements from Start-up	$0
Additional Cash Raised	$369,900
Cash Balance on Starting Date	$369,900
Total Assets	$372,900
Liabilities and Capital	
Liabilities	
Current Borrowing	$0
Long-term Liabilities	$0
Other Current Liabilities (interest-free)	$0
Total Liabilities	$0
Capital	
Planned Investment	
Owner	$0
Investor	$400,000
Additional Investment Requirement	$0
Total Planned Investment	$400,000
Loss at Start-up (Start-up Expenses)	($27,100)
Total Capital	$372,900
Total Capital and Liabilities	$372,900
Total Funding	$400,000

7.2 Important Assumptions

Both intellectual property and wesite development expenses have a margin of error of +/- $5000. Both these tasks are ballparked beforehand, but expensed in real-time. The average cost and margin of error are reliable figures though.

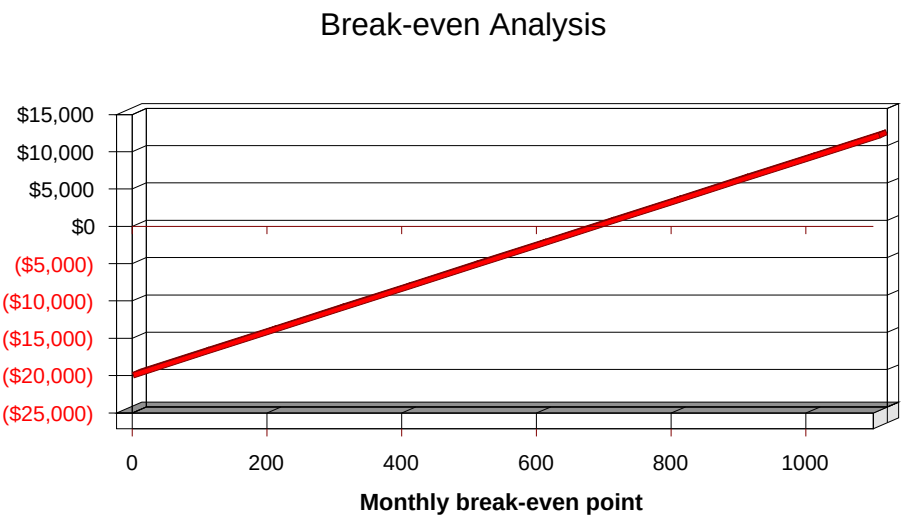
We assume developer cost will be around $60,000, but we do atticipate it fluctuating during negotiation. Fluctions will be no more than an additional $15,000.

7.3 Break-even Analysis

To break-even we need to sell around 800 Professional licences of De-Ops per month. Our goal is to sell many more licences than that so that we can speed our company's growth and increase shareholder value.

Table: Break-even Analysis

Break-even Analysis	
Monthly Units Break-even	691
Monthly Revenue Break-even	$20,025
Assumptions:	
Average Per-Unit Revenue	$29.00
Average Per-Unit Variable Cost	$0.00
Estimated Monthly Fixed Cost	$20,025



Break-even point = where line intersects with 0

7.4 Projected Profit and Loss

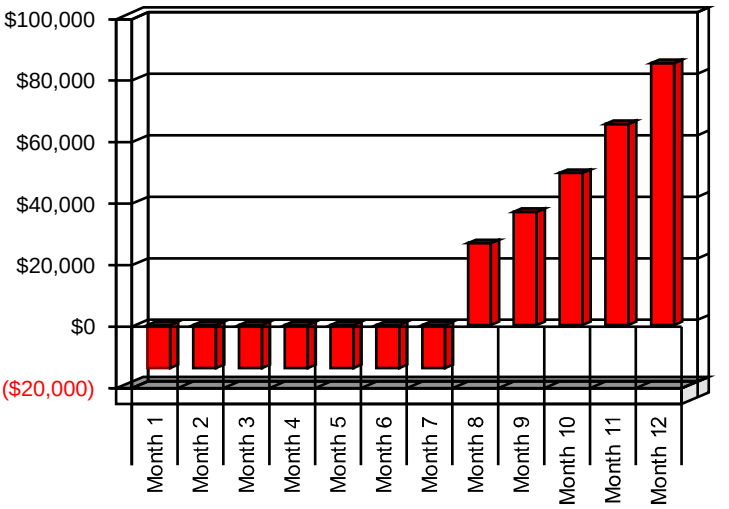
Fortunately because we are doing all our business and production electronically, there are no raw material costs per product produced. The only resource consumed with more customers is bandwidth, and our website budget provides more than enough.

Our expenses for the first year are primarily labor costs for 4 full-time devlopers. In the second year we plan to hire a sales person which is also reflected in the table. The smaller website expense is a monthly payment to the company thats serves our website.

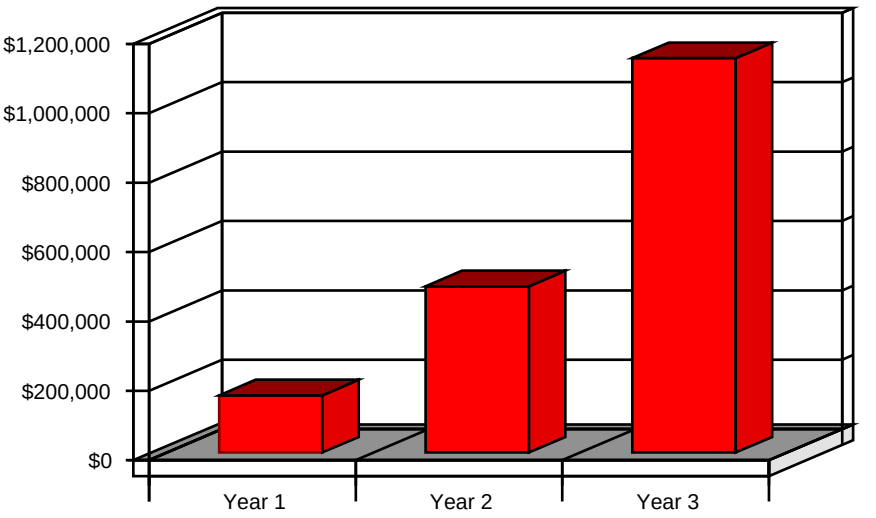
Table: Profit and Loss

Pro Forma Profit and Loss	Year 1	Year 2	Year 3
Sales	$476,008	$952,012	$1,904,024
Direct Costs of Goods	$0	$0	$0
Other Costs of Goods	$0	$0	$0
Cost of Goods Sold	$0	$0	$0
Gross Margin	$476,008	$952,012	$1,904,024
Gross Margin %	100.00%	100.00%	100.00%
Expenses			
Payroll	$177,600	$186,480	$195,360
Marketing/Promotion	$0	$0	$0
Depreciation	$0	$0	$0
Website	$300	$300	$300
Payroll Taxes	$62,400	$81,120	$85,020
Other	$0	$0	$0
Total Operating Expenses	$240,300	$267,900	$280,680
Profit Before Interest and Taxes	$235,708	$684,112	$1,623,344
EBITDA	$235,708	$684,112	$1,623,344
Interest Expense	$0	$0	$0
Taxes Incurred	$70,712	$205,234	$487,003
Net Profit	$164,995	$478,878	$1,136,341
Net Profit/Sales	34.66%	50.30%	59.68%

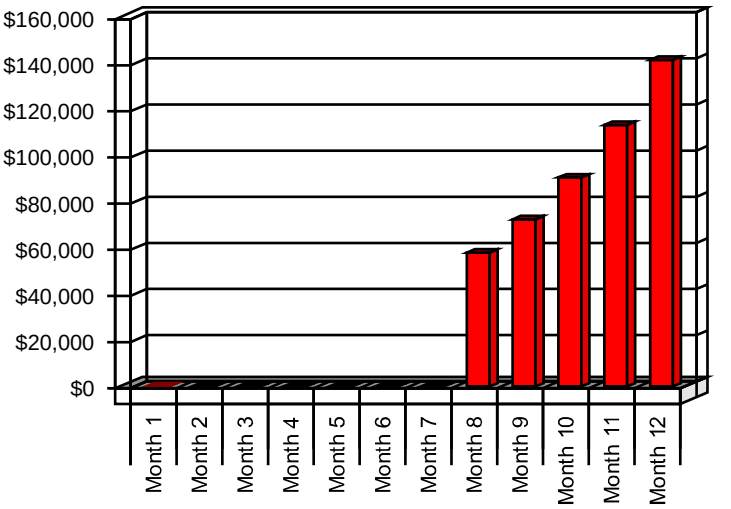
Profit Monthly



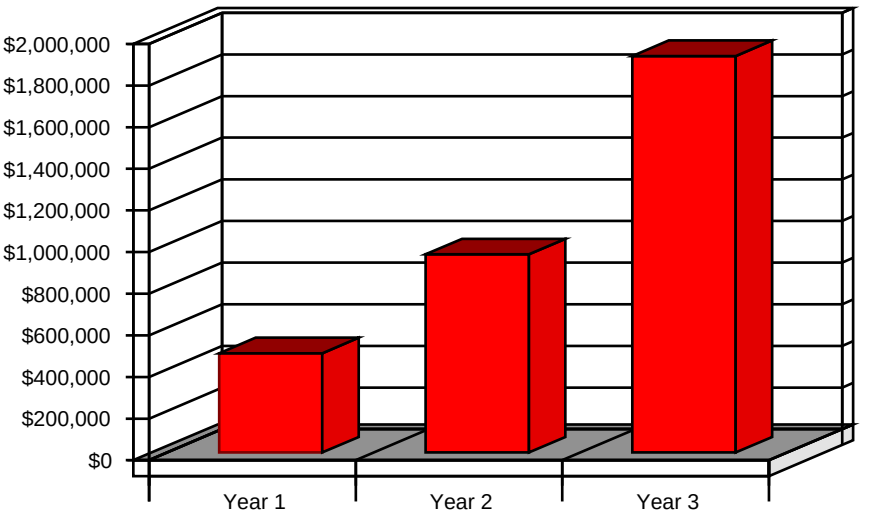
Profit Yearly



Gross Margin Monthly



Gross Margin Yearly

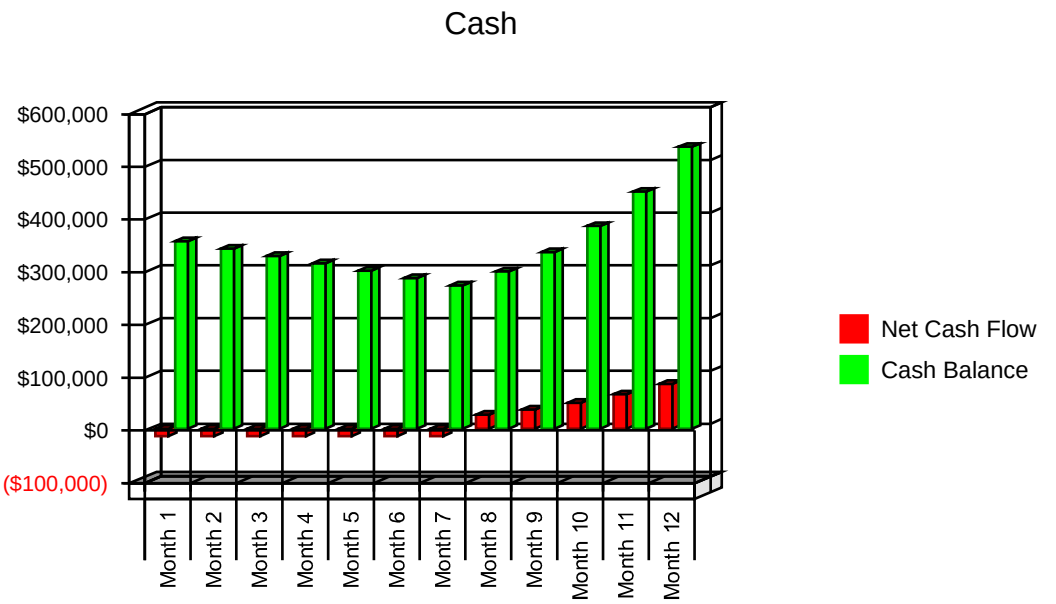


7.5 Projected Cash Flow

Our first business year is divided into two parts, the development phase and sales phase. In the first half of the year cash will be primarily flowing out as development expenditures. This turns around in the second half of the year, where we will start generating revenue for the De-Ops professional product. Our increasing cash flow will eventually bring a return on investment in the second year.

Table: Cash Flow

Pro Forma Cash Flow	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	$476,008	$952,012	$1,904,024
Subtotal Cash from Operations	$476,008	$952,012	$1,904,024
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	$0	$0	$0
New Current Borrowing	$0	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0
New Long-term Liabilities	$0	$0	$0
Sales of Other Current Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$0	$0	$0
Subtotal Cash Received	$476,008	$952,012	$1,904,024
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	$311,012	$473,134	$767,683
Subtotal Spent on Operations	$311,012	$473,134	$767,683
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0
Principal Repayment of Current Borrowing	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$0	$0	$0
Purchase Other Current Assets	$0	$0	$0
Purchase Long-term Assets	$0	$0	$0
Dividends	$0	$0	$0
Subtotal Cash Spent	$311,012	$473,134	$767,683
Net Cash Flow	$164,995	$478,878	$1,136,341
Cash Balance	$534,895	$1,013,774	$2,150,115



7.6 Projected Balance Sheet

Our balance sheet shows few liabilities to speak of. This is due to our low overhead required for our business operations. Our net worth takes a dip in the first year as we utilize invested money to create a product of high value. In the following years this pays off as our earnings substantially increase the networth of the company.

Table: Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	$534,895	$1,013,774	$2,150,115
Other Current Assets	$0	$0	$0
Total Current Assets	$534,895	$1,013,774	$2,150,115
Long-term Assets			
Long-term Assets	$3,000	$3,000	$3,000
Accumulated Depreciation	$0	$0	$0
Total Long-term Assets	$3,000	$3,000	$3,000
Total Assets	$537,895	$1,016,774	$2,153,115
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Current Borrowing	$0	$0	$0
Other Current Liabilities	$0	$0	$0
Subtotal Current Liabilities	$0	$0	$0
Long-term Liabilities	$0	$0	$0
Total Liabilities	$0	$0	$0
Paid-in Capital	$400,000	$400,000	$400,000
Retained Earnings	($27,100)	$137,895	$616,774
Earnings	$164,995	$478,878	$1,136,341
Total Capital	$537,895	$1,016,774	$2,153,115
Total Liabilities and Capital	$537,895	$1,016,774	$2,153,115
Net Worth	$537,895	$1,016,774	$2,153,115

7.7 Business Ratios

Our company ensures a fast return on investment by ensuring strong sales, with only moderate expense increases over the first three years.

Table: Ratios

Ratio Analysis	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	100.00%	100.00%	7.17%
Percent of Total Assets				
Other Current Assets	0.00%	0.00%	0.00%	27.24%
Total Current Assets	99.44%	99.70%	99.86%	77.59%
Long-term Assets	0.56%	0.30%	0.14%	22.41%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	0.00%	0.00%	0.00%	39.92%
Long-term Liabilities	0.00%	0.00%	0.00%	12.34%
Total Liabilities	0.00%	0.00%	0.00%	52.26%
Net Worth	100.00%	100.00%	100.00%	47.74%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	100.00%	100.00%	100.00%	40.42%
Selling, General & Administrative Expenses	65.34%	49.70%	40.32%	25.60%
Advertising Expenses	0.00%	0.00%	0.00%	2.91%
Profit Before Interest and Taxes	49.52%	71.86%	85.26%	0.38%
Main Ratios				
Current	0.00	0.00	0.00	1.74
Quick	0.00	0.00	0.00	0.87
Total Debt to Total Assets	0.00%	0.00%	0.00%	60.83%
Pre-tax Return on Net Worth	43.82%	67.28%	75.40%	1.34%
Pre-tax Return on Assets	43.82%	67.28%	75.40%	3.43%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	34.66%	50.30%	59.68%	n.a
Return on Equity	30.67%	47.10%	52.78%	n.a
Activity Ratios				
Accounts Payable Turnover	2.93	12.17	12.17	n.a
Total Asset Turnover	0.88	0.94	0.88	n.a
Debt Ratios				
Debt to Net Worth	0.00	0.00	0.00	n.a
Current Liab. to Liab.	0.00	0.00	0.00	n.a
Liquidity Ratios				
Net Working Capital	$534,895	$1,013,774	$2,150,115	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	1.13	1.07	1.13	n.a
Current Debt/Total Assets	0%	0%	0%	n.a
Acid Test	0.00	0.00	0.00	n.a
Sales/Net Worth	0.88	0.94	0.88	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix Table: Sales Forecast

Sales Forecast		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Unit Sales													
De-Ops Professional	0%	0	0	0	0	0	0	0	2,000	2,500	3,125	3,906	4,883
	0%	0	0	0	0	0	0	0	0	0	0	0	0
Total Unit Sales		0	0	0	0	0	0	0	2,000	2,500	3,125	3,906	4,883
Unit Prices		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
De-Ops Professional		$29.00	$29.00	$29.00	$29.00	$29.00	$29.00	$29.00	$29.00	$29.00	$29.00	$29.00	$29.00
	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sales													
De-Ops Professional		$0	$0	$0	$0	$0	$0	$0	$58,000	$72,500	$90,625	$113,281	$141,602
		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Sales		$0	$0	$0	$0	$0	$0	$0	$58,000	$72,500	$90,625	$113,281	$141,602
Direct Unit Costs		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
De-Ops Professional	0.00%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	0.00%	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Direct Cost of Sales													
De-Ops Professional		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Direct Cost of Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Appendix Table: Personnel

Personnel Plan		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Manager	0%	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700
Developer	0%	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700
Developer	0%	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700
Developer	0%	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700	$3,700
Total People		4	4	4	4	4	4	4	4	4	4	4	4
Total Payroll		$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800

Appendix Table: Profit and Loss

Pro Forma Profit and Loss		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales		$0	$0	$0	$0	$0	$0	$0	$58,000	$72,500	$90,625	$113,281	$141,602
Direct Costs of Goods		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Costs of Goods		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cost of Goods Sold		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Margin		$0	$0	$0	$0	$0	$0	$0	$58,000	$72,500	$90,625	$113,281	$141,602
Gross Margin %		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses													
Payroll		$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800
Marketing/Promotion		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Depreciation		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Website		$25	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25
Payroll Taxes	26%	$5,200	$5,200	$5,200	$5,200	$5,200	$5,200	$5,200	$5,200	$5,200	$5,200	$5,200	$5,200
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Expenses		$20,025	$20,025	$20,025	$20,025	$20,025	$20,025	$20,025	$20,025	$20,025	$20,025	$20,025	$20,025
Profit Before Interest and Taxes		($20,025)	($20,025)	($20,025)	($20,025)	($20,025)	($20,025)	($20,025)	$37,975	$52,475	$70,600	$93,256	$121,577
EBITDA		($20,025)	($20,025)	($20,025)	($20,025)	($20,025)	($20,025)	($20,025)	$37,975	$52,475	$70,600	$93,256	$121,577
Interest Expense		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Taxes Incurred		($6,008)	($6,008)	($6,008)	($6,008)	($6,008)	($6,008)	($6,008)	$11,393	$15,743	$21,180	$27,977	$36,473
Net Profit		($14,018)	($14,018)	($14,018)	($14,018)	($14,018)	($14,018)	($14,018)	$26,583	$36,733	$49,420	$65,279	$85,104
Net Profit/Sales		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	45.83%	50.67%	54.53%	57.63%	60.10%

Appendix Table: Cash Flow

Pro Forma Cash Flow		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received													
Cash from Operations													
Cash Sales		$0	$0	$0	$0	$0	$0	$0	$58,000	$72,500	$90,625	$113,281	$141,602
Subtotal Cash from Operations		$0	$0	$0	$0	$0	$0	$0	$58,000	$72,500	$90,625	$113,281	$141,602
Additional Cash Received													
Sales Tax, VAT, HST/GST Received	0.00%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Current Borrowing		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Other Liabilities (interest-free)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Long-term Liabilities		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Other Current Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Long-term Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Investment Received		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Received		$0	$0	$0	$0	$0	$0	$0	$58,000	$72,500	$90,625	$113,281	$141,602
Expenditures		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Expenditures from Operations													
Cash Spending		$14,018	$14,018	$14,018	$14,018	$14,018	$14,018	$14,018	$31,418	$35,768	$41,205	$48,002	$56,498
Subtotal Spent on Operations		$14,018	$14,018	$14,018	$14,018	$14,018	$14,018	$14,018	$31,418	$35,768	$41,205	$48,002	$56,498
Additional Cash Spent													
Sales Tax, VAT, HST/GST Paid Out		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principal Repayment of Current Borrowing		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Liabilities Principal Repayment		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-term Liabilities Principal Repayment		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Other Current Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Long-term Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Dividends		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Spent		$14,018	$14,018	$14,018	$14,018	$14,018	$14,018	$14,018	$31,418	$35,768	$41,205	$48,002	$56,498
Net Cash Flow		($14,018)	($14,018)	($14,018)	($14,018)	($14,018)	($14,018)	($14,018)	$26,583	$36,733	$49,420	$65,279	$85,104
Cash Balance		$355,883	$341,865	$327,848	$313,830	$299,813	$285,795	$271,778	$298,360	$335,093	$384,513	$449,792	$534,895

Appendix Table: Balance Sheet

Pro Forma Balance Sheet		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets	Starting Balances												
Current Assets													
Cash	$369,900	$355,883	$341,865	$327,848	$313,830	$299,813	$285,795	$271,778	$298,360	$335,093	$384,513	$449,792	$534,895
Other Current Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Current Assets	$369,900	$355,883	$341,865	$327,848	$313,830	$299,813	$285,795	$271,778	$298,360	$335,093	$384,513	$449,792	$534,895
Long-term Assets													
Long-term Assets	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000
Accumulated Depreciation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Long-term Assets	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000
Total Assets	$372,900	$358,883	$344,865	$330,848	$316,830	$302,813	$288,795	$274,778	$301,360	$338,093	$387,513	$452,792	$537,895
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Current Borrowing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-term Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Paid-in Capital	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000
Retained Earnings	($27,100)	($27,100)	($27,100)	($27,100)	($27,100)	($27,100)	($27,100)	($27,100)	($27,100)	($27,100)	($27,100)	($27,100)	($27,100)
Earnings	$0	($14,018)	($28,035)	($42,053)	($56,070)	($70,088)	($84,105)	($98,123)	($71,540)	($34,808)	$14,613	$79,892	$164,995
Total Capital	$372,900	$358,883	$344,865	$330,848	$316,830	$302,813	$288,795	$274,778	$301,360	$338,093	$387,513	$452,792	$537,895
Total Liabilities and Capital	$372,900	$358,883	$344,865	$330,848	$316,830	$302,813	$288,795	$274,778	$301,360	$338,093	$387,513	$452,792	$537,895
Net Worth	$372,900	$358,883	$344,865	$330,848	$316,830	$302,813	$288,795	$274,778	$301,360	$338,093	$387,513	$452,792	$537,895