

MEMORANDUM

From: NewCo VP Product development

To: NewCo ExCom

Subject: Proposed Projects for VR B2B

As of now, we believe we have pulled together all the critical technology and the reception of our offering by the technical and early business contacts has been positive.

We must now start up the curve.

- The focus in the early part of the growth curve is working with Early Pragmatist customers. These customers are looking for a degree of customization to their specific business model. This means that offering development is really taking place in the field and is paid for by client projects.
- As we drive up the curve we move onto the Late Pragmatist group. We expect these customers to assume that the technology is now developed. Late Pragmatist concerns are around ease of installation into their systems: the development of a ‘package’ and integration into a ‘whole offering’.
- Finally, when we move into the top part of the curve, we expect clients to be seeking a low-cost, productized version of the offering that can be slotted in as a module. This group is not concerned about the technology, merely does it work? Is it reliable? Is it profitable?
- In addition to our own projects we recognize that there will be extra functionality and add-on offerings that we may not create but which fill out the offering (the “whole product”) from a client viewpoint. We intend forming a community of such developers. This will involve expenditure to maintain relationships and support their development efforts.

Given the above our recommended work plan is as follows:

- **Kangaroo:** supporting early pragmatist clients
- **Mouse:** development to turn the offering into a package for the Late Pragmatist market
- **Aardvark:** examining the costs and implications of productization
- **Lion:** costs of working with a Developer Community

Attached is the proposed project list and budgets for NewCo Product Development

Regards

PRODUCT DEVELOPMENT PROPOSED BUDGET

		Cost to Product Development Budget				
Working	Strategic	Period	Period	Period	Period	Headcount
Project	Logic	4 Current	5	6	7	Required
Name		These costs are charged to Prod Devel budget in the period, if the project is NOT cancelled				
Kangaroo		\$12,000,000	\$14,000,000			30
Mouse	NF	\$8,000,000	\$8,000,000	\$4,000,000		15
Aardvark	NF	\$6,000,000	\$7,000,000	\$7,000,000		15
Lion	NF	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	6
Total		\$32,000,000	\$35,000,000	\$17,000,000	\$6,000,000	66
Key: NC=Neutralize Competition; NF=New Functionality; M=Maintenance; B=Potential Blockbuster; IS=Innovation Stimulation						