

# Technology Development Cost Projection

## Confidential Document

### Prepared for Potential Merger & Acquisition Due Diligence

Nexus Intelligent Systems, Inc.

## 1. PRELIMINARY DEFINITIONS

1 "Company" shall refer to Nexus Intelligent Systems, Inc., a Delaware corporation with principal offices located at 1200 Technology Park Drive, San Jose, California 95134.

2 "Projected Costs" means the anticipated financial expenditures associated with technology research, development, implementation, and maintenance as outlined in this document.

3 "Development Cycle" refers to the comprehensive period from initial concept design through final product implementation and initial market deployment.

## 2. TECHNOLOGY DEVELOPMENT COST OVERVIEW

### 1 Aggregate Projected Expenditures

The Company anticipates total technology development expenditures of \$4,750,000 for the fiscal years 2024-2026, distributed across the following primary categories:

- a) Research & Conceptual Design: \$875,000
- b) Software Engineering: \$1,625,000
- c) Machine Learning Model Development: \$1,250,000
- d) Infrastructure and Computational Resources: \$625,000
- e) Quality Assurance and Testing: \$375,000

## 3. DETAILED COST BREAKDOWN

### 1 Research & Conceptual Design

- Senior Research Scientist Allocation: \$375,000
- Preliminary Prototype Development: \$250,000
- External Consultation and Domain Expert Engagement: \$250,000

### 2 Software Engineering

- Senior Software Engineering Team: \$875,000
- Cloud Infrastructure Development: \$375,000
- API and Integration Framework: \$375,000

### 3 Machine Learning Model Development

- Advanced Algorithm Research: \$500,000
- Training Data Acquisition and Preprocessing: \$375,000
- Model Optimization and Refinement: \$375,000

### 4 Infrastructure and Computational Resources

- High-Performance Computing Cluster: \$250,000
- Cloud Computing Credits and Resources: \$225,000
- Specialized Hardware Acquisition: \$150,000

### 5 Quality Assurance and Testing

- Comprehensive Testing Protocols: \$150,000
- External Security Auditing: \$125,000
- Continuous Integration/Continuous Deployment (CI/CD) Infrastructure: \$100,000

## **4. RISK MITIGATION AND CONTINGENCY**

### 1 Contingency Allocation

The Company has established a 15% contingency budget of \$712,500 to address potential unforeseen technological challenges or market shifts.

### 2 Risk Management Strategies

- Phased development approach
- Regular milestone reviews
- External expert validation
- Adaptive budgeting mechanisms

## **5. FUNDING AND RESOURCE ALLOCATION**

### 1 Funding Sources

- Existing Venture Capital Commitments: 60%
- Internal Revenue Allocation: 25%

- Strategic Partnership Contributions: 15%

## **6. LEGAL DISCLAIMERS**

### **1 Projection Limitations**

These cost projections represent good-faith estimates based on current technological landscape and internal capabilities. Actual expenses may vary due to market conditions, technological advancements, and unforeseen developmental challenges.

### **2 Non-Binding Nature**

This document is provided for informational purposes and does not constitute a binding financial commitment or guarantee of specific outcomes.

## **7. CONFIDENTIALITY AND RESTRICTIONS**

1 This document is strictly confidential and intended solely for potential merger and acquisition due diligence purposes.

2 Unauthorized reproduction or distribution is expressly prohibited.

## **8. EXECUTION**

Executed this 22nd day of January, 2024.

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Michael Chen

Chief Technology Officer

Nexus Intelligent Systems, Inc.