**Contractor Remuneration - Proposal document**

**February 4th, 2014**

**WITTIN LIMITED**

Wittin Limited (Wittin) is a company that was incorporated in 2013 by its founding Directors Jamie Mackintosh (Finance & Commercial) and Matthew Davis (Operations). Wittin is a seed start-up business. The company purpose is to enhance user interaction with data in interesting, engaging and entertaining ways.

The first project, quizzically, uses data by providing an interactive pub quiz game format. It utilizes a quiz operating system to deliver a live environment pub quiz to smart-devices – no more pen and paper, no more cheating and a technology refresh of the traditional pub favourite.

Start-up funding is being sort to support this development, launch and operation. Wittin is working with the Business Gateway Innovation team to achieve this. They have accepted and support a business plan that shows potential of £108K first year turnover. This increases significantly in years 2 and 3 where a foothold in the market has been established. Key to this is when large pub chains start using the system.

With a view to rapidly accessing the local market for product launch. Wittin appointed Brian Scally as Director of Sales Development. Brian has worked closely with the local Pub trade for over a decade and has numerous contacts to leverage off. The view is to develop a wider footprint quickly and Brian is key to this strategy.

As outlined above both the company and the product are new. There has been no trading to date, but there is significant interest in the product. A similar product has beaten quizzically to market in England. This product has shown promising signs of acceptance. This supports the directors belief that the product will be a resounding success, initially in central Scotland and then across the UK and the globe.

Without confirmed funding Wittin’s cash flow is wholly contingent on access to trading income. This will begin to build up and come through later in 2014.

quizzically

The games system is still in product development. There is a working prototype, but this needs to be improved before the product is ready for market. The ‘Functional Specification’ document outlines the design requirements. Of which, the final product development requirement is to redesign the back end system. The clear aim is a cleaner more sophistically coded server side to better interface with the functional client side front end. The outcome should be a slicker system with better performance.

The aim is to have quizzically ready for live-environment testing April 1st, 2014 and market launch May 1st, 2014.

**Project to Re-design back-end system**

This project will have two concurrent developments running in tandem. Matthew Davis will be developing the client side, whilst an experienced contractor is required to develop the server side. Matthew Davis will be leading this project and coordinating this process with the contractor. A ‘Statement of Work’ document has been created to detail the requirements and the relationship between Wittin and the contractor. The Statement of Work will provide a template to ensure a swift and successful conclusion.

**Remuneration Options**

This proposal aims to present options for fair remuneration of the contractor’s time, effort and job value. It is aimed to be mutually fair, beneficial and agreeable to both parties.

As indicated above, Wittin’s immediate cash flow is exceedingly tight. With this considered, Wittin considers 4 available options for discussion with the contractor:

1. Extended credit terms - 90 days
2. Deferred payment with premium - 180 days + 10% of mutually agreed contract value
3. 5% share of first year turnover payable at 180 days and 365 days of product launch\*1
4. 5% equity share\*2

Notes:

\*1 subject to Wittin being suitably profitable at 180 days - agreeable position to be identified in advance. The balance outstanding will be due on the first year anniversary of product launch date (if not already paid). The value will be no lower than option 2.

\*2 a separate equity agreement would be required. This would include an option for Wittin to ‘buy-back’ this equity once an agreed target is reached in say year 3.

**The Proposal - Wittin’s preferred option(s)**

The initial estimate provided by the contractor seems reasonable. Included in this figure Wittin would like added 10 hours of live environment and/or post product launch support – to ensure any potential snags are identified and remedied.

Wittin’s preference would be either option 2 or 3. This provides sufficient lead time to accrue sufficient sales to discharge this debt. It also provides a longer working relationship and provides an extra level of support, should it be required. Both options are beneficial to the contractor by adding a premium to the contracted value of their service.

On the quoted value of work being £2,526 and assuming the business plan first year return:

1. £2,526 + £253 = £2,779 10% premium for 180 days term
2. £108,000 \* 5% = £5,400 53% premium for max 365 days term

Option 1 was excluded because sales may not be sufficient after 90 days trading. Hence, 30, 45 and 60 days terms were not considered. Option 4 has been excluded because it may excessively complicate the relationship. However, option 4 could still be considered as a feasible option with further discussion.

Central to Wittin’s mission is to establish lasting mutually beneficial and rewarding business partnerships with their customers and suppliers a like. All parties need to be aligned and happy that they can fulfil their obligations in full and be sufficiently remunerated to enable this.