# NetDog

## Business Plan

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# Executive Summary

## Concept Description

NetDog is a computer network security company offering a product line of intrusion prevention systems (IPS) that serve as a perimeter defense against malicious activity including unauthorized access, viruses and worms (i.e. SoBig and Blaster), and distributed denial of service attacks. Our device is designed to process network traffic inline, supporting network speeds of up to one gigabyte per second (Gbps) without compromising network speed.

## Opportunity

Last year, 85 percent of all companies experienced some sort of network attack resulting in a financial loss. The Gartner group valued the overall intrusion detection and prevention market at $384 million in 2002 and expects it to grow to $2.2 billion by 2008. Current IPS market offerings have not been able to comprehensively protect networks while maintaining the speed of the network connection, so the market is still seeking an effective solution

## Solution

At NetDog's core is our multiclassifier algorithm that examines network data and classifies it according to a set of customer-established rules. Based upon this classification, the packets are passed through only the necessary detection processes and are subsequently granted or denied access to the network. The NetDog process does not affect the overall performance of the network.

## Value Proposition

NetDog's products provide a comprehensive security solution to customers with the following characteristics: high throughput requirement, a need for low latency, a large volume of transactions containing sensitive data, and high susceptibility of attack due to the type of data contained in transactions.

## Competitive Advantage

NetDog's main source of competitive advantage is our ability to provide comprehensive security without compromising network performance. Our competitors are not able to provide customers both peak security and peak network performance simultaneously. Our ongoing relationship with the University of Colorado researchers who invented NetDog's underlying technology and their continued development through Department of Homeland Security grants under the University's umbrella will continue to sustain that advantage. Additionally, the University is in the process of applying for patent protection for this application, further advancing NetDog's sustainable advantage.

## Management

The founders, Chip Fuller, Chris Cahill, David Parkhurst, and Jay White will manage the company through its launch and assume management roles during the first year of execution. Hiring an experienced CEO early in 2004 is key to raising our first round of financing and providing additional strategic direction for the company.

## Financial

NetDog requires financing in three rounds in order to successfully execute our business plan. We will sell 37.4 percent of the company in Round A for $2.5 million, 17.7 percent in Round B for $4 million, and 2.2 percent in Round C for $2 million. Top line revenues will reach $65 million in 2008, with breakeven occurring in mid-2006.

# Company Overview

## Introduction

NetDog is a computer network security company incorporating in the first quarter of 2004. The company will sell products and services to corporations and government institutions that feel the pain of network attacks. We will be headquartered in Boulder, Colorado, with plans to open sales and support offices in strategic markets as we grow.

## Mission Statement

NetDog delivers exceptional customer value through innovative, high quality network security products and services. We will continually improve the network security paradigm to provide a platform for secure communications and commerce, protecting our customers from threats that stand in the way of their success.

## History and Current Status

NetDog's founding team is composed of four MBA students from the University of Colorado working alongside researchers from the University's Department of Computer Science. In conjunction with the University's Technology Transfer Office we are working together to bring academic research in content-based data classification into the network security marketplace. All three groups are committed to the continued development of this technology and are playing an active role in developing this company.

## Objectives

NetDog's founders will build the company into a leader in the computer network security market by executing on the following objectives:

- Establish NetDog as a market leader in high end network security products and services
- Development of our first product, the IPS 750 for an expected first customer shipment in Q1, 2005
- Achieve profitability in 2006
- Develop consistently innovative network security products & services
- Provide liquidity to our investors within five years through an IPO or acquisition

# Product and Service Description

### Introduction

Imagine you are the Director of Network Security of a major financial services corporation. On Monday morning you arrive at work to find that a hacker has gained access to your network and stolen 32,000 of your customer's credit card numbers. They have begun selling this information to interested parties for up to $500 per customer. News of the breach has leaked to the press and a story on the front page of the New York Times states that your company is not secure enough to do business with. You slump in your chair and realize that the NetDog's product could have prevented all of this.

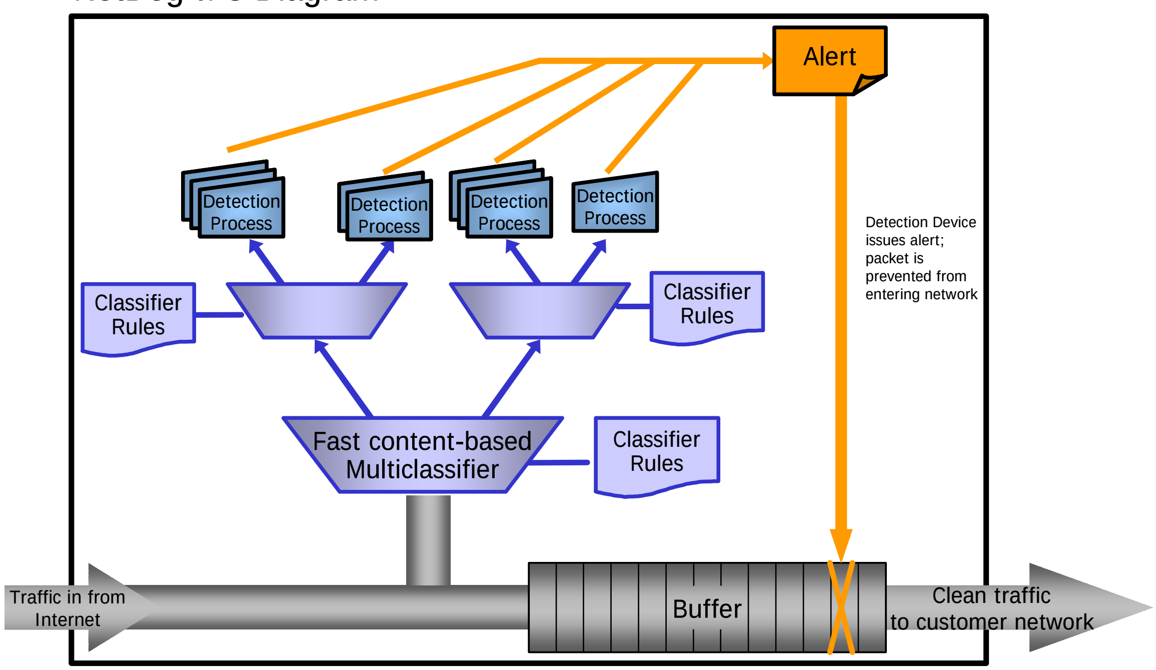
### Description

NetDog's IPS is a modular, rules-based system that defends the network perimeter from attacks including:

- viruses (i.e. the Blaster Worm);
- unauthorized access (including hackers and internal users violating company policies);
- denial of service attacks;
- unauthorized wireless devices; and
- XML and non-IP based attacks.

The core of our product is NetDog's multiclassifier, an algorithm that classifies network traffic based on a set of rules and directs that traffic to the appropriate detection device(s) based on its classification.

NetDog IPS Diagram




The system is completely customizable and offers a full set of robust features working in concert to provide comprehensive network protection.

# Product and Service Description

The following table details the features and benefits of NetDog's intrusion prevention system.

| NetDog Features and Benefits | |
|---|---|
| **Feature** | **Benefit** |
| Adaptable to new network threats | Protection without a reduction in user productivity |
| Modular rules based system | Adaptable to new business requirement and new threats |
| Guaranteed zero packet loss | Eliminates the risk of false negatives |
| Intelligent network adaptation | Protection is provided regardless of the network topology |
| Ships with a standard rule set | Provides out of the box protection from common attacks |
| Scripting language and API | Customers can develop their own powerful rules |
| Web based reporting system | Improves forensics and visibility into the security of the network |
| Web based interface | Makes administration of the system easy |

## Market Comparison

The NetDog multiclassifier is unique in the industry. It separates us from our competition by providing product scalability - we can operate at network speeds up to one Gbps with no reduction in the performance of the system. Our competitor's products all suffer from an inverse relationship between network speed and performance. In each case, as the speed of the network increases, the performance of our competitors systems decreases.

Computer networks break apart messages into small packages, or packets. Existing systems blindly send each individual packet through usually only one, or a small number, of intrusion detection devices. They hope that if the packet is malicious then the device will discover it and block the packet. The first problem with this system is that it forces the packet to go through each detection device, even if it isn't appropriate for that particular packet. This slows the system down. The second problem is our competitors minimize the number of intrusion detection devices in the system, hoping that minimizes the slowing down of the system. This provides significantly less than complete protection. The third problem is when traffic rises to a certain level, the limited number of detection devices get overloaded and start just letting packets through. This also compromises protection. What the customer ends up with is a system that does not deliver on the promise of fast and comprehensive network intrusion prevention.

## Proprietary Rights

The core multiclassifier technology is owned by the University of Colorado's Technology Transfer Office. Research by the Law Clinic found little prior art in this area and the implementation of the algorithm appears to be patentable. The Technology Transfer Office is currently in the process of securing patent protection.

## Stage of Development

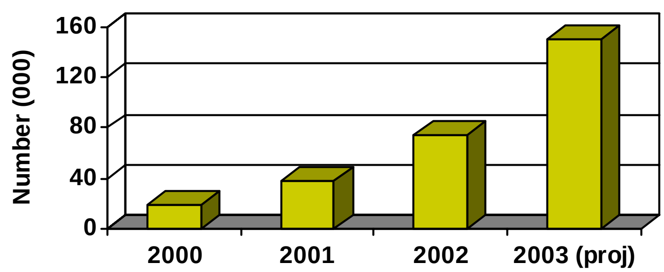
This overall product is in the conceptual stage of development. The multiclassifier is in a prototype phase; we are prepared to begin product specification and design work in the first quarter of 2004.

## Industry and Marketplace

### Introduction

The number and intensity of attacks perpetrated against computer networks continues to increase at an alarming rate. Public reports about these network attacks serve as a constant reminder of their impact on corporate America. Companies need to protect themselves as the attacks cost money in lost productivity, systems damage and theft of information assets. There is currently no product commercially available that provides comprehensive protection while also maintaining existing network speed.

**Frequency of Reported Network Attacks**




### Industry Analysis

The landscape of network security companies has traditionally focused upon one large segment of the market. Symantec and McAfee, until recently, were largely focused on virus detection while companies like CheckPoint have focused almost exclusively on firewalls. There are several smaller players providing IPS offerings as their only product line. This is beginning to change as companies pursue mergers and acquisitions and develop complementary technologies in order to meet the growing demand for a comprehensive network security solution.

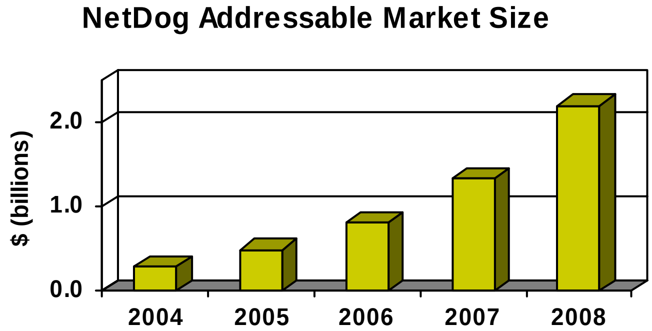
According to the FBI, SoBig and other viruses affected 85 percent of all U.S. companies in 2002. The rapid nature of these viruses and their impact on the affected companies points to a need for network security systems that are vastly improved over those currently in place. Several start-ups and established companies are attempting to answer this call, resulting in a fragmented industry with surprisingly few potential solutions. The industry is evolving, characterized by mergers and acquisitions as companies strive to develop a dominant industry position, and growing at a rate of 65 percent annually.

Industry participants are largely trying to solve the problem of maintaining effectiveness as the speed of the network increases. Today’s fiber-optic fueled data highways carry more and more data, delivering it at an increasing rate, further complicating the problem.

# Industry and Marketplace

## Marketplace Analysis

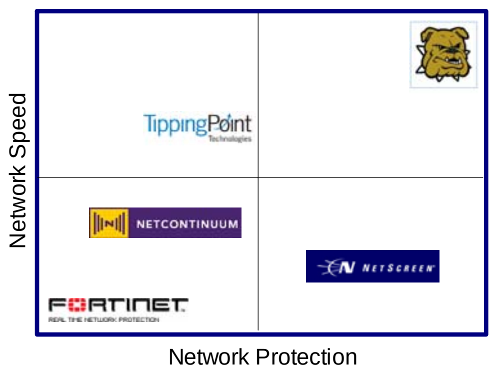
NetDog will position itself to provide products and services to customers seeking network-based intrusion prevention systems. Like the industry as a whole, this is an immature market characterized by rapid growth and few standards.




Companies currently occupying this space include TippingPoint Technologies, NetContinuum, NetScreen, and Fortinet. Products are sold primarily through value-added resellers, systems integrators, or directly to customers.

## Competitors

The following perceptual map explains the current IPS competitive landscape, as analyzed by how comprehensive their solution and how well they do on maintaining network speed. Positioning was derived from interviews with customers and industry experts.




Approximately 50 percent of the market is owned by a group of small companies such as Fortinet and NetContinuum that sell primarily to companies with lower bandwidth requirements. The other 50 percent consists of NetScreen and TippingPoint. Based on interviews with the users of these products, we have identified several problems that they have with their existing implementations. First, they are concerned that as their bandwidth needs increase, the vendors cannot keep up. Second, they are seeing too many dropped packets not only when the system gets overloaded, but also during regular traffic. Finally, the products aren't able to protect against a wide enough range of attacks.

# Marketing Plan

## Introduction
NetDog will target companies that meet the following criteria

- high throughput requirements
- Time sensitive data
- Heavy transaction volume
- Sensitive and valuable data

Based on these criteria, we have narrowed down our initial target market into those that are most affected financially by attacks. These are:

- Financial institutions (depository and non-depository)
- Communications companies
- Government agencies.

Current market offerings do not adequately meet the needs of these customers for two reasons: The product either cannot address each packet prior to the packet entering the network, thereby decreasing security, or it cannot allow traffic through fast enough when addressing a packet properly, thereby creating a network bottleneck and reducing the effectiveness of the system. Our multiclassifier overcomes both of these problems, allowing 100 percent analysis without compromising the speed or performance of the network.

## Target Market Strategy
Specifically, NetDog will target companies like Prudential, Qwest and the FBI. Our attention will be initially directed towards the U.S, which is the largest market for network security products. This is a capital expenditure and hence will be have the benefit of being amortized as an expense, but will require careful scrutiny before purchase. The buying decision is made by a corporation's Director of Network Security, who looks at the following factors in order of importance:

1) effectiveness of the product
2) Cost-benefit analyses and ROI
3) Proof-of-concept and side-by-side comparisons
4) Support

## Product Strategy
The target market often views exiting IPS as weak, inefficient, and a generally poor investment. NetDog sets itself apart from the competition by moving from moderately secure to entirely secure, from fast to as fast as the customer needs.

Customers will first listen to the NetDog story and then switch to our product because it offers measurable improvement over their existing solutions at the same prices as competitors ask for outdated technologies. Our unique multiclassifier stands as a barrier to entry for any competitors wishing to compete alongside us.

## Pricing Strategy
NetDog will generate revenue from two primary sources: products and associated services.

| Product Pricing | | |
|---|---|---|
| Product | Price | Bandwidth Threshold |
| NetDog IPS 750 | $100,000 | Up to 1 Gbps |
| NetDog IPS 250 | $50,000 | Up to 650 Mbps |
| NetDog IPS 100 | $20,000 | Up to 155 Mbps |

Our pricing is designed to match the competition so we can sell based a value proposition of a higher quality product at the same price.

NetDog service contracts will be priced at the industry standard 20 percent of list price. Pricing for additional services such as customization and new features not in the development roadmap will be set on a per-customer basis once the scale and scope of a relationship has been determined.

### Distribution Strategy

NetDog's distribution strategy will evolve over time as sales increase. NetDog will initially assemble our products in-house and ship directly to our customers. In year 3, as our unit volume grows we will turn to a Contract Design Manufacturer (CDM). The CDM will be responsible for the production of NetDog's product as well as shipping the completed products to our customers.

### Advertising and Promotion Strategy

Based on research on the buying process of our target market, NetDog will promote products and services through the following methods:

*Sales channels:* A direct sales team will be necessary to establish traction and make large sales to the high-level decision makers in our target markets. This will be done via telephone and face-to-face meetings, demonstrations and establishment of pilot test programs. We understand that the best marketing is successful word of mouth from customers, so high priority will be place on quickly establishing referenceable customers with low initial marketing costs. As demand for NetDog's products grows, we augment our direct sales force with value-added resellers. Products will continue to be produced by the CDM, but will be shipped to the VAR for distribution to the customer. Resellers have been proven as the most cost-effective channel for sales of a technology product such as ours.

*Guerilla Marketing:* We will assign a firm to discuss our technology in frequented IT message boards and chat rooms. Other methods will be used based upon their proven success.

*Trade show participation:* Attend and exhibit at Gartner ITxpo, Computer Security Institute's annual conference, InfoSecurity show and the SANS Network Security show. The company will participate in speaking engagements, demonstrations and competitive benchmarking during the conferences.

*Industry publications*: Product information and interviews will be made available to major trade publications that cover the security industry, such as Network Computing, CRN, Network World, Computer Business Review and InternetWeek. Each of these comes out with annual new product reviews and awards. We will not initially advertise in trade publications due to the high cost.

*Web site*: Product overviews, white papers, customer references, technical documents and benchmarking information will be presented at http://www.netdog.com. We will also formulate a multimedia Shockwave presentation that will explain our technology differentiators which can be used by prospective buyers in evaluating the products. Links to the web site will be established from search engines, industry directories, and partner web sites.

### Sales Strategy

We recognize the sales strategy to be an important factor in the success of NetDog. As the product is very technical and it competes in a space with formidable competition, establishing relationships with decision makers with network intrusion pain in our target market is essential. Sales activities will begin in Year 1, with the addition of a VP of sales in at the end of the year. This will provide direction and leadership for the sales team, driving the movement of the sales cycle towards customers. By the release date of the NetDog IPS 750, the product will be sold by three direct sales representatives each assigned to geographic regions in the US, and supported by a sales engineer who can provide technical selling assistance. Our business model allows for this group to ramp up to an 86 person sales team by 2008. While we will do as much selling as possible over the telephone, it is likely that sales representatives will travel approximately 40 percent of the time for face-to-face meetings. Sales representatives will be recruited from established network security companies like Network Associates and NetScreen. Compensation will be competitive with other companies, with the upside of stock options in an early stage company. Sales operations support will be provided by the hiring of sales administration assistants in FY 2004.

The following table summarizes our sales and marketing expenses for the first five years of operations

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| **Sales & Marketing** | | | | | | |
| **Drivers** | | | | | | |
| Salaries and Benefits | | 92,000 | 2,094,762 | 4,590,982 | 7,872,585 | 12,468,574 |
| Startup Marketing Expense | | 1,500,000 | 1,000,000 | 500,000 | | |
| **All other expenses % of Revenue** | 6% | 0 | 293,641 | 888,375 | 1,977,313 | 3,932,178 |
| **Total Sales and Marketing** | | 1,592,000 | 3,388,403 | 5,979,357 | 9,849,898 | 16,400,752 |
| % of Revenue | | | 69.2% | 40.4% | 29.9% | 25.0% |

As long as it is cost effective, we will grow our direct sales team steadily over time as we pursue additional markets. Once demand for the product is high enough, will establish reseller relationships with major value added resellers. This will not happen until at least FY 2006 as it is important to directly nurture a large group of customers for references and bargaining power with resellers.

The following table summarizes revenue projections for the first five years of operations. These projections are based on increasing market share from one percent to four percent from Year 1 to Year 5. Please refer to the appendix for additional detail on revenue assumptions.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| Unit Sales | 0 | 3,915,207 | 11,845,000 | 26,364,180 | 52,429,041 |
| Support and Maintenance | 0 | 783,041 | 2,369,000 | 5,272,836 | 10,485,808 |
| Services | 0 | 195,760 | 592,250 | 1,318,209 | 2,621,452 |
| **Net Revenue** | 0 | 4,894,008 | 14,806,250 | 32,955,225 | 65,536,302 |

# Operations Plan

## Operations Strategy

NetDog's operation strategy is designed around providing value to customers through the delivery of a highly innovative product. In regard to operations, NetDog will outsource all operations functions that are not consistent with NetDog's core competencies. We believe in focusing our resources on what we do best, rather than spending money to become average at other activities. Specifically, NetDog will place emphasis on performing the functions of research and development as this will allow us to continue to provide innovative products to customers, monitor competitive movement effectively and counteract the competition quickly.

This focus on product innovation will benefit NetDog's customers who are in search of a comprehensive IPS. With NetDog's investment focused on products, customers will continue to benefit from the innovative products that we will produce far into the future.

## Scope of Operations

In order to begin operation, NetDog will acquire office space and equipment as well as hire staff. Office space will be located in Boulder, Colorado in order to capitalize on the quality of computer programmers in the area. The space will be adequate for 15 people and will include an assembly area for products during Years 1 and 2. Computers, networking equipment, test equipment and general office equipment will also be required.

In Years 1 and 2, the founders will be responsible for the following activities: accounting, finance, HR, and internal computer network support. Beginning in Year 3, staff will be added to support these activities.

Additionally, NetDog will partner with a call center service. The following types of calls are expected.

| Tiered Support Structure | | |
|---|---|---|
| Type of Call | Responsible Party | Information Given to Customer |
| Tier 1 | Outsource | Initial customer contact |
| Tier 2 | Outsource | Troubleshooting, some technical information |
| Tier 3 | NetDog | Highly technical calls |

Outsourcing of Tier 1 and 2 will provide a cost savings to NetDog and will allow the best utilization of internal resources. With dedicated NetDog engineers handling Tier 3, we will stay close to the most complex problems that may arise from our systems. This will facilitate better resolution of these issues in subsequent system releases.

NetDog will continue to perform research and development (R&D) activities in-house. This will perpetuate the development process, allowing our engineers to work together to produce additional NetDog products. Initially, we will focus on hiring computer programmers and engineers, adding capacity as we gain customers. NetDog will hire two intrusion detection/prevention specialists in Year 1, in order to build the security software needed to complete the intrusion prevention product. These specialists will provide the vision and direction for the security software and will be responsible for leading a team of computer programmers. Existing open source and commercial intrusion software will be leveraged in this process to ensure that NetDog's product is comparable to current market offerings and will help NetDog take its initial product to market faster.

# Operations Plan

During the development stage, a prototype will be built by the development team. This prototype will serve as an example to customers and can be used in a beta test to prove the capabilities of the product. Additionally, a third-party company will be hired to ensure that the system is secure. After the prototype has been fully tested, assembly of products will begin in the corporate location. Due to low product volumes, assembly of products during Years 1 and 2 will be done in-house and shipped to customers directly. Beginning in Year 3, NetDog will outsource the manufacturing of its products. By that time, product volume will have increased to the point where hand assembly is no longer feasible. Outsourcing will eliminate the need for purchasing property, a manufacturing facility, and equipment needed to produce our product.

As NetDog's customer base increases, satellite offices will be added to provide better support and service to existing customers. These offices will house sales representatives, sales engineers, and consultants.

## Ongoing Operations

In addition to the activities listed above, NetDog will also need to address the following activities on an ongoing basis.

The nature of NetDog's business will require strong ongoing support operations. These will include an 800 number, a web site that allows customer self-service including downloadable software and firmware updates, detailed technical information on each of our products, and access to field service representatives. In order to support the complexity and scope of the support web site we will hire one developer to manage the site and content.

NetDog will only supply summary technical information in printed format, reducing our cost of printed materials and shipping. This will also give our customers an opportunity to always (and only) have the most current technical information available to them in the form of searchable PDF documents available through our website. We will also provide a searchable knowledge base (also available through our web site) that will include information from those materials as well as information generated through support contacts with other customers.

Customers that experience technology related problems will first call the support center (or contact NetDog via the support website). If the customer's problem cannot be resolved on the phone or through a visit by a field service representative, the issue will be escalated. This process will allow the customer to return the malfunctioning equipment for repair or replacement (based on the lower of the costs). The remainder of the service process will be outsourced; however NetDog will maintain a resource at the service contractor in order to facilitate strong communication between the service department and the hardware design and development staff.

# Development Plan

## Development Strategy

*Technology*

The first task is to create a prototype beginning in Q1 2004 to prove the technology in a test environment. One Director of Product Development, three Developers and one Test Engineer Development will work with the inventors in order to build the prototype. This stage will take six months and cost an average of $70,000 per month.

While the core technology has been created, several other features will be built during the first stage of development, in order to better match our competitor's functionality. In order to do this, NetDog will recruit a development team with expertise in creating IPS. The features to be developed are:

- Management capabilities (user interface platforms, reports and system status monitoring)
- Notification methods (Built-in log viewer, SMTP, APIs)
- Attack response mechanisms
- Stateful signatures
- Mechanism for updating packet handlers

Once our prototype is complete, we will pursue opportunities to benchmark the product against the competition as well as configure, test and modify the product at our first installations. Development costs ramp up from $70,000 to $125,000 per month as headcount increases.

Development of NetDog IPS 750, our first product to market, will take an additional five months, beginning in Q3 2004. This project will require an additional three developers. In addition to salaries, development work has equipment and software expenses. Each month of work on IPS 750 will require $70,000 in development expenses. A list of personnel expenses per man month is provided in the following table.

| Expense | Cost per Man Month |
|---|---|
| Director of Development | $10,000 |
| Developer | $5,800 |
| Test Engineer | $5,000 |
| Equipment | $2,000 |
| Software | $500 |

*Operations*

The company will lease office space for operations, development and sales in Q1 2004. The office will be located in Boulder where office rental prices are relatively low and there is a large amount of software development talent available. At this point we will need to evaluate vendors for manufacturing and distributing our product, as well as set up back-office systems such as order management. The estimated expense for these endeavors is $7,000 per month.

# Development Plan

*Intellectual Property Protection*
As the multiclassifier is the key differentiator of our product, it will be protected vigorously. Formal prior art search has been completed and the patent application process has. Since much of the work will be done at no charge by the University of Colorado's Law School, we have budgeted $15,000 for this effort.

*Sales and Marketing*
The company will spend $25,000 to create a web site with product information in Q1 2004. This will serve as our initial sales tool while we build the sales team. In Year 1, the Director of Sales will be responsible for recruiting, hiring and training our direct sales team. We will add a VP of Sales in Year 2 when the initial product is released.

## Development Timeline
In establishing the development timeline, the main assumption is that the first product is developed and shipped to customers within the first year after funding. Several factors go in to setting this realistic goal, including time for proper development and the window for successful launch due to competitive pressures.

*Assumptions*
Further assumptions for the timeline include the following:
- 4 month period for development of new version releases (IPS 750, 250, etc)
- 2 month period for development of version updates
- 2 month period for Beta testing of new version releases
- 2 month period for Q & A of new version releases

*Timeline*
The development timeline included in the Appendix shows NetDog's product development roadmap for the first 25 months of operations. Key milestones include:
- Month 3: Product designs are complete
- Month 7: Manufacturing capabilities are available
- Month 10: First orders for are received
- Month 11: First customer shipment

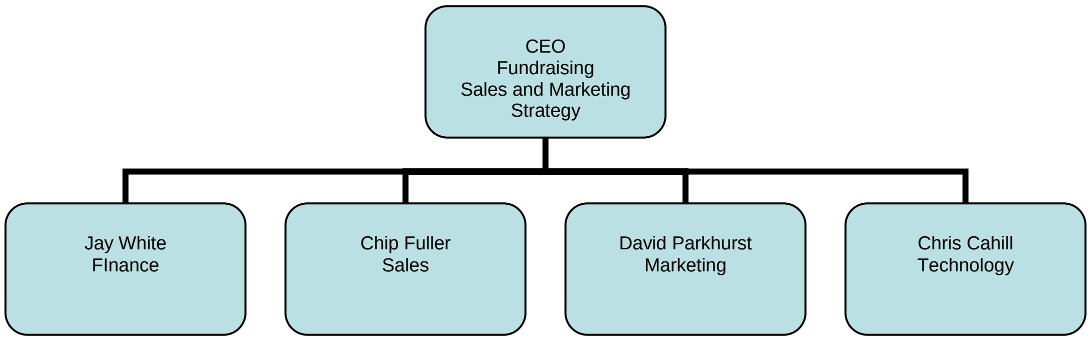
## Development Expenses
The following table details expenses projected for the first fourteen months of development. This time period covers our first major release and first point release.

| Development | Cost – First 14 months |
|---|---|
| Prototype | $169,600 |
| Development of IPS 750 | $605,700 |
| Benchmarking | $134,600 |
| Office and systems | $98,000 |
| Evaluation and selection of vendors | $9,000 |
| Legal protection of technology | $15,000 |
| Website | $25,000 |
| Sales team development | $180,000 |
| Total Development | $1,236,900 |

# Management Plan

### Management Team

Chris Cahill, Chip Fuller, David Parkhurst, and Jay White, four MBA students at the University of Colorado, will form the company during the first quarter of 2004 and take on roles based on previous experience and educational background. Resumes for these individuals are included in the appendix. The company will need to hire an experienced CEO with solid sales and marketing experience who can raise additional rounds of financing to fund the plan before the end of the first quarter.




The founders will earn $40,000 each during NetDog's first year and will begin drawing salaries only after the initial round of financing is completed. In order to attract a high-caliber CEO, the company will need to provide an attractive compensation package, beginning with a year one salary of $150,000.

### Board of Advisors

NetDog's Board of Advisors will include Tim Enwall, a successful entrepreneur and angel investor who has successfully built and sold two multi-million dollar technology firms; Frank Moyes, a professor at the University of Colorado's Leeds School of Business; Julian Gallow, former Executive Director of CTEK Angels and founder of several technology companies; Robert Gallegos, Director of Operations for Lefthand Networks; and Alex Wolf and Antonio Carzaniga, professors of Computer Science at the University of Colorado and head researchers on the multiclassifier. This Board of Advisors will assist the founding team in their respective areas of expertise.

### Board of Directors

NetDog will begin forming a formal board of directors after the company is founded. This body will likely consist of the CEO, founding members of the company, and angel and venture investors. The actual structure of the board will most likely be governed by the terms of the venture money we plan to raise.

# Financial Plan

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Summary Financials ($)** | | | | | |
| Revenue | 0 | 4,894,008 | 14,806,250 | 32,955,225 | 65,536,302 |
| Gross Profit | (180,500) | 3,557,376 | 11,192,678 | 25,582,759 | 51,464,606 |
| EBIT | (3,355,250) | (2,974,998) | (1,439,353) | 5,947,447 | 21,244,878 |
| EBITDA | (3,313,393) | (2,830,855) | (1,067,866) | 6,557,506 | 22,114,308 |
| Net Earnings | (3,355,250) | (2,974,998) | (1,439,353) | 5,947,447 | 13,475,788 |
| Net Cash from Operating Activities | (3,313,393) | (4,467,316) | (1,671,452) | 3,811,736 | 9,416,006 |
| Capital Expenditures | 197,000 | 364,000 | 939,176 | 902,000 | 1,213,543 |
| Interest Income/(Expense) | 0 | 0 | 0 | 0 | 0 |
| Dividends | 0 | 0 | 0 | 0 | 0 |
| Cash | 489,607 | 658,291 | 47,663 | 2,957,399 | 11,159,862 |
| Total Equity | (2,855,250) | (5,830,248) | (7,269,601) | (1,322,154) | 12,153,635 |
| Total Debt | 0 | 0 | 0 | 0 | 0 |
| **Growth** | | | | | |
| Revenue Growth Rate - CAGR: | | Nil | 203% | 123% | 99% |
| Net Earnings Growth Rate - CAGR: | | Nil | Nil | Nil | 126.6% |
| **Ratios** | | | | | |
| Current Ratio | Nil | 5.4 | 4.3 | 6.2 | 7.9 |
| Debt to Capital (LT Debt + Equity) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Profitability** | | | | | |
| Gross Profit % | Nil | 72.7% | 75.6% | 77.6% | 78.5% |
| Operating Expenses % | 0.0% | 131.4% | 84.6% | 59.1% | 45.6% |
| Net Earnings % | Nil | -60.8% | -9.7% | 18.0% | 20.6% |
| **Returns** | | | | | |
| Return on Assets | -520.4% | -93.4% | -36.8% | 55.6% | 52.5% |
| Return on Equity | -520.4% | -111.4% | -44.6% | 64.8% | 59.5% |
| Return on Capital (LT Debt + Equity) | -520.4% | -111.4% | -44.6% | 64.8% | 59.5% |

Detailed financial statements, including assumptions, are located in the appendix section.

## Financial Comparables

We chose three peer companies based on their product offering similarities. The company most like NetDog is NetScreen, however they are not currently posting a profit. CheckPoint is profitable but they offer several additional product lines that we may add in future years. Network Associates is included because its financials are similar to what NetDog's will be in five years. They are a much more mature company than NetDog is today though, so many of their numbers don't currently apply. In selecting the best comparison, we chose NetScreen most often. In the areas where positive net income was needed, we used CheckPoint as the best comparable.

## Funding Requirements
NetDog will initially require $500,000 in seed money to begin operations. Additional funding will be more formally raised, as detailed in the following table.

| Round | Amount | Ownership | Purpose |
|---|---|---|---|
| A (2004) | $2.5 M | 37.4% | • Development<br>• Startup expenses<br>• Marketing |
| B (2005) | $4.5 M | 17.7% | • Continued development<br>• Marketing<br>• Building sales force |
| C (2006) | $2.0 M | 2.2% | • Contract manufacturing costs<br>• Working capital |

## Sources and Uses of Funding
In order to gain seed money, NetDog will pursue friends and family for funding in exchange for common shares in the company. NetDog will also look to angel investors as we feel that they will be interested in our participation in a high-growth market. Initial funding will be used to support product development and marketing activities in the first two months of operation, while we seek out our first major round.

The first NetDog product will require 10 months of additional development prior to shipping the first unit. The development will include writing code, a quality and assurance phase, and a test period. Prior to the completion of the product development, our product marketing will begin. The fully-trained marketing team will begin to call on customers as well as visiting trade shows and conferences in order to inform the market of the benefits that NetDog provides. Additional funding in the form of venture capital will be required to make these activities possible.

## Major Risks
NetDog may be unable to build a product that is scalable to the needs and demands of the market. While we know that the architecture and the underlying technology perform in a laboratory environment, it is possible that there could be complications in an enterprise environment. This risk is mitigated by our relationship with the University of Colorado researchers, who are are both experts in this technology. They will be serving on the NetDog advisory board while continuing to advance the core technology under the umbrella of the University of Colorado through funding from the United States Government.

The long sales and implementation cycles for our products may cause revenues and operating results to vary. A customer's decision to purchase NetDog would undoubtedly involve a lengthy evaluation and product qualification process. We are prepared both strategically and financially, to handle an average sales cycle extension. In addition, sales hires have flexibility built into their first four months of employment, meaning that they are able to train and start building sales pipelines prior to being responsible for producing revenue.

# Offering

## Investment Requirements

After we begin operations, NetDog will require an initial investment of $2.5 million during the first year of operation. All funding will be equity financing in the form of preferred stock.

NetDog will require two additional rounds of funding in order to continue to grow through the first 5 years of operation. The second round will take place in 2005, for an investment of $4.5 million. The third round of $2.2 million will be raised in 2006.

## Valuation of Business

We was derived an appropriate P/E ratio of 15.00 from analysis of comparable public corporations. Based on forecast annualized earnings of $65.5 million after five years of operations, our company valuation at that point will be approximately $200 million.

## Offer

With the initial investment, we are offering 37.7 percent of the company on a 100 percent IRR. Round 2 will offer an additional 17.6 percent with a 75 percent IRR. In the third round we will offer 2.1 percent of the company with a 52 percent IRR.

## Exit Strategy

After five years, the amount of time needed to complete the development of our product and to attract initial customers, our technology will be attractive to major players in the network security space, such as Cisco or Network Associates The network security industry is marked by frequent acquisitions as competitors seek to expand their market share.

If an acquisition partner is not identified during this time, NetDog will continue operations and increasing its customer base, with the intent of an initial public offering in 2008.

**Income Statement**
**Years 1 to 5**
**($)**

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **NET REVENUES** | 0 | 4,894,008 | 14,806,250 | 32,955,225 | 65,536,302 |
| **COST OF REVENUE** | 180,500 | 1,336,633 | 3,613,572 | 7,372,466 | 14,071,696 |
| % of Revenues | Nil | 27.3% | 24.4% | 22.4% | 21.5% |
| **GROSS PROFIT** | (180,500) | 3,557,376 | 11,192,678 | 25,582,759 | 51,464,606 |
| % of Revenues | Nil | 72.7% | 75.6% | 77.6% | 78.5% |
| **OPERATING EXPENSES** | | | | | |
| Sales & Marketing | 1,592,000 | 3,388,403 | 5,979,357 | 9,849,898 | 16,400,752 |
| Research & Development | 938,250 | 1,797,840 | 3,484,701 | 4,866,082 | 6,535,534 |
| General and Administration | 494,500 | 1,246,130 | 3,067,973 | 4,754,556 | 6,955,761 |
| Total Operating Expenses | 3,024,750 | 6,432,373 | 12,532,031 | 19,470,535 | 29,892,047 |
| % of Revenues | 0% | 131% | 85% | 59% | 46% |
| **EARNINGS FROM OPERATIONS** | (3,205,250) | (2,874,998) | (1,339,353) | 6,112,223 | 21,572,560 |
| **EXTRAORDINARY INCOME / (EXPENSE)** | (150,000) | (100,000) | (100,000) | (164,776) | (327,682) |
| **EARNINGS BEFORE INTEREST & TAXES** | (3,355,250) | (2,974,998) | (1,439,353) | 5,947,447 | 21,244,878 |
| **INTEREST INCOME / (EXPENSE)** | 0 | 0 | 0 | 0 | 0 |
| **NET EARNINGS BEFORE TAXES** | (3,355,250) | (2,974,998) | (1,439,353) | 5,947,447 | 21,244,878 |
| **TAXES** | 0 | 0 | 0 | 0 | (7,769,090) |
| **NET EARNINGS** | (3,355,250) | (2,974,998) | (1,439,353) | 5,947,447 | 13,475,788 |
| % of Revenues | Nil | -60.8% | -9.7% | 18.0% | 20.6% |

**Balance Sheet**
**Years 1 to 5**
**($)**

| | Begin | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **CURRENT ASSETS** | | | | | | |
| Cash | 500,000 | 489,607 | 658,291 | 47,663 | 2,957,399 | 11,159,862 |
| Accounts Receivable | | 0 | 1,860,302 | 2,537,066 | 5,646,911 | 11,229,712 |
| Inventories | | 0 | 181,216 | 240,459 | 535,205 | 1,064,334 |
| Other Current Assets | | 0 | 111,583 | 148,063 | 329,552 | 655,363 |
| Total Current Assets | 500,000 | 489,607 | 2,811,392 | 2,973,250 | 9,469,067 | 24,109,271 |
| **PROPERTY & EQUIPMENT** | 0 | 155,143 | 375,000 | 942,689 | 1,234,630 | 1,578,743 |
| **TOTAL ASSETS** | 500,000 | 644,750 | 3,186,392 | 3,915,939 | 10,703,698 | 25,688,014 |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | | | | |
| **CURRENT LIABILITIES** | | | | | | |
| Short Term Debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts Payable & Accrued Expen | | 0 | 405,056 | 537,478 | 1,196,299 | 2,379,017 |
| Other Current Liab | | 0 | 111,583 | 148,063 | 329,552 | 655,363 |
| Current portion of long term debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 0 | 0 | 516,639 | 685,540 | 1,525,852 | 3,034,380 |
| **LONG TERM DEBT** (less current portion) | 0 | 0 | 0 | 0 | 0 | 0 |
| **STOCKHOLDERS' EQUITY** | | | | | | |
| CommonStock | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Preferred Stock | 0 | 2,500,000 | 6,500,000 | 8,500,000 | 8,500,000 | 8,500,000 |
| Grants | 0 | 1,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Retained Earnings | | (3,355,250) | (6,330,248) | (7,769,601) | (1,822,154) | 11,653,635 |
| Total Equity | 500,000 | 644,750 | 2,669,752 | 3,230,399 | 9,177,846 | 22,653,635 |
| **TOTAL LIABILITIES & EQUITY** | 500,000 | 644,750 | 3,186,392 | 3,915,939 | 10,703,698 | 25,688,014 |

**Cash Flow Statememt**
**Years 1 to 5**
**($)**

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | | | |
| Net Earnings | | (3,355,250) | (2,974,998) | (1,439,353) | 5,947,447 | 13,475,788 |
| Depreciation | | 41,857 | 144,143 | 371,487 | 610,059 | 869,430 |
| Working Capital Changes | | | | | | |
| (Increase)/Decrease Accounts Receivable | | 0 | (1,860,302) | (676,764) | (3,109,845) | (5,582,801) |
| (Increase)/Decrease Inventories | | 0 | (181,216) | (59,243) | (294,746) | (529,129) |
| (Increase)/Decrease Other Current Assets | | 0 | (111,583) | (36,479) | (181,490) | (325,811) |
| Increase/(Decrease) Accts Pay & Accrd Expenses | | 0 | 405,056 | 132,422 | 658,821 | 1,182,717 |
| Increase/(Decrease) Other Current Liab | | 0 | 111,583 | 36,479 | 181,490 | 325,811 |
| Net Cash Provided/(Used) by Operating Activities | | (3,313,393) | (4,467,316) | (1,671,452) | 3,811,736 | 9,416,006 |
| **INVESTING ACTIVITIES** | | | | | | |
| Property & Equipment | | (197,000) | (364,000) | (939,176) | (902,000) | (1,213,543) |
| Other | | | | | | |
| Net Cash Used in Investing Activities | | (197,000) | (364,000) | (939,176) | (902,000) | (1,213,543) |
| | | (3,510,393) | (4,831,316) | (2,610,628) | 2,909,736 | 8,202,463 |
| **FINANCING ACTIVITIES** | | | | | | |
| Increase/(Decrease) Short Term Debt | | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) Curr. Portion LTD | | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) Long Term Debt | | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) Common Stock | | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) Preferred Stock | | 2,500,000 | 4,000,000 | 2,000,000 | 0 | 0 |
| Increase/(Decrease) Grants | | 1,000,000 | 1,000,000 | 0 | 0 | 0 |
| Dividends Declared | | 0 | 0 | 0 | 0 | 0 |
| Net Cash Provided / (Used) by Financing | | 3,500,000 | 5,000,000 | 2,000,000 | 0 | 0 |
| **INCREASE/(DECREASE) IN CASH** | | (10,393) | 168,684 | (610,628) | 2,909,736 | 8,202,463 |
| **CASH AT BEGINNING OF YEAR** | | 500,000 | 489,607 | 658,291 | 47,663 | 2,957,399 |
| **CASH AT END OF YEAR** | 500,000 | 489,607 | 658,291 | 47,663 | 2,957,399 | 11,159,862 |
| Cash as a percent of revenue | 5% | 1,000,000 | 1,000,000 | 1,000,000 | 1,647,761 | 3,276,815 |

**Break-Even Analysis**
**Years 1 to 5**
**($)**

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Revenue** | 0 | 4,894,008 | 14,806,250 | 32,955,225 | 65,536,302 |
| **Cost of Revenue** | | | | | |
| Variable | 100,000 | 1,156,643 | 3,129,197 | 6,621,581 | 12,660,585 |
| Fixed | 80,500 | 179,990 | 734,375 | 750,885 | 1,411,111 |
| Total | 180,500 | 1,336,633 | 3,863,572 | 7,372,466 | 14,071,696 |
| **Operating Expenses** | | | | | |
| Variable | 1,122,750 | 538,341 | 1,628,688 | 3,625,075 | 7,208,993 |
| Fixed | 1,902,000 | 5,894,032 | 10,903,344 | 15,845,461 | 22,683,053 |
| Total | 3,024,750 | 6,432,373 | 12,532,031 | 19,470,535 | 29,892,047 |
| **Total Costs & Expenses** | | | | | |
| Variable | 1,222,750 | 1,694,983 | 4,757,884 | 10,246,656 | 19,869,578 |
| Fixed | 1,982,500 | 6,074,023 | 11,637,719 | 16,596,346 | 24,094,164 |
| Total | 3,205,250 | 7,769,006 | 16,395,603 | 26,843,001 | 43,963,742 |
| **Variable Costs/Revenue Ratio** | #DIV/0! | 0.35 | 0.32 | 0.31 | 0.30 |
| **Break-Even Point Revenues** | #DIV/0! | 9,292,306 | 17,148,160 | 24,085,018 | 34,577,528 |

## Financial Assumptions

| Base Revenue Assumptions | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| Total Market Size | 382,000,000 | | | | | | |
| Addressable Market (Product, %) | 46% | | | | | | |
| Addressable Market (Region, %) | 62% | | | | | | |
| Addressable Market Size | $108,946,400 | | | | | | |
| Annual Growth Rate (Addressable Market) | N/A | 65% | 65% | 65% | 65% | 65% | 65% |
| Addressable Market Value ($) | $108,946,400 | $179,761,560 | $296,606,574 | $489,400,847 | $807,511,398 | $1,332,393,806 | $2,198,449,780 |
| Addressable Market Share (%) | | | 0.00% | 1.00% | 2.00% | 3.00% | 4.00% |
| Addressable Market Share ($) | | | **$0** | **$4,894,008** | **$16,150,228** | **$39,971,814** | **$87,937,991** |
| Minimum Percent of Unit Sales | | | | | | | |
| Platinum | | | 20% | 20% | 20% | 20% | 20% |
| Gold | | | 30% | 30% | 30% | 30% | 30% |
| Silver | | | 40% | 40% | 40% | 40% | 40% |
| Unit Revenue | | | | | | | |
| Platinum | | | | 100,000 | 103,000 | 106,090 | 109,273 |
| Gold | | | | 50,000 | 51,500 | 53,045 | 54,636 |
| Silver | | | | 20,000 | 20,600 | 21,218 | 21,855 |
| Other Revenue | | | | | | | |
| Support and Maintenance Revenue as a Percent of Unit Revenue | | | | 20% | 20% | 20% | 20% |
| Services Revenue as a Percent of Unit Revenue | | | | 5% | 5% | 5% | 5% |
| Royalties | | | | | | | |
| CU Royalties | | | 5% | 5% | 5% | 5% | 5% |
| Minimum Royalties per Year | | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |

| Revenue Center Assumptions | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| Platinum | | | | | |
| Unit Volume | | 17 | 60 | 115 | 222 |
| Subtotal | | 1,708,279 | 6,180,000 | 12,200,350 | 24,258,539 |
| Gold | | | | | |
| Unit Volume | | 27 | 80 | 173 | 326 |
| Subtotal | | 1,346,928 | 4,120,000 | 9,177,600 | 17,811,450 |
| Silver | | | | | |
| Unit Volume | | 43 | 75 | 235 | 474 |
| Subtotal | | 860,000 | 1,545,000 | 4,986,230 | 10,359,052 |
| Total Unit Volume | | 87 | 215 | 523 | 1,022 |
| Total Unit Revenue | | 3,915,207 | 11,845,000 | 26,364,180 | 52,429,041 |
| Support Revenues | | 783,041 | 2,369,000 | 5,272,836 | 10,485,808 |
| Services Revenue | | **195,760** | **592,250** | **1,318,209** | **2,621,452** |
| Gross Revenue | | 4,894,008 | 14,806,250 | 32,955,225 | 65,536,302 |
| Percent Change (Revenue) | | | 203% | 123% | 99% |

| Sales, Service, and Support Staffing Assumptions | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| Units per Customer | | 5 | 5 | 7 | 9 |
| Sales Quota | | 1,000,000 | 1,250,000 | 1,500,000 | 2,000,000 |
| Commission Rate | | 11% | 10% | 9% | 8% |
| Salespeople per manager | | 9 | 10 | 11 | 12 |
| Supported Units per SE | | 25 | 30 | 35 | 50 |
| Salespeople per Admin | | 15 | 20 | 20 | 25 |
| Customers per CSR | | 10 | 17 | 25 | 35 |
| Customers per Tech Support | | 10 | 17 | 25 | 35 |
| Consultant Utilization | | 40% | 60% | 70% | 85% |
| Avg Consulting Rate (per hr) | | 200 | 200 | 200 | 200 |
| Consultants per Manager | | 8 | 9 | 10 | 10 |

**CHRISTOPHER ALAN CAHILL**
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**EDUCATION**

2002 – Present **LEEDS SCHOOL OF BUSINESS**
Boulder, CO
**THE UNIVERSITY OF COLORADO**
Candidate for Masters of Business Administration, May 2004
Emphases: Finance, Strategy & Entrepreneurship

- MBA Association, President, 2003-2004
- Leeds/Net Impact Social Responsibility Case Competition, Organizing Committee Chair, 2003
- Recipient of the Harry Trueblood Entrepreneurship Fellowship, 2003

1994 – 2002 **THE UNIVERSITY OF SOUTH DAKOTA**
Vermillion, SD
Bachelor of Science in Computer Science, Minor in Business Administration

**EXPERIENCE**

4/2003—Present **NOODLES & COMPANY**
Boulder, CO
*Intern, Business Intelligence*

- Worked with internal stakeholders to develop a reporting strategy for a $100 million restaurant chain.
- Led software and consultant selection through interviews with a number of national vendors.
- Developed financial models to support the business case for several high profile IT projects.
- Designed and developed custom software applications using Microsft.NET technologies.
- Designed a daily process to transfer point of sale data from N&C stores to a central SQL database.
- Managed the full implementation cycle of a Cognos internal reporting system. This improved the reliability of operating metrics and significantly reduced the amount of time required to produce weekly operating reports.

9/2000–5/2002 **IQDESTINATION.COM**
Denver, CO
*Senior Cold Fusion and Database Developer*

- Managed the full software development life cycle for a variety of large-scale Cold Fusion projects including an intranet used to manage sales and internal accounting processes in real time, a system used to generate customized email messages, and a system used to collect customer feedback
- Worked with team members to develop strategic initiatives to improve platform usability and add value to the users' experience.
- Developed web applications using Cold Fusion 4.5, SQL Server, Javascript, Java, and DHTML
- Earned Macromedia's Advanced Cold Fusion Developer Certification (May 21, 2001).

1/2000–9/2000 **BAY TECHNOLOGY GROUP, INC**
Sioux Falls, SD
*Consultant/Project Manager*

- Managed teams of 3-5 Cold Fusion and SQL developers on a number of client projects
- Developed client proposals and delivered presentations for a variety of consulting engagements
- Developed web applications using Cold Fusion 4.5, SQL Server, Javascript, Java, and DHTML
- Network support operations including MS SQL Server 7.0, Windows 2000, and IIS 4.0 administration

3/1999–1/2000 **DAKOTA INTERNET SERVICES**
Sioux Falls, SD
*Vice-President of Internet Services*

- Managed relationships with outside vendors including Qwest, Verio, Lucent Technologies, and Cisco.
- Developed and presented client proposals for internet-connectivity and web development projects
- Performed needs analysis on connectivity requirements, resulted in a 25% reduction in monthly telecom charges.
- Performed competitive analyses and developed pricing models for Internet-based products
- Managed a three-person customer help desk.

**DAVID GRAHAM PARKHURST**
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**experience**

2003 **Alpine Access, Inc.** **GOLDEN, CO**
**Director of Marketing and Public Relations**
Alpine Access is a provider of outsourced call center services for inbound calls using over 2,200 home-based agents.

- Reported directly to the CEO as the head of all marketing operations for the company. Effectively rekindled an effort that had been on an 18-month hiatus.
- Created dozens of white papers, business cases, client success stories and analysis documents that are now used company-wide focusing on clients including 1-800-Flowers and Pizza Hut.
- Drove all phases of a national selection process for an outsourced PR firm including extensive interviews, proposal reviews, selection and contract writing and negotiations.
- Worked to establish a new sales lead generation process. Researched industries, targeted prospects and appropriate lists, interviewed current and potential lead generation team members.

1999-2002 **Ebates.com** **SAN FRANCISCO, CA**
**Business Development Manager and Sales Manager**
Ebates is a profitable, venture funded company that has partnered with 500 websites to provide incentive shopping for consumers online.

- Managed a three person sales team responsible for more than a third of all revenue for the company. Closed what remains the largest merchant sales deal in the history of the company.
- Responsible for establishing partnerships with dozens of companies and organizations including Yahoo!, Alliance Capital, Northwest, MBNA, CNET, MCI and the California Republican Party among others.
- Product Manager of the Ebates product and store searches, both mission critical aspects of the website that drove a third of all retail transactions. Presented results on traffic, sales and future strategy to Executive Team.
- Forged key relationships with private companies to provide backend functionality for the website including web proxy, flash download and comparison/search engine capabilities.
- Promoted within the Business Development department three times in eighteen months before leaving to attend business school.

1998-1999 **EVEREN/FIRST UNION SECURITIES, INC.** **SAN FRANCISCO, CA**
**Municipal Bond Consultant**
EVEREN Securities was, at the time, the 6$^{th}$ largest brokerage firm in the country and has since merged with First Union Securities, Wachovia Securities and Prudential Securities and now retains the Wachovia Securities name.

- Used strong interpersonal communication skills to make contact with 250 current and perspective clients each day through personal networking, seminar presentations and phone calls.
- Managed 75 clients and over $3,000,000 in total assets, while developing an expertise in municipal bonds.
- Series 7, 63 and 65 licensed, scoring the highest in my national class on the rigorous Series 7 exam.

1998 **DONALDSON, LUFKIN AND JENRETTE** **SAN FRANCISCO, CA**
**The Kress Group**

- Analyzed companies and determined future stock price potential. Made recommendations for investments based on results.
- Initiated potential client list. Made contacts, followed up on responses, and attended potential client meetings.
- Attended road shows for potential public offerings and performed investigative research on product potential.
- Responsible for daily research and comprehensive understanding of the direct-to-home satellite industry.

**education**

2002-2004 **UNIVERSITY OF COLORADO AT BOULDER** **BOULDER, CO**
**Leeds School of Business**

- Expected Master of Business Administration, May 2004.
- Dual major focus in entrepreneurship and marketing.
- Founder and President of the Leeds School Finance Club.

**Chip Fuller**
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Boulder, CO 80302
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**Education**

University of Colorado, Boulder – MBA in Finance and Entrepreneurship, graduating May 2004

- Financial and marketing analysis internship at Design Workshop
- Finance and operations intern at CTEK Angels
- Vice President, MBA Student Government, in charge of Social Responsibility
- Planning Committee - Venture Capital Investment Competition, Net Impact Case Competition

University of Colorado, Boulder – Bachelors Degree in Communication, 1993

**Professional Experience**

**Hewlett-Packard** - San Francisco, CA 2000 to 2002

*Senior Manager - Strategic Partnerships*

- Built Java e-services software partnerships with Accenture and Cap Gemini Ernst and Young resulting in growth of over $3,000,000 in software license and services revenues
- Executed on marketing plan with target accounts, creating new product offerings, business practices, support programs, marketing materials and reference implementations
- Established Accenture/HP e-commerce Centers of Excellence, generating 11% of division's revenue in 2001

**Critical Path/Amplitude Software** - San Francisco, CA 1997 to 2000

*Director of Business Development*

- Managed sales and marketing team tasked with creation of reseller partnerships with major software and telecommunication companies
- Negotiated and closed largest deal of 1999: a multi million dollar source code license agreement with Peregrine Systems
- Created and led support team to execute contract and expand relationship with SBC Ameritech across entire product line, resulting in 180% growth in revenue

*Business Development and Sales Manager*

- Built and managed team of nine account managers, including hiring, training, and evaluation
- Created and coordinated lead generation and tracking programs, sales support tools and operations management practices for sales organization
- Grew Western region sales from $25,000 to over $3,000,000 in two years

**Oracle Corporation** - Redwood Shores, CA 1994 to 1997

*Account Manager*

- Averaged 145% of quarterly quotas, twice named Top Sales Performer of the quarter
- Promoted to Pacific Bell account team, responsible for database software sales

**Dean Witter** – San Francisco, CA 1993 to 1994

*Financial Advisor*

- Ranked among top 20% of national class in commissions
- Series 7 and 63 certified

**Personal**

Volunteer for Big Brothers, P3 Colorado and Boulder Open Space
Member of Urban Land Institute, Young Leaders Group and Net Impact
Active triathlon competitor

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# Jay M. White

## Experience

Sun Microsystems, Inc. 06/03 – present Broomfield, CO

**Financial Analysit Intern – Support Services HQ Finance**

- Manage complex financial cost reporting process for global support services; including coordinating IT and financial systems groups, compiling financial data from several sources, analyzing and interpreting cost trends, identifying and coordinating problems, and publishing/presenting findings.
- Evaluating and implementing model and process improvements for financial cost database in order to enhance the model and report with more accurate cost information and clearer illustration of trends.
- Approve new service parts to ensure that financial information included in request is accurate and complete.

Arthur Andersen, LLP/Protiviti Inc. 08/98 – 08/02 Denver, CO

**Senior Consultant – Technology Risk Consulting**

- Performed a customer billing audit for a Fortune 50 Communications Company. Using data analysis techniques, data was extracted from the billing systems and analyzed to identify customers that were incorrectly billed following a scheduled rate increase. Analysis and findings were presented to the communications company and the state Public Service Commission.
- Served on a team that created an order-tracking database for a communications company. Supervised creation of Visual Basic scripts written to import data files and created queries and reports to aid in client monitoring of orders sent to a third-arty vendor.
- Performed a review of the telephony provisioning process for a communications company. Created methods and procedures used by provisioning team to correct errors identified in the provisioning systems prior to conversion to a new billing system.

## Education

University of Oklahoma 05/98 Norman, OK

Bachelor of Business Administration, Management Information Systems, 3.72 GPA

University of Colorado - Boulder 08/02 - current Boulder, CO

MBA Candidate, May 2004

## Associations

American Society for Quality

# Appendices

## Competitive Matrix

| Type | Company Name | Product Name | Pricing | Target Market | Quality | Unique features | Channels | Ownership | Notes |
|---|---|---|---|---|---|---|---|---|---|
| Direct | TippingPoint | UnityOne | $99,995 | Carriers and high-density data centers | *** | Intelligently tunes to environment, subscription | VAR | Public, struggling | Was a big player but technology is dated |
| Direct | NetScreen | IDP | $99,995 | Small to carrier level businesses, high tech and telecom | **** | Multi-method detection | Leasing, VAR | Public | Biggest threat, very well funded and involved in everything |
| Direct | Fortinet | FortiGate | $19,995 | Small to medium businesses, healthcare and education | * | Firewall based | many VARs | VC funded | Low end threat, commodity |
| Direct | Net Continuum | NC | $28,000 | Everyone | ** | Web Security Gateway | Direct | VC funded | Unclear product approach, not many customerss |
| Indirect | Network Associ | IntruShield | $99,995 | Very large corporations, carriers and ISPs | ** | Virtual IDS | Direct, VAR, SI | Public | Disorganized due to acquisition |
| Substitute | Cloudshield | Cloud Shield | $100,000+ | Carriers, ISPs, government | *** | Complete packet inspection | Direct | VC funded | Wildcard, may take off because of unique approach |
| Future | Cisco | n/a | n/a | high end, ISPs, backbone providers | n/a/ | n/a | Direct, VAR, SI, OEM | Public | Possible future threat as it makes sense for them to enter market |

## Development Timeline