
The 1997 Growth Capital Symposium



May 21, 1997
University of Michigan League
Ann Arbor, Michigan

Sponsored by:
The University of Michigan Business School
Office for the Study of Private Equity Finance



October 15, 1998

Dear Colleague:

Welcome to the 18th Annual Growth Capital Symposium. Over the years, companies have been able to raise over \$250 million in seed and startup capital through the Symposium. This year, as you know, the Symposium will showcase primarily late-stage companies to venture capital and institutional investors.

I would like to thank you for your continued support and to invite you to be involved with our other programs. Inside this packet, you will find useful information about the Office's activities. Please do not hesitate to make co

**THE 1997 UNIVERSITY OF MICHIGAN
GROWTH CAPITAL SYMPOSIUM
INFORMATION BOOK**

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WELCOME TO THE 1997 GROWTH CAPITAL SYMPOSIUM

Welcome to the 17th Annual Growth capital Symposium and the University of Michigan Business School in Ann Arbor, Michigan.

This information book will serve as your guide to the Symposium. You will find the Symposium Agenda and Presentation Schedule to be a useful overview of all Symposium activities. As a starting point, you may wish to use the company profiles in the presenters' section to familiarize yourself with the presenting firms and their management.

On Wednesday, May 21st, each of these companies will give a 12 minute live presentation, at the time and location set forth in the Symposium Agenda. Each firm also has a display area where you may meet the principals and executives of each company following the presentations.

If you need to be reached at the Business School, outside messages can be left with Debbie Fitch, Office for the Study of Private Equity Finance at (313) 763-6323. Please have the calling party indicate that you are attending the Growth Capital Symposium so that the message may be forwarded to you. Facsimile may be sent to your attention at (313) 764-3146.

To help you locate and reach people, the Participants Section of this book provides names of all attendees. Also, each participant's name tag has been color coded by category for your convenience as follows:

Gold Tags	Investors, Investors Representatives
Blue Tags	Presenters
White Tags	Growth Capital Symposium Staff
Green Tags	Press, Guests, and Visitors

If you have questions or need assistance of any kind, please make contact with a member of the Symposium staff. We look forward to making your participation as productive as possible.

1997 Growth Capital Symposium Agenda

Wednesday, May 21st

- 7:00 AM Registration, Check-in and Continental Breakfast
Foyer, Mendelssohn Theatre
The Michigan League
- 8:30 AM Individual Company Presentations
Mendelssohn Theatre
The Michigan League
- 1:15 PM Lunch
Ballroom
The Michigan League
Distinguished Speaker: **Mr. D. Theodore Berghorst**
Founder and CEO, Vector Securities International, Inc., Deerfield, IL
- 2:00 PM Display of Company Exhibits,
Meetings with Companies' Management
Hussey Room
The Michigan League
- 6:00 PM Symposium Reception
Vandenberg Room
The Michigan League
- 7:00 PM Dinner
Ballroom
The Michigan League
- 8:30 PM Introduction of CEOs of presenting companies
- 8:40 PM The 1997 University of Michigan School of Business Administration
Office for the Study of Private Equity Finance
Award for Excellence in Growth Capital Investments:
Mr. Herbert D. Doan
- 9:00 PM The 1997 University of Michigan School of Business Administration
Office for the Study of Private Equity Finance
Award for Excellence in Entrepreneurship:
Mr. Richard P. Eidswick
- 9:30 PM Symposium Closing
Dr. David J. Brophy

**THE UNIVERSITY OF MICHIGAN BUSINESS SCHOOL
OFFICE FOR THE STUDY OF PRIVATE EQUITY FINANCE**

The Office for the Study of Private Equity Finance, under the directorship of Dr. David J. Brophy of the University of Michigan Finance Faculty, is an integral part of the Business School's activities.

The Office is a result of a gift initiative by the Donald H. Parsons family of Michigan, who are strong alumni and supporters of the University of Michigan and the Business School. Mr. Parsons has had a long successful career in banking and private equity finance. His sons, Jim (a partner in Regional Financial Enterprises, New Canaan, CT) and Don (with Larimer & Co., Denver, CO) are both active in the venture capital business. Michael Stark, a partner in Robertson, Stephens of San Francisco and a Business School Alumnus, has joined the Parson's family in establishing the office. Significant support for the office has also come from Robert Dobbins of Dallas, TX, James Daverman, General Partner of Marquette Venture Partners, Chicago, IL, and D. Theodore Berghorst, Founder and CEO of Vector Securities International, Inc., Deerfield, IL.

The Office serves a threefold mission:

First, it serves as a center and focal point for **research** on private equity finance as it affects emerging growth companies, restructuring, and the rehabilitation of established companies. The Office develops database and archival material and performs cooperative research with practitioners and scholars from the U.S. and abroad. As an example, Dr. Brophy, through the Office, currently leads a team of 15 professors from various universities in a research study titled "Prospects for Small Businesses and Entrepreneurships in the 21st Century."

Second, the office serves a **teaching** mission by presenting case-writing and resource support for existing and new courses in the Finance Curriculum and in the Entrepreneurship Track which was introduced in the Business School curriculum at the University of Michigan in 1993.

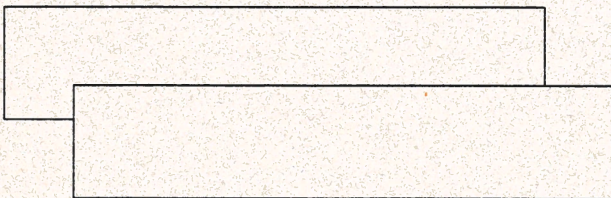
Third, it serves an **outreach** mission by presenting the Growth Capital Symposium, assisting the University in its technology transfer activities and offering management education courses to emerging growth companies in the U.S. and in other countries. In this respect, the first European Growth Capital Symposium was presented in Warsaw, Poland on October 12, 1994.

The Office welcomes inquiries from investors, company owners and managers, and scholars interested in subscribing to its services.



**The 1997
Growth
Capital
Symposium**

Presenters



**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Accumed Systems, Inc.

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Executive Summary

Accumed Systems Inc. is a Michigan corporation formed in February, 1990. The principal business is to develop, produce and sell medical accessory devices in the interventional cardiovascular market. Initially, the Company concentrated on the development of accessory devices to be used by interventional cardiologists performing angioplasty and angiographic procedures. The Company is planning growth to achieve \$28 million in revenue by the end of the Year 2001. Accumed will accomplish this objective by licensing, joint research and development, and commercialization ventures in all areas of interventional cardiology.

The first accessory device to be successfully developed by Accumed is a percutaneous transluminal coronary angioplasty (PTCA) high pressure a balloon inflation device. Angioplasty is the reconstruction of a blood vessel, involving the insertion of balloon-tipped catheter into a partially obstructed atherosclerotic lesion with inflation of the balloon to dilate the obstruction. This device has been awarded a US patent and has received 510(k) exemption from the US FDA. The rights to the PTCA inflation device were sold on a cash plus royalty basis to Medtronic Interventional Cardiovascular, Inc. Launched in May, 1996, 44,000 units have been sold. Sales have increased an average of 36%/month through January, 1997.

A second device, a high pressure syringe for use in angioplasty and angiography, has also received 510(k) exemption. Angiography is the visualization through radiography of vessels after the injection of a radiopaque material.

In addition to the two devices it has developed, Accumed is currently actively pursuing the development of several additional accessory devices for angioplasty, angiography, coronary artery bypass, and other open heart surgery procedures. The development of one

of these devices has been partially funded by a grant from the Michigan State Research Fund. An initial prototype has been developed. Additionally, Accumed is pursuing the development of three angioplasty devices that are designed to be invasive, or used inside the human body.

Accumed has an option to license certain patented technology from the University relevant to the development of a CMOS pressure sensor for multiplexed catheters. This will be accomplished in partnership with BioCompatibles, Inc., a publicly traded company on the London Stock exchange and with the University of Michigan School of Engineering.

The principals of Accumed are uniquely qualified to accomplish this mission. They have long-term relationships with respected scientists, physicians, and technology transfer offices at the University of Michigan, Wayne State University, Beaumont Hospital and others in Michigan.

Market

In 1993, over 4.4 million operations were performed on the cardiovascular system. Approximately 500,000 angioplasty procedures were completed in the US, with approximately 1 million procedures performed worldwide. Another 1 million cardiopulmonary bypasses were also performed in the US, Japan, and Western Europe. These numbers are anticipated to grow steadily, since the population is aging rapidly and more women are being treated for cardiovascular disease.

The US market for products utilized in coronary procedures reached almost \$1.2 billion in 1993. The market segment for angioplasty was \$790 million in 1993 and has been expected to grow at an estimated 15-18% per year through 1998. The US angiography market (\$408 million) and the US accessory market are expected to grow 10% per year during the same period. Accumed will initially focus on the accessory market.

Customers can be identified as follows: corporate partners licensing our technology; corporate partners selling our products; kit manufacturers including our products in kits requested by the physician/surgeon on their preference cards; hospital buying groups; catheterization and radiography laboratory managers and physicians. While we do not intend to initially develop a direct sales force, we do intend to reach our potential customers and partners through various routes including direct contact, trade shows, advertising in scientific and trade journals and direct mail.

Management Team

Marilyn (Mickey) Katz-Pek, *President and Co-founder*. Past president, BioQuant, Inc.; Medical Cybernetic Systems; and Biotechnology Business Consultants. Extensive business experience in biomedical technology development, licensing and technology transfer. Experience with Venture Capital. Director, Ann Arbor Commerce Bank.

Lisa Kurek, Vice President of Marketing and Sales. MS in Bioengineering and has extensive international sales and marketing experience as VP for Marketing and Sales of a spin-out of a publicly held biomedical instrument company.

Until early January, 1996, Accumed conducted business with officers who worked on behalf of the company only on a part-time basis. A principal purpose for seeking additional funding is to bring together a product development team to carry out this business plan in an aggressive manner.

The current Board of Directors provides expertise in understanding the state-of-the-art of the interventional cardiovascular market, business development and management. We intend to enhance our Board of Directors with financial expertise, medical market knowledge, and an individual(s) who have experienced a medical company's growth through acquisition or public offering.

Our full time management team will initially include four professionals whose backgrounds will consist of extensive experience in corporate development, marketing, engineering and design, intellectual property management, and administration in the health care industry. The finance, FDA process, clinical trial management, prototyping, legal (corporate and patent) and contract manufacturing needs will be under contract as required.

In addition, a well qualified senior level research scientist has expressed an interest in joining the company upon funding. This individual has a Ph.D. in Cardiovascular Physiology and most recently was employed as a Senior Research Scientist with a publicly held company that is a potential partner for Accumed. He has worked closely with FDA inspectors and is experienced in GMP issues.

An outside Medical and Scientific Advisory Board will assist the management team by evaluating new technologies either developed internally or brought to the company from the outside. These advisors are internationally respected in their varied fields of medicine, basic science and engineering.

Financials

Accumed Systems inc. is currently authorized to issue 10,000,000 shares of capital stock. A list of the current shareholders and the number of shares each one holds is detailed in the due diligence package that will be provided upon request. Also contained in the due diligence package are copies of the Company's financial statements for each year of operations as well as its tax returns for those years.

The company is seeking to raise \$2.0 million in capital to pursue its business plan through 1998 and to profitability. The net proceeds from the sale of common stock will be used for the following purposes:

- Implement proprietary technology protection program.
- Establish research and development and assembly facilities.

- **Seek and hire the best people to implement company vision.**
- **Purchase molds and other tooling for contract manufacturing and inventory.**
- **Maximize sales through partnerships.**
- **Implement customer support services.**
- **Implement clinical trial and FDA review and approval process.**

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: AccuPhotonics, Inc.

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Executive Summary

AccuPhotonics, Inc. markets high efficiency fiber-optic probes for Near-field Canning Optical Microscopy (NSOM). NSOM is a breakthrough technology that allows visualization of biological samples in detail not possible with any other method. AccuPhotonics has patented design and production technology that provides a thousand-fold increase in light transmission compared to any other marketed probes. The Company's expertise in stretching and creating fiber optic tips also opens up opportunities in the emerging field of micro-chemosensors.

In addition to two issued patents on the probe, the Company has a patent pending for a complete NSOM unit that will offer dramatic improvements in speed, cost, and reliability over current designs. The US military is very interested in the AccuPhotonics system for the detection of biological warfare agents; the Company is pursuing opportunities to accelerate development of its system in partnership with these government sources of funding.

The Company began operations in 1994. It is based in a high-technology incubator at Ann Arbor's Industrial Technology Institute. It employs two full-time research scientists and a President, drawing on consultants on a project basis for assistance with specific needs. The primary angel investor is Dwight Carlson, a local entrepreneur whose successful start-ups include Perceptron, a publicly traded company. In January, 1997, the Seaflower Health & Technology Fund made a seed round investment in the Company.

Product

The Company currently markets one product line, high-performance NSOM probes. These are available in two basic formats, for use either with visible red or visible green laser light, and sell for \$120 apiece. As volumes increase, gross margins on the probes

will exceed 70%. A typical NSOM customer uses over 100 probes per year, with usage increasing as additional applications of the technology are developed. The AccuPhotonics tips have been tested at several sites, where the response has uniformly been that the efficiency of light transmission is the highest observed anywhere. The Company has recently begun selling the probes and is scaling up its manufacturing capacity.

Market

The NSOM probe market is currently a cottage industry, with individual labs producing small numbers of probes for their own use, resulting in problems with yield, cost and quality. No other viable manufacturer exists. AccuPhotonics will therefore standardize the industry, capturing a dominant share of the market for NSOM probes, expected to grow to \$20 million over the next five years.

AccuPhotonics is also targeting the greater market opportunity for entire NSOM systems. Most NSOM systems are individually built by the end user. One commercially available system marketed by a California company, Topometrix, has not performed up to most customers' expectations and consequently has made little headway in the market. This system is priced at \$110,000. The AccuPhotonics system is expected to deliver significantly greater performance, be more robust and compact, and therefore will be priced at a premium to the Topometrix unit.

Management Team

Mohammed N. Islam is the inventor of the fiber-optic probe and founder of AccuPhotonics. Dr. Islam, a professor of Electrical Engineering at the University of Michigan, serves as the Company's Chief Technical Officer. He earned his Sc.D. degree in Electrical Engineering at the Massachusetts Institute of Technology. Dr. Islam's work in fiber-optics, lasers, and nonlinear optics has received wide recognition including the Optical Society of America's Adolph Lomb Award. He has 9 patents and over 70 papers and books.

Stephen S. Mickel became the Company's President at the beginning of 1997. As General Manager in the venture capital firm Seaflower Associates, he is experienced in building and financing high-technology start-up enterprises. He has served in marketing, sales and product development positions for divisions of Becton Dickinson and Mallinckrodt Medical. He holds an BS in Chemical Engineering from the Massachusetts Institute of Technology and an MBA from Harvard Business School.

Ali A. Said joined AccuPhotonics in 1996 as a Research Scientist. His experience includes four years at the Center for Research and Education in Optics and Lasers (CREOL) at the University of Central Florida. He earned his Ph.D. from the University of North Texas. As a graduate student, Dr. Said co-invented the Z-scan technique for measurement of non-linear absorption and refraction in materials. He has published over 15 papers in reference journals.

Xiao-Kang Zhao joined AccuPhotonics in 1994 as a Research Scientist. Ms. Zhao has over 15 years of experience in NSOM-related fields, including four years at J&D Scientific, where she designed and tested components of scanning tunneling and atomic force microscopes. Her expertise in scanning probe microscopy and the manufacturing of metallic tips is invaluable to AccuPhotonics. She was a research scientist at Montreal University, a senior postdoctoral fellow at Syracuse University, and an Assistant Professor in the People's Republic of China. Zhao has published over 30 scientific papers.

Dwight Carlson, the Company's co-founder and primary angel investor, has served as Chairman since inception. He brings to the Company a wealth of entrepreneurial experience, including: founder, President and CEO of XYCOM from 1968 to 1981 and founder, President and CEO of Perceptron from 1981 to 1996. He currently serves as Vice Chairman of Perceptron, a global leader in three-dimensional machine vision systems. XYCOM is a leader in industrial microcomputer applications. Mr. Carlson also serves as Chairman of several other organizations, including Michigan Future, Inc., the Auto Body Consortium, and Onset BIDCO, a provider of capital and assistance to emerging growth companies.

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Advanced Modular Power Systems, Inc. (AMPS)
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Executive Summary

AMPS is the world-leading developer of AMTEC technology. AMTEC (Alkali Metal Thermal to Electric Conversion) systems efficiently convert heat into electric power in small sized, light-weight modular units. AMTEC power converters have no moving parts, operate silently, and as self contained sealed units, they operate for extended periods without need for maintenance. The immediate market for the company's AMTEC power converters is for space applications. AMTEC technology has been selected by the US Department of Energy and NASA for missions that are planned following the year 2000, including Europa (the moon of Jupiter), the planet Pluto, and a mission launched toward the sun.

The Company continues to enhance performance of its AMTEC systems, and additionally, manufacturing techniques are being investigated to allow AMTEC cells to be produced in quantity and at low-cost, for future commercial markets including micro-cogeneration and portable and remote power systems, where AMTEC's silent and maintenance-free operation are needed, or where the high efficiency of AMTEC power conversion is important.

AMPS was founded at the end of 1990 and since 1995 the company has doubled each year to an anticipated revenue in excess of \$5M in 1997. The company's growth has been accomplished without deficit spending through an extensive array of federal government contract and grant support, now being supplemented by industrial contracts aiming toward commercial markets. Commercial product prototypes are being developed in contracts with Teledyne Brown, AD Little, Lockheed Martin and Gastec, a Netherlands corporation.

The company requires equity capital to develop production technology and facilities to lower manufacturing costs for commercial mass market entry. \$1.5M in equity is sought

during the next year, with an additional investment of \$1.5 to \$2.5M over a period 1998-99 through acquisition of strategic commercial partners.

Product

AMTEC power converters are fully modular stainless steel devices that range in size from near that of a standard D-cell battery (this AMTEC device produces approximately 10 watts of DC power at 3.5 volts) to the next-generation type III AMTEC module which will fit in a 10" x 10" x 1.5" footprint, and which should produce between 100 and 150 watts of power at 8-9 volts. The type III device can be stacked to produce higher voltages and more power; thus a kilowatt of power would fit in a 10" cube and weigh approximately 5 to 7 kilograms. Type III AMTEC cells are scheduled for delivery for initial government and commercial customers as prototype systems in late 1998. At the same time period, a series of 10 watt AMTEC power units will be provided to NASA as quality assurance cells for planned 2001-02 space missions.

Market

The current design AMTEC system cells are made from mostly low-cost commercial industrial materials with some sub assemblies having high-cost components and complex fabrication and assembly processes. These cells have excellent markets in high value-added products for space vehicles and specialized earth-orbit satellites, plus remote arctic site gas-propane-fired telemetry stations and other specialized markets. These markets together total \$10M-\$20M/year.

The much larger markets for consumer and industrial AMTEC products require simplification of fabrication and replacement of a few material components in current design AMTEC cells. It is envisioned that these low-cost AMTEC systems could be produced by the year 2000, with high volume markets following within 1 to 2 years. If high-volume low-cost production is achieved for AMTEC, then markets as large as several hundred million dollars become accessible: \$10M-\$50M markets in micro-generation (e.g. self-powered home furnaces and hot water heaters), portable power systems such as light weight portable battery chargers, electric power sub-systems for gas-powered portable and transportable utilities (such as combined air-conditioning and heating systems burner-based technology, planned for long-haul trucks.) Other applications include high current, low voltage plant power systems, and co-generation systems for fuel cells and other heat producing electric power generation systems.

Projections

The Company and its affiliates (AMPTAL, a joint venture for low-cost production of the ceramic material which forms the heart of AMTEC devices, and the anticipated joint venture for production of AMTEC cell components) expect significant growth in revenues in 1998 (~\$8M) and 1999 (~\$10M) while preparing for commercial non-space AMTEC production beginning in 2000. Commercial market sales are not expected to reach high volume production until 2001-02. AMPS anticipates being able to operate at break-even through the year 2000, based on contract funding and AMTEC production for

NASA and other government customers. Commercial revenues should become significant starting in 2000-01. Financial projections are available from the Company.

Management

The Company is led by a management team having both technical and business development talents.

George C. Levy, *President and Chief Operating Officer*. (Ph.D., Chemistry, UCLA, 1968). Mr. Levy has over 30 years of experience in research, technology, and entrepreneurship. In the early 1980s he founded his own Company and grew it to listing in the 1989 Inc. 500 as the 140th fastest growing private US company.

Thomas K. Hunt, *Founder, Chairman, and Chief Scientist*. Earned his Ph.D. in Physics at California Institute of Technology. Dr. Hunt continues to develop innovations to AMTEC technology and is the Company's Board Chairman and Chief Scientist.

Robert Sievers, *co-Founder and Vice President of the Power Systems Division*. Mr. Sievers has over 15 years of AMTEC and related experience beyond his M.S. in Engineering earned at the University of Pittsburgh.

Michael Dobbs, *Vice President of the Space Division*. Mr. Dobbs earned his B.S. in Electrical Engineering at The University of Michigan. He has over 20 years of design and experiment flight experience, including recent, complex in-space automated materials handling processing systems and remote sensing.

The Board of Directors of AMPS has five outside directors, along with Hunt, Sievers and Levy.

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Balance Dynamics Corporation

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The Company

Balance Dynamics Corporation, based in Ann Arbor, Michigan, develops, manufactures, markets and services in-process balancers and is the global leader in this evolving technology. From its incorporation in 1981, the company has had a successful history of developing new technology and bringing that technology to market. The company currently holds seven U.S. patents and several corresponding foreign patents.

The company's engineers work closely with engineers from such major corporations as Lucent Technologies, Pratt & Whitney and Westinghouse, as well as engineers from automobile companies, chemical companies, petroleum companies and domestic and international machine tool manufacturers to customize balancing solutions in each of these industries.

Management Team

The management team is centered around the company's four principal shareholders, all of whom have been with the company for at least eleven years.

Thomas P. Nielson, President and CEO. Dr. Nielson, 60, is an original founder and 27% shareholder. He has extensive administrative experience, serving as president of organizations domestically and abroad, and is driven by a strong sense of vision for the company. He holds a Ph.D. from the University of Washington.

Wayne L. Winzenz, Executive Vice President. Mr. Winzenz, 50, a 15% shareholder, joined the company in 1985. At that time he was the Manager of Manufacturing Engineering at a 30 million dollar subsidiary of Wyman Gordon Company, a Fortune 700 Company, and before that the Chief Industrial Engineer at Hoover NSK. He has an

impressive history of bringing cutting edge technology to the market. He is a graduate of Michigan State University.

Thomas E. Schulte, Vice President of Sales. Mr. Schulte, 49, a 27% shareholder, was a design engineer at Ford Motor Company when he helped found Balance Dynamics in 1981. He negotiated the inclusion of the company's balancing systems as standard options on the machines of many major grinding machine manufacturers and his global vision resulted in securing the company's European and Asian distributors. He holds a Master's Degree in Engineering from the University of Detroit.

Brian K. Hackett, Vice President of Research and Development. Mr. Hackett, 48, a 15% shareholder in the company, left Interactive Systems/3M to join the company in 1986. He was responsible for resource and financial management of all technical areas of this \$20 million business group. He has received several patents for his innovative technology. He holds a B.S. degree in Electrical Engineering from Montana State University.

Products

Fluid Balancer. In 1981, the company first offered its patented fluid balancer on grinding machines. In addition to its on-going sales of this product, the company recently expanded this application to include precision slicing and dicing machines used by the computer industry to manufacture hard-drives and has a \$1.2 million order from one OEM in this industry. This product sells from \$7,000 - \$13,000 per system, and there are competitors.

In 1993, the company up-sized its fluid balancer 100-fold and pioneered the introduction of in-process balancing to industrial fans in the steel, cement, chemical, fiber-glass and waste treatment industries. This product sells from \$15,000 to \$80,000 per system, and there are no competitors.

In 1996, the company applied the fluid balancer to nuclear reactor coolant pumps and has an agreement with Westinghouse Electric Corporation wherein the Westinghouse Electro-Mechanical Division markets and installs the balancer as a value-added product. This product sells to Westinghouse for \$68,000 per system and there are no competitors.

Balance Monitor. Seeing the need for a low cost vibration monitoring instrument, the company redesigned and repackaged its microprocessor controller. In addition to being priced below other vibration monitoring instruments, this portable balance monitor has a unique menu which guides the user through the manual balancing procedure. It also features unique analysis software that is Windows™ compatible. This product sells for \$2,995 and there are competitors.

New Technology: Real-Time High-Speed In-Process Balancing. In response to the market, the company began developing real-time high-speed in-process balancing technology in 1994, for which it subsequently applied for patents in the US and several

foreign countries. This new technology is now being introduced to industries using high-speed turbo-machinery, high-speed machining and turning centers, and jet aircraft engines.

High-Speed Turbo-Machinery Balancer. The company completed negotiations with a niche end-user of turbo-machinery that will bring in revenue of \$2 million over the next two years. This agreement will serve as the spring board to the huge rotating machinery market. It will also give the Company a high-profile end-user site to showcase the new application of the technology. The first two installations will occur during the third quarter of 1997. This product sells for \$180,000 - \$250,000 per system, and there are no competitors.

High-Speed Machining and Turning Center Balancer. High-speed in-process balancing is an enabling technology for the implementation of high-speed machining. "Unbalance, not the machining center's capability, will define the maximum usable spindle speed" (*Manufacturing Engineering*, October 1992).

High-speed machining dramatically increases productivity and reduces the time required to bring products in the aerospace and automotive industry from concept to production.

In the aerospace industry one case study showed parts decreased from 687 to 75 and fasteners from 2450 to 400 resulting in a savings of \$4 million per airplane, weight reduction resulting in fuel savings of \$150 million over the life of the airplane, and unnamed savings from installation time being reduced from 230 hours to 75 hours.

Balance Dynamics Corporation's strategy is to have the high-speed in-process balancer a standard part of all high-speed machining and turning centers sold to the aerospace industry, the automotive industry, as well as other industries which use this equipment. In order to accomplish this objective, the company successfully tested a prototype balancer in Switzerland installed on a Fischer high-speed spindle. The company will soon do a production test of that prototype balancer on a machining center at Boeing. An executive at a major machining center manufacturer wrote the following:

"Such a system would be used by all aircraft makers and their second and third tier subcontractors. [We] and other machinery suppliers to the industry would be required to incorporate the new technology into our products."

The first installations of this product will occur at the end of the second quarter, 1997. This product will eventually sell for \$10,000 per system and there are no competitors.

Jet Engine Balancer. As part of an initiative funded by the Defense Advanced Research Projects Agency (DARPA) and the U.S. Air Force, Lucent Technologies conducted a nationwide search for in-process balancing technology to be applied to jet aircraft engines. They clearly identified Balance Dynamics Corporation as the leader in this technology and the company was subsequently contracted by Pratt & Whitney to develop

an in-process balancing device to be tested on jet aircraft engines. The company performed successfully during this \$1 million, two year contract and will test a prototype device at Pratt & Whitney laboratories in the third quarter of 1997.

With engines that are balanced in-process, unscheduled shutdowns due to fatigue failure of externally mounted hardware will be dramatically reduced. Pratt & Whitney engineers project:

“The industry will save \$125 million per year as a direct result of the active balancing system reducing engine external component failure.”

In addition, revenue will not be lost from canceled or delayed flights and there will be unknown cost benefits from reduction of cabin noise and improved aircraft performance. This product will go through two or more phases of development and is estimated to be marketed by the year 2000. There are no competitors.

Primary Markets

The Company has identified three primary markets which offer the greatest potential for its balancing technology: Turbo-Machinery, Machine Tools, and Aerospace.

Financial Overview

The Company's 1997 revenues will be approximately \$2.5 million, operating at a break-even level. The Company plans to reach \$20 million in revenue in 2000, based on the introduction and expansion of the several product lines described above.

Strategic Intent

The Company will continue to commercialize its proprietary technologies, while expanding its intellectual property base. The Company plans to either go public or sell to a large technology company in the three to five year range.

Financing Objective

The Company is seeking \$1.0 million in equity capital to continue the commercialization and marketing of its products and technology in the three primary markets described above. The Company anticipates the need for future rounds of financing totaling an additional \$2.0 million over the next two years.

**1997 GROWTH
CAPITAL SYMPOSIUM**

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WEB SITE: www.haushahn.com
CONTACT: Ken Lewis, President & CEO

Executive Summary:

Haushahn Systems & Engineers (Haushahn) has developed the VIAWARE™ Warehouse Management System. VIAWARE™ is a complete modular software system designed for managing a variety of types of distribution, and warehousing environments.

Haushahn is the United States subsidiary of C. Haushahn GmbH, with Ken Lewis owning a significant majority interest, Haushahn has been in the US market since 1983 through an exclusive North American OEM contract for the sale of its automated storage and retrieval systems. Haushahn has installed in excess of 75 automated material handling and VIAWARE™ Warehouse Management Systems in the United States, and over 1500 automated material handling systems worldwide.

Haushahn's focus is on quality baseline development utilizing leading development software tools while employing proven project methodologies.

Products and Services:

VIAWARE™ is a powerful "execution system" for the warehouse. Rather than replacing order entry, material requirements planning (MRP/MRP II), distribution requirements planning (DRP) or other corporate systems, VIAWARE™ helps the user in the warehouse to fulfill the requirements of these systems quickly and efficiently.

VIAWARE™ works in real time, eliminating batch processing and the update delays typically associated with corporate inventory systems. VIAWARE™ converts information passed from corporate systems into an optimized execution plan for the warehouse. In the "paper-less" warehouse, VIAWARE™ issues instructions to material

handlers via their radio frequency terminals. These instructions are issued based on user configured rules and priorities. A bar code scan or a keyed entry confirms the completion of each instruction. This means that the condition and location of inventory is always accurate and up to date. Exceptions are handled on the spot. This eliminates wasted steps and means more useful work per shift. Of course, in areas where a paper document is the most efficient dispatching method, VIAWARE™ produces sorted storage lists, replenishment lists, pick lists and cycle count lists for each operator. Users confirm the completion of each list via keyed entry or bar code scans.

VIAWARE™ also helps to organize storage by zoning the warehouse(s) for efficient use of space and personnel. Progressive cycle counting is used to reduce or eliminate shut-downs for physical inventory. VIAWARE™ interfaces with automated material handling systems and other control systems.

Traditionally, Haushahn has operated as an integrated systems provider using VIAWARE™ and its Value Added Reseller (VAR) agreements. Licensing of VIAWARE™ to end-users and integrators has resulted in opportunities for increased license fees and higher margin for professional services, with such services projected to grow from \$24,000 to over \$600,000 in fiscal 1997.

There are a number of success stories printed in industry publications including The Torrington Company receiving the Seventh Annual Productivity Award for Warehousing Excellence sponsored by Modern Materials Handling, a Cahners publication. Torrington increased productivity by 20% and improved order accuracy to 99.5%.

Market:

The Warehouse Management market is growing rapidly and represents a \$800M industry. This industry is projected to grow at an annual rate of 30% due to the increasing demand for warehouse management systems. Haushahn's philosophy on sales is to pre-qualify opportunities that fit our solution and provide a highly technical consultative selling process providing Haushahn and the perspective customer the opportunity to thoroughly understand the requirements and Haushahn's proposed solution. A statement by one of our integrators sums it up; "Haushahn is by far the leader in my mind as it pertains to being a quality company with an honest and ethical approach to the business; a refreshing attribute!"

The Company will continue to serve a number of different vertical markets (e. g. automotive, publishing, chemicals and allied products, electronics, food, furniture, consumer goods, and third party logistics providers while increasing its market share through collaborative efforts with consultants and integrators and establishing a larger presence in other countries (initially Latin America).

Haushahn is expanding its sales and marketing department in 1997/1998. New hires will include a Sr. Account Manager, Application Engineer, and Third-Party Hardware Manager. Marketing and sales activities will focus on trade show follow-up, expanded

marketing materials, and the pursuit of strategic alliances with integrators, consultants, and other software providers.

Management Team:

Kenneth W. Lewis, *President and CEO*, was formerly National Sales Manager for Logisticon of Santa Clara, California, and AS/RS Product Manager for Clark Equipment Company. He received his B.S. degree in Electrical Engineering from Western Michigan University.

Joseph A. Stojak, *Vice President and CFO*, was formerly a partner with Deloitte & Touche, a member of the international firm of Deloitte & Touche Tohmatsu. He holds a B.S. in Accounting from the University of Illinois.

John W. Pulling, *Vice President and COO*, was previously Director of Advanced Product Development for Logisticon, of Santa Clara, California. In that position, he was responsible for all product development activities. He received his B.S. in Mechanical Engineering at the University of Waterloo.

Jeff W. Baum, *Vice President of Sales & Marketing*, has extensive warehouse management systems sales experience, including, six years with Hewlett Packard (HP). He received his B.S. in Industrial Engineering from the University of Illinois.

Rod G. Wyles, *Director Systems Integration*, came to Haushahn from Versyss, a company specializing in vertical software applications, including construction management, building materials, credit unions and medical billing. He received a B.S. in Computer Science from the University of Michigan in 1982.

Norbert Froehlich, *Director Product Development*, received a degree in Electrical Engineering in 1983 from the University of Stuttgart, Germany.

James D. Jo, *Professional Services Manager*, was previously Manager of Information Systems for Elston-Richards, a public and contract warehousing company. He holds a B.A. degree in Computer Science from Calvin College.

Adam E. Shier, *Customer Service Manager*, previously held the position of R&D Database Systems Analyst at the Goodyear Tire and Rubber Co., Akron, Ohio. He received his Bachelor of Science degree in Computer Science from Michigan State University.

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Immersive Edutainment Company

ADDRESS: 300 Enterprise Court, Suite 300
Bloomfield Hills, MI 48302

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FAX: (248) 253-0846

E-MAIL: N/A

WEB SITE: N/A

CONTACT: Dan Dembicki

Executive Summary

Immersive Edutainment Company (IEC) is a major player in a new segment of the Location-Based Entertainment known as Family Entertainment Centers. Walt Disney, Warner Brothers, Universal Studios, Iwerks, Sega, Dreamworks-SKG and others are all entering this market. According to the latest survey by the International Association of Family Entertainment Centers, there are now between 4000 and 5000 such establishments; up dramatically from the 1990 figure of 250. Amid this high-dollar frenzy of activity there exists a niche that can generate significant revenue and growth.

Our mission is to establish IEC as a major player in a new segment of Family Entertainment Centers by rolling out a chain of centers featuring break through ideas and technological innovation in entertainment supported by food and merchandise revenues. The process of developing and deploying the concept is based on real-world experience and technical expertise ranging from large-scale museum installations to Disney's EPCOT Center. However, unlike many such concepts offered to investors, IEC is a different kind of start-up company - it is a spin-off of Dawber & Company, Inc, a 20-year veteran of special venue productions. Dawber is an established supplier of creative and production services for museums, theme parks, and Fortune 500 corporations, with installations ranging from kiosks to interactive multimedia theaters. Its clients include GM, Ford, AT&T, Xerox, IBM, ITT, Michelin, Hughes, Delco Electronics, and others.

For special venue projects, Dawber has developed its own patented, interactive theater software. They also hold exclusive licenses and/or VAR agreements for national laboratory and defense contractor technology. These re-purposed tools enable Dawber to bring products to market faster than any other creative competitor. Further, Dawber has been working for 13 years under contract to GM to research and develop new

presentation technologies and implement them for corporate image programs. It's an arrangement that allows Dawber free access to labs, technology centers and R&D facilities across the country. The resulting relationships greatly enhance Dawber's capability to source and integrate new technology for communicating messages and entertaining audiences.

The company seeks \$7 million to develop and build it's first store in a new development at a major metropolitan city center and to establish credibility and acceptance within its target market. IEC intends to license a well-recognized brand name. Currently, IEC is negotiating with National Geographic, Scientific American and the Albert Einstein estate. This will lead to a second more substantial round of financing to build additional stores and possibly develop a franchise model.

Product

Dawber has developed a world class family entertainment center concept that takes advantage of their experience and technology. To avoid de-focusing from their primary services, they have formed Immersive Edutainment Company (IEC), a spin-off organization. It's function is to build and operate centers whose attractions combine video game and amusement park ride experiences featuring 3-D "holographic" projections. Individuals or groups see and interact with images floating in thin air. A per use fee would be charged for these state-of-the-art "synthetic" attractions, which means the image and entire content can be changed at the flick of a switch. The benefit of a "synthetic environment" is that the centers have total flexibility for special events, sponsorships and changing themes. No other company is known to have products with these features and benefits. For additional revenues, IEC also has plans to sell high-quality merchandise, upscale beverages and snack service.

This concept's uniqueness affords major promotional and public relations opportunities for us and corporate sponsors. The IEC experience can't be replicated on a PC or viewed via the Internet. It will require a first-hand visit. And, because of its interactive nature, the show experience will change every time.

Besides revenue from the store attractions, food and merchandise, there are larger opportunities from the content development standpoint. Dawber can provide a continuous conduit of new development and content for the centers, and that is part of their ongoing expansion plans.

Market

The location-based entertainment (LBE) industry continues to enjoy robust growth. Theme parks generate \$14 billion in yearly gate and food receipts. Even video arcades have gross annual revenues of \$8 billion, rivaling Hollywood's annual box office figures. There are several distinctive categories of entertainment centers ranging from theme restaurants (Hard Rock Cafe, Planet Hollywood, etc.) to theme retail (Nike, Sony, etc.) and new media supercenters (Dave & Busters). These venues utilize larger versions of existing entertainment technology in huge spaces coupled with full food service.

IEC's secondary market is to reconfigure and sell its products into these venues. Since IEC has valuable trade secrets and know-how, it can license its approaches to others to many markets where they bring value, but where IEC does not have the resources to enter (i.e. location-based branding). The royalty stream from these potential licensing deals can produce an investor payoff.

Management Team

Andrew Dahl, *Co-founder, Chief Technology Officer*. Mr. Dahl, 42, has over 17 years experience as an award-winning writer, producer and director of special-venue films, corporate exhibits, business theater and multimedia presentations. He has an ongoing blanket order for special venue creative services with General Motors Corporation.

Other Fortune 500 clients include Ford Motor Company, Xerox Corporation, AT&T, Michelin Tire Corp., Frigidaire Company, and ITT Automotive. His special venue productions have appeared in the Smithsonian Institute, the Chicago Museum of Science & Industry, EPCOT, and the new Kalamazoo Valley Museum.

He has won top industry awards including nine CINE Golden Eagle awards, two Telly awards, the IABC's Renaissance award, the Houston International Film Festival's Bronze and Gold awards, and a Presidential Citation for Creative Merit for his work.

Mr. Dahl has served as President and Creative Director of Dawber & Company, Inc. since acquiring majority interest in 1989. As such, he has designed and supervised over 150 productions. He joined the firm in 1980, re-focusing and refining its services to focus on films, shows and interactive multimedia for special venues (i.e. commercial expositions, theme parks, museums).

Mr. Dahl previously worked for Wiling, Inc. as a writer/producer of introduction shows, films, special promotions, and business meetings. At Campbell, Henry & Calvin, Dahl was a writer/designer on Rose, Boy Scouts, and J.B. Webb accounts.

Mr. Dahl studied journalism at Wayne State University, advertising design at the Center for Creative Studies, and fine arts at the University of Detroit.

Dan Dembicki, *President and Chief Executive Officer*. Mr. Dembicki, 41, has extensive experience in start-up business and executive-level marketing, and the development of high technology products and computer software.

Mr. Dembicki served as Vice President of Sales and Marketing for Alternate Realities Co., a high-tech start-up company based in Research Triangle Park, North Carolina. He created an international marketing campaign, identified and penetrated target markets, product commercialization and raised capital. The company received two "Best New Product" awards in vertical market applications, and a national television news feature which paved the way for a new business contract worth ten million dollars.

Mr. Dembicki served as co-founder and Vice President of Sales & Marketing for AirWorks Media, of Alberta, Canada, which conducted an IPO. He was president of Dan Dembicki & Associates, Inc., a sales and management company and reseller or turn-key, lead automation software and systems. His clients included four out of the largest six computer tradeshow producers in the world, three of which have been sold to larger firms. Mr. Dembicki began his career at the Society of Manufacturing Engineers (SME), one of the nation's largest producers of expositions and conferences. Mr. Dembicki holds both an M.S. and B.S. in Music and Communications from Central Michigan University.

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Knowledge Discovery One

ADDRESS: 127 South Main Street, Plymouth, MI 48170

TELEPHONE: (313) 451-2440

FAX: (313) 451-2445

E-MAIL: dalton@kd1.com

WEB SITE: N/A

CONTACT: Joe Dalton

Executive Summary

KD1 is in business to develop and apply advanced decision support, knowledge and data mining applications to specific industry problems and challenges. The company offers consulting services, off-site computer services, and whole software application products developed and targeted for specific industries on a variety of platforms. KD1's objective is to become a leading supplier of advanced decision support application software by developing and leveraging advancements in Data Mining/Knowledge Discovery software as well as Internet/Intranet browser application development and delivery technologies. The company has been operational since January, 1996 in its current form, and is underway with product development and initial customers engagements. In addition, strategic partnerships have been developed with Torrent Systems for product development, and NCR for data center hardware and joint marketing activities.

The company seeks investment capital to fund its development and staffing plans, as well as assistance in recruiting key management team individuals to lead the company through its early stages of growth and beyond. The company has raised its first round funding to finance activities through the 2nd quarter of 1998, with a 2nd round of funding to be sized at that time.

Market

Corporate spending for decision support capability is rapidly picking up steam. In July, 1995, Price Waterhouse estimated that 90% of large companies were either building or planning to build data warehouses and that the total market would likely top \$20 billion by 2000. The Gartner Group in 1994 estimated a \$16 billion market by 2000 and a 1993 IDC study pegs it at \$12 billion. These estimates, along with others from the Meta Group, Forrester Research, and the Smaby Group, point to a growth market in decision support systems (DSS) reminiscent of the explosive growth in personal computing and

client/server computing. Indications are that at least a quarter of the revenues spent in this market will go to software product suppliers.

Products and Services

KD1 markets its products and services in a concentrated set of application areas within a few commercial industries. These are: Retail, Telecom, Insurance, and Financial, with a primary initial focus on the Retail and Consumer Packaged Goods industries. The characteristics of an industry or company that make it a potential for KD1 products are:

1. Data intensive - the ability and desire to retain a high volume of data surrounding historical events or transactions. Examples are retail POS transaction data or insurance claim detail information.
2. Changing competitive forces - a dynamic environment for both direct and indirect competitors, with multiple new entrants and non-traditional competitive threat. An example is the changing nature of retail banking, with non traditional competitors vying for high margin loan and credit business.
3. High value in understanding consumer behavior. An example is determining the certainty of response to advertising by consumer profile.
4. Willingness to use technology as a competitive tool - industry leaders are early adopters of competitive technologies, such as large scale data warehousing, marketing database tools, etc.

KD1's initial focus is large, high data volume customers within these industry segments, or roughly the top 15% in each industry. Once a reference base within this segment is established, a more "shrink-wrapped" application approach to the industry will be taken to realize the volume potential for KD1 products. This approach will be comprised of relatively low cost template applications on a variety of common computing platforms.

The application focus within these industries are:

Retail: Market Basket Analysis, Promotional Forecasting, Customer Profiling, Efficient Assortment

Telecom: Customer Profiling, Cross Selling Analysis

Insurance: Risk Modeling, Target Markets, Profitability Analysis

Financial: Customer Profiling, Cross Selling Analysis, Customer Life Cycle

The company will derive revenue from three main sources:

1. Application sales
2. Computation Services (Data Center)
3. Consulting Services

The majority of revenue contribution will be derived from application sales, with data center and consulting services efforts used in support of that goal and as initial revenue generation activities while applications are under development.

Competitive Advantage

KD1 will build its competitive advantage by continually defining and refining the *whole application* of KD or DM within its industry sets, and by building an *experience set* of high volume solutions through input from our customer engagements. It is our intent to

establish KD1 as the premier supplier of these tools and applications. By building both high end SMP/MPP based products as well as low end UNIX/NT/AS400 products, KD1 will have the customer experience and the platform installed base to build a template based high volume business.

KD1's early hiring philosophy is to attract experienced, respected people during the first two rounds of hiring (first 20 associates). Competitive salaries, bonuses, and equity positions will be offered to the first 10 associates, and this group will form the core decision making group for all subsequent hires. It is important that a certain template of KD1 associate characteristics be followed when making hiring decisions. These are: strong academic background, demonstrated *direct* achievement in relevant field, strong team play mentality, and demonstrated leadership characteristics.

Management Team

Joe Dalton, *President, Sales/Marketing*. Over 12 years experience in large systems/DSS sales and marketing. Oracle, Teradata, and Convex experience in market development and program execution prior to founding KD1. Joe holds a B.S. in Electrical Engineering and an MBA from the University of Michigan.

Coyne Gibson, *Chief Technologist/KD Consultant*. Coyne is a co-founder of KD1 with over 15 years experience in large hardware and software architecture design and application. Coyne spent the majority of his career at Convex where he was responsible for database and data mining software strategy and implementation. Coyne holds a M.S. and Ph.D. in Computer Science.

Frank Triolo, *Chairman*. Mr. Triolo is a former Sr. VP of AT&T and was VP Worldwide Sales & Marketing for Teradata Corporation. Mr. Triolo was also Chairman of Data Cache prior to joining KD1 as Chairman.

Lynn Keeling, *Data Center Manager*. Lynn has over 8 years experience as a database administrator and UNIX development manager, and was most recently Director of Database Computing for Convex.

Fran Frazer, *KD Consultant*. Fran brings over 15 years experience to KD1 from Teradata's Industry Consulting Group and Coopers & Lybrand Retail consulting practice. Fran's experience in applying DSS strategies to industry problems is very extensive, especially within the Retail industry.

Karen Heath, *KD Consultant*. Karen is one of the most experienced and sought after DSS consultants in the country. With over 20 years experience on well over 50 major accounts, Karen's knowledge base in decision support, database systems, SQL, and industry applications is extensive. Also part of Teradata's Industry Consulting Group and most recently from Coopers & Lybrand Retail consulting practice, Karen brings immediate application experience to KD1. Karen holds an M.S. in Mathematics.

Financials

Projected income 1997-2001 (000's):

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenue	\$2,500	\$10,240	\$23,345	\$38,790	\$64,285
NIBT	\$(1,234)	\$2,913	\$13,431	\$24,749	\$44,363

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: LifeServ Corporation

ADDRESS: 10354 Longleaf Drive, Suite 200, Parker, CO 80134

TELEPHONE: (303) 840-6420

FAX: (303) 840-6422

E-MAIL: N/A

WEB SITE: N/A

CONTACT: Jeff Bull, CEO - (303) 840-6420
Rob Reynolds, President - (312) 943-6240

Executive Summary

LifeServ Corporation is a technology facilitated life-event marketing company. LifeServ will create direct, technology-enabled interfaces with consumers around key life events. Through these interfaces, the company will develop a trusted relationship with individual consumers thereby building a valuable channel for marketing goods and services throughout their lives.

After building this relationship, LifeServ will act as the intermediary between producers and consumers, allowing producers to market and promote their goods and services to consumers on a one-to-one basis.

The initial life event for LifeServ, and the focus of this summary, is the wedding. WedServ Technologies, Inc. has been formed to become the crucial link among wedding market participants: engaged couples, wedding guests and service providers. WedServ's success in establishing a relationship with consumers around this life event will set the foundation for other life-event marketing opportunities such as having children, buying and furnishing a home, etc.

WedServ has been actively developing the infrastructure to serve this market and now seeks \$1 million to capitalize on the market foundation which it has built. This will include hiring key sales and technical personnel.

The Company

Strategy: Creating a connection with engaged couples is the key to positioning WedServ as the crucial link in the wedding market. As a result, WedServ will undertake an aggressive penetration strategy to ensure this position.

- The company will distribute a free wedding planning software application, WedLink, to engaged couples.
 - With awareness primarily driven outside the Internet and early in the planning process
 - Primarily delivered through the Internet, but also on diskette/CD
 - Customized for each couple based on wedding location and requested service provider information
- This desktop application software will be used as a medium through which WedServ can:
 - Embed service provider information
 - Obtain information on the couples and their guests and package customized services to them
 - Create a link back to the Internet by giving the couple the capability to create a personal wedding community (their own wedding homepage) directly from WedLink for free, thus allowing them to:
 - Inform the guests of specific wedding events, service providers, and other information; and
 - Endorse service providers.

Products: WedServ will generate revenues from the sale of goods and services to both service providers and engaged couples. These goods and services include:

- A marketing program for service providers that:
 - Allows each service provider to embed up to seven pages of promotional messages in the application software that is given to couples
 - Provides each service provider with the name, address, and wedding information of each couple that receives the software
- The delivery of real-time advertisements to couples throughout their engagement period, whether preprogrammed into the software to appear at a designated time in the well defined "buying cycle", or sent to the couple via their personalized homepage interface or e-mail
- Wedding accessories such as wedding cameras, candles, bubbles, wedding time capsules, toasting glasses, etc., that can be sold directly to the couples
- Advertising and promotional material that can be delivered directly to guests via the personalized homepages of each couple, e-mail, or regular mail
- Wedding services such as accommodations, car rentals and airline travel that can be sold directly to wedding guests
- Market research material that is accumulated from both couples and guests to be sold to providers

Strategic Relationships: WedServ has formed, and will continue to form, relationships to generate awareness among engaged couples, provide content to couples and guests and sell WedServ's products and services to providers. The table below described some significant relationships that have been formed.

Type	Company Name	Scope	Reach	Agreement Status
Couple Awareness	Elegant Bride Magazine	National, US	400,000 couples	Finalized
	National Bride Service	National, US	500,000 couples	Agreement in principal
	Classic Calligraphers	National, US	750,000 couples	Agreement in principal
	Bridal Expos	Regional	150,000 couples	In discussions
	Wedding Bells Magazine	National, Canada	100,000 couples	In discussions
	Various Wedding Planners and Publishers	National	250,000 couples	In discussions
	Bookstore Chain	National	500,000 couples	In discussions
	Suzanne Kresse-"The Wedding Lady"	National		Agreement in principle
	Four11	National		Agreement in principle
	Concentric Network	National		Agreement in principle
Value/Content	Mapping Service	National		In discussions
	Elegant Bride Magazine	National/Local, US	Advertising base	Finalized
	National Bridal Service	Local, US	1100 stores	Agreement in principle
	Vows Magazine	National/Local, US	40,000 stores	N/A
Provider Awareness	Suzanne Kresse-"The Wedding Lady"	National		Agreement in principle

The Market

The wedding market in the United States generates over \$32 billion in direct sales annually, impacts millions of providers in a tremendous range of industries, including

financial, floral and travel services, and affects nearly half of the population of the United States each year either as participants or guests. Each year 2.4 million couples get married, spending on average \$10,000 to \$15,000 for their wedding. These couples proceed through a well-defined buying cycle from the time of engagement until six months after the wedding. Providers want to reach these couples at this critical household formation stage, as product decisions made at this time typically result in long-term product affiliations. Millions of guests attend these weddings spending billions of dollars on gifts, lodging and transportation, with the purchase of these products and services driven, in many cases, by decisions made by the couple, e.g. the couple's decisions as to where to register and as to the location of the wedding. The 200 guests that attend the average wedding are, therefore, reliant on the couples to inform them of gift registry, travel, lodging and other wedding event information. WedServ is in a position to serve as the central clearing point between these couples, providers and guests.

Management Team

The key management and development personnel for LifeServ are as follows.

Jeff Bull: Mr. Bull is the Chief Executive Officer of the LifeServ. He has worked in the field of systems consulting and, most recently, was responsible for the regional sales of a venture backed communications company. Mr. Bull holds a BS in both Finance and Economics from Arizona State University and an MBA from the University of Michigan.

Rob Reynolds: Mr. Reynolds is President of the LifeServ. He has worked in the field of merchant banking and has spent the last five years as a management consultant. Mr. Reynolds holds a Bachelor of Commerce from the University of Calgary and an MBA from the University of Michigan.

Andrey Dolgachev: Mr. Dolgachev is head of application programming for LifeServ. Since obtaining his degree, Mr. Dolgachev has worked with a major software and computer manufacturer as a software development engineer. He holds a Bachelor of Science, Engineering degree in Computer Engineering and a Bachelor of Science in Honors Mathematics from the University of Michigan.

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Little Professor Book Centers, Inc.

ADDRESS: 130 First Street, Ann Arbor, MI 48104

TELEPHONE: (313) 994-1212

FAX: (313) 994-9009

E-MAIL: N/A

WEB SITE: members.aol.com/lpbchome/website

CONTACT: John Glazer, President

Executive Summary

Little Professor Book Centers, Inc. is a business format franchisor of full service, full-line community bookstores. Little Professor has franchised and operated bookstores since 1969. Our core business is selling and servicing franchises for general community bookstores that do business under the trade names "Little Professor," "Little Professor Book Center," and "Little Professor Book Company."

The company has been hindered in pursuing growth opportunities through historical undercapitalization and current ownership structure. The company intends to accomplish a management buyout and seeks capital to increase franchise sales, re-establish a corporate flagship store, provide working capital, and aggressively pursue its initiative to expand as an infrastructure service provider to independent bookstores.

Franchising

Little Professor Book Centers, Inc. currently has 91 franchised locations. Little Professor offers two franchise opportunities. Little Professor Book Centers have historically ranged in size from 2,000 to 6,000 square feet, depending on market size. Little Professor Book Company stores are book "superstores" ranging in size from 7,000 to 18,000 square feet.

Although Little Professor competes with other business opportunities at similar investment levels, most franchise candidates interested in Little Professor are not comparatively shopping other franchise opportunities. In addition to economic return, purchase motivation centers on the specific interest and lifestyle associated with owning and operating a bookstore. Little Professor is the *only* national franchisor of full service general community bookstores. Little Professor is an award-winning franchise, with a proven concept and long standing reputation for excellence.

Areas of support for franchised locations include systems, services, and programs related to inventory management, merchandising, marketing, computer support, training, personnel, bookselling and financial management.

Market

U.S. consumer spending on books is a \$25.5 billion market. \$10.2B of this market represents product sold through bookstores in 1995. U.S. bookstore sales grew 2.4% in 1996 to \$10.5B, and industry projections are for a compound annual growth rate of 5% through the year 2000.

Little Professor Book Centers, Inc. had systemwide retail sales of over \$56M in 1996. Little Professor stores are generally located in well anchored strip centers in tertiary markets with immediate populations of 50K or more and a wider trading area. These tend to be smaller markets than those targeted by chain competitors. Little Professor is concentrated in midwestern markets around the Great Lakes, but has locations in 28 states. Little Professor is the largest organization of independent bookstores in the country with total market share of 0.5% of U.S. bookstore sales.

The key competitive factor in retail bookselling has been the rapid development in recent years of chain-based "superstores." Despite rapid growth, the two industry leaders, Barnes & Noble and Borders, represent only 23.0% and 17.6% of the market, respectively. Independent bookstores hold a 52.2% market share and other retail bookstores (small regional chains) account for the remaining 6.7%.

Little Professor competes by capitalizing on the same strengths as other independents, including: local ownership, flexible market adaptation, and community involvement. In addition, Little Professor shares many strengths of chain operations, including: inventory management systems, economies of scale, uniform systems, centralized support services, information systems, market research, and collective clout. Further, proprietary market research into consumer bookstore preferences has yielded a competitive positioning strategy more closely connected to customers' "ideal" of what a bookstore should be, focusing on inventory selection, knowledgeable staff and customer service, merchandising, in-store events, community involvement, and "one-to-one" knowledge of customers' interests reflected in actual purchases captured at the point of sale. Little Professor stores aim to be the most "responsive" bookstores in their local communities and offer a book store experience that is "intriguing, intelligent, and intimate."

The Independent Bookselling Market

Little Professor is uniquely positioned to become "the" organization of independent bookstores in the U.S., organizing their substantial market share into a cohesive industry force larger than either Barnes & Noble or Borders. We have called this initiative the Alliance of Independent Booksellers, and its aim is to enhance independents' competitiveness by organizing their activities to achieve economies of scale, purchasing power, improved operations, combined marketing, outsourced costs, etc. The Alliance adds value by providing both collectivized programs (purchasing, advertising,

promotional, vendor support, etc.) and individualized store services (inventory management, marketing, consulting activities, etc.). In addition, the Alliance can capitalize on the organization of diverse market segments to sell information products and services to publishers and other book industry vendors. There is an enormous synergy between Alliance activities and those performed on behalf of franchise owners in the Little Professor system. An important use of capital is for marketing existing programs and services to the wider market of independent bookstores.

Management Team

The management team is a cohesive group of dedicated professionals sharing common vision and strategic sense. Together, we know more about bookstores, the book business, and bookstore franchising than any other group in the nation.

John Glazer, President, holds a BA and MA from the University of Michigan, taught at various colleges, was assistant to the president of Energy Conversion Devices, Inc., worked as an editor/writer for a publisher of management textbooks in the hospitality industry, and has been with Little Professor for over 10 years in a variety of positions.

Pam Avdoulos, Director of Administration, has a BBA from EMU and has been at Little Professor for over 12 years in a variety of capacities including controller, senior accountant, and office manager. Pam has managed a family-owned business and is experienced with small business operations and accounting.

Richard Ebert, Finance Manager, has over 8 years of financial management experience working with franchise organizations. Richard has an MBA and BBA from EMU and has worked as a senior loan officer with a major bank and as a Department Manager for TSM Financial Group Inc., an affiliate of Domino's Pizza, Inc. before coming to Little Professor.

Chuck Hilscher, Director of Franchise Development has been with Little Professor for 10 years, working in franchise sales and commercial real estate. Previously, Chuck worked with Pentacan Store Development, developers of Domino's Pizza stores in Canada, and with Flying Dutchman Management and Van Curler Associates managing commercial real estate.

Mike O'Leary, Director of Operations has over 20 years of experience working in the Little Professor organization. Mike has a BS degree from Ohio State University with graduate work in media education. Mike was general manager for a 10-store Little Professor franchise in Columbus, Ohio before taking over the corporate office operations area. Mike has also worked as a teacher and as a publisher sales manager.

Financing Requirements

The Company is seeking investment of \$1.0 million over the next twelve months to increase franchise sales, re-establish a corporate flagship store, provide working capital,

and pursue its initiative to expand as an infrastructure service provider to independent bookstores (the "Alliance" project).

Financial Profile

- \$56M+ systemwide retail sales; 91 franchised locations
- \$5M net present value of current Franchise Agreements
- Historical performance:
 - total revenue consistently \$3-4M annually
 - profitability of \$60-80K annually
 - franchise sales of 7-10 new stores annually
- Five-year projections:
 - revenue increases from \$3.5M to \$6.5M
 - profitability increases to \$1.7M annually
 - market valuation in excess of \$20M

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Origen, Inc.
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TELEPHONE: (517) 336-4638
FAX: (517) 337-7904
E-MAIL: N/A
WEB SITE: N/A
CONTACT: Dr. Paul Coussens

Executive Summary

Origen, Inc. is dedicated to commercial development of improved veterinary vaccines and vaccine technologies. Within this mission, Origen seeks to add value to existing technologies licensed from university and government laboratories. Origen will also aggressively develop internal research and development projects, based on recognized market opportunities. Key target areas are enhancing vaccine performance through direct genetic manipulation of pathogenic organisms and enhancing vaccine profitability through innovative production methods based on state-of-the-art cell culture and engineering methodology.

Origen, Inc. was founded in 1995 to bridge the gap between the discovery of veterinary vaccine technologies at university and government laboratories and their commercial development. Origen's first key technology, a cell line for growth of Marek's disease virus (MDV, a virus which affects chickens) vaccines was licensed from Michigan State University in 1995. Acquisition of this technology launched Origen into the arenas of **value-added research and vaccine production process improvement.**

Market

The global veterinary vaccine market is currently valued at approximately \$2.2 billion with over 500 products offered by several major manufacturers. Growth in this market was 11% in 1995 and 1996 with 56% and 75% of the market covered by the top ten manufacturers in each year, respectively. In most cases, vaccines consist of modified live entities or killed whole organisms. Often, these vaccines are still produced by technologies developed over 20 years ago. **Origen technologies in novel vaccine development and production systems are applicable to many existing veterinary vaccine products and offer a cost-effective source for future products.**

Opportunity

The animal health industry is in a state of consolidation with mergers, acquisitions, and buyouts occurring frequently. Mergers and acquisitions are seen as a key method of increasing distribution efficiency, streamlining research and development efforts, and eliminating product duplication. In many cases, M&A activity is followed by a focus on late-stage product development. Recognizing that vaccine discovery is an extremely entrepreneurial and fast-paced area, many leading vaccine companies seek discovery level research from outside sources. Currently, however, there are few independent firms dedicated to state-of-the-art veterinary vaccine and vaccine production process development.

In many cases, vaccine production technologies have remained unchanged since production of any particular product began. Typically these processes reflect the first system which is both effective and able to gain regulatory approval. Rarely do these processes approach the most cost-effective method of production currently available or possible. However, **it is clear that with fewer player, price competition will increase. Reduced production costs will become a primary method of improving profit margins.**

The Origen Approach

Origen, Inc. intends to market improved vaccines and vaccine production technologies to major manufacturers with aggressive global marketing activities. Origen technologies may be in-licensed in an early development stage or may be developed in house. Regardless of the initial source of the technology, Origen scientists and production technologists, in conjunction with market analysts formulate and implement a plan of research and development to add significant value (**value-added research**). Once Origen has demonstrated efficacy and achieved pilot-scale production, products are licensed to key manufacturers.

Alternatively, Origen can work directly with manufacturers seeking product improvement, increased profits by lower production costs, or new vaccines. In these instances, vaccine manufacturers provide the necessary equity for development and proof-of-concept research, including pilot production and initial animal trials. Origen retains title to new processes or products and structures, an economic arrangement that is highly favorable to Origen shareholders. In most cases, Origen receives royalties based on net sale or a profit split from resulting products and processes.

Origen's staff of world class scientists, production specialists and market analysts is kept cost-effective through arrangement with multiple manufacturers and aggressive contract research. Origen's strategy of value-added research and pilot production avoids costly GMP clearance of large manufacturing areas while allowing Origen to complete sufficient proof-of-concept work to significantly enhance marketability of products and technologies.

Key Milestones to Date

- Worldwide exclusive license for sustainable chick cell line from Michigan State University.
- Value-added research using sustainable chick cell line for growth of Marek's disease viruses.
- Favorable patent office initial action on OCL™ system for MDV.
- USDA SBIR grant for OCL™ system development.
- Indirect sale of OCL™ system to three industry leaders.
- Equity financing through Enterprise Development Fund, LP.
- Board of Directors formed.
- Scientific Advisory Board formed.
- World class scientific team hired.
- Development of PRRS culture system using porcine cells (US Patent Pending).
- Demonstration of arterivirus infection through RNA transfection.
- Cloning of PRRS and EAV components, assembly of cassette system.
- Initial partners for PRRS development and commercialization identified.
- Identification of next wave products (APP, Parvo vectors, FHV, FIP).

Management Team

Paul Coussens, Ph.D., *President.* 1987-present: Associate Professor and Director of Molecular Virology Laboratory Department of Animal Science (joint appointment in the Department of Microbiology.)

Prior to joining MSU in 1986 as a Research Associate, was Postdoc, Department of Microbiology, SUNY; Graduate Research Assistant, Department of Molecular and Cell Biology, Penn. State.

Ph.D., Molecular and Cell Biology, Pennsylvania State, 1985

M.S., Chemistry, University of Maine, 1972.

B.S., Biochemistry, Northern Michigan University, 1980.

J. David Reilly, Ph.D. Chief Research Scientist, Vice President and Director for Research, Origen, Inc. 1995-present.

Prior to joining Origen and ReproVax, was Senior Scientist and Project leader for the Genetically Engineered Bovine Herpesvirus Vaccine Project, Syntro Corporation, San Diego, CA 1992-95.

Ph.D., Cell and Molecular Biology, SUNY at Buffalo, 1984.

B.S., Cell and Molecular Biology, SUNY at Buffalo, 1976.

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Soil Magnetics, Inc. (RoTech, LLC)
ADDRESS: 4506 S. Harding Street, Indianapolis, IN 46217
TELEPHONE: (317) 784-9714
FAX: (317) 784-9731
E-MAIL: N/A
WEB SITE: N/A
CONTACT: Brian Easley

Executive Summary

Soil Magnetics, Inc. (SMI) is an environmental management company. Its main product, the ROTEK kiln, a novel rotary electric kiln manufactured by the English company E.A. Technology, is used for the thermal processing of powders, pellets, beads, crystals, slurries, sludge and municipal, industrial and hospital waste. SMI will sell and operate a ROTEK kiln in Indianapolis, Indiana and act as an agent for all E.A. Technology products and inventions in the USA and countries in the Western Hemisphere. SMI will use the ROTEK it owns to incinerate hazardous waste, process soil and medical waste for customers as well as for industrial and automotive processing of materials.

SMI has entered a joint collaborative agreement with the Environmental Protection Research Institute (EPRI) Center for Material Production, at Carnegie Mellon Research Institute and with Indianapolis Power and Light (IP&L), spearheading a study on kiln/thermal processing technology. SMI is currently setting up operations to process hazardous waste, thermal processed materials and soil using the ROTEK kiln. SMI has an exclusive license for the Western Hemisphere and will deliver the kilns directly to potential buyers at a negotiated fee. SMI will purchase the initial ROTEK kilns and application engineering expertise from Jenkins Newell Dunford (LTD. E.A. Technologies' European licensee).

SMI is seeking \$5 million to capitalize on the US & Western Hemisphere market opportunities for the ROTEK and research of the technology for processing materials in the automotive, soil management, and thermo-processing industry sectors. These funds are targeted for the marketing and sales organization, capital equipment purchases and laboratory equipment and clean room production research as well as atmosphere/pyrolysis research using ROTEK.

Soil Remediation

The transportation and disposal of contaminated soil will be a priority at SMI. New Land Disposal Restrictions (LDRs) will increase the customer base for soil remediation services. Presently, soils contaminated from the former operation of municipal gas plants do not currently require thermal treatment or stabilization prior to disposal, even if they are characteristically hazardous, typically due to benzene (DO18) or lead (DOO08). However, this is about to change. After July 1996, residues of these wastes will be required to meet the appropriate LDRs. The most likely treatment for DO18 wastes is to be removed to a Subtitle C hazardous waste landfill and be thermally treated. DOO8 wastes can be disposed in Subtitle D non-hazardous landfills where they can be stabilized.

Thermo-Processor/Kiln Technology

The chief competing manufacturers of kilns and incinerators are: *Terra-Vac* - a subsurface evaluation and remediation company with a patented vacuum extraction system operating out of Boston, MA with offices in NJ, GA, FL, MI, IL, TX, CO, CA, WA, Puerto Rico, Japan, France and England; *Rollins Environmental* - the largest rotary kiln operator in the nation operating out of Fremont, CA; *White Horse Technologies*, a sister company of *Eagle Monitoring Systems*, with portable as well as stationary kilns and supporting technologies designed and manufactured in-house operates out of Santa Ana, California, and has a series of best solutions for soil and water remediation and process testing; *Fuller Power Corp.* with complete kiln operations out of Bethlehem, Pennsylvania; *DK or Deminno/Kerdoon* - a turnkey specializing in waste water processing out of Compton, California; and *Marine Shale Processors, Inc.* of Louisiana - a manufacturing facility which operates the largest reuse-recycle and resource (regulated and non-regulated soils and debris, hazardous waste, lab packs, off-specification products, used industrial filters, rags, paint wastes, resins, solvents, aerosols, land ban regulated materials, etc. and fuels) recovery facility in the US.

However, these manufacturers sell gas-fired kilns which are a source of air pollution by emission of dust and combustion gases. As the abstract from the proceedings reprint from Industrial, Municipal, and Medical Waste Incineration Diagnostics and Control copyrighted by the Society of Photo-Optical Instrumentation Engineers of Bellingham, Washington reads: "Emission of toxic organic compounds and acid gases from industrial waste incinerators as a result of incomplete combustion or inadequate scrubbing continues to be an important environmental and regulatory issue. In addition to air pollution concerns, the gas-fired kilns have low thermal efficiency - about 15-20% compared to an induction heated kiln which is about 65-70% or more. From a purely environmental standpoint, the electric kiln surpasses present technology used by most US waste management companies today.

SMI products and services will be advertised in monthly environmental journals, magazines and national newspapers throughout the US. SMI will use the established ROTEK distribution channels of the manufacturer, Jenkins Newell Dunford. The sales price of US \$468,000 will include shipment delivery, installations and R&D for buyers of

the ROTEK. *Soil Magnetics, Inc.'s long-term goal is to become a major competitor achieving a 5% market share within five years.*

Management team

Mr. Brian Easley, *Founder and President*, is responsible for all financial and day-to-day operations of SMI. Mr. Easley is founder and CEO of BACT Holdings and Circle City Asphalt, Inc. in Indianapolis, IN. Mr. Easley was the previous owner of American Telecommunications Services, Inc., a communications installation company that was purchased by a Chicago firm in 1989. He attended Ball State University as a Biology/Psychology major.

Mr. John Griffith, *Chief Technical Advisor*, is the inventor of the ROTEK induction kiln and is retired independent consultant with E.A. Technologies in Manchester, England working on electric cars and battery management. Mr. Griffith holds a BS and MS in electrical engineering from University of North Wales.

Mr. Michael Thomas, *Marketing General Manager*, is a Director of BACT Holdings, and Director of Executive Suite Consulting and Center for Business Development in Sunnyvale, California. Mr. Thomas has a BS from Purdue University and an MBA from the University of Michigan.

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: South Wind Design Inc.

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E-MAIL: N/A

WEB SITE: www.swdi.com

CONTACT: John R. White, President and CEO

The Concept

Over 200 million tech support calls were placed in 1996. The average hold time was 20 minutes to obtain computer tech support, an increase of 120% over the previous year. From the time the call was placed, the caller waited another 38 hours to receive a resolution. Tech support calls are increasing; hold times are rising, and the numbers of qualified support workers are declining. The demand for tech support is exploding. Software designed to manage tech support operations is one the fastest growing segments of the computer industry. Current software solutions are focused on tracking the call once the call is received. These "solutions" do not reduce or eliminate the inbound phone call as the primary method of communication between users and tech support personnel. Currently there exists an excellent opportunity to provide a series of solutions that reduce phone calls and decrease the time it takes achieve problem resolutions.

Background

South Wind Design first saw the need for such solutions in late 1995. In the course of working with Pervasive Software Inc., which has a large installed base of database products, it was observed that their customers and tech support personnel were having difficulty effectively diagnosing many of reported problems. In March 1996 South Wind Design responded with SupportAbility for Pervasive Software, a product designed to detect and report software problems. Although the product is decreasing the time support reps take to diagnose the problem; it did not cut down the number of calls to the tech support center. In addition, tech support reps often wanted more data from the user's computer to better understand the nature of the problem. Using this experience and extensive research on the current and future direction of commercial tech support software, the company proceeded to develop SupportAbility as a series of complete end to end solutions for acquiring data from the user's computer and delivering that information to the tech support center.

The Company

South Wind Design has a proven track record in commercial software development. The company is well positioned to become a leading provider of new and innovative solutions for computer tech support. The company's first product, odbc/ClassLib, was introduced in January 1994. The product was an immediate commercial success. This product line was sold to Intersolv Inc. in March 1995. SupportAbility for Pervasive Software was introduced March 1996. In addition to developing its own products, the company has completed two successful products for Pervasive Software: the ODBC Interfaces versions 1.0 and 2.0. Currently the company is working on ODBC Interface 3.0, as well as a new Internet-related product, both for Pervasive Software.

Dale and Helaine Hunscher founded the company in May 1993, and were joined by Mark Place in August 1994. South Wind Design is a privately held Michigan corporation. The company has been self-funded since inception and the founders hold a majority interest (63%) in the company. Mark Place, Vice President of Marketing, and John R. White, CEO, hold the balance of the stock.

Products and Services

SupportAbility performs three primary functions. First, it acquires data from the user by prompting him for a complete description of his problem, and then by taking a comprehensive "snapshot" of his entire computing environment. SupportAbility collects data on what applications are installed, hardware components, operating system version data, settings and configuration files, etc. If printed it would run well over 100 pages. Second, SupportAbility delivers this information to tech support centers automatically. The product uses a variety of methods to deliver data, including dial-up networks (Internet, Intranet, private, point to point, etc.), LAN, WAN, or even fax. The product provides not only data transmission but also a variety of reception options in the form of both products and services. Third, since there is a large amount of data acquired and delivered, the product displays information in an organized and simple to understand fashion that makes it easy for tech support representatives to find relevant data quickly. In addition, the product includes tools that interface SupportAbility with installed help desk systems, therefore making the product a true end to end solution. SupportAbility was announced the second week in February. The Internet product was available as of May 15, 1997 at www.swdi.com.

Markets

In 1996 over 850 million dollars of software products were purchased for technical and customer support operations, up from 50 million dollars about five years ago. This growth is projected to continue at 35% to 40% annually for at least the next five years.

SupportAbility is expected to be of high value to the following specific market segments:

- Customer support departments at hardware and software vendors.
- MIS directors/departments of organizations with a significant PC user base.
- Third party technical support organizations that generate sales by solving PC users' technical problems.
- PC users looking for reliable and timely solutions to PC-related problems.

Longer term, South Wind Design's ability to collect, manipulate and interpret large data sets relating to the presence and interaction of specific hardware and software components should help create demand for information that can prevent and not simply remediate problems. For example:

- Hardware companies will have improved access to how consumers use their machines, as well as failure rates for various components in a various hardware/software configurations.
- Software firms will be able to do better and faster debugging and provide enhanced user support.
- PC users will be able to save time and money by preventing problems instead of having to get them fixed.

Benefits

- The key benefit of the product is enhanced productivity, as it reduces both the costs of providing/obtaining support as well as time-to-resolution.
- Less time is spent by technical support people on the phone, as they are now freed up to work on problems, rather than answer phones and record (sometimes-inaccurate) information. This is a major saving for organizations in terms of personnel and, if they use inbound 800 numbers, of calling costs.
- Users spend less time on hold or having to speak with technical support personnel. Their productivity is thus enhanced (and frustration level reduced). If they have to call long distance, their phone bills are cut dramatically as well.
- Because technicians can get to work sooner on solving problems, and easily obtain accurate and timely information with which to do so, time-to-resolution should decline, improving their productivity while reducing customer frustration and improving customer service.

Marketing and Sales Strategy

Phase I: Penetrate the Computer Product Vendors (Manufacturers and Publishers) and Major Internal Computer Support Organizations.

The first objective is to penetrate the major computer product vendors and large internal help desk operations where productivity gains, and thus financial savings, will be greatest. Our strategy will be one of customer-oriented flexibility. Support operations can choose from an array of options that best fits their business needs.

Phase II: Penetrate the Third Party Technical Support Provider and Consumer Markets

As more technical support is either farmed out to third parties, or third parties actively compete for retail support business, South Wind Design has an opportunity to help third parties improve their productivity and establish long term, profitable relationships with large groups of users. Very fast, efficient and inexpensive access of South Wind Design software via the Internet to consumers will be required for this to occur.

Tactics

South Wind Design will initially use a direct marketing strategy. Direct mail and public relations will be targeted to computer hardware and software vendors. An easy to acquire trial version will be offered via the Internet and/or a free CD-ROM. In the second quarter the company will start actively building awareness with the end-user, communicating the message that there is a better way to receive tech support than waiting on the phone. This, in parallel with direct marketing efforts to computer vendors, will start to create a push/pull effect. In the third quarter the company will actively begin direct marketing to the internal support operations of Fortune 1000 companies. In all phases of marketing and product delivery, the company will use the Internet extensively.

Competitive Position

The only direct competitor to date is a product from TouchStone Software called e.Support. Announced last summer, the product is still not in commercial use. South Wind Design has an evaluation version and has carefully studied the product. The Touchstone offering does not interface with help desks nor does it collect any information about installed applications. This is a serious shortcoming since a growing percentage of all problems reported are software related. In addition, TouchStone does not have an Internet product.

Management Team

The management team has extensive experience in fast growth, high tech start-up companies. John R. White, President and CEO, has over 26 years in the computer and electronics industry. For 17 years Mr. White worked in Silicon Valley where he held several CEO positions. Mr. White has participated at the executive level in both an IPO and an acquisition. Dale Hunscher, Chief Technology Officer and Vice President of Product Development, has over 16 years of advanced product development experience. Prior to founding South Wind Design, Mr. Hunscher was one of the lead designers of an automotive diagnostic systems installed by Ford Motor Company in thousands of their dealerships. Mark Place, Vice President of Marketing, has over ten years of industry experience and prior to South Wind Design, worked with Mr. Hunscher on the Ford project.

Financials

With the introduction of SupportAbility the company projects rapid growth with revenues of \$1.5 million in 1997, \$4.8 million in 1998 and \$15 million in 1999. The company's revenue for previous years were as follows: 1994-\$60,000, 1995-\$468,000, 1996-\$450,000.

Funds Sought

The company is currently seeking \$1.2 to \$1.5 million of equity funding. Approximately 60% of the funds will be used to augment the SupportAbility marketing effort, and the balance will be used to recruit open senior management positions and to expand SupportAbility development efforts.

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Stardock Systems, Inc.

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Canton, MI 48187

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FAX: (313) 762-0690

E-MAIL: info@stardock.com

WEB SITE: www.stardock.com

CONTACT: Alexander Antoniadis

Company Overview

Stardock Systems is a privately held company, based in Canton, MI, specializing in commercial software development and publishing. Founded in 1993, Stardock quickly realized the potential of the growing OS/2 consumer market, and began developing Galactic Civilizations, OS/2's first commercial game. Galactic Civilizations' commercial success helped launch several other OS/2 products as well as redefine IBM's product strategy with OS/2 to officially include the consumer market as well as the corporate market.

Other Stardock products followed leveraging the success of Galactic Civilizations to build a publishing business to generate revenue for Stardock while internal development projects were underway. By this time, Stardock's position in the OS/2 market began to grow which attracted high caliber projects such as Object Desktop. Object Desktop was released in the Fall of 1995 and soon after became the top selling OS/2 product world wide, selling over 100,000 copies.

Stardock's products were the only OS/2 products (besides OS/2 itself) carried by major computer retailers such as CompUSA, Micro Center, and Egg Head. Additionally, Stardock's products have been reviewed and praised in publications such as PC Magazine, PC Gamer, InfoWorld, Computer Shopper, Byte, and Computer Gaming World. In short, both its entertainment products and business products have been hailed by the media as best of breed in their respective markets.

With the top selling OS/2 software for the business market as well as the consumer market, Stardock is in a position to expand into other markets while continuing its

dominance in the OS/2 market. Stardock is looking for the capital necessary to expand it's success beyond the OS/2 market into the main stream commercial software market.

While Stardock has benefited tremendously from the OS/2 market, in 1995 it realized that OS/2's days of growth were limited and began development of a cross platform strategy. The first product of this new strategy was Entrepreneur, a game that runs on OS/2, Windows 95, and Windows NT. It uses a cross-platform game library so that a single source code base can be used for multiple platforms. On the business side, Stardock is preparing to leverage its reputation to attract Windows 95/NT developers to work with it in bringing new Windows products to market. Stardock's products fall into two categories:

Business Application Products

Historically, most of Stardock's revenue has come from the business market (around 80% each year). To continue to grow, Stardock needs to have a strong corporate presence in the Windows 95/NT market. Stardock believes it is vital to move into the Windows market as quickly as possible.

Object Desktop

Stardock's best selling application has been Object Desktop, an enhanced environment which greatly extends the power of the operating system it rests on top of. It is attractive to corporate users who want to reduce training costs and distribute a standardized computing environment. Object Desktop has also found a home with end users as well since it allows users to take control over their desktop in ways not previously possible. For the past year and a half this has been for OS/2 only, In the 3rd quarter of 1997 Stardock will bring this product to the Windows world.

Stardock will use a new distribution strategy for the Windows version of Object Desktop— Electronic Subscriptions and Component Purchasing. Electronic Subscriptions work as follows: A customer on Stardock's website can subscribe to Object Desktop and pay a nominal monthly fee (~\$4 per month in 6 month blocks) to get access to the Object Desktop library where existing components, new components, and beta versions of future components are available. Users therefore have access to the latest/greatest Object Desktop components. The second method, Component Purchasing, allows users to buy specific portions of Object Desktop on-line for a slightly higher price (~\$14.95 per component).

In summary, Stardock will have 2 short term methods of obtaining revenue from its Windows Object Desktop development. Users can either subscribe to our Object Desktop subscription or simply purchase the components they want.

Photo Organizer

One of the deficiencies in the so-called "Information Age" is the lack of products that help people make sense the tremendous amount of information that they accumulate these days. Helping to manage this information is one of Stardock's goals for a new set of

products that will make Bill Gates, "Information at your finger tips" idea see the light of day.

The first product in this new direction is Photo Organizer, a product which organizes and indexes all of the images stored on both a local computer and network so that users will have a way to search for and manipulate all of the images on their hard drive. It also works as the glue between different image editing tools such as Photo Shop, Corel Draw, Power Point, and other products in these genres. Users no longer have to go to the program's file dialog and look through thousands of little icons to bring into their favorite image editor. Users instead manage their images and query the ones they want with Photo Organizer and it sends the picture to the appropriate program for modification. The number of potential bundling partners on this sort of product is gigantic.

We anticipate great success based on the considerable number of uses for such a product. For example, International Data Corp. predicts an explosion in digital cameras into a multi-million dollar industry over the next few years. Photo Organizer will be perfectly positioned to capitalize on this explosive growth. Another area where people will want to use this product will be for users who download graphics from the Internet. Additionally large corporations with large libraries of graphics on their network will finally be able to keep track of their graphics files which makes it very attractive to publishers and graphics houses.

Photo Organizer (already in late beta) will have two versions, the regular version and the "Professional" version which will add more powerful query tools to help locate and categorize the customer's images. The regular version will retail for around \$19.95 while the Professional version retails for approximately \$49.95. In summary, Photo Organizer will appeal to end users with Digital Cameras, Scanners, and images from the Internet. Photo Organizer Professional will be targeted at larger corporations and other professionals who need to keep track of their images.

Consumer Entertainment Products

Galactic Civilizations/Galactic Federations

Galactic Civilizations is the game that started it all. The company's founder, Brad Wardell, wrote Galactic Civilizations while in college and its success launched Stardock. After Stardock's current internal gaming project, Entrepreneur, has been completed, Stardock will begin on the sequel to Galactic Civilizations – Galactic Federations. It is a game in which you create an interstellar empire in which you must manage your technological, economic, and social resources while dealing with tense diplomacy with your galactic neighbors. This game will begin development in the Fall of 1997.

Entrepreneur

While traditional computer war games have focused on the military aspect of world domination, the real winners and losers in today's global market are the economic powers that battle in a different way. Entrepreneur is the first game to simulate this conflict in a winner-take-all battle for domination of different markets. This game is a one of its kind that generated a lot of interest from the computer game trade press when it was first

shown last year. The game is in late beta and will be completed by the end of 2nd quarter 1997.

Entrepreneur works towards the strengths of the current game market with two of the main hot button items, Multi-player network play and Real-time gameplay. These two components plus Entrepreneur's unique concept will help make Entrepreneur a favorite this holiday season.

Stellar Frontier

Stardock's second cross-platform game leverages on of the greatest phenomenon of the past decade, the Internet. Stellar Frontier is a real-time Internet space action game where players log on to the Internet, choose the type of ship they want to fly and which fleet they want to be a part of and destroy enemy ships. This game leverages on many of aspects of other popular space combat games including pioneering games, such as Space War, and perennial best sellers such as the Accolade's Star Control series.

Management Team

Bradley Wardell, President and CEO

Brad Wardell started Stardock when he was getting his BS in Electrical Engineering, at Western Michigan University. His first commercial software product, Galactic Civilizations (which he wrote), was a commercial success which allowed him to work with third parties to create new products while Stardock worked on projects in house. The net result, within 2 years, Stardock went from being a startup to being the world's leading OS/2 software vendor. Wardell has had columns published in several magazines including OS/2 Developer, Game Developer, and Personal Systems.

Kurt Westerfeld, Chief Technology Officer

The developer behind Object Desktop, Stardock's flagship product. Westerfeld also developed Stardock's PlusPak: Themes for OS/2 which was launched on February 14, 1997. Westerfeld has a BS in Computer Science and has previously worked for companies ranging from Oracle to Vantage to IBM. Westerfeld has had articles published in Byte and the book "User Interface Design" uses Object Desktop (the product he managed) as an example of good user interface design. He has written columns in numerous publications including Byte Magazine. He is currently on contract to DigitalNOW working on Photo Organizer.

Alexander Antoniadis, Vice President of Marketing

The former Associate Editor of OS/2 Magazine, Alexander Antoniadis joined Stardock in June of 1996. While at Miller Freeman, Antoniadis founded Game Developer magazine, now the world's leading publication in that market. Antoniadis is the force behind Stardock's subscription software strategy as well as gathering resources in the Win32 market.

Financing Objective

Stardock is currently seeking \$300-500,000 to market its new product offerings, and will evaluate its needs for further capital at the end of 1997. None of the capital will be used for product development, which has been internally funded out of operating profits.

**1997 GROWTH
CAPITAL SYMPOSIUM**

NAME: Systems Engineering Consultants, Inc. (SEC)
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WEB SITE: N/A
CONTACT: Vik Kheterpal, M.D.

Executive Summary

SEC designs and markets a point-of-care, mobile, Electronic Mobile (EMR) software system for maintaining a longitudinal, integrated, comprehensive clinical record. After 2 years of research and development, the product was commercially released in 1996. We expect to have over 900 users across 6 distinct health systems this year.

Prometheus, SEC's EMR product suite, was conceived by Dr. Kheterpal during his medical education at the University of Michigan Medical School. He combined his experience in systems engineering, enterprise-wide connectivity, and mobile computing with his medical background to develop solutions for clinicians. The company received its seed capital and first stage financing by winning competitive grants from the National Institutes of Health and State of Michigan Strategic Fund.

Having successfully completed its product development, beta testing and several significant customer installations, SEC now seeks an equity partner to facilitate its full scale marketing and sales activities. In addition, capital is needed to attract key management, build company infrastructure, and to provide working capital to handle our explosive growth. Our equity partner will be called upon to provide an as yet unspecified amount of funding, in addition to providing other strategic benefits.

Product

Prometheus provides health care enterprises with a strategic EMR which enables them to manage patients faster while delivering superior care and enhancing patient satisfaction. SEC's approach to the EMR is analogous to the manner in which SAP or PeopleSoft have undertaken Financial/HR systems -- data-driven toolkits that operate on a variety of platforms offering clients extreme flexibility and independence from source code based modifications. This approach recognizes that successful EMRs must be able to be "mass

customized” as each clinical trial, subspecialty practice, inpatient unit, and healthcare setting (inpatient versus outpatient versus home health) presents similar yet different requirements to the system. In addition to forms automation, higher complexity data modeling issues such as validation, pathway implementation, and longitudinal data organization over multiple clinical episodes are an integral part of Prometheus’ design.

Prometheus’ data driven engine technology enables customers to automate the entire spectrum of medical records across subspecialties (internal medicine, ER, surgery, etc.) and clinical settings (inpatient, ambulatory care) in a single, integrated, clinical database. The product’s user friendliness, support for mobile computers, and intuitiveness allows direct use by clinicians at the point-of-care. A medical record automated using Prometheus allows simultaneous access from multiple sites, integrated charge capture, encapsulation of regulatory documentation requirements, delivery and enforcement of protocols of care, granular data capture for outcomes analysis and support for institutional workflow redesign initiatives.

SEC’s intimate understanding of point-of-care issues and expertise in health care not only minimizes implementation risk to the customer, but also provides an intuitively superior fit for clinicians - they immediately perceive “ease-of-use” which results in higher acceptance of the project. However, the heart of SEC’s proprietary technology and the basis for its competitive advantage is its dictionary based, data driven architecture that allows customization for each customer without source code modifications. This architecture meets the “mass customization” challenge inherent in rolling out a comprehensive, integrated, and strategic clinical information system. It also enables SEC to deliver fully customized implementations that are orders of magnitude faster and at much lower cost than competitive offerings.

Market

The initial markets for Prometheus are hospitals, integrated health systems (Kaiser, Mayo, etc.), large physician groups (IPA, MSO), pharmaceutical companies, and Government health organizations. Obviously, the market is enormous. More importantly, less than 1% of the above market is currently served by any type of an automated or electronic medical record system - most health care facilities continue to use paper based medical records. However, recent changes in regulatory and accreditation requirements, need for clinical data for negotiating managed care contracts, drive towards outcomes data, and the need to access clinical information from multiple sites is driving health care facilities to electronic medical records.

The market’s appetite and need for strategic, integrated EMR systems at the point-of-care has caught the health care information technology industry somewhat unprepared. Traditional health care information technology vendors like SMS, HBOC, and Cerner have typically focuses on administrative processes (billing, bed assignment, scheduling) or departmental niche solutions (pharmacy, lab, Emergency) and are unable to fulfill the burgeoning need. Based on healthcare CIO surveys and feedback from HIMMS participants, spending is shifting from these traditional areas to clinical EMR solutions

and is expected to rise exponentially over the next 5 years. These and other large vendors like IBM, Motorola (Emtek healthcare) and Phamis are investing heavily in internal development and merger/acquisition activity for the market need.

Management Team

Vikas Kheterpal, M.D., *President and Founder*, graduated from the University of Michigan with degrees in Medicine and Biomedical Sciences. Aside from his academic work in medicine, he has over 14 years experience as a information technology professional. Most recently, he was Chief Technology Strategist for a Fortune 500 company.

Brian Johnson, *Lead Programmer*, graduated with an undergraduate degree in Electrical Engineering from the University of Michigan. He is a Microsoft Certified Professional and leads SEC's core engine development team.

Jeff Sovel, *Technical Director*, holds a masters degree in Audiology and an undergraduate degree in Child Psychology. He has over 12 years of experience as an information technology professional and most recently served as Manager of Strategic Technology for a Fortune 100 Service Company.

Sachin Kheterpal, *Principal Scientist*, was instrumental in developing the core engine technology deployed in **Prometheus**. He holds an undergraduate degree in Biomedical Sciences from the University of Michigan and is currently completing his medical degree there.

John Wyderko, *Client Services Director*, graduated from GMI with an undergraduate degree in Mechanical Engineering. John oversees all system implementations and is responsible for ongoing customer service.

Neil D. Paolella, *Interim CFO*, holds a BS degree from Lawrence Technological Institute in accounting and finance. Neil is a CPA, having spent 10 years with the accounting firm of Deloitte & Touche, and has many years experience as a senior finance officer with private and public companies.

**1997 GROWTH
CAPITAL SYMPOSIUM**

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Executive Summary

InterFax Imaging Systems, Inc. is a newstage software information communications company. Its initial products concentrate in the outbound and inbound facsimile transmission sector and are designed fundamentally to integrate the fax into the rapidly expanding world-wide corporate Internet and e-mail delivery systems. They feature a never-before-available image pattern interpretation technology. The chief benefits of InterFax products are 1) more reliable and efficient fax delivery with no human handling and 2) less costly delivery through the combined use of the Internet and PC desktop e-mail.

InterFax is a successor to AllFax, Inc., a manufacturer and marketer of outbound fax software and servers, launched in 1991. Customers of AllFax include General Electric, Dow Chemical, General Motors, and Metropolitan Life.

The company has added strong core competency management in recent months and is now poised to launch its first commercial products in 1997-98 to selected sectors of the Fortune 1000 and Internet service providers/on-line services.

The InterFax business model calls for a combination of direct and authorized license reseller sales with the company generating revenues from a combination of annual site licenses and a share of incremental reseller revenue from their end users.

InterFax has one major financial services customer which has utilized various generations of beta test products. It is now in negotiations to purchase the integrated inbound/outbound system already approved for use by its Chief Information Technology

Officer. In addition, discussions are underway with a potential European licensee, an OEM and a pivotal player in the ISP/on-line service market.

The company seeks short-term operations and expansion capital to see it through the first year of building the business infrastructure and marketing its products. With highly attractive gross margins, it expects to reach profitability by the end of the second year.

Products

InterFax will launch three software products in the 1997-98 period:

- 1) Enterprise Inbound® - an inbound routing technology that receives a fax from a sender machine or PC desktop and delivers it to the recipient's desktop with no human handling. It can route faxes whose coversheets are machine-generated, hand-printed, or hand-written. Target: Fortune 1000 and systems integrators.
- 2) Enterprise Outbound® - an outbound routing technology that can move a fax from a network LAN or WAN to a recipient's desktop via the Internet resulting in a significant reduction in all telephone charges versus any dial-up option. Target: Fortune 1000 and their systems integrators.
- 3) MailNet® - an outbound technology that moves a fax from an ISP/on-line commercial customer via the Internet for e-mail desktop delivery with a similar significant reduction in the long-distance telephone charges. Target: ISPs and on-line services.

All products are standards-based supporting Group 3 fax and Internet TCP/IP communication. All products operate independently of local or enterprise level hardware or software platforms.

The pattern interpretation software algorithms have been developed by the highly-regarded Environmental Research Institute of Michigan (ERIM). InterFax has exclusive licensing rights to the technology for use on any network platform.

The Market

The facsimile is the commercial product of choice throughout the world for fast and certain transmission of information. More importantly, contrary to general opinion, the advent of e-mail has not reversed the growth of fax transmission nor its potential. Gallup research supports this view. The average Fortune 500 company spends \$15 million per year on fax transmissions which translates into a \$7.5 billion phone bill. The average Fortune 500 company has 374 fax machines with 27 people per machine. This is up from 19 people per machine in 1994. More germane to the InterFax goal of optimum Internet/e-mail/fax integration, research shows that the single-most desired communications improvement sought by corporate employees with PC capabilities is to send and receive faxes directly on a PC.

InterFax is particularly focused on those commercial sectors which are significantly dependent on fax communications for the generation of enterprise revenue. Financial services, banking, insurance, automotive, hospitals, and transportation are prominent in this group.

Management Team

Clayton Wilhite joined InterFax in 1997 as Co-Chairman and CEO. He comes from 27 years in the communications and marketing fields, most recently as North American President in the international advertising agency D'Arcy Masius Benton & Bowles. He has a BA and MBA from the University of Michigan.

David Brophy is Co-Chairman of InterFax. Dr. Brophy is a professor at the University of Michigan Business School and is the director of its Office for the Study of Private Equity Finance. He has 25 years experience helping young companies raise capital for expansion and preparing them for equity offerings in the public markets.

Fred Morey is the Chief Product Development Officer of InterFax. Under his leadership, the software has been configured and adapted to commercial market application. He has spent 27 years in the computer industry as a hardware engineer including five years in fax software technology. Mr. Morey holds a degree in electrical engineering from the ITT Institute.

Cecil Murray will serve as Director of Technical Sales and currently is a senior consultant to InterFax. He has over 22 years experience in the profitable management of both start-up and Fortune 100 technology companies. His skills also include the management and sale of strategic technology solutions to business. Mr. Murray has a BSECE degree from the University of Michigan.

John Cattier is currently a senior financial consultant to the company and the potential CFO of InterFax. At present, he is CFO of the Industrial Technology Institute in Ann Arbor, Michigan, which specializes in bringing start-up high technology products to market. Mr. Cattier is a seasoned executive with expertise in cost control, operations management, and financial budgeting. From 1984 to 1990, he was Treasurer of the high technology company Irwin Magnetics. He holds a masters degree in mathematical economics from the Faculte Universitaire Notre Dame de la Pait in Brussels, Belgium.

Mbiye Mpasu is Director of Engineering Services Support and Quality. He is a leading systems analyst, specializing in designing and installing custom software and computer systems for the fax industry. He is responsible for InterFax systems integration and maintenance, customization programming, and customer service training. Mr. Mpasu holds BSCS, BSEE, and MSCS degrees from Michigan State University.



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