2007 Marketing Plan

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Product Marketing

this would be highly

Confidential

if it were real

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Sincerely yours,

Crossbridge

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1. SUMMARY

1.1 Products covered in plan

- Séance Suspect Identification System (SSIS)
- Séance Calibrator (SC)
- Séance Professional Services (SPS)

1.2 Funding request

1.2.1 total for planning period(s)

Total requested 2007 budget, excluding headcount[i] and travel: $1,908,000

1.2.2 quarterly spending, by investment or expense category

	Q1	Q2	Q3	Q4
Other	45	65	105	96
Events	25	85	205	65
Marcom	181	187	232	162
Research	85	115	130	125

Q1: $336   Q2: $452   Q3: $672   Q4: $448
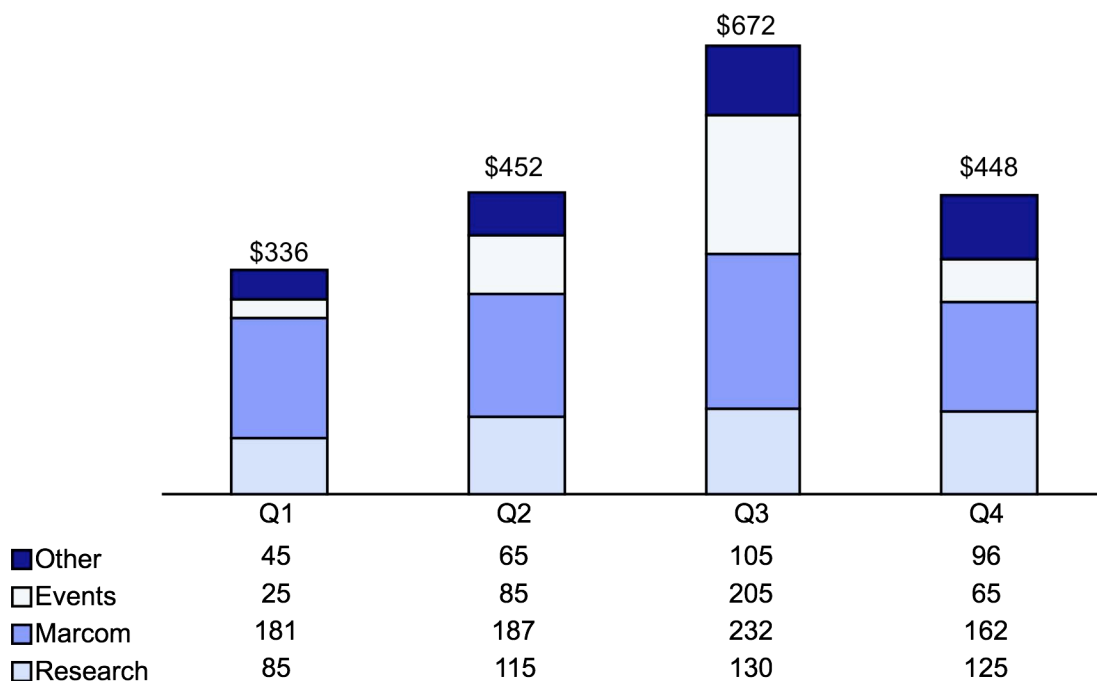
1.2.3 quarterly spending, by region

2007 spending will be divided as follows:

North America: 54%
Europe: 20%
Asia: 14%
R.O.W.:   12%

1.3   Targets, year-end

1.3.1 revenues

2007 forecast: $36,020,000

1.3.2 market share

2007 year-end market share target: 29%

1.4   Major issues and initiatives

- Shifting primary target from forensic department heads to investigative chiefs
- Improving ease of use through new releases
- Evaluating new pricing model
- Laying foundation for expansion in Asia
- Guarding against possible merger of two major competitors

2 . OBJECTIVES

2.1 Review of current performance against plan

2.1.1 revenues

2006 revenue, forecast: $24,000,000
2006 revenue, actual: $20,712,545

2.1.2 market shares

2006 S.O.M., forecast: 22%
2006 S.O.M., actual: 23%

2.1.3 other objectives from previous year

Number of accounts generating at least $250,000 in revenue:

2006 target: 20
2006 actual: 26

Unaided awareness among domestic forensic department heads at year's end:

2006 target: 20%
2006 actual: 27%

2.2 Discussion of variance, if any

The 2006 revenue shortfall was caused by three conditions:

First, while we exceeded the number of $250,000+ accounts, fewer accounts than expected exceeded $400,000. This was likely caused by our comp plan, which spiffed reps for reaching a $250,000 threshold, but didn't provide additional incentives beyond that.

Second, the introduction of version 2.0 of the SSIS was delayed two months, from April 10 to June 16, leading to a 8% second quarter shortfall.

Third, consulting revenues were bandwidth constrained in the third and fourth quarters, caused by the unexpected exodus of six experienced consultants mid-year.

The higher-than-expected awareness figures can probably be attributed to a favorable mention on the television show, *CSI-Sheboygan.*

2.3 Forecast

2.3.1 for next eight quarters: sales, by product

2007 total: $36.02 MM

2008 total: $59.83 MM

	1Q'07	2Q'07	3Q'07	4Q'07	1Q'08	2Q'08	3Q'08	4Q'08
Total	$7.00	$8.30	$9.56	$11.16	$12.79	$14.22	$15.66	$17.16
SPS	$3.04	$3.35	$3.82	$4.49	$5.11	$5.61	$5.94	$6.34
SC	$0.59	$0.68	$0.86	$1.03	$1.28	$1.46	$1.67	$1.93
SSIS	$3.37	$4.28	$4.87	$5.64	$6.40	$7.14	$8.05	$8.89
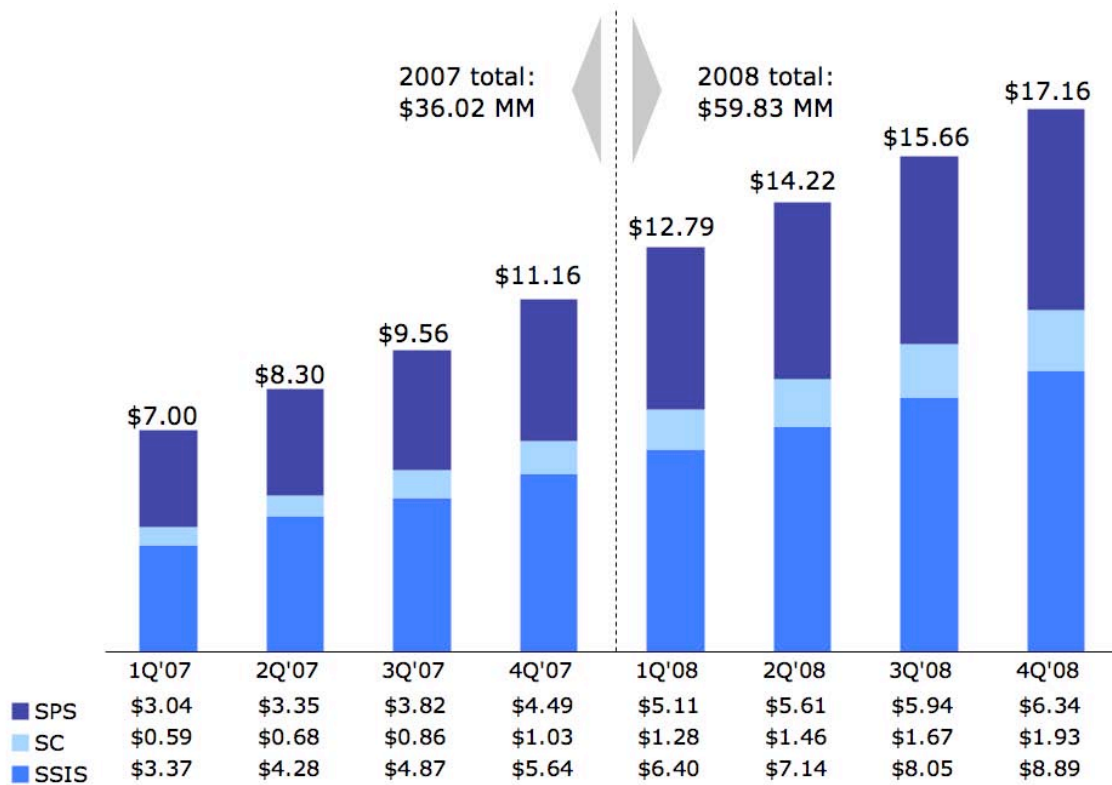
2.3.2 for next eight quarters: sales, by channel

	1Q'07	2Q'07	3Q'07	4Q'07	1Q'08	2Q'08	3Q'08	4Q'08
Regional VARs	13.0%	15.0%	19.0%	22.0%	25.0%	26.5%	27.5%	28.0%
Platinum SIs	10.5%	10.0%	7.5%	6.0%	5.0%	5.5%	6.5%	8.0%
Telesales	4.0%	5.0%	6.0%	7.0%	7.5%	8.0%	8.5%	9.0%
Direct sales	72.5%	70.0%	67.5%	65.0%	62.5%	60.0%	57.5%	55.0%

■ Direct sales ■ Telesales ■ Platinum SIs ■ Regional VARs
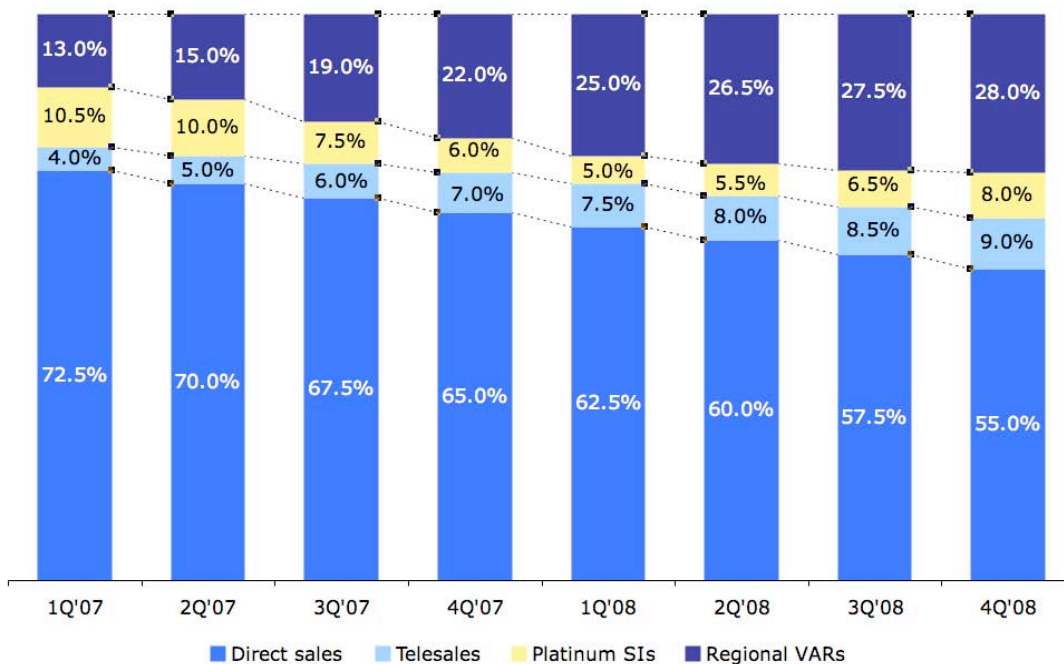
2.3.3 for next two years: market share

2007 S.O.M., forecast: 29%
2008 S.O.M., forecast: 35%

2.4   Other objectives

2.4.1 account mix

- 40 accounts with greater than $250,000 in 2007 revenue.
- 15 accounts (a subset of the above) with greater then $500,000 in 2007 revenue.

2.4.2 attitudes

Unaided awareness will exceed 35% among domestic forensic department heads by year's end, and 15% among domestic investigative chiefs

3. CONTEXT

3.1 The market

3.1.1 market definition

2DS's total available market consists of criminal investigations that are:

1. Conducted by federal, state or local law enforcement authorities in the United States, along with their counterparts around the world.
2. In geographies served by well-developed wireless communications systems.
3. For crimes of opportunity, passion or circumstance. Primary candidates here are hit and run accidents; assaults; arrest evasions; and, some types of child abductions, robberies, and murders.

The penetrated market for Retrospective Suspect Identification Systems (wireless submarket) consists of 2DS revenues plus those of our known competitors.

3.1.2 market size and growth

In 2006, 19 million crimes worldwide fit the above description. At $125 per incident, the TAM can be monetized at $2.35 billion, growing 2.3% annually.[1]

The penetrated market, as represented by the sum of 2DS revenues plus RSIS revenues of known competitors, was $90,054,000 in 2006. This is expected to grow 38% in 2007 to $124 million and 37% in 2008 to $170 million.

RSIS Market Size ($M)

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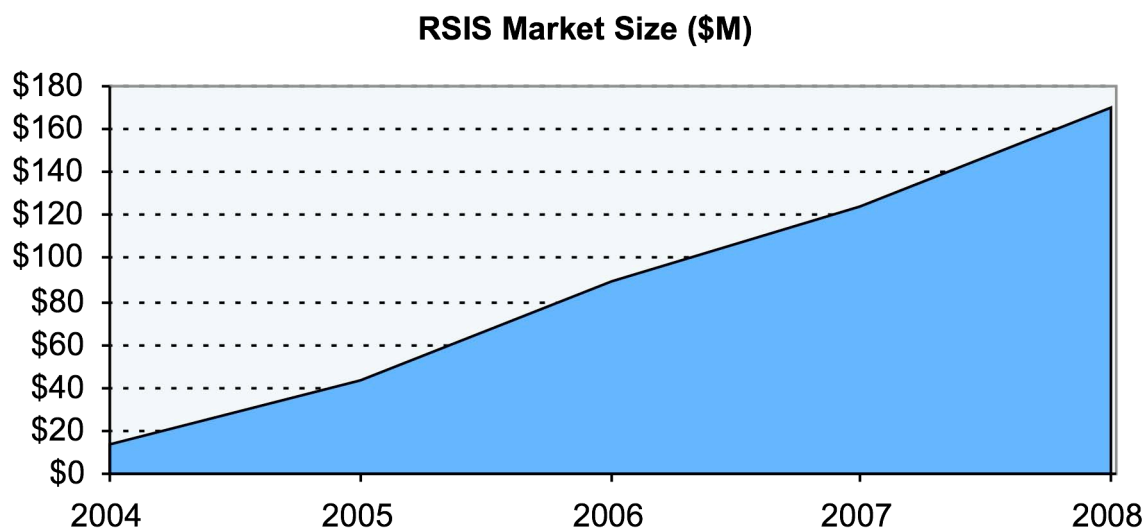
[1]   "Market Size Analysis," by Pam Beesly, 2DS Marketing Research, May 19, 2006.

3.1.3 trends and outlook[ii]

- Managed services models are gaining greater acceptance among law enforcement, pioneered by Picosoft's "Prisoner's Dilemma" application.[2]
- Retrospective collection of ordinarily private information — including license plate capture, surveillance video, and credit card transactions — is being challenged less often, particularly when justified by a legitimate security interest.
- In house systems continue to proliferate, although ease of use, analytical integrity, and performance remain issues.
- News organizations, particularly web-based media, are showing increased interest in the method of capture for some high interest crimes. Some have discussed RSIS technology, but not in detail.

3.1.4 key developments

- Trappiste went out of business
- NYPD threw out Vektra in favor of Locatica
- Four U.S. courts (one U.S. District; three state appellate) upheld convictions based on the use of RSIS, while one conviction was overturned based on inadequate filtering.
- Key acquisitions:

Date	Company Acquired	Acquiring Company	Amount ($MM)
11-13-05	MeanStreets	Vektra	$33
3-02-06	Zulu	Vektra	$232
3-21-06	Vector Graphix	2DS	$7
6-28-06	PerpWalk	MacGarrett	$60
9-23-06	Sir Valence	Ten-20	$303
10-20-06	MacGarrett	Poirot Systems	$505

3.2 Segments

3.2.1 definitions

Worldwide RSIS sales in 2005 are estimated to break down as follows:

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2   "Keeping Information Behind Bars," *IT in Law Enforcement*, Fall 2006.

3.2.1.1 level of jurisdiction

Local	53%
State	32%
Federal	15%

3.2.1.2 forensic abilities

Advanced	62%
Intermediate	24%
Basic	12%

3.2.1.3 regions

Americas	77%
EMEA	16%
Asia-Pac	7%

3.2.1.4 crimes

Robberies	33%
	20%
Hit and run	18%
	8%
Pursuits	4%
	1%
Other	16%
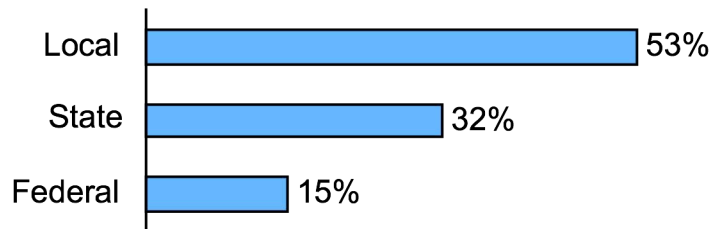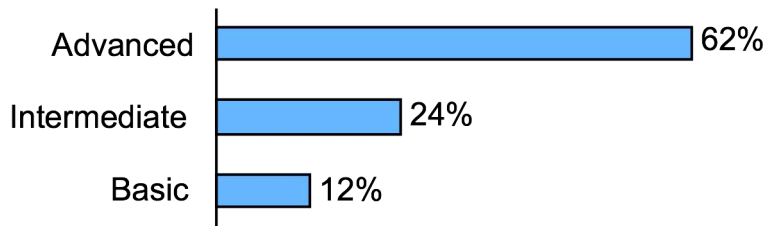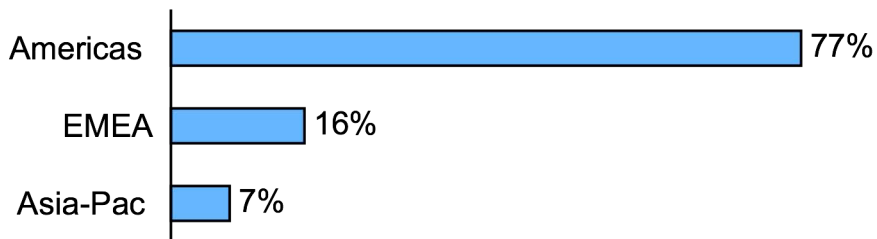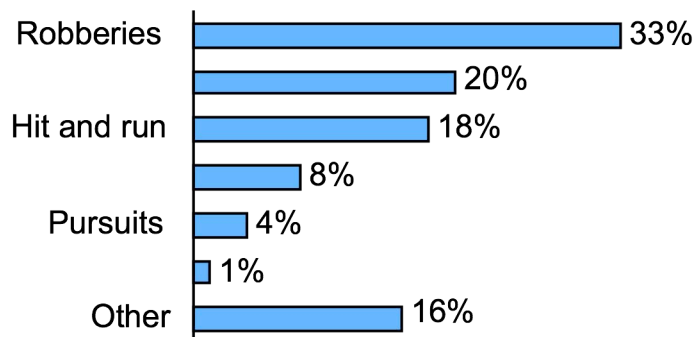
3.2.2 attitudes

- Awareness of RSIS and the Séance brand is highest among forensic department heads. About one-quarter of investigative chiefs have heard of RSIS; however, only 5% recognize Séance as an RSIS provider.[3]
- Law enforcement is cynical about unfounded or exaggerated RSIS vendor claims. Buzzwords like mission-critical and claims of relative superiority are being reduced to noise through overuse.
- Forensic department heads are mixed in their views of RSIS's efficacy, possibly due to the wide differences between the systems they use.

3.2.3 purchase logic

RSIS adoption is driven by three types of buying behavior:

> *Technology leaders:* These are the early adopters of the law enforcement community. They are technically adept and often enjoy cultivating this reputation. These account for approximately half of this year's RSIS adoptions.

> *Risk avoiders:* Fear of being marginalized by other law enforcement entities (e.g., adjacent or overlapping communities, district attorneys) prompts them to adopt RSIS, although their subsequent use tends to be infrequent.

> *Egregious Act Responders:* High profile crimes create public pressure that can lead to rapid RSIS adoption.

3.2.3.1 products involved during, before, or after the sale

Wireless signal calibration is generally needed before deploying an RSIS. Although this is important for accuracy, any RSIS provider can use the resulting location grid.

Offering	Influence on purchase of RSIS
Trappiste	Trappiste's demise in Q3 '06 leaves its mostly Middle Eastern customer base open to new vendors.
Training	Training has a direct, positive effect on both RSIS adoption and brand preference.
Calibration equipment and services	Wireless signal calibration is generally needed before deploying an RSIS. Although this is important for accuracy, any RSIS provider can use the resulting location grid. As such, the technical influence is low, although perceived compatibilities appear to support RSIS cross-selling.

3.2.3.2 sales cycle

The sales cycle appears to be 3 to 6 months. Its length is directly related to the size of the

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[3]   Attitude & Awareness Study, Pam Beesly, 2DS Marketing Research, February 2006

law enforcement organization.

3.2.3.3   decision makers & buying influences

Position - *titles*	Role	Role Description
Business Driver – *Chief of detectives*	Decision Maker	Primarily responsible for improving apprehension rates.
Head Technology Sign-Off – *Forensic department head*	Road Block Economic Buyer	Can veto the purchase on the basis of accuracy and cost-effectiveness. Needs to be paid homage.
Power User – *Detective, Inspector, Investigator*	Buying Influence	Evaluates RSIS use and efficacy.
IT Manager	Buying Influence	Responsible for managing local access privileges. As a web service, an RSIS has virtually no technical dependencies at the end user level.
C-Level Driver – *Chief of Police, Commissioner, Mayor*	Air Cover	Interested in making dramatic competitive or operational improvements. Can keep the sense of urgency high with the business driver and remove roadblocks.

Outside the company, industry analysts, reference accounts, related technology vendors, and systems consultants can be influential.

3.2.3.4   end user criteria
- ease of use
- filtering quality
- price per use (as applicable)
- speed
- reports

3.2.3.5   economic buyer criteria

- false negatives
- false positives
- ability to map to customized patterns
- longitudinal capabilities
- total cost of ownership
- support of district attorneys
- error correction
- ease-of-use

3.3   Customer base

3.3.1 size, growth

2DS expects to finish the 2006 with 126 customers. Growth from the year before was 190%.

3.3.2 segments

3.3.2.1   SSIS customers by level of jurisdiction

Local	69%
State	31%
Federal	0%
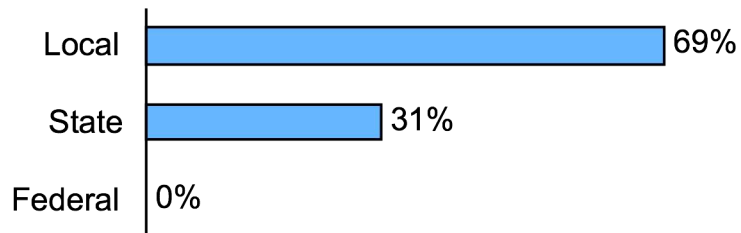
3.3.2.2   SSIS customers by level of forensic abilities

Advanced	80%
Intermediate	10%
Basic	10%
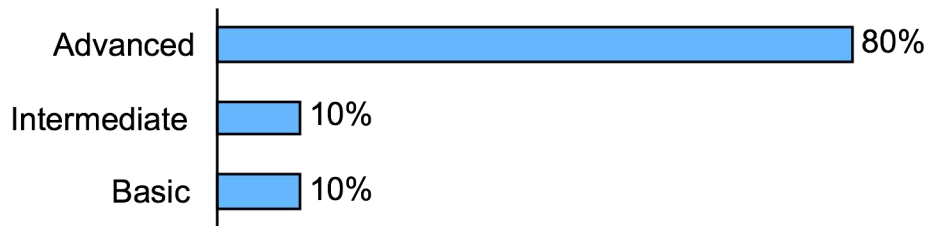
3.3.2.3   SSIS customers by region

Americas	81%
EMEA	5%
Asia-Pac	14%
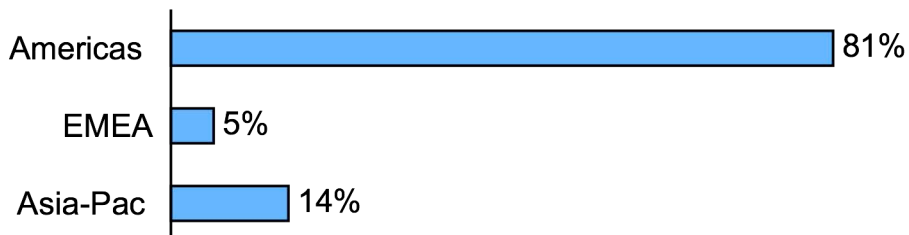
3.3.3 satisfaction

40% of SSIS power users responded to a survey conducted in July 2006, following a 62% response to an identical survey conducted in July 2005. Responses were on a Likert scale:[4]

**"Overall, how satisfied are you
with your Séance Suspect Identification System?"**

	Very satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied
2006	29%	23%	24%	13%	11%
2005	38%	15%	23%	9%	15%

■ Very satisfied ☐ Satisfied ☐ Neutral ☐ Unsatisfied ■ Very Unsatisfied
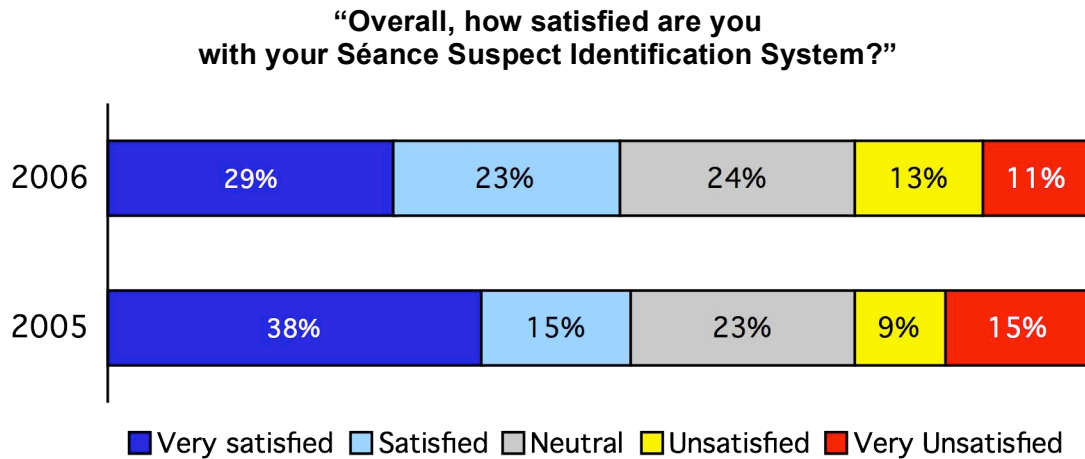
Apart from the survey, customers expressed concern about 2DS's pricing policy, continued usability problems, problems with animations running on some types of hardware, and a general frustration about version updates being released late or missing features.

3.3.4 attrition

Fourteen customers (or 11%) suspended their Séance service in the last 12 months, compared with three (or 7%) in the 12 months prior. Ten of them switched to a competing system, while four decided that RSIS had no immediate use to them. Of the ten that switched, the most common responses were "too expensive" (60%); "hard to use/interpret" (50%); and, "poor results" (30%).[5]

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4   "Customer Satisfaction Tracking Survey," Stanley Hudson, Séance Quality Assurance, July 15, 2006.
5   "Attrition and Win/Loss Analysis," Ryan Howard, Séance Sales Operations, September 30, 2006.

3.4   Competition

3.4.1   market shares[6]

Year	2DS	Ten-20	Poirot	Vektra	Other
2006	27%	16%	18%	24%	15%
2005	15%	10%	37%	20%	18%
2004			65%	15%	20%
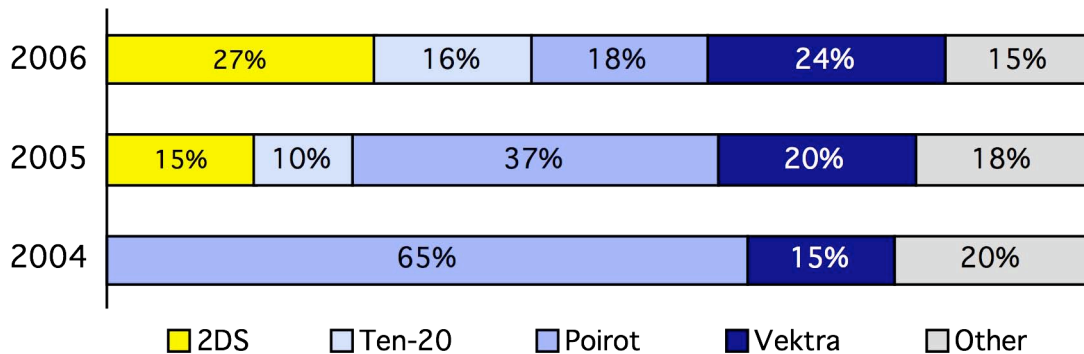
3.4.2   profiles of major competitors

Ten-20 Analytics offers a fat client alternative with a user experience that is similar to Séance's. Because their filtering technology excludes far fewer suspects, users complain about time-consuming "fishing expeditions." In three recent U.S.-based instances, district attorneys refused to prosecute suspects identified using a Ten-20 RSIS, citing its inadequate filtering. *As of Dec. 31, 2005:* 80 employees.

We understand that they are working to improve their filtering. Moreover, their recent *Sir Valence* acquisition signals their intention to move to a managed services model.

Poirot Systems originated as a star schema-based data warehouse provider and, as such, their strength has been with large organizations, particularly national intelligence. Their acquisition of *MacGarrett* gives them data analysis capabilities, along with some raw ability to capture wireless location data via proprietary algorithms.

2DS has encountered Poirot in the State of Texas and Commonwealth of Massachusetts deals, where they unsuccessfully attempted to reduce discussions to a my-algorithm-is-better-than-your-algorithm argument.[7] A partner has also told us that they are vocally disparaging 2DS for its relative inexperience in the market. 2DS's challenge will be to elevate the discussion to focus on the larger problem the prospect is trying to solve. *As of Dec. 31, 2005:* 4,500 employees.

Vektra offers a subscription service whose pathway rendering is strikingly similar to SSIS's; but, because they have no means to persist significant quantities of data, they are unable to perform longitudinal (multi-day) analyses. Moreover, its proximate pathways are developed using a 30-second polling method, resulting in a jagged, coarse-grained approximation of movement. Their headquarters in Antwerp gives them excellent access to the EU in

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[6]   Dollar basis.   Note that the 2004 market size was very small.
[7]   10-20 uses a Bayesian Belief Network which, although a fine algorithm, is nearly twenty-five years old.

particular, and to EMEA in general. *As of Dec. 31, 2005:* 130 employees.

3.4.2   new or anticipated developments

- Large national security contractors like SAIO are rumored to be building an RSIS for the Dept. of Homeland Security and the British Ministry of Defence.
- Subscription based (i.e., managed services or software as a service) will continue to gain in popularity as price resistance grows to behind-the-firewall implementation models.
- Vektra and Ten-20 Analytics are believed to be discussing a strategic alliance.[8]

3.4.3   attribute comparison

Product (Co.)	Séance (2DS)	Poirot Systems	Inspektor (Vektra)	Ten-20 RSIS
Delivery model	Subscription	BTF	Subscription	BTF -> SaaS
Price	$2500/mo. + $200/case	$200,000 + 18% annual maintenance	800€/mo. + 150€/case	$150,000 + $20,000 per user per year
Filtering quality	high	high	med	low
Pathway accuracy	high	med	low	high
Performance (sec.)	med	high	med	low
Ease of use	med	low	med	med
Animation?	yes	no	yes	yes
Longitudinal capabilities?	yes	yes	no	no
Report breadth & quality	med	high	low	med

3.5   S.W.O.T. analysis

3.5.1   strengths/weaknesses against competition

2DS's primary strength against all competitors is its technology and the subscription model by which it is deployed. While Poirot Systems has superior reporting capabilities and performance, neither is a top criterion for our target buyers.

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[8]   Based on a discussion with a former senior manager at one of the companies.

Along with the breadth of SSIS reports, our main weaknesses are ease of use and pricing. We've recently run into significant resistance over the two-part pricing model: customers are urging us to select either a flat monthly fee or a per use price, adding that a combination approach represents the worst of both worlds.

We also suffer from low name awareness compared with Poirot Systems and, in Europe, Vektra.

3.5.2 opportunities/threats

Opportunities:

- Trappiste's demise has created a short-term opportunity to take over their accounts.
- A user interface improvement would eliminate our principal non-price competitive disadvantage.
- Asia remains relatively untapped, as does South America.

Threats:

- Disappointment with Séance's competitors could tarnish the reputation of RSIS as a category and slow its growth.
- Inadequate filtering, in particular, could lead to court decisions that go too far in restricting probable cause.
- A merger or strong alliance between Vektra and Ten-20 would create a strong, low-end product, placing additional price pressure on the Séance line.
- SAIO's efforts could block us from most of the federal market segment.

4. OVERALL STRATEGY

4.1 Target audiences

4.1.1 customer prospects

4.1.1.1 Primary targets

- State and local law enforcement agencies that are responsible for populations of 150,000 or more.

4.1.1.2 Secondary targets

- Federal law enforcement agencies in the U.S., U.K, Canada, and Australia.
- Wealthy municipalities of fewer than 150,000 residents.

4.1.1.3 Regions

Our main focus for 2007 will on North America. We will devote just enough resources to Europe to force Vektra into a defensive posture, while starting significant market development efforts in East Asia.

4.1.1.4 Buyer Types

Primary buyers: We will shift our primary focus to Investigative Chiefs.

Secondary buyers: Forensic department heads.

Buying influences: Mayors, police chiefs, wireless carriers, industry analysts, and power users.

4.1.2 technology analysts

Influential technology analyst targets include Aberdeen, IDC, Forrester, the Gartner Group, Giga, Meridien, Tower, Yankee, and Zona.

4.1.3 partner prospects

	Primary	Secondary
Carrier alliances	Verizon, British Telecom, NTT	Cingular, AT&T, Deutsche Telecom
Related ISVs, SI	Deloitte Consulting, Nine System	

4.2   Positioning

4.2.1 positioning statements

Séance is the fastest path to arresting bad guys who are stupid enough to carry cell phones with them.

4.2.2 key messages

- Séance originated the RSIS category
- Séance is the only full-featured alternative today, with patents to ensure its leadership
- By progressively eliminating unlikely signal emissions, Séance saves investigators time and credibly establishes probable cause.

4.3   Marketing Strategies

In 2007, we will emphasize the following:

- *Building primary demand* for RSIS among investigators.
- *Improving ease of use and functionality* through new releases.
- *Streamlining* the SSIS pricing model.
- *Developing new markets* in Asia.

4.4   Channel strategies

- *License* technology to carrier monopolies in East Asia.

5. SPECIFIC PLANS

5.1 Planned Activities

5.1.1 value creation

5.1.1.1 Product roadmap and follow-through

Issue: 2DS needs to live up to customer expectations about new features and bug fixes, while Sales and Marketing need to be able to manage expectations by knowing when incremental functionality will be available. Customers have voiced complaints about our current capabilities in this area.

> *Action:* Engineering will publish a product road map by January 15 that accurately describes when additional features will be available. The engineering organization then needs to release products with the specified features tested and documented by those dates. A preliminary product road map shows that version 2.4 will be released by the end of Q1.

5.1.1.2 Séance-to-Go

Issue: The PDA-compatible Séance system has the potential to further differentiate 2DS by displaying SSIS output, and allowing some SSIS interaction, in the field.

> *Action:* By February 28, Product Management will mock up screen shots for Product Marketing to test in a concept test during March and April. Roughly 20 investigators will be interviewed. *2007 budget request:* $30,000 in consulting fees.

> *Action:* If the concept test warrants it, Product Management will complete an MRD by the end of Q2.

5.1.1.3 User interface and reporting improvements

Issue: SSIS's two biggest feature shortfalls are its user interface and reporting capabilities.

> *Action:* SSIS v. 3.0 addresses each of these shortcomings. Engineering is planning to release it by July 31.

5.1.1.4 Localization

Issue: Our planned 2008 push into Asia Pacific requires additional localization.

> *Action:* Engineering will complete Japanese, Mandarin, Vietnamese and Cantonese language support in Q4.

> *Action:* Technical Publications will translate our documentation into the above four languages by the end of 2007. *2007 Budget Request:* $35,000

5.1.1.5   Pricing tests

Issue: Séance pricing is perceived as greedy and complicated.

> *Action:* Subject to approval by the Pricing Committee, we will test in Q1 three different single-component subscription plans on an opt-in basis. The test will assess which plans existing customers find most attractive and, for plans with a usage component, the long term financial implications. The test prices will be set such that they preserve existing margins.

5.1.2   awareness building

5.1.2.1   Hall of Fame emails

Issue: We've had difficulty reaching non-customer buying influences, although our 2007 strategy depends on increasing RSIS awareness with this audience.

> *Action:* In the manner of the Darwin Awards, Product Marketing will create a Getaway Hall of Fame that showcases the particularly clever or not-so-clever evasion paths taken by convicted criminals. Each weekly example will be distributed via email to a subscriber base, and we'll offer tools to make it easy to send links of particularly entertaining or illustrative examples to colleagues.
>
> The viral potential for this will be enhanced through hooks (quizzes, other examples, confessional videos, etc.) at the GHF section of our corporate web site. Target completion date is Q3. *2007 Budget Request:* We're requesting no additional discretionary spending to implement this, apart from the additional web designer already approved in the headcount plan.

5.1.2.2   Advertising

Issue: We are largely unknown to our 2007 target buyers (investigative chiefs), and this will both extend the sales cycle and decrease our qualified lead stream.

> *Action:* Product Marketing will shift 75% of an expanded print advertising budget to the vehicles such as the following: *Investigator, Interpol Monthly, Field Forensics & Technology, 221B* and *Crime Trends*. Our typical buy is a six-month flight of single page, 4C bleed ads. *2007 Budget Request:* $160,000
>
> *Action:* Product Marketing will rotate modified banner ads on the web sites of relevant organizations, publications and blogs. *2007 Budget Request:* $95,000

5.1.2.3   Continued A & A tracking

Issue: To assess the effectiveness of our marketing activities, we need to continue to obtain periodic, quantitative snapshots of our awareness, trial, consideration and purchase levels, along with the ratio of positive to negative attitudes toward the Séance brand. So far, this has been managed internally, but we need to off-load this so Marketing Research can focus on other initiatives.

Action: Beginning in September, we will engage Zoomerang or a similar service to conduct quarterly awareness, interest, and attitude research. *2007 Budget Request:* $115,000

5.1.2.4 Research into investigators' purchase logic

Issue: We need to better understand the attitudes of our target audience toward the Séance brand, our competition, our value proposition, and our methods of communication.

Action: Product Marketing will conduct IDIs in the late second quarter or early third quarter. We expect to complete 15 interviews in North America and 10 interviews in Europe. *2007 Budget Request:* $30,000

5.1.2.5 Public relations

Issue: Séance needs to increases awareness and interest in the minds of our prospective customers, partners, and investors.

Action: We plan to continue using Warbler Communications to assist us in our public relations and general communications. *2007 Budget Request:* $288,000

5.1.2.6 Analyst relations

Issue: Séance needs to continue to establish itself with analysts, given their ability to disseminate and legitimize our technological approach.

Action: We will continue to subscribe to their consulting and information services, to understand how they view the evolution of our market and technology. *2007 Budget Request:* $280,000

Action: We will conduct an analyst tour in early to mid May.

Action: We will engage several analysts to write white papers that speak to SSIS's strengths. *2007 Budget Request:* $85,000

5.1.2.7 John Jay

Issue: John Jay College of Criminal Justice is a particularly influential institution in establishing both sound investigative practices and brand preferences. We've been invited to co-sponsor a series of talks there, although they will seek another co-sponsor if we decline.

Action: We will sponsor the talks from April through August. *2007 Budget Request:* $60,000

5.1.3 value reinforcement

5.1.3.1 SSIS 3.0 launch

Issue: Customers and prospects need to be aware of the new features in version 3.0. This release should be available in the third quarter.

Action: Product Marketing will create a detailed launch plan by February 28, using the ILEA show in Glasgow as the primary launch vehicle. The launch will be supported by new collateral, revised demos, email blasts, direct mail, a press release, revised web content, a press and analyst tour, a launch party, and internal and partner training. *2007 Budget Request:* $120,000,[iii] mostly for the launch party.

5.1.3.2 Customer demo

Issue: The interactive demonstration of the Séance system is the most effective selling tool we have. The demo needs to be improved to better showcase the product's salient features.

Action: Product Marketing will revise the demo in Q1 and again for the 3.0 launch.

Action: Product Marketing will create in Q3 a downloadable Flash version of the demo. *2007 Budget Request:* $42,000

5.1.3.3 ROI Studies

Issue: Reference accounts will be our most effective buying influences, and ROI demonstrations are the most forceful means for presenting their experience.

Action: By end of Q2, Sales will obtain agreement from at least five customers to participate in ROI studies, using this to justify price discounts as applicable. Professional Services will document the ROI analyses in Q3, and Marketing will produce collateral materials that describe them. *2007 Budget Request:* $3,000

5.1.3.4 White Papers

Issue: SSIS uses complex technology that some target buyers and buying influences want to understand. We need more comprehensive materials to satisfy people looking for this information.

Action: Technical Publications will produce at least three white papers by year's end.

5.1.4 lead generation

5.1.4.1 Search engine advertising

Issue: Chief Investigators frequently reveal themselves through specific keyword combinations.

Action: We will combine SEO with judicious keyword buys in major search engines and for particular sites. *2007 Budget Request:* $50,000

5.1.4.2 Trade Shows

Issue: Trade shows offer one means for getting exposure and generating leads.

Action: Séance will exhibit at the trade shows listed below, plus one or two additional shows in the late Fall and early Winter that have yet to be determined. *2007 Budget Request:* $165,000

Date	Name	Location	Attendance
June 6 – 8	Apprehension 2007	Macon, George	6,500
June 20 - 22	Criminal Justice Mgmt. Conference	Marseilles, France	6,500
Sept 27 - 29	ILEA	Glasgow, Scotland	40,000

5.1.5 lead conversion

5.1.5.1 Executive Breakfasts

Issue: The selling cycle for the SSIS is from four to nine months long. Most of this is a function of identifying and getting the approval of the various constituents involved in the purchase. Achieving buy-in at a high level can accelerate the process.

> *Action:* If we can get a partner to co-sponsor the event, Business Development will organize two Q2 executive breakfasts led by a prominent industry analyst or author. The discussion will be designed to frame the problem in such a manner that the Séance/partner combination offers unsurpassed performance and value. *2007 Budget Request:* $35,000

> *Action:* Sales will propose by May 21 a process for executing a simultaneous top-down and bottom-up approach for some key accounts.

5.1.6 services

5.1.6.1 Partner training

Issue: We can gain badly needed services leverage by fostering relationships with key outside services organizations like Deloitte Consulting and PricewaterhouseCoopers. However, the professionals in these organizations will need training, information, and — initially, at least — hands-on consulting support.

> *Action:* Professional Services will formulate by April 28 a plan for communicating and engaging with Deloitte and PwC.

5.1.7 legislative and regulatory protection

5.1.7.1 Lobbying

Issue: Title III of the 1968 Omnibus Crime Control and Safe Streets Act governs the retrieval of phone numbers (à la LUDs) associated with a suspected getaway path. Some legislators appear receptive to amending this legislation to establish probable cause for finely-filtered wireless pathways associated with various classes of crimes, allowing investigators to pull identifying information without a court order.

Action: Legal will engage Witherspoon & Winthorpe by March 31 to lobby for this legislation on our behalf. *2007 Budget Request:* $220,000

5.1.7.2   Pro bono work

Issue: In anticipation of resistance from privacy rights groups, we need to foster goodwill among the public.

Action: Professional Services will work on a *pro bono* basis on high profile cases selected in consultation with 2DS Legal and Product Marketing. They are targeting at least 10 such cases for 2007.

5.1.8   international

5.1.8.1   Overseas expansion

Issue: We expect to have support requirements in Europe and Asia by the end of Q2 and Q4, respectively. Our initial plans[9] have been for locations in The Netherlands and Singapore, although these remain open to reassessment.

Action: The CFO, in close consultation with Business Development and with inputs from Sales and Professional Services, will propose by January 31 a plan for European operations and by March 31 a plan for Asian operations. The plan will include recruiting priorities, infrastructure dependencies, timing and costs.

5.1.8.2   Partnerships in India

Issue: We have had two meetings with potential distributors in India: BSNL and Tata Communications. Each has expressed an initial interest in helping us get established.

Action: Business Development will assess by February 28 the feasibility of using one or both of these companies as distributors for India.

5.1.9   internal communications & training

5.1.9.1   Training

Issue: Our training requirements are growing as we add employees, partners, and customers.

Action: Product Marketing and Professional Services will resolve who has ownership for this function. The owner will then put forward a plan for staffing this function — either through hiring or through temporary internal assignments — and execute to this plan. The plan should be completed by May 28.

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[9]   The analysis for which is in the 2nd Degree Systems business plan authored by Jan Levinson.

5.2 Contingency plans

5.2.1 price pressure

Risk: A merger of Vektra and Ten-20 could lead them to drop prices by as much as 30%.

Likelihood in 2007: 35%[10]

Amelioration:

- Our planned lobbying efforts can position Ten-20 as a sensitive technology that should be subject to export and merger restrictions, under the auspices of the Office of Foreign Assets Control.
- Current product development efforts will lessen any feature/functionality advantage a merged Vektra/Ten-20 entity might enjoy.

Contingency: The office of the CFO will analyze by February 15 the financial effects of a 15%, 25% and 35% drop in price. By April 15, Product Marketing will get contingent approval from the Pricing Committee for an appropriate price reduction, if certain tripwires are hit.

5.2.2 privacy backlash

Risk: Increases in privacy concerns could restrict wireless signal access and/or SIM-name matching.

Likelihood in 2007: 15%

Amelioration: The planned lobbying efforts and *pro bono* work on high profile cases will attempt, respectively, to decrease concerns about unwarranted intrusions into innocent people's lives and to increase appreciation for RSIS benefits.

Contingency: Our strategy would be: first, to concentrate marketing efforts on more serious crimes, since these should be the least vulnerable to restrictions; and, second, to take share from competitors on the basis of Séance's superior and, therefore, "minimally invasive" filtering technology. Contingent tactics include:

- Product Marketing will prepare customer, partner, and prospect emails that can be issued as soon as any restrictions emerge, along with a press release.
- Sales Operations will prepare a list of competitive accounts, prioritized by size and competitive vulnerability.

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[10] (50% likelihood of merger) x (70% likelihood of a 30-percent price drop) = 35%

5.3   Timing

5.3.1   product road map

Version	Date	Description
2.4	Mar. 31, 2007	Additional algorithms
3.0	Jul. 31, 2007	New user interface; better reporting capabilities
3.1	Sep. 30, 2007	Expected user interface tweaks; additional reports
3.2	Dec. 10, 2007	Japanese, Mandarin, Vietnamese, and Cantonese language support

5.3.2 timing of other activities

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Value Creation												
Prod. roadmap	▲											
Séance-to-Go		▲	▬	▬								
UI and reporting								▲				
Localization											▲	▲
Pricing tests	▬	▬	▬									
Awareness Building												
Hall of Fame							▬	▬				
Advertising				▬	▬	▬	▬	▬	▬	▬	▬	▬
A & A tracking									▬	▬		
Purchase logic res.				▬	▬	▬						
Public relations	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬
Analyst relations					▬							
John Jay College				▬	▬	▬	▬	▬				
Value Reinforcement												
3.0 Launch		▲					▬	▬				
Demo revision		▬						▬				
Lead Gen.												
Search eng. adv.	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	
Trade shows					▲	▲			▲			
Lead Conversion												
Exec. breakfasts				▬	▬	▬						
Services partner plan					▲							
Lobbying	▬	▬	▬	▬	▬	▬				▬	▬	▬
Pro bono work	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬
International												
Overseas expansion						▲						▲
Indian partnership		▲										
Training												
Internal & partner training					▲							

5.4 Interdependencies

5.4.1 key linkages[ivv]

Item	Description[12]	Sign-off[11] Initials	Date[13]
5.1.1.1	Engineering will publish the product road map by 1/15	KB	9/30
5.1.1.2	Product Management will create screen shots by 2/28	DS	10/5
5.1.1.2	If asked, Product Management will complete an MRD by 6/30	DS	9/10
5.1.1.3	Engineering is 80% likely[vi] to release 3.0 by 7/31	KB	10/19
5.1.1.3	Engineering will release the described localized version by 12/31	KB	10/19
5.1.1.4	Technical Publications will complete translations by 12/31	KK	10/7
5.1.3.3	Sales will recruit 5 customers for ROI studies by 6/30	MS	9/30
5.1.3.3	Professional Services will document ROI analyses by 9/30	ON	10/8
5.1.3.4	Technical Publications will produce three white papers by 12/31	KK	10/7
5.1.5.1	Business development will organize the described executive breakfast by 6/30, if we can recruit a co-sponsor to split the cost	CB	10/18
5.1.5.1	Sales will propose a dual top-down, bottom-up selling process by 5/21	MS	10/1
5.1.6.1	Professional Services will formulate engagement plans by 4/28	ON	10/8
5.1.7.1	Legal will engage Witherspoon and Winthorpe by 3/31	PS	10/11
5.1.7.2	Professional Services will complete 10 *pro bono* cases by 12/31	ON	10/8
5.1.8.1	CFO will propose a European operations plan by 1/31 and an Asian operations plan by 3/31	AK	10/12

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[11]   Initials are for Jan Levinson (JL), Michael Scott (MS), Dwight Schrute (DS), Kevin Baumgartner (KB), Pam Beesly (PB), Creed Bratton (CB), Ryan Howard (RH), Stanley Hudson (SH), Kelly Kaling (KK), Angela Kinsey (AK), Toby Leiberstein (TL), Oscar Nuñez (ON), and Phyllis Smith (PS). Sign-offs are documented in emails or written memoranda on the dates listed.

[12]   All dates in this column are for 2007.

[13]   All dates in this column are for 2006.

6. BUDGET SUMMARY[vii]

6.1 Roll-up

Item	Description	Q1	Q2	Q3	Q4	Total
Research						
5.1.1.2	Concept test	$15	$15			$30
5.1.2.3	A&A Tracking			$60	$55	$115
5.1.2.4	Investigator IDIs		$30			$30
5.1.2.6	Analyst research	$70	$70	$70	$70	$280
Communications						
5.1.2.2	Print advertising	$40	$40	$40	$40	$160
5.1.2.2	Banner advertising	$20	$25	$25	$25	$95
5.1.2.5	Public relations: Warbler fees	$72	$72	$72	$72	$288
5.1.2.6	Analyst white papers	$30	$30	$25		$85
5.1.3.2	Flash demo			$42		$42
5.1.3.3	ROI collateral				$3	$3
5.1.4.1	Search engine advertising	$11	$12	$13	$14	$50
	Press releases	$3	$3	$10	$3	$19
	Misc. collateral materials	$5	$5	$5	$5	$20
Events						
5.1.2.7	John Jay lecture series		$30	$30		$60
5.1.3.1	Launch		$30	$90		$120
5.1.4.2	Trade shows	$25	$25	$50	$65	$165
5.1.5.1	Executive breakfasts			$35		$35
Other						
5.1.1.4	Localization			$15	$20	$35
5.1.7.1	Lobbying (Witherspoon & Winthorpe)	$40	$60	$60	$60	$220
	Web analysis & reporting software			$15		$15
	Web site enhancements	$5	$5	$7	$8	$25
	Special computer equipment[viii]			$8	$8	$16
	TOTAL	**$336**	**$452**	**$672**	**$448**	**$1,908**

The table header spans: **Spending ($000s)** over Q1, Q2, Q3, Q4, Total.

6.2   Sensitivity analysis

The revenue forecast is a function of the resources available. Marketing could commit to 12% increase in revenue given a 20% increase in resources. Conversely, we would expect a 20% reduction in resources to lead to a 25% drop in revenue. (Note that the x and y axes do not originate at zero):
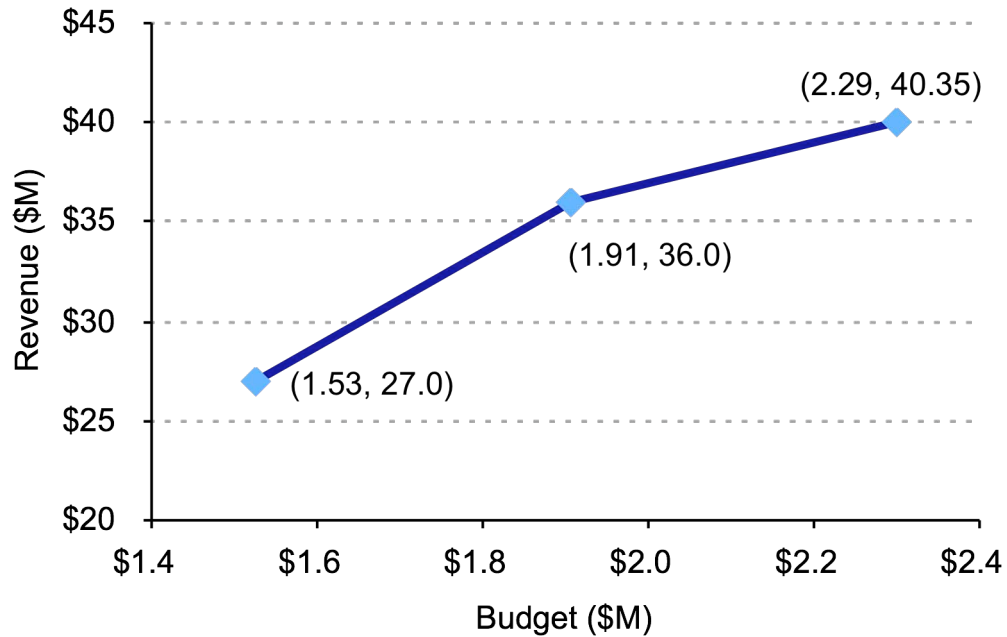
END NOTES

i   You can include headcount for incremental marketing resources, although this is not typical. One reason is that headcount represents an ongoing cost, so it's treated differently.

ii   A trend is a fairly smooth transition that begins in the past and continues to some unknown point in the future. Developments are more sudden transitions.

iii   Readers should understand that this amount excludes sunk costs like headcount, the public relations retainer, and in-house graphic design work. The cost of attending the trade show is also not considered here, because the company would be planning to do this in any case.

iv   It's not necessary to get explicit sign-offs from individuals or groups you have explicit control over or who provide an internal service function on routine matters with your budget (e.g., subordinates, marketing communications, analyst relations, marketing research, web master).

v   Use this section not just to hold colleagues to their commitments, but to give them an opportunity to take the lead in areas that they think are important.

vi   Try to avoid probabilistic commitments from others unless they insist.

vii   Note that the roll-up can include minor, unremarkable, or ongoing costs that aren't called out in the Specific Plans section.

viii   Some line items may end up being capitalized, and the CFO should offer an opinion as to whether this should be reflected in the budget roll-up.

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