

EXECUTIVE SUMMARY

BUSINESS OVERVIEW

CFOsoft market position: “Provide growing high-tech service companies” the financial information they need to succeed.

Many startups fail because they cannot convince investors that their numbers are believable. CFOsoft solves the problem with an innovative Online accounting solution that gives you the story behind the numbers. It's simple, effective and affordable.

Problem: Growing High-Tech firms can't deliver believable numbers to investors

Small growing high-tech firms feel pressure to keeping expenses down. They put off implementing good accounting and reporting until funding.

However, without reliable financial information investors are likely question the credibility the business plan. Don't be like many startups that lose momentum when funding becomes a question mark.

Solution: QuickBooks Online, and XCELLEGEN, and CFOsoft services

CFOsoft has worked with scores of high-tech startups and have found more success when a company has effective and efficient planning and accounting.

A high-tech startup can acquire a robust financial system for a reasonable price by combining QuickBooks Online with CFOsoft's XCELLEGEN Excel-based financial modeling tool.

CFOSOFT PROCESS

CFOsoft has years of experience working with high-tech firms. We understand the Internet and technology Marketing metrics, software development and support requirements.

The objective is to keep things simple and organized from the beginning. We will create an accounting system, operational reporting, and long-term plans model that can grow with you. Our approach includes:

- Build a multi-year model using XCELLEGEN with CFOsoft, LLC.
- Create QuickBooks Online system based on chart of accounts used in XCELLEGEN model.
- Integrate QuickBooks Online and XCELLEGEN periodically to produce revised models.
- Produce monthly budget analysis including “burn rate” analysis.
- Create meaningful reporting and dashboard systems based on the Key Performance Indicators used to create the XCELLEGEN model.

CFOsoft will do most of its work remotely using Internet technology, which will significantly reduce cost.

BENEFITS INCLUDE:

The accounting system, operational reporting and long-term plans will use the same chart of accounts, which will make processing easier and simpler.

The lowest possible cost results by having CFOsoft perform on-going services for accounting and information processing.

XCELLEGEN adds functionality not contained in QuickBooks Online:

- Multi-year Financial Modeling and budgeting
- Multi-entity and/or multi-currency issues
- Analysis of consolidated operational metrics
- Inefficient manual processes reduce productivity

CFOsoft's approach will control use of QuickBooks Online flexibility that can cause users to add accounts or make other changes making growth difficult.

COST

The cost for a typical early stage startup will consist of two elements; (1) initial setup, and (2) ongoing monthly and (3) additional costs:

CFOsoft for High-Tech Startups

➤ **Initial Setup:** \$7,500 up front, or \$1,000 a month for 8 months:

- Build multi-year model and reporting
- Setup QuickBooks Online
- Integrate model and QuickBooks Online
- Create accounting manual

➤ **On-going Monthly:** \$500 on first of the month:

- Update model with actual results
- Perform monthly bank reconciliation and account review
- Train in-house staff

➤ **Additional Costs:** \$75 staff; \$125 professional
Typically, each of these tasks takes a couple of days.
The on-going monthly will increase \$100 or \$200 a month.

- Setup a payroll system
- Setup integration to a bank
- Setup an expense system
- Major model modifications
- Specialized reporting
- Custom Training
- Quarterly Taxes
- Working with external CPA
- Working with potential investors
- Due diligence support

1	B	FIVE YEAR FORECAST					
		Income Statement					
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2	Demo Company	2009	2010	2011	2012	2013	2014
3	For the Forecast Ended December 31, 2014	2009	2010	2011	2012	2013	2014
4	Total Revenue	2,740,000	12,004,800	32,922,839	60,246,795	88,055,742	110,419,415
5							
6	Direct cost of software	150,000	380,588	682,500	1,044,431	1,581,424	2,241,344
7	Direct cost of Service	795,000	4,387,088	13,486,706	25,715,308	37,630,600	46,386,441
8	Marketing	300,000	360,000	480,000	600,000	840,000	1,020,000
9	Uncollectible Accounts	41,000	180,072	493,840	903,702	1,320,836	1,656,291
10	Total Direct Cost	1,286,000	5,307,747	15,143,046	28,323,441	41,372,860	51,304,075
11	Gross Margin	1,453,900	6,697,053	17,779,647	31,923,355	46,682,881	59,115,340
12							
13	Salaries	2,234,100	4,853,648	7,659,204	7,640,113	8,415,166	9,250,024
14	Payroll Taxes & Benefits	201,069	436,828	689,328	687,610	757,385	832,502
15	Other Payroll related	11,705	242,682	382,360	382,006	420,758	462,501
16	Outsourced Labor	60,000	60,000	60,000	60,000	60,000	60,000
17	Total Labor	2,606,874	5,593,158	8,791,432	8,769,729	9,653,299	10,605,027
18	Accounting & Legal	55,000	90,000	120,000	80,000	105,000	105,000
19	Computer	30,225	60,230	84,788	80,100	84,750	88,950
20	Facilities	201,500	401,080	564,613	747,600	791,000	830,200
21	Office Expense	50,375	100,250	141,125	133,500	141,250	148,250
22	Taxes & Licenses	41,000	60,024	164,613	903,702	1,320,836	1,656,291
23	Telephone	44,000	103,500	132,750	158,250	167,250	264,375
24	Travel & Entertainment	257,250	538,500	747,750	675,000	685,500	700,500
25	Total General & Administrative Cost	678,450	1,353,584	1,955,639	2,778,152	3,295,586	3,793,566
26	EBITDA	(1,832,424)	(249,690)	7,032,515	20,375,473	33,734,006	44,716,746
27							
28							
29	Depreciation & Amortization	68,583	295,139	669,500	1,092,556	1,538,611	2,004,778
30	Interest Income	-	32,655	198,104	-	-	-
31	Interest Expense	-	151,270	134,083	-	-	-
32	Total Income Taxes	-	-	-	5,384,011	11,268,288	14,949,189
33	Net Income	(1,901,007)	(728,754)	6,030,828	13,898,907	20,927,006	27,762,779

BUDGETING & ANALYSIS

XCELLEGEN software gives you a better way to do budgeting and analysis in Excel. It eliminates the problems associated with a spreadsheet-based budgeting system, such as formula maintenance, documentation, and confusion. XCELLEGEN is extremely flexible, allowing you to implement many types of financial analytic applications, including:

- Capital asset modeling
- Customer retention analysis
- Human resource analysis
- Complex business models
- Sales forecasting
- Inventory costing and analysis

XCELLEGEN Product Features

XCELLEGEN is a development environment for building financial analytic applications in Microsoft Excel. It gives you a better way to develop Excel applications, such for financial reporting, budgeting and long-term corporate modeling. It is well suited to compliment QuickBooks Online.

FINANCIAL MODELING

XCELLEGEN software makes it easier to defend your financial assumptions. It is the better way to do multi-year financial modeling in Excel.

1	B	Budget - 2010							
		Sales							
		Actual Aug 2009	Actual Sep 2009	Forecast Oct 2009	Forecast Nov 2009	Forecast Dec 2009	Forecast 2009	Forecast Jan 2010	
9	Revenue Factors								
10	SHC Sales Headcount	19	19	20	20	20	20	21	
11	QTA Quota - New customer/HC	45	45	45	45	45	45	46	
12	QTB Quota - New customer/HC	50	50	50	50	50	50	51	
13	SPA Sales Price - A	1,000	1,000	1,000	1,000	1,000	1,000	1,050	
14	SPB Sales Price - B	5,000	5,000	5,000	5,000	5,000	5,000	5,250	
15	NCA Customers - New A	855	855	900	900	900	10,395	966	
16	NCB Customers - New B	950	950	1,000	1,000	1,000	11,550	1,071	
17	NCT Customers - TOTAL NEW	1,805	1,805	1,900	1,900	1,900	21,945	2,037	
18	EC Customers - Existing	28,240	30,045	31,945	33,845	35,745	35,745	37,782	
19	HN Service Hours - New	40	40	40	40	40	480	35	
20	HC Service Hours - Existing	10	10	10	10	10	120	10	
21	SR Service Rate per Hour	75	75	75	75	75	75	75	
22	Product Sales								
23	4000A Product A Sales	45,000	45,000	45,000	45,000	45,000	540,000	48,300	
24	4000B Product B Sales	250,000	250,000	250,000	250,000	250,000	3,000,000	267,750	
25	4000C Product Other	-	-	-	-	-	-	2,288	
26	Total Product Revenue	295,000	295,000	295,000	295,000	295,000	3,540,000	318,338	
27	Service Revenue								
28	4100A Service - New Customers	72,200	72,200	76,000	76,000	76,000	877,800	71,295	
29	4100B Service - Existing Customers	282,400	300,450	319,450	338,450	357,450	3,069,600	377,820	
30	4100 Total Service Revenue	354,600	372,650	395,450	414,450	433,450	3,947,400	449,115	
31	REV Total Revenue	649,600	667,650	690,450	709,450	728,450	7,487,400	767,453	

FINANCIAL REPORTING

XCELLEGEN software gives you a better way to do

CFOsoft for High-Tech Startups

financial reporting in Excel. It eliminates the problems associated with a spreadsheet-based financial reporting system such as data integrity and inefficiency.

CONSOLIDATIONS

XCELLEGEN gives you a better way to do multi-company consolidation in Excel. It eliminates the problems associated with a spreadsheet-based multi-company consolidation software solution.

	Parent	Company 1	Company 5	Company 10	Eliminations	Company 90	Consolidated
5 Cash	1,700,000		15,177,172	17,117,775			33,994,947
6 Accounts Receivable			17,829,623	4,992,005	(100,000)		22,721,628
7 Other Current Assets							
8 Fixed Assets			991,085	230,291			1,221,376
9 Accumulated Depreciation				(75,404)			(75,404)
10 Investment - Company 5	3,000,000				(3,000,000)		
11 Investment - Company 10	3,000,000				(3,000,000)		
12 Other Assets			2,400,988	405,168			2,806,156
13 TOTAL ASSETS	7,700,000	36,398,867	22,669,835	(6,100,000)			60,668,702
14							
15 Current Liabilities		5,577,398	6,187,538				11,764,936
16 Long-term Liabilities		1,838,907	1,750,000				3,588,907
17 Capital	5,200,000	3,000,000	3,000,000	(6,000,000)			5,200,000
18 Retained Earnings	2,500,000	14,747,952	4,824,038				22,071,989
19 TOTAL LIABILITIES & EQUITY BEFORE YTD NI	7,700,000	25,164,257	15,761,575	(6,000,000)			42,625,832
20							
21 Revenue		60,676,601	28,419,053	(500,000)			88,595,654
22 TOTAL REVENUE		60,676,601	28,419,053	(500,000)			88,595,654
23							
24 Direct Cost		31,664,863	8,405,528	(400,000)			39,670,391
25 Salary and Wages		14,671,485	8,806,531				23,478,016
26 General & Administrative		2,122,824	473,502				2,596,327
27 Depreciation		410,166	287,592				697,758
28 Other Expense (Income)		(150,809)	(182,192)				(333,001)
29 Federal Income Taxes		723,451	3,719,832				4,443,283
30 TOTAL EXPENSES		49,441,991	21,510,793	(400,000)			70,552,784
31 YEAR-TO-DATE NET INCOME (YTD NI)		11,234,610	6,908,260	(100,000)			18,042,870
32 TOTAL LIABILITIES & EQUITY	7,700,000	36,398,867	22,669,835	(6,100,000)			60,668,702

QUICKBOOKS ONLINE

QuickBooks Online is a surprisingly robust application that looks great and behaves well. QuickBooks Online Plus is an excellent choice for a service-based (or very simple product-based) business that needs mobile access to sales and purchase tools and data, as well as payroll and basic time billing. It is exceedingly easy to use.

QuickBooks is the clear market leader demonstrate excellence at almost every turn, and provide their financial tools within an interface that businesses find easy to use. Intuit introduced QuickBooks Online a few years ago; it was not close to matching the accounting acumen of QuickBooks Pro and Premier.

QuickBooks Online is a perfect system for a CFOsoft.

Feature	QUICKBOOKS Online Simple Start	QuickBooks Online Essentials	QuickBooks Online Plus
Accountant Access	Yes	Yes	Yes
Anytime, Anywhere Access*	Yes	Yes	Yes
Automatic data backups	Yes	Yes	Yes
Budgets	No	No	Yes
Class Tracking	No	No	Yes
Custom fields	No	Yes	Yes
Custom Invoice Styles	Yes	Yes	Yes
Customer List (Limit) **	Unlimited**	Unlimited **	Unlimited **
Delayed Charges	No	Yes	Yes
Detailed reports with expanded customization	No	Yes	Yes
Email Sales Forms	Yes	Yes	Yes
Expense tracking by customer	No	No	Yes
Export to Excel	Yes	Yes	Yes
Estimates	No	No	Yes
Import from QuickBooks Desktop	No	Yes	Yes
Income & Expense Tracking	Yes	Yes	Yes
Invoices	Yes	Yes	Yes
Invoice Automation	No	Yes	Yes
Location tracking	No	No	Yes
Manage Bills to Pay later	No	Yes	Yes
Merchant Account Service ***	Add-on Service	Add-on Service	Add-on Service
Multiple Users	1 User + Accountant Access	3 users + Accountant Access	Yes (add up to 25)
Online Banking	No	Yes	Yes
Payroll ***	No	Add-on Service	Add-on Service
Products and Services List	Yes	Yes	Yes
Print Checks	Yes	Yes	Yes
Recurring Templates	No	Yes	Yes
Support	Email Only	Email, Callback and Chat	Email, Callback, and Chat
1099 Forms	No	No	Yes
Terms	Yes	Yes	Yes
Time tracking	No	No	Yes

History

JOHN CALAHAN (FOUNDER, PRESIDENT)

John has been in the accounting software business for over 30 years. He started his career as a CPA until he formed Timeline, Inc. to provide “timeshared” accounting services to his clients in the 1980s. Clients would “dial up” to Timeline’s Digital Equipment Corporation VAX” mini-computers and pay by the hour.

In the late 1980s and through the 90s, a common theme to John’s career was the development of spreadsheet software and customer implementation.

After leaving Timeline in 1998, John formed CFOsoft with his long-time friend and business associate, Fred Dean (rest in peace) to provide better Excel budgeting, financial reporting, budgeting and modeling software.

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