

# **Aurora International Consulting (AIC)**

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## **Business Plan**

**For**

**SecureNet Pro Inc.**

**SecureNet Pro** is a software development firm specializing in providing Internet monitoring and filtering solutions. The firm’s technology solution helps medium-sized enterprises control, manage and understand internal Internet use by filtering Web content, monitoring Internet access and producing informative reports on user activity.

**Researched and Prepared<sup>1</sup>**

**By**

**Aurora International Consulting (AIC)**

**[www.AURORAINTERCON.COM](http://www.AURORAINTERCON.COM)**

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<sup>1</sup> **NOTE:** This document has been edited and/or information omitted to protect the identity, trade secrets and intellectual property of the company depicted. AIC has been granted permission to use certain information and data, in this sample business strategy, as an illustration of its experience, knowledge and abilities to perform business development consulting.

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### **AIC’s Business Plan Development Service**

#### **Service Description**

Working closely with your firm, a comprehensive written strategy is prepared detailing your company’s organizational structure, marketing approach and financial reporting systems.

The completed business plan will help your firm:

- Identify profitable business opportunities
- Control and/or maintain operating costs
- Anticipate shifting customer needs and purchases
- Convince potential investors or lenders to fund your company
- Compete successfully in the marketplace

#### **Service Procedures**

AIC’s service procedures include three steps:

- (1) Learning about your business, and its needs, through a questionnaire and a personal interview.
- (2) Researching and collecting the necessary information & data needed to prepare an effective business strategy.
- (3) Preparing a plan that reflects your firm’s mission, purpose, and business objectives

#### **Service Price**

The Business Plan Development Service price is \$2,500.

#### **For More Information**

Let us know how we can help your company succeed. Contact Mr. Darrell Williams today, at [staff@auroraintercon.com](mailto:staff@auroraintercon.com), for Business Plan Development Service assistance.

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### **EXECUTIVE SUMMARY**

Established in 2002 as an LLC, SecureNet Pro is a software development firm specializing in providing Internet monitoring and filtering solutions. The firm’s technology solution helps medium-sized enterprises control, manage and understand internal Internet use by filtering Web content, monitoring Internet access.

SecureNet Pro’s target clients are medium-sized law firms and municipal governments. Out of 350 identified potential clients, in the geographical area the firm serves, SecureNet Pro has signed 108 as clients.

Unlike its larger competitors in the growing \$500 million dollar web filtering software market, SecureNet Pro has not been able to establish a presence on a nationwide or worldwide level. The company, instead, concentrates its product sales efforts within a three state regional area.

SecureNet Pro generates revenue primarily from subscriptions. In particular the firm sells subscriptions to its products based on the number of seats or devices to be managed. A smaller portion of the firm’s revenue comes from installation and maintenance fees.

Product sales reached the million-dollar mark in 2005. In addition, the company achieved profitability in 2006.

SecureNet Pro recognizes its strengths and weaknesses. For example, key weaknesses include: the company’s software product solution is not truly unique or innovative, the company lacks certain market research data about its target audience and the company lacks a significant research & development program to develop new products or to upgrade existing products. At the same time, the company is in the process of developing and implementing a strategy to correct its weaknesses.

In terms of strengths, SecureNet Pro can point to two significant areas: its management team and its effective customer service program. Both areas have contributed towards producing consistent revenues, controlling costs and generating repeat business.

SecureNet Pro’s management team consists of experienced professionals with strong backgrounds in software product development and software product & service sales. Jackson Wallace, the company’s founder, has led the development and the launch of numerous software products. Samantha Johnson, Vice-President for Marketing and Business Development, has planned and executed marketing strategies that resulted in multi-million dollars sales for two software development firms.

To become the vendor of choice for content filtering software in the local legal community, SecureNet Pro established a strategic alliance with two state Bar Associations.

Finally, the company is looking to develop proposals for federal governmental research & development work (i.e., Small Business Innovation Research (SBIR)) to build up its R&D program. Also, SecureNet Pro anticipates seeking future private sector investors to help fund its product development program.

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### MARKET ANALYSIS

#### *Product Market Definition*

**Secure Content Management (SCM)** Secure content management is an emerging market that reflects corporate customers’ need for a policy-based Internet management tool that addresses virus protection, Web content, email scanning, and downloadable applications execution. Secure content management technologies cover three specific product areas: antivirus software (AV), Internet access control and employee Internet management (IAC/EIM), and email scanning.

**Web Filtering Technology** Content filtering (also known as *information filtering*) is the use of a program to screen and exclude from access or availability Web pages or e-mail that is deemed objectionable. Content filtering is used by companies of all sizes as part of their Internet firewall computers. Home computer owners also, especially by parents to screen the content their children have access to from a computer, use content filtering technology.

#### *Product Need & Usage*

Marketing research firm IDC identifies web filtering product need and usage in the following way:

- Web filtering continues to evolve from a simple Internet access control (IAC) solution to a crucial corporate asset that focuses on enhancing employee productivity, enforcing corporate policies, and creating knowledge repositories for information sharing between users and groups.
- Corporate implementations of Web filtering solutions are also largely driven by legal liability concerns. The issue of employees visiting adult-oriented Web sites is no longer the only concern of corporations. Employees who visit pirated software and hacking Web sites, gambling sites, and even online office pool sites can also expose the corporation to legal liability. EIM technologies can help corporations minimize the potential risk of liability and reduce unacceptable employee Web use.
- Corporations that monitor Internet usage patterns and create usage policies can help unclog valuable bandwidth resources. Many users are unaware or completely ignorant of the network bandwidth consumption associated with downloading large graphics files, playing online games, or accessing streaming audio/video applications, which can degrade network performance for all corporate employees.
- The U.S. Department of Labor estimates that wasted time on the Internet costs businesses up to \$3 million a year per every 1,000 employees. In addition, more than 60% of companies have disciplined employees and more than 30% have terminated employees for inappropriate use of the Web.

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### *Market Size*

According to an IDC market search report, the secure content management market, which includes messaging security, Web filtering and antiviral software, is expected to be worth \$11.4 billion by 2009.

Estimated Worldwide Security Software Revenue Forecast (In millions of dollars)

	2005	2006	2007	2008	2009	2010	CAGR 2005-10	Market Share (%) 2005	2010
Secure content management	5,603	6,581	7,501	8,278	8,900	9,599	11	47.5	46.8
Identity and access management	2,636	2,934	3,268	3,605	4,018	4,475	11	22.3	21.8
Security and vulnerability assessment	1,579	1,860	2,181	2,545	2,953	3,417	17	13.4	16.7
Threat management	1,517	1,676	1,828	1,957	2,062	2,148	7	12.9	10.5
Other	467	547	626	704	781	853	13	4.0	4.2
Total	11,802	13,598	15,404	17,088	18,714	20,492	12	100	100

Note: Totals may not add due to rounding. CAGR-Compound annual growth rate

Source: IDC; Standard & Poor's Industry Surveys Computers: Software, April 26<sup>th</sup> 2007, page 3.

### *Web Filtering Software*

In 2003 the Worldwide Web filtering software market reached \$338 million. IDC believes the Web filtering software will grow from \$338 million in 2003 to \$935 million in 2008, representing a compound annual growth rate of 23%.

Worldwide Web Filtering Software Revenue, 2003 -2008 (\$M)

	2003	2004	2005	2006	2007	2008	2003-2008 CAGR (%)
Web filtering software	\$337.8	\$420.6	\$521.8	\$645.4	\$786.4	\$934.6	22.6 %
Growth		24.5%	24.1%	23.7%	21.8%	18.8%	

Source:IDC, 2004

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### *Competition*

The market for web filtering software is highly and increasingly competitive. Competitors vary in size, in the scope and breadth of their technology products and in their service offerings. Many of SecureNet Pro’s competitors are larger and have substantially greater resources. In addition, companies, like N2H2 Inc., sell their products to local governments, which mean SecureNet Pro competes directly against larger firms.

### *Industry leaders*

Websense, SurfControl, Secure Computing, Symantec, Digital Arts, Computer Associates, Microsoft, St. Bernard Software, Finjan, Barracuda, ScanSafe, Cisco Systems and Trend Micro, Vontu, Verdasys, Vericept, Tablus, Symantec, Secure Computing, Reconnex, Provilla, Proofpoint, Palisade Systems, Orchstria, Oakley Networks, McAfee, N2H2 Inc, Intrusion, Fidelis, Checkpoint and Code Green Networks.

### *Industry Conditions & Trends*

Based on a report by a leading industry player, the Software industry is undergoing a trend towards consolidation, which means the areas of security and content management are beginning to converge. In fact, larger companies are acquiring and/or partnering with smaller firms offering complementing technologies.

### *SecureNet Pro’s Strengths & Weaknesses*

- |             |   |
|-------------|---|
| Strengths:  | <ul style="list-style-type: none"><li>• Professional team with industry experience</li><li>• Strong internal operations structure</li><li>• Customer satisfaction with the company’s service delivery performance</li><li>• Generate steady revenues and maintain controls on operating costs</li><li>• Solid reputation for customer service</li></ul> |
| Weaknesses: | <ul style="list-style-type: none"><li>• Software product solution is not truly unique or innovative</li><li>• No program for new product development or product development upgrade</li><li>• Research &amp; Development funds limited</li><li>• Lack marketing research on product use and need for company’s technology</li></ul>                     |

### *Strategy To Overcome Weaknesses*

Establish Internal Research & Development Fund: Twenty percent (20%) of quarterly profits, for the next two consecutive fiscal years, will be placed in a special financial account that will be used for new product development and/or product improvement/upgrade activities.

Market Research Consultant: A market research consultant will be hired to help (1) identify and collect secondary data on product use and need in both the legal industry and municipal government marketplace and (2) survey IT managers, directors and administrators working for law firms and municipal governments about their need and use of web filtering software.

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## MARKET STRATEGY

### *SecureNet Pro’s Targeted Markets*

Although SecureNet Pro recognizes the increasing worldwide demand for web filtering software technology products, the company, due to resource limitations (i.e., staffing and funding), is concentrating its immediate future on attracting and obtaining clients from a three state regional area.

Based on the experience of its staff, the firm’s aim is to attract clients from two different markets sharing the same product demand needs. The markets are: local governments and mid-sized law firms.

<u>Targeted Customers</u>	<u>Product Need/Usage</u>	<u>Potential Market Size</u>
Local Governments	Defend government agencies from Web-based threats, manage employee usage of the computing environment and protect confidential data.	Identified 200 municipal governments operating within a three state regional area.
Law Firms (Employee Size: 15 – 25)	Defend the firm from Web-based threats, manage employee usage of the computing environment and protect confidential data.	Identified 150 firms which fit SecureNet Pro’s potential customer profile.

### *Promotional & Business Development Activities*

SecureNet Pro’s promotional program center’s on the following:

<u>Targeted Customers</u>	<u>Promotional &amp; Business Development Activities</u>
Local Governments	Direct-mail advertisement; Booth display at state municipal league annual conferences; Place ads in monthly state municipal league magazines; Register as a small business vendor with identified local governments.
Law Firms	Direct-mail advertisement; Booth display at state Bar Associations’ annual conferences; Place ads in monthly state Bar Association magazines; Participate in and network at monthly state Bar Association workshops on law office technology; List company as a vendor on state Bar Associations’ websites.

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### *Competitive Advantages*

The company's experienced, skilled and knowledgeable staff provides it with a competitive advantage over firms its size. In addition, the company's product delivery and customer service program gives it a slight advantage compared to similar software firms. These advantages contribute greatly to the company's ability to generate steady revenues and receive high customer satisfaction ratings.

### *Strategic Alliances*

SecureNet Pro strategically aligned itself with two state Bar Associations to be the Content Filtering Software vendor of choice for the Associations' members.

### *Revenue Model*

SecureNet Pro generates revenue primarily from subscriptions. In particular the firm sells subscriptions to its products based on the number of seats or devices to be managed.

A smaller portion of the firm's revenue comes from installation and maintenance fees.

### *Distribution*

The delivery of the software is done in two ways: (1) electronically (i.e., making it available for download by the customers) and (2) installation at the customer site.

### *Customer Service*

SecureNet Pro maintains a pro-active, engaged customer service program that involves the firm's top management. Specifically, the customer service program focuses on accomplishing three objectives:

1. Ensuring that clients are satisfied throughout the sales and delivery process;
2. Gaining client feedback (i.e., on a quarterly basis) regarding service performance; and
3. Working with clients to solve related technology problems or technology solution needs.

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### **Management & Operations Structure**

#### *Management Team*

#### **Jackson Lee Wallace – President & CEO**

As an experienced products manager with three small software firms, Mr. Wallace brings more than twenty-five years of professional expertise as a software engineer and as a marketing executive. He has led the development and the launch of numerous software products. His work performances contributed to revenue grow in three different companies.

He holds both a Bachelor of Science in Computer Science from Northwestern University and an MBA from Boston University.

#### **Samantha Johnson- VP Marketing & Business Development**

Samantha Johnson has over 15 years of marketing and public relations professional experience. Her background includes working for two advertisement agencies, three public relations firms and two software development firms. Her creative, innovative marketing strategies have resulted in multi-million dollar sales.

She earned a Bachelor of Arts from Williams College and an MBA from Boston University.

#### **Sue Rizzio- VP Finance**

Sue Rizzio is an accomplished financial professional with more than 20 years under her belt. Her financial background includes working as bookkeeper, Accountant and Controller. She has helped five different companies establish financial systems. Ms. Rizzio has also spearheaded the development of cash management system and streamlined the financial planning process of at a major government contracting firm.

She graduated Summa Cum Laude from the University of California, Berkeley. Ms. Rizzio also holds an MBA, with a concentration in Accounting, from Columbia University.

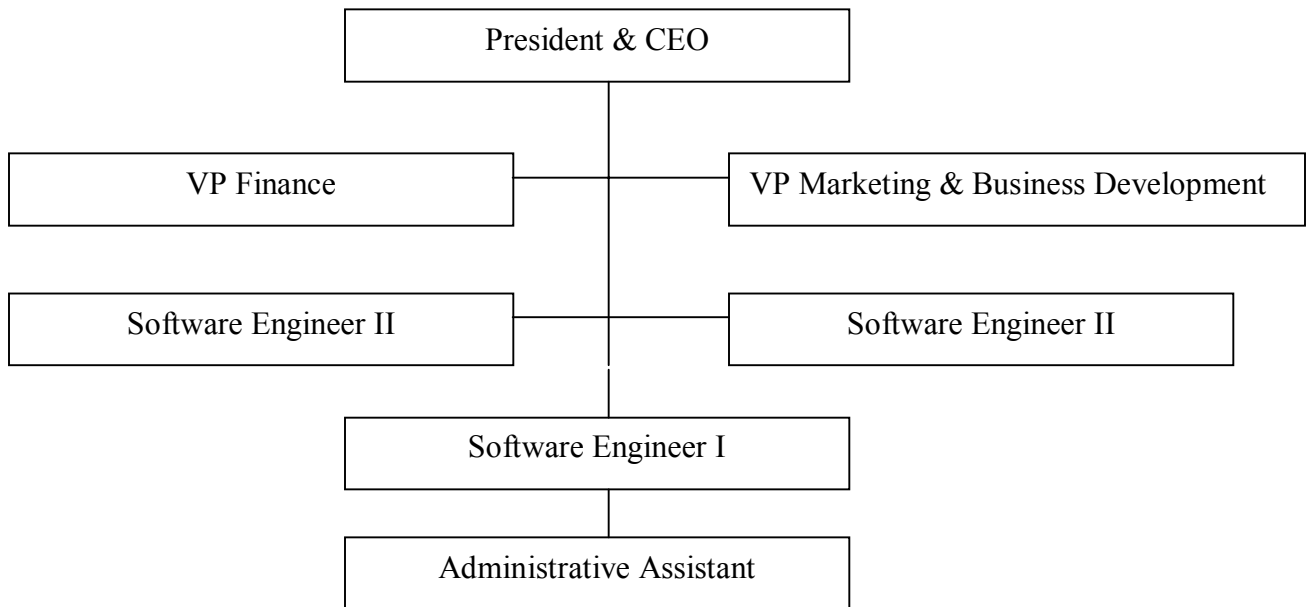
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## *Professional Positions*

<u>Title</u>	<u>Name</u>
President & CEO	Jackson Lee Wallace
VP Marketing & Business Development	Samantha Johnson
VP Finance	Sue Rizzio
Software Engineer II	Robert Payson
Software Engineer II	William King
Software Engineer I	Charlie White, Jr.
Administrative Assistant	Jane Meadow-Bloom

## *Organizational Chart*



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### *Compensation Table*

<u>Title</u>	<u>Salary</u>	<u>Employee Benefits*</u>
CEO & President	\$98,000	\$117,600
VP Finance	\$94,000	\$112,800
VP Marketing & Business Development	\$90,000	\$108,000
Software Engineer II	\$89,000	\$106,000
Software Engineer I	\$51,200	\$61,440
Administrative Assistant	\$30,000	\$36,000

\*20% added for employee benefits.

### *Operation Philosophy & Practice*

In order to control and/or reduce product development and service performance costs, SecureNet Pro operation philosophy and practice focuses on:

- Defining roles and responsibilities for each staff position;
- Instituting an active knowledge/information sharing program between staff members;
- Inviting new ideas/suggestions on improving business processes that lead to efficient work performance, cost-savings for the firm and continued quality service for clients;
- Utilizing project controls (i.e., projects are tracked against their plan, proper management oversight is used to identify project risks ahead of time, staff members are held accountable for quality performance on all assignments, etc.) and updating them on a regular basis;
- Using recovered cost savings to fund continued education and training programs for all staff members.

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### Financials

#### *Income Statement*

(Thousands of Dollars)

<b>INCOME</b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
Revenues	657,908	1, 248,987	1,509,908
Cost of Revenues	13,158	249,797	181,188
Gross Profits	644,750	999,190	1,328,720
<b>EXPENSES</b>			
Selling and Marketing	248,789	310,786	267,987
Research and Development.	20,000	25,076	32,987
General and Administrative	564,520	677,424	702,987
Operation Expenses	833,309	1,013,286	1,003,961
Income (loss) Before Taxes	(188,559)	(14,096)	324,759
Taxes	0	0	87,035
Net Income (Loss)	(188,559)	(14,096)	237,724