

11-TTAG-027

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City	Fayetteville
State	AR
ZIP	72701
County	Washington
Number of Employees	4
Year Established	2005
Company Web Site	Business Support & Capitalization Marketplace
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Project Area	Information Technology - 19 - Data, Knowledge, and Systems Engineering
Project Area Brief Description	Selected project area 19
Federal Agency	- Not Applicable -
Project Title	11-TTAG-027 - Enterprise Analyzer Benchmarking & Validation Enhancements
Competitive Challenges	EquityNet's Enterprise Analyzer™ is a state-of-the-art software and statistical system that automates much of the enterprise analysis and benchmarking that sophisticated entrepreneurs, business consultants, and private equity investors perform conventionally through manual approaches such as macro-enabled spreadsheets. This automation of otherwise manual processes enables EquityNet to offer Enterprise Analyzer at 10% of

the cost of traditional manual approaches.

Some competitors such as YouNoodle are incrementally commercializing software systems for business analysis, yet they are currently lagging EquityNet's software system sophistication. In addition, EquityNet was granted two patents in 2010 that severely limit competitors' ability to emulate EquityNet's software key value propositions and competitive distinctions. In support of this view, Jim Jaffe, President and CEO of NASVF stated recently that "EquityNet is an entrepreneurial organization that has developed a breakthrough product that will contribute to the success for investors, entrepreneurs and technology transfer professionals in the commercialization of new technology innovations."

Enterprise Analyzer is a novel, automated system that does require some level of customer behavioral adaptation compared to conventional practices. Manual-based approaches (e.g., spreadsheet models) for enterprise analysis are the entrenched practice in the market, and some level of education is necessary to convert customer prospects to users of a novel, automated software system.

Specific Problem

Enterprise Analyzer captures business plan information from entrepreneurs, much of which consists of business assumptions such as financial projections. EquityNet has observed that many entrepreneurs make business assumptions and projections that are abnormal and unrealistic. For example, an entrepreneur projects \$100 million in revenue and only a corresponding \$1 million in general and administrative costs, or 1% of revenue. According to research recently released by the University of Maryland that studied over 700 business plans, forward-looking business assumptions and projections are often viewed by outsiders (e.g., investors) as lacking credibility since a majority of assumed business projections are determined in the absence of informative empirical information such as peer benchmarks.

EquityNet has determined that most often, this occurs as a result of the unavailability of peer benchmarking information that entrepreneurs can readily access to compare and use in constructing realistic and valid business assumptions (projections). Entrepreneurs can benefit

substantially from readily available peer benchmarking information as described in this application and from associated automatic validation notices that alert entrepreneurs about statistically abnormal and unrealistic business assumptions and projections.

Solution

The resource provider has unique knowledge in advanced methods for data filtering, aggregation, and comparison. His knowledge will be applied to implementing a new system capability that aggregates the relatively large amounts of enterprise data contained in EquityNet (reference data) and that automatically compares an entrepreneur's business assumptions and projections to the statistical reference data from peer businesses. As a result, entrepreneurs will see their business assumptions presented adjacent to the business information of other peer businesses, enabling entrepreneurs to readily compare and validate their own business assumptions. In addition, investors and other business supporters will similarly have access to Enterprise Analyzer's benchmarking and validation capability. All peer parameters will be presented in aggregate and anonymous form to maintain entrepreneurs' privacy and confidentiality.

EquityNet is accumulating hundreds of parameters on each of hundreds of private enterprises through entrepreneurs' use of the Company's web-based Enterprise Analyzer software. This proprietary database (aka Knowledge Base) underlies the Company's strategy to produce software applications that extract knowledge from the database. The solution described herein is designed to extend the inherent value of the Company's growing Knowledge Base to that of entrepreneur and investor users. EquityNet anticipates that its Knowledge Base of enterprise data will continue to grow and eventually exceed thousands of enterprises.

A partial list of the business assumptions (parameters) that can be benchmarked against peers include the following: (Note that this list is not comprehensive):

- Management
 - Education
 - Executive Experience

- Industry Experience
- Startup Experience
- Financial
 - Average Selling Price
 - Revenue Growth Rate
 - Operating Expenses as a % of Revenue
 - Gross Profit Margin
 - Operating Profit Margin
 - Net Profit Margin
 - Tax Rates
 - Capitalization & Liquidity
- Market Size & Growth Rates
- Competition
- Headcount Revenue Concentration
- Pre-Money Valuation
- Time-to-Liquidity Event

Implementation Plan

It is expected that the Resource Provider will use a stepwise approach consistent with software engineering best practices. Based on a thorough understanding of the project objectives, the Resource Provider is expected to undertake rationalization and design changes of the software application's database management system (DBMS) and certain computational business objects to facilitate the calculations required to statistically aggregate peer-based enterprise parameters.

With a changed DBMS design and new business objects in hand, the Resource Provider should then implement changes consistent with that design, including interface changes that will present the new calculated parameters for the user. Thorough testing will be done including, but not limited to, modular and regression testing and other QA-related work.

	<p>The work will be completed with an analysis of user behaviors, any required maintenance follow-up, and the creation of appropriate software technical documentation.</p> <p>R&D work done and use of related systems in commercial operations to date by EquityNet has generated the insights and information leading to the proposed work. This information provides clear indicators of the technical feasibility of the project and its anticipated product(s). The fundamental goal of the proposed work is to substantially enhance the quality of the system's service offerings and ultimately to enhance revenue generation.</p>
<p>Maintenance Plan</p>	<p>EquityNet has transitioned its previously outsourced software development model to an internal model over the past several years. The Company has benefited significantly from this new model because it enables EquityNet to be more responsive to market needs and to produce more tightly designed software. Further, it costs about 50% less than our prior mode of development.</p> <p>EquityNet diligently analyzes its systems for quality assurance and implements solutions whenever necessary. The Company constantly surveys its customers and assesses its software and database systems to identify potential improvements and enhancements. The Company has averaged a new software system release every two months for the past two years and expects to continue that rapid pace of evolution.</p> <p>EquityNet has a vigorous strategy for creating barriers for its potential competitors, including broad protection of intellectual property such as patents, trademarks, and trade secrets, as well as exclusive control of proprietary statistical data that is essential to certain functions of EquityNet's novel software systems. The project proposed herein also responds to the need to create and maintain strong competitive barriers.</p> <p>Of particular significance is the prospect for continuing high technology R&D in Arkansas, as well as the potential for long-term, on-going benefit via value growth and competitive protection, and employment opportunities for scientists, engineers, and analytical specialists.</p>
<p>Step 1</p>	<p>The first primary implementation task for the Resource Provider is to undertake rationalization and design changes of the software application's database management system (DBMS).</p>

Step 1 Time	15.00
Step 1 Budget	\$1,200
Step 2	The second implementation task for the Resource Provider is to undertake implementation changes of the software application's computational business objects to facilitate the calculations required to statistically aggregate peer-based enterprise parameters.
Step 2 Time	35.00
Step 2 Budget	\$2,800
Step 3	The third implementation task for the Resource Provider is to implement user interface layer changes that will present the new calculated parameters for the user. This task will also include modular and regression testing and other QA-related work.
Step 3 Time	12.50
Step 3 Budget	\$1,000
Increased Sales	\$150,000
Retained Sales	\$50,000
CS Inventory	\$0
CS Labor	\$0
CS Materials	\$0
CS Other	\$0
II Plant	\$0
II IS	\$25,000
II Workforce	\$50,000

II Research	\$0
II Other	\$0
AUI	\$0
SOI	\$0
Job Retention	0
Job Creation	8
YN 90Days	Yes
YN Affiliation	Yes
YN Agreement	Yes
YN Total Project Price	Yes
Explain Total Project Price	
YN Cash Match Agreement	Yes
Copied	No
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Include in Batch	Yes
Batch Number	NA
Application Status	Pending
Organization	ASTA
BatchTest	Processed
Batch Date	
Set Batch Number	
Lvl4	No
Application Description	9-Information Technology
SBIR-STTR	No