A business plan.

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EXECUTIVE SUMMARY

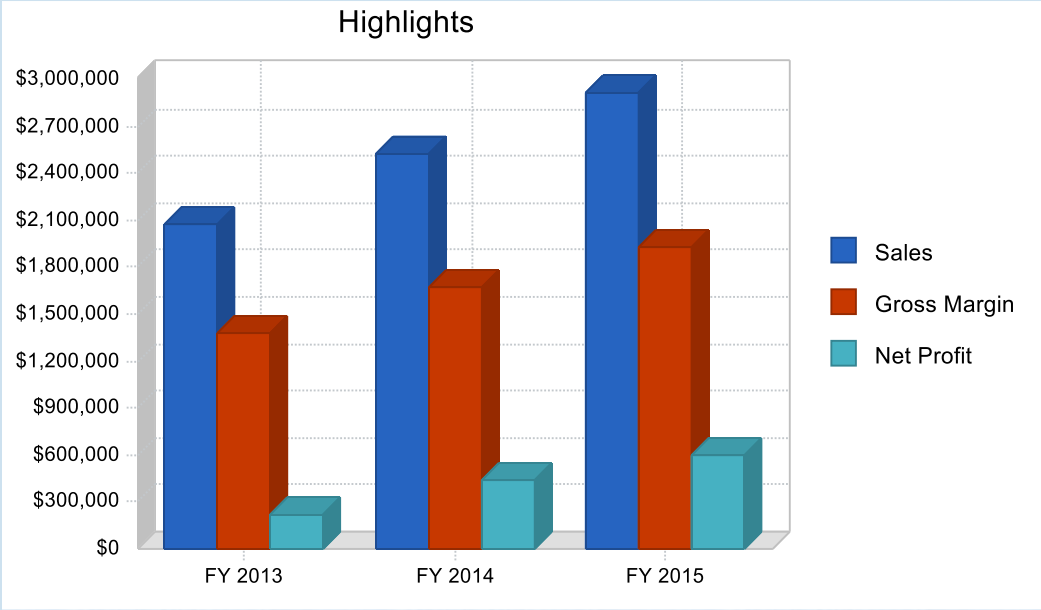
ABOUT OC DATA

OC Data, Inc. was formed in 2000 in Lake Buena Vista, FL. As a family business, the company's reputation was built on honesty and integrity. OC Data early days began with a simple IT consulting company, but as the company's assets and capital grew so did its inventory and staff. Now, as a diverse data storage solutions company, OC Data works with all kinds of business, from mom and pop shops to fortune 500 companies.

MARKET SUMMARY

The data storage industry is not one that is poised to go away anytime soon. According to Scott Ross, Senior Research Analyst and data storage expert, "Preventing and recovering from computer-generated business interruptions continues to be a focus in the IT industry. Leading organizations report less than 1 business interruption over the last 12 months and require less than one hour of time to recover 90% of their operational functionality. This superior performance is accomplished through several technologies, but the key reason for quick recovery is that critical data and systems are remotely located."

Data storage is currently growing at a rate of 20% year over year, which is unprecedented in this economy. This shows that there is a need for exponential growth of existing companies such as OC Data.



FINANCIAL HIGHLIGHTS

- *Over $2 million in sales in 2013!*
- *Net profit has a steady increase of over 20% a year!*
- *Positive cash flow all three years of the plan!*

EXECUTIVE SUMMARY

OBJECTIVES

- *To establish the company as the premier data storage company in Florida.*
- *To increase sales in 2012, 2013 and 2014 by at least 6%.*
- *To maintain tight control of cost, quality and operation during expansion.*
- *Increase market share to 50% in the Orange County area.*

THE INVESTMENT

OC Data is looking to have large growth over the next few years and increase market share in the Orange County, Florida area. The company is looking for an equity investor or investors to help raise $2MM in lots of $1MM to support this growth. Ideally, OC Data would like to find an investor or investors compatible with the company's growth plan, vision and management style.

For every $1,000,000 raised, the investing party will receive roughly 10% of the company. The preferred shares will include anti-dilution provisions as negotiated. The proceeds from the raise will be committed to the overall growth of the company. The majority of the money will go to lifting production limits and marketing the products.

Investment Analysis				
	Start	FY 2013	FY 2014	FY 2015
Initial Investment				
Investment	$0	$2,000,000	$0	$0
Dividends	$0	$20,000	$40,000	$40,000
Ending Valuation	$0	$0	$0	$2,079,000
Combination as Income Stream	$0	($1,980,000)	$40,000	$2,119,000
Percent Equity Acquired	35%			
Net Present Value (NPV)	($159,006)			
Internal Rate of Return (IRR)	4%			
Assumptions				
Discount Rate	10.00%			
Valuation Earnings Multiple		10	10	10
Valuation Sales Multiple		2	2	2
Investment (calculated)	$0	$2,000,000	$0	$0
Dividends		$20,000	$40,000	$40,000
Calculated Earnings-based Valuation		$2,210,000	$4,380,000	$5,940,000
Calculated Sales-based Valuation		$4,150,000	$5,040,000	$5,840,000
Calculated Average Valuation		$3,180,000	$4,710,000	$5,890,000

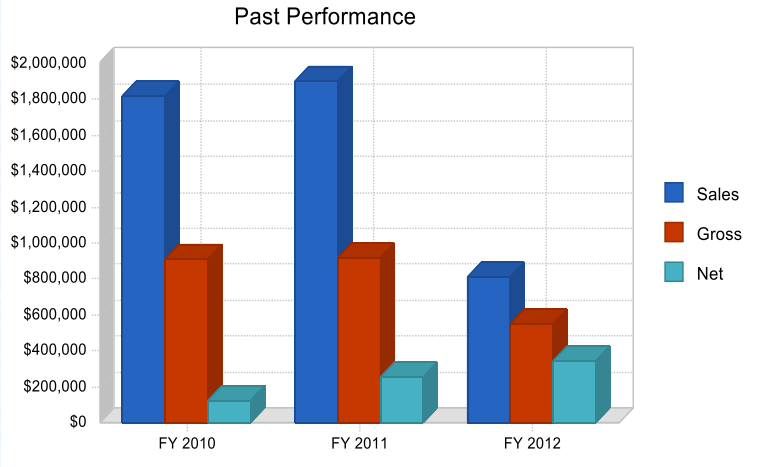
ABOUT THE COMPANY

OC DATA

is a corporation that provides products and services for all data storage needs.

COMPANY HISTORY

OC Data, Inc. was formed in 1997 in Santa Ana, FL. From the beginning, the company's reputation was built on honesty and integrity. OC Data's early days began with brokering tape drive and tape drive repairs. As the company's assets and capital grew so did its inventory and staff. Now, as a diverse data storage solutions company, OC Data's number one asset is its associates and customer base. OC Data strives to keep lasting relationships with both clients and employees and takes pride in its minimal turnover in both.



Past Performance			
	FY 2010	FY 2011	FY 2012
Sales	$1,819,698	$1,903,540	$813,456
Gross Margin	$908,007	$921,345	$547,890
Gross Margin %	49.90%	48.40%	67.35%
Operating Expenses	$396,066	$323,423	$132,190
Collection Period (days)	28	31	144
Inventory Turnover	0.76	0.66	0.14
Balance Sheet			
	FY 2010	FY 2011	FY 2012
Current Assets			
Cash	$476,504	$551,405	$556,919
Accounts Receivable	$22,340	$31,234	$55,430
Inventory	$1,200,980	$1,768,900	$2,100,900
Other Current Assets	$430,000	$510,000	$540,000
Total Current Assets	$2,129,824	$2,861,539	$3,253,249
Long-term Assets			
Long-term Assets	$135,000	$154,600	$178,090
Accumulated Depreciation	$350	$420	$510
Total Long-term Assets	$134,650	$154,180	$177,580
Total Assets	$2,264,474	$3,015,719	$3,430,829
Current Liabilities			
Accounts Payable	$25,430	$34,500	$51,230
Current Borrowing	$0	$0	$0
Other Current Liabilities (interest free)	$0	$0	$0
Total Current Liabilities	$25,430	$34,500	$51,230
Long-term Liabilities	$0	$0	$0
Total Liabilities	$25,430	$34,500	$51,230
Paid-in Capital	$0	$0	$0
Retained Earnings	$2,116,044	$2,726,619	$3,034,299
Earnings	$123,000	$254,600	$345,300
Total Capital	$2,239,044	$2,981,219	$3,379,599

ABOUT THE COMPANY

KEYS TO SUCCESS

- A growing industry in which there is room for fast yet controlled growth.
- OC Data is respected and loved within the local community and participates in many charity events.
- The company only utilizes state-of-the-art technology, unprecedented security and quick-response service.
- With a consistent company focus on quality, innovation and integrity the company has consistently seen year over year, double-digit growth.
- The company has created a strong marketing plan and will increase PR, Marketing and Advertising expenditures to 15% to 20% of gross profits. This will plan will attract new, long term customer relationships and therefore increase profits.

COMPANY MISSION

OC Data's mission is to provide quality data storage solutions with excellent customer service. Our goal is to provide our customers with hard to find and obsolete drives no longer available from distribution or supported by the manufacture.

MANAGEMENT SUMMARY

Gregory Smith, Owner

A recognized technology leader known for crafting the requisite strategic vision to achieve business success, Gregory Smith offers a unique blend of executive acumen, global team building and IT experience.

Since graduating from Stanford in 1999, Mr. Smith has been an IT and business genius. He has started several companies, many of which have been acquired. Greg started OC Data as a passion project in 2000 but it has since grown into a multinational corporation.

Mr. Smith truly has the magic touch with everything he does. He is a skilled chess player, semi-professional soccer player and enjoys riding and taking care of his four horses. Greg has three kids and a lovely wife and lives outside of Lake Buena Vista.

Gregory is now hoping to make OC Data the premiere data storage solutions company in Florida and beyond!

PRODUCT SUMMARY

OC Data' core business is tape and optical drives. These drives are used in conjunction with backup software and data tapes to store large amounts of data in a short matter of time. OC Data buys, sales, and services a full line of backup technology among all the various manufactures. These types of technology are 4mm, 8mm, DLT, QIC, SDLT, AIT, and LTO. Brands the company trades in are, but not limited to HP, IBM, Sony, Dell, Adic, Quantum, Sun, Storagetek, Tandberg, Dec, and Exabyte.

Tape Drives And Optical Drives

Tape drives and optical drives are the core product lines that OC Data buys, sales, and service. The drives combine with data tapes and backup software are used to store large amounts of data in a short period of time.

Features and Benefits

Tape and optical drives are used in conjunction with data tapes and backup software to backup large amounts of data in a short amount of time. The data tapes are then normally stored in a fireproof room or off-site at a secured location. Tape drives are among the preferred method of backup and storing data because; per GB it is the most cost effective and most reliable. The benefits for backing data can be the difference between staying in business and going out of business when disaster strikes your server. Some of the most common disasters are hard drives failing, employees deleting data, flooding, fire, theft, virus, computer hacking, etc.

Pricing

OC Data strives to be the lowest-priced competitor. The company has several pricing structures, for industry resellers, for end-users and for those clients who need services performed in addition to data storage systems.. Pricing for dealers are negotiated on each transaction.. OC Data' pricing strategy is aggressive. The company's goal is to have the best price online while providing quality products and five star customer services. OC Data's goal is always 100% customer satisfaction.

ABOUT THE PRODUCTS

ABOUT THE PRODUCTS

PRODUCT DEMAND

There is a huge need for OC Data's products and services, especially in the business-dense Orange County area. Recent U.S. government regulations require all businesses to maintain and back up a variety of data they may have otherwise deleted. For these legal reasons, many companies must back up at least five years of email data. In addition, each new version of software requires more and more hard drive real estate. This all adds up to a growing need for sophisticated storage solutions.

In addition, OC Data's target market of computer maintenance companies who hold contracts with Fortune 500 companies is also growing. The secondary market for computer hardware is a multibillion-dollar industry. The industry is rapidly growing as the rate of computer hardware becomes obsolete within 1-2 years from the date it's introduced in the market place. Consumers need larger capacity drives as their data storage needs continue to grow. OC Data is in position to capitalize on these opportunities because the company understands the business.

OC Data has been operating in the same line of business for the last 10 years and knows that it can continue its past success. The company has a knowledgeable sales force, well-trained experienced technicians, and hardware/ software to refurbish any tape or optical drive in the market place.

- New government regulations are propelling the industry!
- Fortune 500 companies keep growing!

Every Company Must Store Their Data!

MARKET ANALYSIS

OC Data' target market can be broken down into three categories: companies located in Orange County, FL, secondary sales companies who have IT contracts with fortune 5000 companies, and direct sales via the company's website.

Business in Orange County: Companies located in the Orange County area can be divided up in the following groups:

Small Companies: 60% of the companies located in the Orange County area are small companies. These companies have 50 to 150 employee and annual sales at around $5-$15 million. They represent a significant market since space and resources are critical to their growth and survival. Outsourcing record management is an excellent solution for a growing company that wants to control record compliance cost and needs more space.

Medium-sized Companies: 25% of the companies located in the Orange County area are medium-sized companies. These companies have over 300+ employees and their annual sales are between $20-50 million. Record management is a large part of their operating budget and is usually poorly organized and inefficient.

Large Companies: 15% of the companies located in the Orange County area are companies with over 1,000+ employees. These companies annual sales are $100-$300 million. Record management is now at the core of the strategic performance of the company.

Secondary Sales Market: The secondary sales market is based on IT companies who have large contracts with companies. These IT companies do not need to be in the immediate vicinity to order from OC Data. OC Data offers these companies competitive pricing per sale and is looking to grow within this sector.

Direct Sales: Direct Sales have the highest margin, as the consumer is paying a higher price than a company buying in bulk. These sales are made directly on the company website through aggressive inbound marketing techniques. These customers visit the website poised to buy, and OC Data enticing them with on-demand customer service and low, competitive prices.

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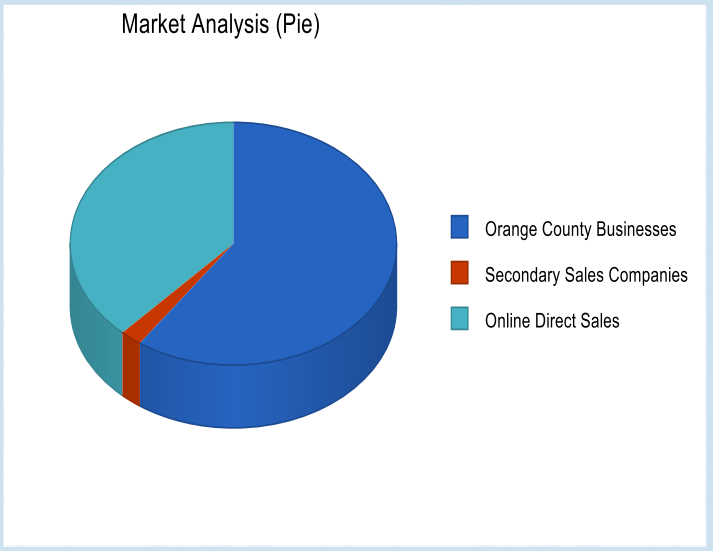
Large Companies: 15% of the companies located in the Orange County area are large companies with over 1,000+ employees. These companies annual sales are $100-$300 million. Record management is now at the core of the strategic performance of the company. Archiving some percentage of cumulative records is an excellent strategy in protecting records and improving retrieval time.

Secondary Sales Market

The secondary sales market is based on IT companies who have large contracts with companies. These IT companies do not need to be in the immediate vicinity to order from OC Data. OC Data offers these companies competitive pricing per sale and is looking to grow within this sector.

ABOUT THE MARKET



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Market Analysis							
		2012	2013	2014	2015	2016	
Potential Customers	Growth						CAGR
Orange County Businesses	4%	329,800	342,992	356,712	370,980	385,819	4.00%
Secondary Sales Companies	1%	12,100	12,221	12,343	12,466	12,591	1.00%
Online Direct Sales	2%	210,900	215,118	219,420	223,808	228,284	2.00%
Total	3.19%	552,800	570,331	588,475	607,254	626,694	3.19%

CUSTOMER SUMMARY

OC Data know the importance of understanding its customers. These clients include OEM Manufactures, computer maintenance companies, computer dealers and end-users. The company's clients are located locally and across the globe.

OEM's purchase tape drives from OC Data to support their customers who need models that the OEM has discontinued, has short supply, or is having difficulty allocating the parts to manufacture the drive. OEM's typically sale their tape drives with a 3-year advance exchange warranty. If a customer calls with a tape drive issue and the OEM no longer has stock on that model, the OEM will look to purchase the drive in the secondary market to honor their warranty.

Computer maintenance companies are obligated by contract to restore the customer's backup unit within 24 hours when an issue arises. When their customer drives malfunction, the computer maintenance needs to order a tape drive the same day and have it to the customer site by the next morning to meet with technician so that the replacement unit can be installed and the customer can backup any critical data that has not been saved. The primary reasons computer companies do not purchase drives from distributors, is that the drive is no longer available through distribution. OC Data is able to provide these drives at a cost effective price, while also alleviating the hassle of having to install a new model, which would require reconfiguring the complete server. This requires many hours of labor while also risking incompatibility issues.

Computer Dealers purchase drives from OC Data because of price, availability, and quality. The company's inventory of tape and optical drives is among the largest in the world. The warehouse is stacked wall to wall with new and used, discontinued and current tape drives. Every drive the company ships includes a test report showing that the drives has been tested with the OEM software and meets OEM specifications.

End-users are typically IT Managers who need to restore their company's backup servers. In-house IT Managers normally support 50 to 500 PC's all backing up to multiple servers. These servers need to be backed up daily, and it is the IT Managers job is to ensure these backups are being performed successfully. They accomplish this by have multiple servers backing up to multiple hard drives and tape drives.

ABOUT THE MARKET

CUSTOMER NEEDS

OC Data reviewed a recent nationwide survey of its customers in the United States to learn more about how consumers use tape libraries. The results of the survey indicate that tape storage remains a vital and irreplaceable component of the datacenter:

- *Half of respondents said that their business could not manage without tape storage.*
- *56% of respondents said they keep data on disk for a month or less before moving it to tape.*
- *74% of respondents are using tape storage for onsite backups and 63% are using tape storage for offsite backups and disaster recovery.*
- *80% of respondents do not believe that archiving to the cloud will replace tape storage*.

ABOUT THE INDUSTY

INDUSTRY ANALYSIS

The Data Storage industry's sole purpose is to keep data from computers safely stored in a different location. The industry is comprised of companies providing products and services related to storing vast amounts of information. The industry is composed of four main segments: Storage Systems, Storage Software, Storage Components, and Hard Disk Drives. The first three segments are typically considered enterprise solutions while hard disk manufacturing companies typically target average consumers. Below we take a look at what each of these segments offers to the industry, as well as important growth statistics.

Enterprise Solutions

Large storage systems are a tremendous growth industry. In recent history, this has translated into major revenue growth as well. The enterprise market is dominated by a handful of large companies that provide an array of services along with their hardware. Big players include names like IBM and Hewlett Packard, but also up-and-coming stars like NetApp and Fusion-io. These storage system suppliers offer packages that often include large initial investments for hardware and software as well as recurring proceeds from their services and software divisions. In order to continue offering one-stop data storage service, several of the big players have remained active in acquiring smaller companies and are not expected to slow down as the economy thaws.

Tape

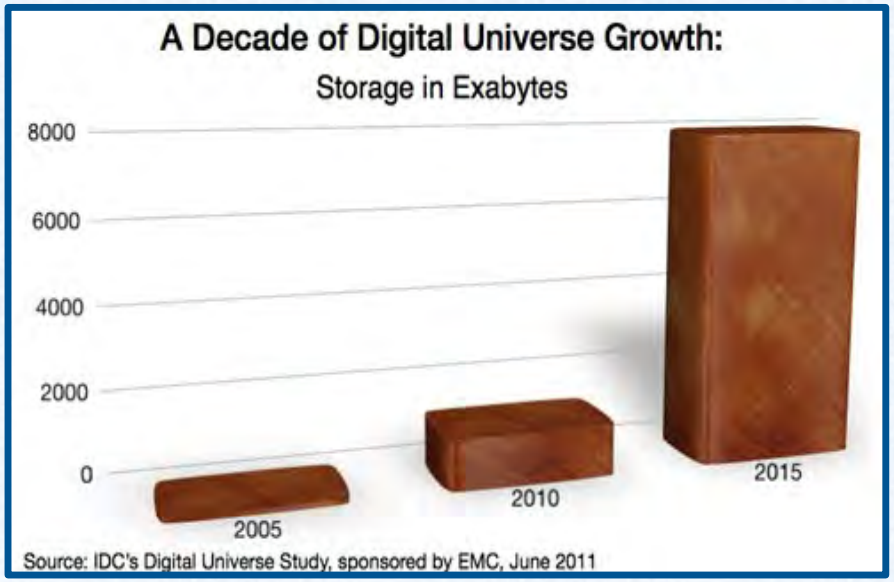
Tape remains key to managing the data lifecycle. With the lowest cost-per-gigabyte of storage, low energy consumption, portability and long shelf life, tape is a superior data storage option for organizations. According to recent research published by the Enterprise Strategy Group, 82% of organizations still use tape to support onsite backup processes. Tape also continues to hold its own in the data storage industry due to drive performance and capacity keeping pace with hard disk drives. And this growth is expected to continue. New types of tapes offer vendors a way to store data in a format-neutral way, independent of the proprietary formats in use today. Thus, tape storage drives are well positioned to help cope with the requirements of dealing with the future of "big data," and tape's lead is expected to grow during the next five years, denoting 45 percent annual growth by 2015.

ABOUT THE INDUSTY

INDUSTRY FORECASTS

The data storage industry is poised for growth. According to IDC, $4 trillion was spent in 2009 on hardware, software, services, networks, and IT staff to manage the digital universe. That spending is expected to grow between now and 2015, as seen in the chart to the right.

The data storage industry is not one that is poised to go away anytime soon. According to Dick Csaplar, Senior Research Analyst and data storage expert, "Preventing and recovering from computer-generated business interruptions continues to be a focus in the IT industry. Leading organizations report less than 1 business interruption over the last 12 months and require less than one hour of time to recover 90% of their operational functionality. This superior performance is accomplished through several technologies, but the key reason for quick recovery is that critical data and systems are remotely located."



Csaplar also noted in his *Off-site Storage"* report, 95% of leading companies utilize off-site storage of critical data. Additionally, one third of highly performing organizations employ simultaneous backup to remote locations. This ensures that little, if any, data is lost with a system interruption as all data is being replicated remotely as it is created. Tape storage is still used by 75% of superior organizations, indicating that the medium's usefulness still remains, particularly for cost and long term archiving reasons.

Below is additional data collected in the recent study by IDC2 on the industry's past and future growth:

- IDC2 estimates that in 2009, despite the global recession, the so-called "digital universe" grew by 62% to nearly 800,000 petabytes (where a petabyte equals a million gigabytes).
- In 2010, the digital universe is expected to reach 1.2 million petabytes (PB). This is the equivalent of 75 billion fully-loaded 16 GB Apple iPads, or a full-length episode of FOX TV's hit series "24" running continuously for 125 million years!
- According to IDC, 75% of the data stored is a copy, rather than a first instance of the data.

Putting this explosive growth in context, IDC expects that by 2020, the amount of digital information will be 44 times larger than was in 2009. This leaves plenty of room for new market entry in the industry.

COMPETITION SUMMARY

Indirect Competitors

These competitors have products or services that can replace OC Data' but are not exactly the same. An example of this is cloud computing. While cloud computing has been a buzzed about industry for the last few years, OC Data tradition data storage company has major benefits over its digital rival. New regulations regarding piracy and fears about online security will lead to new laws and protective measures that could hinder migration to the cloud. Drastic changes in regulation could have substantial negative effects to all aspects of data creation, replication, and storage. Continued attacks and online security breaches could lead to uncertainty about the reliability of cloud technology.

Direct Competitors

In the case of OC Data, although the business model is completely different, the major producers of data storage hardware can be considered direct competition. While there is plenty of large companies making this technology, you can see from the following chart that there is plenty of room in the market for OC Data' increased market share, even when competing against billion dollar conglomerates.

Key Industry Stats	Major Players By Market Cap
Market Capitalization 97B	IBM 227.26B
Price/Earnings 26.1	Hewlett Packard 56.84B
Price/Book 6.2	EMC Corp 53.57B
Net Profit Margin 8.6%	Dell Inc. 31.71B
Price to Cash Flow 51.1	NetApp Inc. 14.32B
Return on Equity 12.6%	Seagate 11.84B
Dividend Yeild 3.7%	Western Digital 9.10B

OC Data competes against these major players by using a business model that refurbishes used data hard drives. Instead of working against these companies, OC Data works with them to target a new customer segment.

COMPETITIVE ADVANTAGE

Throughout the 12 years the OC Data has been in business, it has developed strong relationships with vendors and customers. grown faster than the industry growth rate. In addition, OC Data has leveraged the benefits of the internet with aggressive online marketing and the expansion of product lines to include hard drives, memory, servers, networking equipment, and ink toners.

One of the main barriers to entry to the data storage industry is the high capital cost to start the business. Also, production costs to service the drives requires high tech computer hardware and proprietary software. In addition to capital, intense skills are required to buy, sell, and service tape drives. These skills can only be developed through years of training. In this regard, OC Data' core advantage is in its staff. Each technician has a minimum of 10 years of experience repairing tape and optical drives.

In addition to 12 years of success and training, OC Data's niche is in its purchasing and marketing strategies. The company is able to purchase tape and optical drives for pennies on the dollar. OC Data buys drives in as-is untested condition, refurbishes them in-house and remarkets them throughout the world. In doing this, the company created a differentiated target market.

=

The company will also have two concurrent strategy of immediate results and long-term branding. . The following are examples of these two types of marketing and advertising that the company plans to utilize:

Immediate Results

Promotions

Promotions are accomplished via email marketing, direct sales calls, and online advertising. OC Data customers are emailed on a monthly basis with promotions on tape drives and data tapes at promotional discounts. Each email contains information on data storage tips and trends. These promotions work to bring in new customers that then become loyal clients.

Targeted Keyword Advertising

These campaigns can be tested and edited until they are perfect and create conversions to online purchases. These advertisements can be done through Google, Facebook, and Twitter and can be tailored to OC Data' budget. These ad platforms use location based technology to determine where the viewer is located, therefore targeting consumers in the target market area for services and anywhere in the world for online purchases. The ads will not only translate directly to sales, but will also increase overall brand awareness.

Trading Websites

OC Data also advertises on online trading and purchasing sites. These sites include pricewatch.com, pricegrabber.com, amazon.com, etc. These websites are an asset to the marketing portfolio because the advertisements target consumers who are already looking to make a purchase.

Long-term Branding

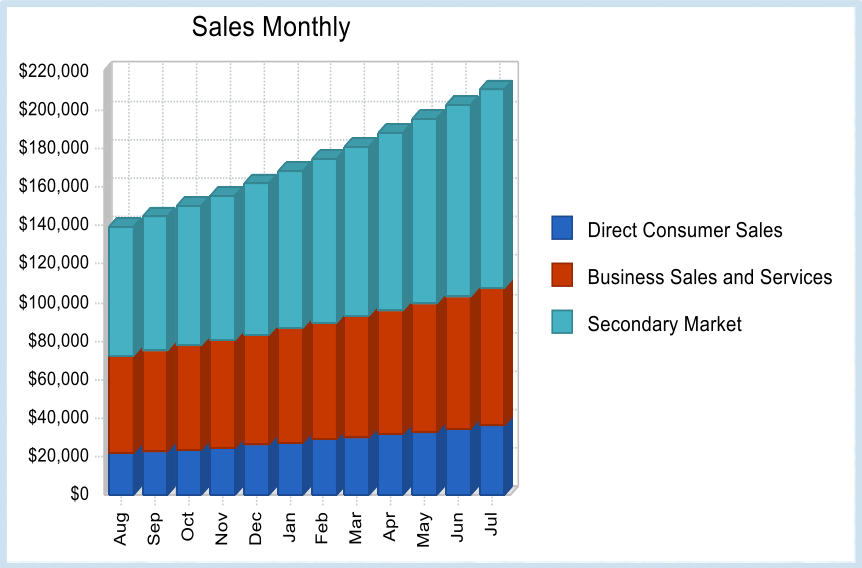
Public Relations

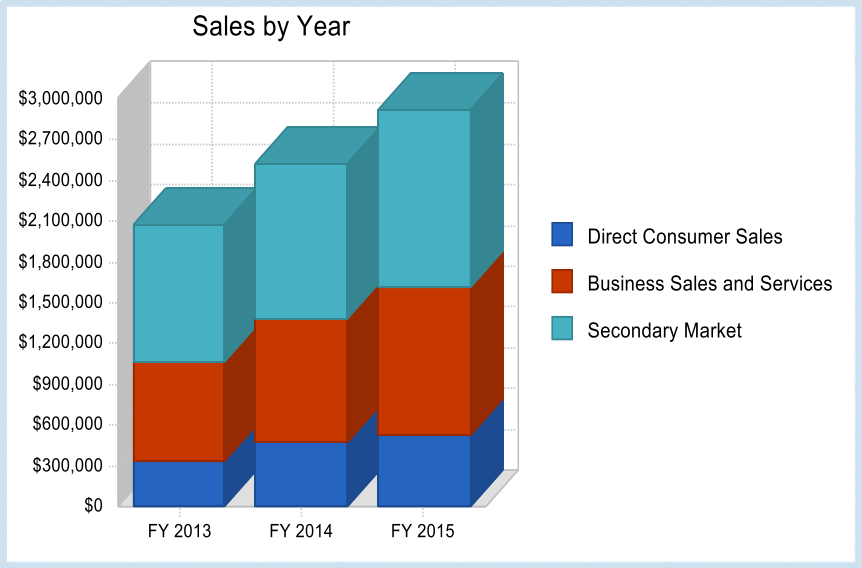
Public Relations will be an important aspect to the marketing plan for the next coming years. OC Data, Inc. will pay a small monthly retainer in order to secure public relations work that will get the brand featured in local news and trade magazines as well as applicable Internet news and industry blogs. This will be essential for the brand's growth.

Social Media, SEO and SMO

OC Data understands the importance of a strong social media and search engine optimization campaign. The company will target Yelp.com, Twitter.com, Local.com and work on the already thriving Facebook brand page.

SALES STRATEGY





SALES STRATEGY

OC Data plans to use new monies raised in order to execute a manageable and quick growth strategy. This involves leveraging relationships with current clients while also marketing to new ones. OC Data also hopes to use investment money to increase its share in the company sales layer of secondary suppliers.

SALES FORECAST

OC Data will use its expertise, current client connections and investor working capital in order to grow the company. While this potential growth percentage is limited in other industries, this is a conservative estimate due to the global reach of the data storage industry. Clearly OC Data' projections have the ability to be much larger and stronger based on the precedent set in this industry and the company's past performance history.

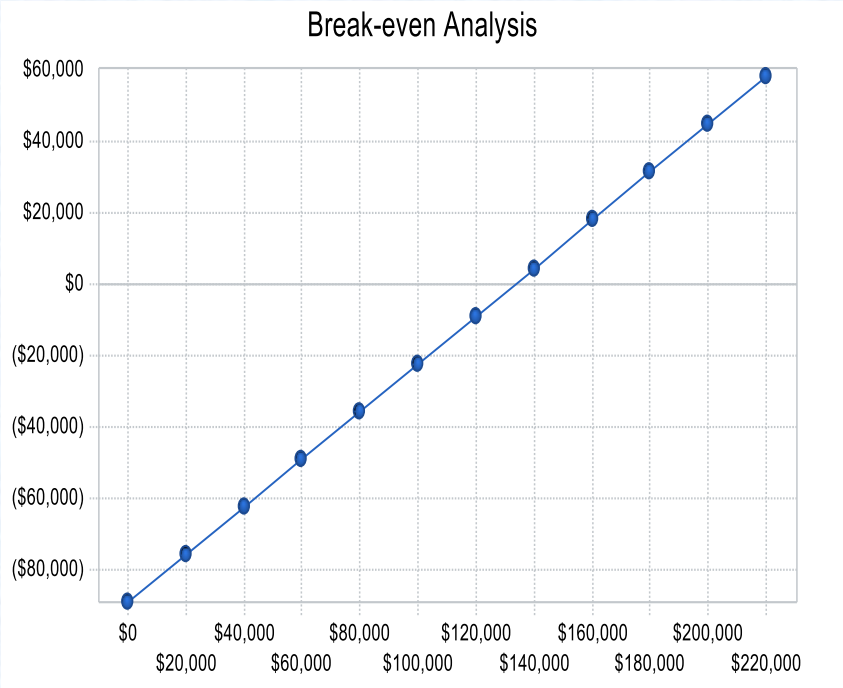
Sales Forecast			
	FY 2013	FY 2014	FY 2015
Sales			
Direct Consumer Sales	$339,022	$476,800	$521,345
Business Sales and Services	$727,118	$908,800	$1,098,000
Secondary Market	$1,008,091	$1,134,400	$1,299,125
Total Sales	$2,074,231	$2,520,000	$2,918,470
Direct Cost of Sales	FY 2013	FY 2014	FY 2015
Buying and Refurbishing Data Systems	$523,077	$652,310	$790,450
Business Solution Services	$165,577	$189,056	$195,090
Subtotal Direct Cost of Sales	$688,654	$841,366	$985,540

FINANCIALS

BREAK EVEN ANALYSIS

The break even analysis *Break-even Analysis* showcases how much the company must make to break even each month. In the case of OC Data, that number is $178,241.

Break-even Analysis	
Monthly Revenue Break-even	$178,241
Assumptions:	
Average Percent Variable Cost	41%
Estimated Monthly Fixed Cost	$105,976



PERSONNEL TABLE

OC Data employs seven highly experienced employees in the Untied States and five in China. The payroll can be seen below:

Personnel Plan			
	FY 2013	FY 2014	FY 2015
US Employees	$355,104	$384,000	$384,000
Employees in China	$79,009	$80,900	$81,234
Total People	12	12	12
Total Payroll	$434,113	$464,900	$465,234

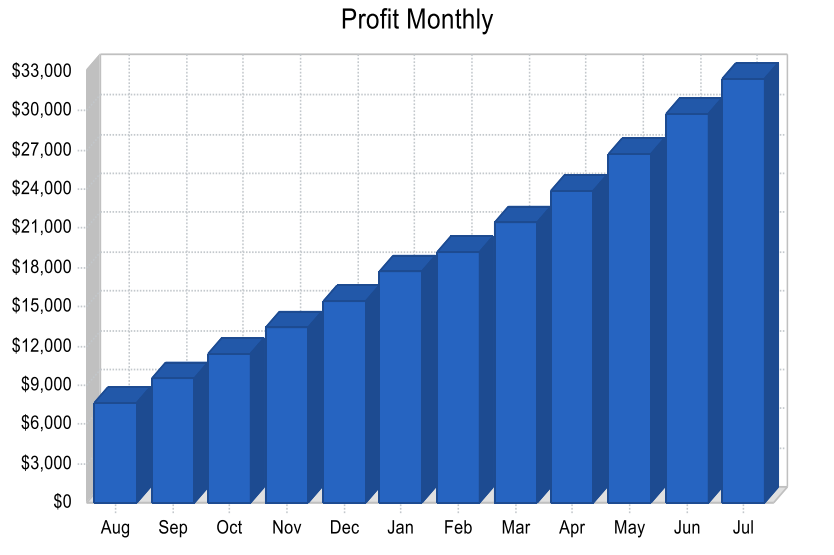
FINANCIALS

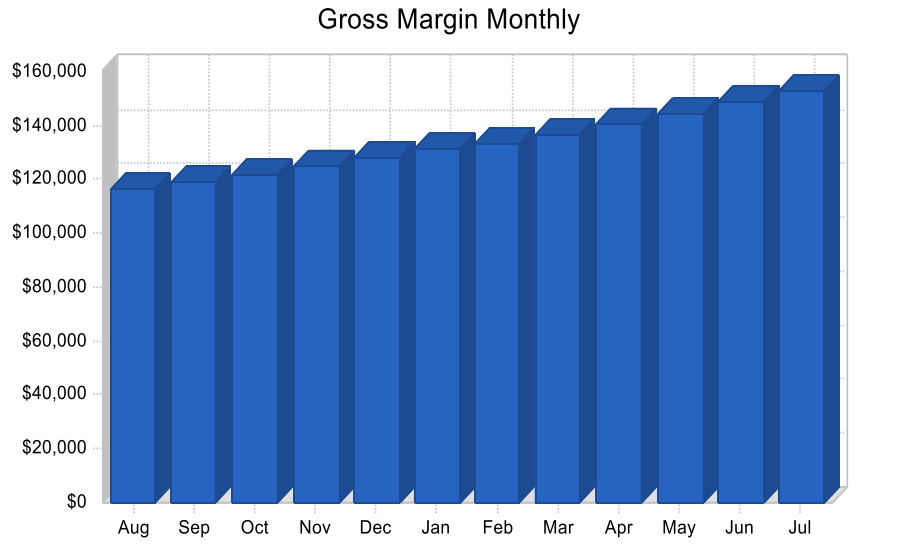
PROFIT AND LOSS

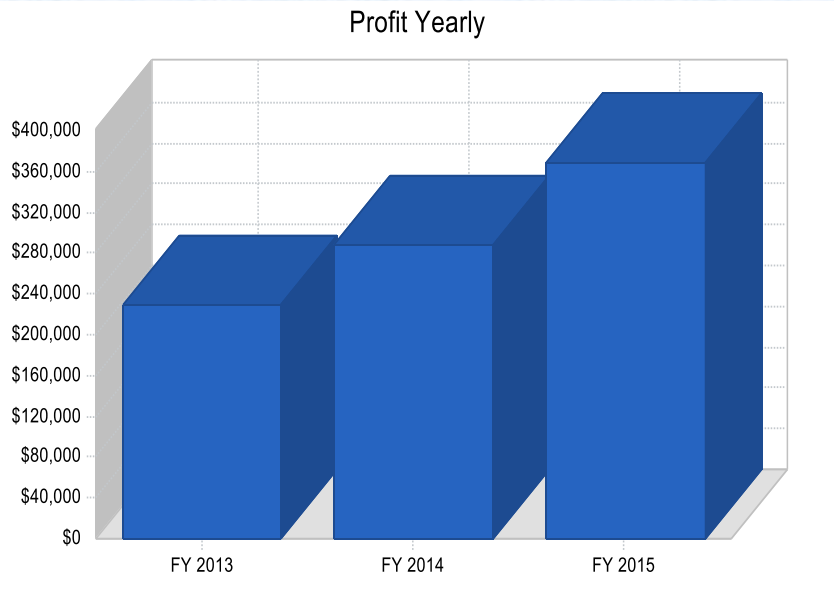
In evaluating the profit and loss statement it is important to note that the company plans to increase sales and marketing expenses as a percent of sales in order to raise brand awareness and help capture market share. In addition, depreciation is on company equipment and warehouse.

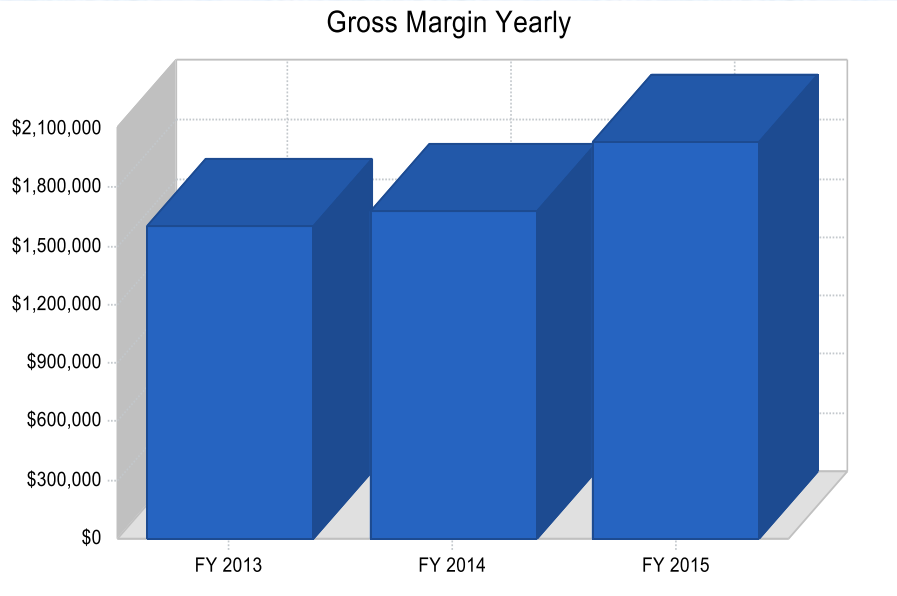
Pro Forma Profit and Loss			
	FY 2013	FY 2014	FY 2015
Sales	$2,074,231	$2,520,000	$2,918,470
Direct Cost of Sales	$688,654	$841,366	$985,540
Other Costs of Sales	$1,818	$1,912	$2,010
Total Cost of Sales	$690,472	$843,278	$987,550
Gross Margin	$1,383,759	$1,676,722	$1,930,920
Gross Margin %	66.71%	66.54%	66.16%
Expenses			
Payroll	$434,113	$464,900	$465,234
Marketing/Promotion	$76,096	$99,000	$112,900
Depreciation	$4,257	$5,210	$5,430
Motgage & Property Taxes	$90,000	$136,540	$136,570
Utilities	$17,625	$17,980	$18,190
Insurance	$2,532	$2,750	$2,800
Payroll Taxes	$65,117	$69,735	$69,785
Commissions	$10,860	$11,890	$12,590
Banking Fees	$59,220	$62,311	$65,480
Shipping	$126,820	$43,678	$49,800
Supplies	$9,972	$11,234	$14,534
Professional Fees	$156,000	$110,500	$113,400
Maintenance & Repairs	$14,790	$15,120	$15,900
Total Operating Expenses	$1,067,402	$1,050,848	$1,082,613
Profit Before Interest and Taxes	$316,357	$625,874	$848,307
EBITDA	$320,614	$631,084	$853,737
Interest Expense	$0	$0	$0
Taxes Incurred	$94,907	$187,762	$254,492
Net Profit	$221,450	$438,112	$593,815
Net Profit/Sales	10.68%	17.39%	20.35%

PROFIT AND LOSS & GROSS MARGIN









FINANCIALS

CASH FLOW ANALYSIS

In Year 2012 of the business plan, the company expects to raise $2.000,000 in working capital by December. With the infusion of investment funds, more capital will be available to ensure wages are paid, expenses are covered and milestones are achieved.

The Cash Flow projections are based on revenue, less cash spending and bill payments. These projections are educated assumptions with revenue generation factors carrying the most significant weight in the outcome.

Pro Forma Cash Flow			
	FY 2013	FY 2014	FY 2015
Cash Received			
Cash from Operations			
Cash Sales	$1,555,673	$1,890,000	$2,188,853
Cash from Receivables	$472,306	$608,148	$710,084
Subtotal Cash from Operations	$2,027,979	$2,498,148	$2,898,936
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	$181,495	$220,500	$255,366
New Current Borrowing	$0	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0
New Long-term Liabilities	$0	$0	$0
Sales of Other Current Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$2,000,000	$0	$0
Subtotal Cash Received	$4,209,474	$2,718,648	$3,154,303
Expenditures	FY 2013	FY 2014	FY 2015
Expenditures from Operations			
Cash Spending	$434,113	$464,900	$465,234
Bill Payments	$709,080	$2,636,765	$2,225,192
Subtotal Spent on Operations	$1,143,193	$3,101,665	$2,690,426
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$181,495	$220,500	$255,366
Principal Repayment of Current Borrowing	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$0	$0	$0
Purchase Other Current Assets	$0	$0	$0
Purchase Long-term Assets	$0	$0	$0
Dividends	$20,000	$40,000	$40,000
Subtotal Cash Spent	$1,344,688	$3,362,165	$2,985,792
Net Cash Flow	$2,864,786	($643,517)	$168,511
Cash Balance	$3,421,705	$2,778,188	$2,946,698

FINANCIALS

BALANCE SHEET

The Company will experience a solid growth advantage for all three years and beyond due to the huge need in the market. Earnings will consistently meet company expectation. Detailed monthly projections are available in the appendix section of this business plan.

Pro Forma Balance Sheet			
	FY 2013	FY 2014	FY 2015
Assets			
Current Assets			
Cash	$3,421,705	$2,778,188	$2,946,698
Accounts Receivable	$101,682	$123,534	$143,068
Inventory	$1,412,246	$2,599,373	$2,919,196
Other Current Assets	$540,000	$540,000	$540,000
Total Current Assets	$5,475,633	$6,041,095	$6,548,962
Long-term Assets			
Long-term Assets	$178,090	$178,090	$178,090
Accumulated Depreciation	$4,767	$9,977	$15,407
Total Long-term Assets	$173,323	$168,113	$162,683
Total Assets	$5,648,956	$6,209,208	$6,711,645
Liabilities and Capital	FY 2013	FY 2014	FY 2015
Current Liabilities			
Accounts Payable	$67,907	$230,047	$178,670
Current Borrowing	$0	$0	$0
Other Current Liabilities	$0	$0	$0
Subtotal Current Liabilities	$67,907	$230,047	$178,670
Long-term Liabilities	$0	$0	$0
Total Liabilities	$67,907	$230,047	$178,670
Paid-in Capital	$2,000,000	$2,000,000	$2,000,000
Retained Earnings	$3,359,599	$3,541,049	$3,939,161
Earnings	$221,450	$438,112	$593,815
Total Capital	$5,581,049	$5,979,161	$6,532,976
Total Liabilities and Capital	$5,648,956	$6,209,208	$6,711,645
Net Worth	$5,581,049	$5,979,161	$6,532,976

FINANCIALS

THE INVESTMENT

For every $1,000,000 raised, the investing party will receive roughly 10% of the company. The preferred shares will include anti-dilution provisions as negotiated. The proceeds from the raise will be committed to the overall growth of the company. The majority of the money will go to lifting production limits and marketing the products.

Investment Offering	*Seed*	*Round 1*	*Round 2*	**Exit**
Proposed Year:	1	2	3	3
Valuation, Investment, Shares				
Investment Amount	$2,000,000	$0	$0	
Equity Share Offering Percentage	20.00%	0.00%	0.00%	
Valuation	$10,000,000	$0	$0	$15,000,000
Investor Exit Payout	$3,000,000	$0	$0	
Investor Years Until Exit	2	1	0	
Investor IRR	22.47%	0.00%	0.00%	
Share Ownership	Year 1	Year 2	Year 3	Year 3
Founders' Shares	100,000	100,000	100,000	100,000
Stock Split Multiple		0	0	0
Stock Options Issued	0	0	0	0
Investor Shares Issued	25,000	0	0	
Price per share	$80.00	$0.00	$0.00	$120.00
Options Holders' Shares	0	0	0	0
Year 1 Investors' Shares	25,000	25,000	25,000	25,000
Year 2 Investors' Shares		0	0	0
Year 3 Investors' Shares			0	0
Total Shares Outstanding	125,000	125,000	125,000	125,000
Equity Ownership Percentage	Year 1	Year 2	Year 3	Year 3
Founders' Equity	80.00%	80.00%	80.00%	80.00%
Option Holders' Equity	0.00%	0.00%	0.00%	0.00%
Year 1 Investors' Equity	20.00%	20.00%	20.00%	20.00%
Year 2 Investors' Equity		0.00%	0.00%	0.00%
Year 3 Investors' Equity			0.00%	0.00%
Total Equity	100.00%	100.00%	100.00%	100.00%
Investors' Equity	20.00%	20.00%	20.00%	20.00%
Founders' & Employees' Equity	80.00%	80.00%	80.00%	80.00%

APPENDIX

Sales Forecast												
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Sales												
Direct Consumer Sales	$21,300	$22,365	$23,483	$24,657	$25,890	$27,184	$28,543	$29,970	$31,468	$33,041	$34,693	$36,428
Business Sales and Services	$51,234	$52,771	$54,354	$55,985	$57,665	$59,395	$61,177	$63,012	$64,902	$66,849	$68,854	$70,920
Secondary Market	$67,090	$69,774	$72,565	$75,468	$78,487	$81,626	$84,891	$88,287	$91,818	$95,491	$99,311	$103,283
Total Sales	$139,624	$144,910	$150,402	$156,110	$162,042	$168,205	$174,611	$181,269	$188,188	$195,381	$202,858	$210,631
Direct Cost of Sales	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Buying and Refurbishing Data Systems	$39,000	$39,780	$40,576	$41,388	$42,216	$43,060	$43,921	$44,799	$45,695	$46,609	$47,541	$48,492
Business Solution Services	$12,345	$12,592	$12,844	$13,101	$13,363	$13,630	$13,903	$14,181	$14,465	$14,754	$15,049	$15,350
Subtotal Direct Cost of Sales	$51,345	$52,372	$53,420	$54,489	$55,579	$56,690	$57,824	$58,980	$60,160	$61,363	$62,590	$63,842

Personnel Plan												
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
US Employees	$28,000	$28,280	$28,563	$28,849	$29,137	$29,428	$29,722	$30,019	$30,319	$30,622	$30,928	$31,237
Employees in China	$6,230	$6,292	$6,355	$6,419	$6,483	$6,548	$6,613	$6,679	$6,746	$6,813	$6,881	$6,950
Total People	12	12	12	12	12	12	12	12	12	12	12	12
Total Payroll	$34,230	$34,572	$34,918	$35,268	$35,620	$35,976	$36,335	$36,698	$37,065	$37,435	$37,809	$38,187

APPENDIX

Pro Forma Profit and Loss		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Sales		$139,624	$144,910	$150,402	$156,110	$162,042	$168,205	$174,611	$181,269	$188,188	$195,381	$202,858	$210,631
Direct Cost of Sales		$51,345	$52,372	$53,420	$54,489	$55,579	$56,690	$57,824	$58,980	$60,160	$61,363	$62,590	$63,842
Other Costs of Sales		$135	$138	$141	$144	$147	$150	$153	$156	$159	$162	$165	$168
Total Cost of Sales		$51,480	$52,510	$53,561	$54,633	$55,726	$56,840	$57,977	$59,136	$60,319	$61,525	$62,755	$64,010
Gross Margin		$88,144	$92,400	$96,841	$101,477	$106,316	$111,365	$116,634	$122,133	$127,869	$133,856	$140,103	$146,621
Gross Margin %		63.13%	63.76%	64.39%	65.00%	65.61%	66.21%	66.80%	67.38%	67.95%	68.51%	69.06%	69.61%
Expenses													
Payroll		$34,230	$34,572	$34,918	$35,268	$35,620	$35,976	$36,335	$36,698	$37,065	$37,435	$37,809	$38,187
Marketing/Promotion		$6,000	$6,060	$6,121	$6,182	$6,244	$6,306	$6,369	$6,433	$6,497	$6,562	$6,628	$6,694
Depreciation		$300	$309	$318	$328	$338	$348	$358	$369	$380	$391	$403	$415
Motgage & Property Taxes		$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500
Utilities	15%	$1,390	$1,404	$1,418	$1,432	$1,446	$1,460	$1,475	$1,490	$1,505	$1,520	$1,535	$1,550
Insurance	15%	$200	$202	$204	$206	$208	$210	$212	$214	$216	$218	$220	$222
Payroll Taxes	15%	$5,135	$5,186	$5,238	$5,290	$5,343	$5,396	$5,450	$5,505	$5,560	$5,615	$5,671	$5,728
Commissions	15%	$905	$905	$905	$905	$905	$905	$905	$905	$905	$905	$905	$905
Banking Fees	15%	$4,935	$4,935	$4,935	$4,935	$4,935	$4,935	$4,935	$4,935	$4,935	$4,935	$4,935	$4,935
Shipping	15%	$10,000	$10,100	$10,201	$10,303	$10,406	$10,510	$10,615	$10,721	$10,828	$10,936	$11,045	$11,155
Supplies	15%	$831	$831	$831	$831	$831	$831	$831	$831	$831	$831	$831	$831
Professional Fees	15%	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000
Maintenance & Repairs	15%	$1,166	$1,178	$1,190	$1,202	$1,214	$1,226	$1,238	$1,250	$1,262	$1,275	$1,288	$1,301
Total Operating Expenses		$85,592	$86,182	$86,779	$87,382	$87,990	$88,603	$89,223	$89,851	$90,484	$91,123	$91,770	$92,423
Profit Before Interest and Taxes		$2,553	$6,218	$10,062	$14,095	$18,326	$22,762	$27,411	$32,282	$37,385	$42,733	$48,333	$54,198
EBITDA		$2,853	$6,527	$10,380	$14,423	$18,664	$23,110	$27,769	$32,651	$37,765	$43,124	$48,736	$54,613
Interest Expense		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Taxes Incurred		$766	$1,865	$3,019	$4,228	$5,498	$6,828	$8,223	$9,685	$11,216	$12,820	$14,500	$16,259
Net Profit		$1,787	$4,353	$7,044	$9,866	$12,828	$15,933	$19,188	$22,598	$26,170	$29,913	$33,833	$37,939
Net Profit/Sales		1.28%	3.00%	4.68%	6.32%	7.92%	9.47%	10.99%	12.47%	13.91%	15.31%	16.68%	18.01%

APPENDIX

Pro Forma Cash Flow													
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Cash Received													
Cash from Operations													
Cash Sales		$104,718	$108,683	$112,802	$117,083	$121,532	$126,154	$130,958	$135,952	$141,141	$146,536	$152,144	$157,973
Cash from Receivables		$27,715	$28,879	$34,950	$36,273	$37,648	$39,077	$40,562	$42,105	$43,708	$45,375	$47,107	$48,908
Subtotal Cash from Operations		$132,433	$137,561	$147,752	$153,356	$159,180	$165,231	$171,520	$178,056	$184,849	$191,911	$199,250	$206,881
Additional Cash Received													
Sales Tax, VAT, HST/GST Received	8.75%	$12,217	$12,680	$13,160	$13,660	$14,179	$14,718	$15,278	$15,861	$16,466	$17,096	$17,750	$18,430
New Current Borrowing		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Other Liabilities (interest-free)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Long-term Liabilities		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Other Current Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Long-term Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Investment Received		$0	$0	$0	$0	$2,000,000	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Received		$144,650	$150,241	$160,912	$167,015	$2,173,358	$179,949	$186,799	$193,917	$201,316	$209,006	$217,001	$225,311
Expenditures		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Expenditures from Operations													
Cash Spending		$34,230	$34,572	$34,918	$35,268	$35,620	$35,976	$36,335	$36,698	$37,065	$37,435	$37,809	$38,187
Bill Payments		$52,962	$52,007	$53,351	$54,751	$56,209	$57,730	$59,313	$60,964	$62,684	$64,476	$66,344	$68,291
Subtotal Spent on Operations		$87,192	$86,579	$88,269	$90,019	$91,829	$93,706	$95,648	$97,662	$99,749	$101,911	$104,153	$106,478
Additional Cash Spent													
Sales Tax, VAT, HST/GST Paid Out		$12,217	$12,680	$13,160	$13,660	$14,179	$14,718	$15,278	$15,861	$16,466	$17,096	$17,750	$18,430
Principal Repayment of Current Borrowing		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Liabilities Principal Repayment		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-term Liabilities Principal Repayment		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

APPENDIX

Pro Forma Balance Sheet													
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Assets	Starting Balances												
Current Assets													
Cash	$556,919	$602,160	$653,142	$712,625	$775,961	$2,833,312	$2,904,837	$2,980,709	$3,061,104	$3,136,204	$3,226,204	$3,321,302	$3,421,705
Accounts Receivable	$55,430	$62,621	$69,970	$72,620	$75,375	$78,237	$81,211	$84,302	$87,515	$90,854	$94,324	$97,932	$101,682
Inventory	$2,100,900	$2,049,555	$1,997,183	$1,943,763	$1,889,274	$1,833,695	$1,777,005	$1,719,181	$1,660,201	$1,600,041	$1,538,678	$1,476,088	$1,412,246
Other Current Assets	$540,000	$540,000	$540,000	$540,000	$540,000	$540,000	$540,000	$540,000	$540,000	$540,000	$540,000	$540,000	$540,000
Total Current Assets	$3,253,249	$3,254,336	$3,260,295	$3,269,008	$3,280,610	$5,285,244	$5,303,053	$5,324,193	$5,348,820	$5,367,099	$5,399,206	$5,435,321	$5,475,633
Long-term Assets													
Long-term Assets	$178,090	$178,090	$178,090	$178,090	$178,090	$178,090	$178,090	$178,090	$178,090	$178,090	$178,090	$178,090	$178,090
Accumulated Depreciation	$510	$810	$1,119	$1,437	$1,765	$2,103	$2,451	$2,809	$3,178	$3,558	$3,949	$4,352	$4,767
Total Long-term Assets	$177,580	$177,280	$176,971	$176,653	$176,325	$175,987	$175,639	$175,281	$174,912	$174,532	$174,141	$173,738	$173,323
Total Assets	$3,430,829	$3,431,616	$3,437,266	$3,445,661	$3,456,935	$5,461,231	$5,478,692	$5,499,474	$5,523,732	$5,541,631	$5,573,347	$5,609,059	$5,648,956
Liabilities and Capital		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Current Liabilities													
Accounts Payable	$51,230	$50,230	$51,527	$52,879	$54,287	$55,754	$57,283	$58,876	$60,537	$62,266	$64,070	$65,949	$67,907
Current Borrowing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$51,230	$50,230	$51,527	$52,879	$54,287	$55,754	$57,283	$58,876	$60,537	$62,266	$64,070	$65,949	$67,907
Long-term Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Liabilities	$51,230	$50,230	$51,527	$52,879	$54,287	$55,754	$57,283	$58,876	$60,537	$62,266	$64,070	$65,949	$67,907
Paid-in Capital	$0	$0	$0	$0	$0	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
Retained Earnings	$3,034,299	$3,379,599	$3,379,599	$3,379,599	$3,379,599	$3,369,599	$3,369,599	$3,369,599	$3,369,599	$3,359,599	$3,359,599	$3,359,599	$3,359,599
Earnings	$345,300	$1,787	$6,139	$13,183	$23,049	$35,878	$51,811	$70,998	$93,596	$119,766	$149,679	$183,511	$221,450
Total Capital	$3,379,599	$3,381,386	$3,385,738	$3,392,782	$3,402,648	$5,405,477	$5,421,410	$5,440,597	$5,463,195	$5,479,365	$5,509,278	$5,543,110	$5,581,049
Total Liabilities and Capital	$3,430,829	$3,431,616	$3,437,266	$3,445,661	$3,456,935	$5,461,231	$5,478,692	$5,499,474	$5,523,732	$5,541,631	$5,573,347	$5,609,059	$5,648,956