



Software As A Service



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Commercial-in-Confidence

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Thinc Technology is head quartered in Brisbane Australia and has developed a range of proprietary, desktop & server products which are non-browser based packaged applications with the ability to centrally store data as well as utilizing embedded thin client and terminal server technology.

Overview

This proposal is the overview description of the SAAS product/service which will be distributed through it’s open license policy. This document is a proposal only and does not contractually obligate or create any arrangement at this time. The purpose of this document is a guide only; enabling parties to understand the requirements and offering described in this document for the distribution through Thinc Technology’s partner program a SAAS subscription program and through merchant portals

Summary

Software-As-A-Service (SAAS) provides a quicker-to-deploy, lower-risk alternative to traditional licensed software; it “empowers” the Corporate customer or Micro Dealer with fixed costs and will assist in the control of the end users buying cycles. Turning the variable costs of purchasing licensing to fixed subscription costs. With so many issues involved in managing day to day work environments businesses are looking to focus on core business processes and reduce there TCO (Total Cost of Ownership). End User customers require a ‘set and forget’ solution that provides peace of mind at an affordable price. There is a large demand in the small to medium sector for products and services that assist in this process. As businesses are being forced to reduce infrastructure complexity, reduce operating costs, and to focus on core business attributes by global economic pressures SAAS provides an increasingly attractive alternative.

Thinc Technology delivers a best of breed SAAS service model that allows the ability to offer products and services to our business partners that will generate loyalty programs with their existing clients and generate new market shares by offering unique and proprietary services that “*others cannot offer or match*” creating a long term loyal customer.

Product Overview Thinc Technology’s applications consist of:

Thinc-Office is an integrated office application suite, offering the latest tools and technologies. It is fully compatible with programs like Microsoft™ Word™ and Excel™, WordPerfect®, and StarOffice®. In addition, Thinc-Office uses the next-generation Microsoft™ Office 2007 DOCX format natively.

Thinc-Write, Thinc-Office's word processing application, combines helpful technologies such as wizards, an auto-correct dictionary, auto-format and auto-complete features, automated TOCs, induces, illustrations, and more. Write connects seamlessly with popular mail applications, including Thinc Technology's own email client as well as the ability to import and export documents in all popular formats.

Thinc-Show, Thinc-Office's presentation application produces high-impact presentations. It supports 2D and 3D clip art, special effects, drawing tools, animation, and a host of viewing modes for tight control. Thinc-Show is fully compatible with PowerPoint, with the ability to create, edit, and view PowerPoint documents.

Thinc-Cell, Thinc-Office's Spreadsheet offers natural language formulas, wizards, and precise styles and formatting control. The "Data Pilot" feature automatically pulls data in from a selected database, while the "Scenario Manager" makes it simple to use the given data to make projections. In addition, Spreadsheet is fully compatible with Excel and has the ability to create and edit Excel documents.

Thinc-Draw is Thinc-Office's Desktop publishing application that supplies you a full set of graphic tools like group/ungroup, edit grouped, render 3D, and render effects. It also includes a 3D controller mode and "smart connectors" that make diagramming a snap. Draw supports all popular graphic file formats.

Thinc-Data provides integrated database functionality to the other components within Thinc-Office. It can interface directly with ADO, Access, or MySQL databases, and it includes a table index manager along with report and form wizards to help create customized databases instantly.

Thinc-Mail Similar 'look and feel' to Microsoft Outlook™ and Outlook Express™ featuring shared common address books, included is **Thinc-Time** - a multi-user calendar that is an alternative to using Outlook™

Thinc-CRM Customer relationship management (CRM) is a term applied to processes implemented by a company to handle its contact with its customers. Thinc-CRM caters for businesses from entry level SOHO (Small Office Home Office), and SMB (Small Medium Business) mid market by, providing simple processes of, storing information on current and prospective customers.

Thinc-Server is a replacement to a Microsoft Exchange/Outlook solution at a fraction of the cost. Thinc-Server is a non-browser based application with centrally shared and stored data allowing access to your email clients shared calendars and email address books on your local network with remote access using thin client technology.

Thinc Remote Client Connector or **TRCC** – is a self contained executable enabling users to access the remote central server both locally and remote using RDP protocols

Market Opportunity

Traditionally the consumer & SMB (Small Medium Business) sector have been largely disadvantaged when compared to the buying power of larger corporate and enterprise corporations. Major vendor brands have dominated the top tier business sector. While they have made their products available to the market as a whole, the pricing of their products and services has not reflected the small to mid size market. Additionally, given the typical sized accounts within this smaller business sector there has been little investment made by the vendors into the account management within this market.

While unfortunate, the lack of investment has been minimal given the cost of sales acquisition and the relevant return in revenues to the vendor through individual sales. This does not reflect the true size and potential of the market segment when looked at as a whole, with 70% of the global economy based in this sector. Currently as the top end market sector of enterprise businesses are entering a mature sales cycle and the need to expand in the growing mid tier and SME (Small Medium Enterprise) sector provide Thinc Technology with a readily available market opportunity. Thinc Technology software specifically targets this market segment of the Consumer & SOHO/SMB's (1-100 users) and up to SME (100-500 users).

Thinc Technology products are able to reduce the end customer's total cost of ownership (TCO) by reducing their total licensing costs and using products that are backward compatible with legacy equipment easing the need for constant hardware upgrades.

Why Use a Software As A Service?

Businesses are highly cost conscious and have little time or money to deal with the problems associated with IT issues. Many recent surveys, studies and industry reports indicate that keeping up to date with security solutions and IT issues while keeping the costs low was an ongoing concern.

The Solution

Thinc Technology will market it's SAAS as a bundled software package called "Bare Essentials" As businesses look to focus on core business processes, SAAS provides an increasingly attractive alternative. "Bare Essentials" with it's loose "open license policy" will provide all the essential software applications that every business needs. This software bundle will also allow partners to increase revenue by offering to it's customers these essential software applications to their clients. This software bundle will enable the partner to create a paid annual subscription program with their customers by creating a longer term offering with the ability to market unique services and products to your customers that no other competitor can compete with for price, and the ability to ***"hold existing and new customers to long term contracts that cannot be challenged or churned by competitors."***

Marketable reasons that customers can see

- **Lower IT costs** When you subscribe to a SAAS model, you avoid the overhead associated with implementing conventional software. This requires the time and effort of experienced IT personnel and deflects the efforts of employees at a number of levels away from the core mission of your organization.
- **Economies of scale** Subscription costs for a SAAS model reflect the economies of scale achieved by “loose licence policies.” which means that many customers run their applications on the same site with the ability to “Register” a whole site instead of the need to register individual users for the same unit of software.
- **Pay as you go** When you subscribe to a SAAS model, you pay a monthly or annual subscription fee. Compared to a traditional individual purchased software license, this subscription payment structure works to your advantage. An on-going monthly or annual fixed expense is easier to incorporate into your budget than a large one-time outlay. You can cancel or change your subscription at any time without losing a large initial investment.
- **A Metered usage approach** A SAAS subscription model is based on metered usage so you pay for exactly what you use. Rather than making a long-term commitment to one fixed account structure, you can add or subtract products at any time as your organizational needs shift.
- **Save time** Because you eliminate many of the typical implementation tasks associated with licensed software, deployment time tends to be much shorter with a SAAS model than a traditional EULA (End User Licence Agreement) approach.
- **Focus technology budgets on competitive advantage** rather than infrastructure. When you subscribe to a SAAS model, you free your organization from supporting high-cost, time-consuming IT functions, “redirection of resources is...a hidden cost that often goes unaccounted for.” The more time your employees spend maintaining equipment, downloading and installing patches, and supporting software upgrades, the less time they are spending on your core business activities.
- **Gain immediate access to the latest innovations** With traditional licensed software, you typically have to wait until you purchase the next release to benefit from the latest innovations. Given the cost and complexity of moving to a new versions, it may not even be practical to upgrade each time a new release becomes available. With a SAAS subscription, on the other hand, you benefit from innovations on an on-going basis. As soon as a new or improved feature appears in the application, you can begin using it.

Offering

Thinc Technology through their partner program offer products and services that are open licensed and allow their products & services to be resold. Under the SAAS model, the user doesn't own the software application, but is merely renting it for use – placing the responsibility for the performance, maintenance and upgrades of the software in the hands of the SAAS provider with the provider benefiting by the ongoing annuity based income. This software architecture model and loose license policy enables the SAAS provider an eased deployment to it's customers and very profitable renewable annual subscriptions.

Product

Thinc Technology will market it's SAAS as a bundled software package called “Bare Essentials” Thinc Technology will supply it's new Thinc-Office product to be bundled with Thinc Technology's Thinc-Mail, Thinc-Time, Thinc-CRM, Thinc-SOHO & Thinc-Server, products which will be sold as an annuity based renewable service and will abide to the open license policy set out in the Thinc Technology Open License policy agreement. (this “Open License Policy” Rules & Restrictions will be stipulated on a separate document)

All products can be installed and managed locally as a normal software application on the customers site and the products are not delivered to the customer as a web hosted application by default. Thinc Technology has in built a DHD (Dial Home Device) into the software to keep track of and monitor all products. All products will be licensed in a open flexible approach to enable the best delivery for the individual client needs. A hosted service can also be created by the partner for extra revenue generation if the partner wishes and has the required technical personal and equipment to do so allowing the product to be delivered and presented to the end user via a number of mediums.

An activation code WILL NOT be required at the time of installation however a registration code will need to be inserted within 30 days of installation or a pop up nag screen will appear requesting registration once inserted this will complete the initial installation of the product.

After successful installation and registration a counter will commence and after 550 days from installation a new registration key will be required to be inserted to remove the pop up nag screen which will appear requesting registration this nag screen will only pause the particular product and not completely disable it. The new registration code will need to be obtained from the partner FORCING the end user customer repeatedly back to the business partner and ensuring that there subscription fees are paid. Once re-inserted this will reset the timer for another 550 days for the required Thinc product.

Selling price to a Corporate customer or Micro Dealer will be \$1,000 per annum for up to 500 product licenses. The registration code for Thinc product will be supplied by Thinc Technology through our web portal and can be a mix and match from a total pool of 500. A multi user product will be deemed a single registration code enabling the end user an ability to register a whole site with one registration code.

Thinc Technology will sell this product/service under license through their worldwide business partner dealer network. Partners will provide initial first and second line support through there current support network to the end user customer with Thinc Technology supporting as needed.

Pricing

Margin to Business Dealer for CD Rom	NIL
Purchase & Postage of an actual installation disk recommended 1 per customer or site	AUS \$20 per disk

<p>SAAS purchase price to Corporate customers or Micro Dealers</p> <p>For access to 500 pooled product licenses via the Thinc web portal or Gold Partner portal.</p>	<p>AUS \$1,000 per annum</p> <p>TCO (Total Cost of Ownership) \$2 per product per license per annum.</p> <p>If used by the Micro Dealer in conjunction with a loyalty program possible subscription sales up to \$150,000 per annum.</p>
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<p>SAAS purchase price to Partner</p> <p>50 access logins to the Thinc web portal that can be on sold to corporate customers and Micro Dealers for AUSS\$ 1,000 pa each. With Corporate customers or Micro Dealers having up to 500 pooled product licenses.</p>	<p>AUS \$12,000 per annum</p> <p>Gross turn over of sales \$50,000 per annum Net 76% GP \$38,000 after cost per annum</p>
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<p>SAAS purchase price to Gold Partner</p> <p>500 access logins to the Thinc web portal that can be on sold to corporate customers and Micro Dealers for AUSS\$ 1,000 pa each. With Corporate customers or Micro Dealers having up to 500 pooled product licenses</p>	<p>AUS \$60,000 per annum</p> <p>Gross turn over of sales \$500,000 per annum Net 88% GP \$440,000 after cost per annum</p>
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Sales Process

Corporate customer or Micro Dealer after purchase will receive a login to Thinc Technology's web portal or gold partner website which will allow them to manually create a registration code for a mix and match of products. Each time that a registration code for a product is created a pool of 500 will be reduced by 1 until 0 is reached at which time the Corporate customer or Micro Dealer will be required to purchase another pool of 500. This will allow Thinc Technology to share in increased revenue should the Corporate customer or Micro Dealer have a large user or client base and at the same time minimize his cost as to only having to purchase a minimum amount.

Partner will purchase 50 timed logins for the Thinc Technology web portal which will allow them to manually create a timed login to Thinc Technology web portal for each of the Corporate customers or Micro Dealers that they sell this service to at which time a pool of 50 will be reduced by 1 until 0 is reached. The Partner will then be required to purchase another pool of 50 timed logins. This will allow Thinc Technology to share in increased revenue should The Partner have a large Corporate customer or Micro Dealer client base and at the same time minimize his costing as to only having to purchase a minimum amount.

Each Corporate customer or Micro Dealer that the partner registers will have a bannered unique landing page supplied by Thinc Technology on the Thinc Technology web portal allowing them to obtain their our registration coded through their own self administration. At all times this information will be funneled back to the partner from the Thinc Technology web portal.

Gold Partner will purchase 500 timed logins for the Thinc Technology web portal which will allow them to manually create a timed login to Thinc Technology web portal for each of the Corporate customers or Micro Dealers that they sell this service to at which time a pool of 500 will be reduced by 1 until 0 is reached. The Gold Partner will then be required to purchase another pool of 500 timed logins. This will allow Thinc Technology to share in increased revenue should The Gold Partner have a large Corporate customer or Micro Dealer client base and at the same time minimize his costing as to only having to purchase a minimum amount.

Each Corporate customer or Micro Dealer that the Gold Partner registers will have a bannered unique landing page supplied by Thinc Technology on the Thinc Technology web portal allowing them to obtain their our registration codes through their own self administration, or the ability to manage the registration and administration from the gold partner's own website with some simple PHP tools that can be added to a standard website. At all times this information will be funneled back to the Gold Partner and the Thinc Technology web portal.

Postage & handling of installation CD's to Thinc Technology's worldwide business partner network and Corporate customer or Micro Dealer will be the responsibility of Thinc Technology. These registered customers (being the Corporate customers or Micro Dealer and the end users who purchase a installation CD) will be managed and maintained through Thinc Technology web portal.

How would a Partner/Dealer market this service?

- **Recession Proof Product** There's been a lot of talk recently, as the country and the world slides into a recession, about the impact this will have on IT and businesses in general. Will companies pull back from new acquisitions or risk new projects?

Your existing clients are what keeps your business running during lean times. Taking extra care of your existing clients will need to become your business focus by delivering a SAAS model to your customers you are helping them weather this difficult time as a SAAS model is basically recession proof as it removes capital expenditures and allows business to re focus there cash resources elsewhere. You will need to take special care of them, since your competitors will no

doubt have their eyes on your clients. Remember, they are also facing rough economic weather as well. Keep in regular touch with all of your customers, even those that have only purchased from your business once. You can also reward them and assist them by offering a SAAS model which your competitors can't.

- **Bundled Software With New PCs & other Hardware** Software that is sold with a computer or other hardware components as part of a package is normally referred to as “Bundled Software”. As competition between computer manufacturers has intensified, bundling software has become a key strategy for attracting customers. In some cases, the bundled software is even more valuable than the hardware. Given the tremendous cost of some application software, the value of this bundle should be carefully considered in any system purchase decision. Software is different than general manufactured goods as it costs a great deal to develop, and some amount to support it, but the cost to make each specific software CD is minuscule. Furthermore, that cost is usually limited to the packaging associated with the product. By supplying bundled software with the customers purchases you benefit from much higher profit margins associated with the software making the total sale more profitable over all. You can also deliver a better offerings than your competitors and improving your changes of closure by offering a packaged deal that cannot be competed with.
- **Variable Costs vs Fixed Costs** Every business needs to cover its costs in order to make a profit. Working out your costs accurately is an essential part of working out your pricing. Fixed costs are expenses that stay constant within a given level regardless of how much revenue the company generates. Variable costs, as the name implies, vary with the amount of revenue. A good example is sales commissions by turning IT costs from variables costs to fixed costs you create an environment that can be managed and maintained more effectively. A detailed market document is available for describing the benefits with this market approach.
- **Create your own Customer Loyalty Program** By delivering an annuity based subscription fee too your customers at a fixed annual fee e.g. \$295.00 RRP per customer per year A Micro Dealer would be able to supply all of their end user customers software needs and create sales of approximately \$150,000 per annum from a client base of approximately 500 businesses with this type of subscription approach. A detailed market document is available for describing the benefits with could market approach.
- **Familiarize yourself with the options.** Nearly every software product is available today in a SAAS fashion. Some, like marketing resource management, are particularly well suited to SAAS because they serve networks of users that span geographic and corporate boundaries. The hosted web-base nature of most SAAS offerings makes them useful for sharing information and processes across such lines however the coin flip on this fact can be a fully delivered web service can end up slow and unusable some cases. A more traditional localised application can still be the best policy.

- **Reconsider the boundaries of your current applications.** Just as early computer systems often intermingled data, business logic and presentation functions that were later split into separate layers and applications today's often combine data preparation, execution and analysis. Different product solutions might handle these independently, reducing redundancy needs and simplifying consolidated processes.
- **Remove barriers to SAAS deployment.** Many organizations have formal policies or informal biases that prevent them from using open licence policies and SAAS models. Companies should also review their procedures for financial justification to ensure that calculation formulas are not unnecessarily biased for or against SAAS systems. For example, in-house systems are often funded as depreciable capital investments this in most cases requires a large capital outlay often needing financial assistance from lending facilities. While a SAAS model in most cases is treated as operating expense and can be managed as part of the customers standard operating costs. Where there is no capital depreciation available from a SAAS model the ability to leverage it as a direct business cost can significantly impact which is chosen.
- **Move toward a more open IT infrastructure.** In the long term, this means working toward an Standard Operating Environment (SOE) that will simplify sharing of data and functions. It also means making openness a consideration when evaluating conventional (and SAAS) systems. There may still be times when you purchase a closed product for functional or cost reasons or when it makes sense to expand your existing investment in such a product. At least be aware of the lost future opportunities this choice imposes and factor that into your decision-making.