



Investor Introduction

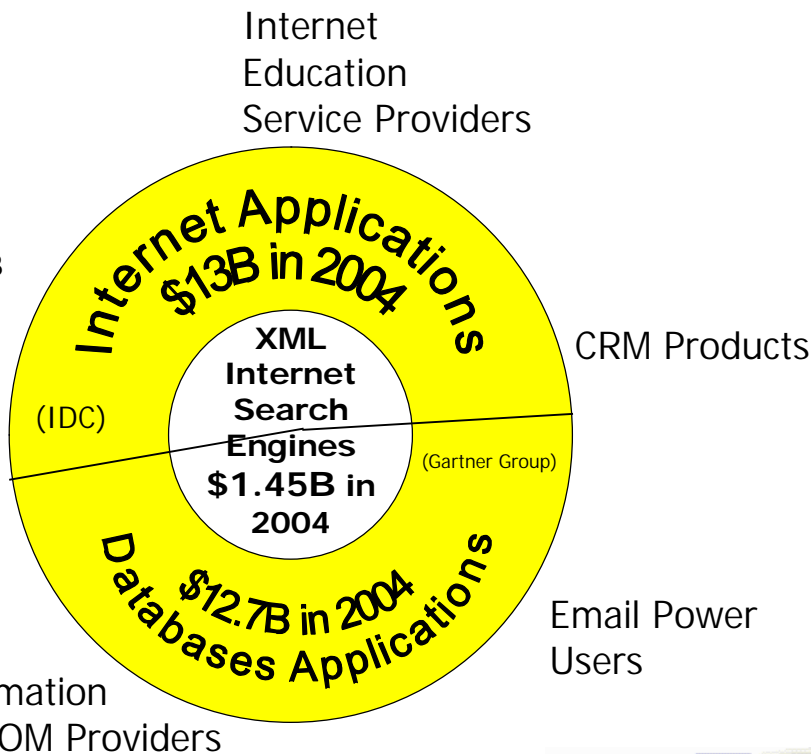
- Emerging \$1.5 billion market with big up side
- Internet e-business XML infrastructure play
- Founded by senior HP managers in April 2000
- Funded from 2000 revenue of \$135K
- A great deal funnel
- Strong competitive advantages
- Shipping a production quality application now

Market Overview

Emerging XML Internet Search Repository



3G Wireless
Portals
Up to 4% of 62B
2005 wireless
services market
(Yankee Group)



**Market
window opens
in Q3 of 2001
followed with
vigorous
growth.**



Market Niche

The large set of e-Business problems that fall between full-text search engines and standard databases

Full-Text Search Engines

Delivers too many irrelevant results.

Does not use the structure of data for searching.

New documents take time to become searchable.

XML
Internet
Search
Repository

Databases & Directory Servers

Do not effectively handle:

High variability of structures.

Diverse evolution of data.

Full-text search of data.



Management Team History

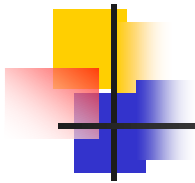
35 years of combined software experience and passion

Founders : **Joe Ellsworth** (Investors, Strategic Partners, Sales),
Greg Von Kuster (Finance, Operations, Sales, R&D),
Chetan Patel (Marketing, Sales, R&D)

- Highly cohesive team together for 6 years at HP.
- Many successful multi-million dollar projects as a team.
- History of thought leadership in E-Business and CRM.
- Responsible for a teams of up to 50 with a peak budgets of \$15 million at HP from 1995-2000.
- Successful software entrepreneur.

■ **Directors & Advisors :** **Kamyar F Shadan, Raman Tenneti**

- Kamyar - strategic partnerships and investment expert.
- Raman - principal engineer at Netscape, first employee at Infoseek and founder of OffRoad Capital
- Klaus Schulz – Senior Technologist, CTO of 3COM, Inc



Target Customers & Market Segment

E-Business customers with requirements that fall outside the niche currently addressed by databases and full-text search engines.

- Mobile GPRS/UMTS portal providers — Nortel, NTT Docomo, Nokia, Siemens, Mobiliant.
- Fortune 1000 companies that need CRM search aggregation — HP, IBM, Accenture, Siebel, (Clarify / Nortel).
- Content Management Technology Providers — Documentum, Vignette.
- Supply Chain & Online Exchange Providers — Ariba, I2 Technologies, CommerceOne.

Some Registered Evaluators

Prospective Customers

Software Ag

RealNetworks

Inktomi

Raytheon ITSS

Office Depot

Time Warner Comm.

CSC

HP

GTE

Interwoven

Prudential

Broadband Mechanics, Inc.

SpinCircuit

Map and Imagery Lab, University
of California

Connelly Computing Services

Armex Corporation

Dynamic BioSimulations

Fulcrum Logic

OnDisC Alliance

NATO Consultation, Command and
Control Agency

The Churchill-Rhodes Holdings Group

MedicDAT

Glasgow Caledonian University

University of Maryland

Sterling Commerce

Iapex



Working Toward Market Leadership

Some of our accomplishments

- **Product Shipping** - available for download since Dec 9, 2000
 - Online live product demos available since May 2000

- **Customers**
 - 5 signed (e-studies, OnDisc, Fulcrum Logic, Mobiliant)
 - 19 active evaluators (G.M, Raytheon ITSS, Cymfony, RealNetworks, Prudential, Nato)
 - 150+ downloads for evaluation as of Feb 1, 2001
 - 15% of downloads actively seeking evaluation support
 - 2 Partner OEM bundling deals (Planet 7, Pythonware)
 - 2 Contract sales people (Netscape, Eudora)

- **Marketing**
 - Sun Solutions partners, monthly press releases, banner ads, tradeshow, contract sales, strategic bundling relationships, OEM bundling program.
 - Market research and validation of related market opportunities including mobile portals, CEF, email search



Gaining Market Leadership

Build Brand, Deliver Value

2001 Focus - maximize # of projects using XDisect

- Deployment into key accounts during 2001
(need 2-3 big accounts in Q2 & 10 more by Q4)
- Gain mind share and loyalty in the e-business developer community
(need 5 emerging accounts in Q1 & 50 more by Q4)
- Build brand awareness (See comprehensive market & media plan)
- Gain 2 to 5 brand name SI partners
- Capture 20% to 40% of the market share in this segment
- Build strategic partnerships with complimentary solution vendors
- Build OEM distribution partnerships
- Build OEM product relationships
- Promote key concepts into open standards



Defending Our Market Share

The key is to capture early market leadership

- 5 patents identified
- Profound knowledge of market segment
 - XDisect is the culmination of 35 years of experience
 - Re-creation of XDisect by another team would be much more expensive
- Early market leaders will be difficult to displace
 - Just try to displace WebLogic now
- Expand into related market segments
- Build success with OEM market and component bundling partners
- Aggressively evangelize our products via IT service providers

Competitive Market Validation

Sufficient activity by early adopters validates market

Full-Text Search	XML Engines	Databases & Directories
Ultraseek Taxis Agrep dtSearch Internal IT development	XDex XML Global XYZ Find Lore Internal IT development	Tamino Oracle Excelon Postgress

- Though there are emerging competitors, XDisect's enterprise heritage and feature set have positioned us for market leadership.
- Only XML engines are direct competitors. Databases and full-text search engines are related segments.



Competitive Differentiation

Like the RDBMS server market, multiple competitors will remain in this segment

- XDisect was designed from the beginning to solve the problems we encountered while deploying several large-scale enterprise applications at HP. This is reflected in the feature set.
- Customers get started rapidly and can solve real problems on their first day.
- Strong OEM model for easy integration.
- A query language optimized for IT programmers to learn.
- Automatic recovery from system crashes such as power failures.
- Run multiple query agents from a single physical store to optimize scalability.
- Makes optimal use of very fast SANS storage for enterprise scaling.
- Easily handles widely diverse data structures.
- Optimally facilitates evolution of data structures over time including advanced support for diversity in the query language.
- Incremental indexing enables real time data changes.



Money to Grow, Money to Market

Needed to capture our early market leadership

- A minimum of **\$3 Million** needed immediately followed by \$10 Million in 9 months
- Current pre-money valuation is \$6 million and is expected to increase to \$15 million when we close one more large account
- The initial \$3 million includes a conservative marketing investment and may limit our selection of key management team members.



3 Year Plan

Resources	2000 1000 \$	2001 1000 \$	2002 1000 \$	2003 1000 \$
Revenue	135	360	5,200	30,000
Less Expenses	150	2,997	9,000	13,000
Year Net Profit / Loss	-15	-2,637	-3,800	17,000
Break Even Analysis	-15	-2,652	-6,452	10,548

- Break even September 2003.
- 2004 will be a substantial growth year (likely 500% of 2003).
- 2004 market estimated at \$1.45 billion with substantial upside potential.
- Market leadership requires ownership of at least 15% of the market which will be \$217 million in 2004.



Support Slides

Detailed Slides to be used as needed to answer questions.

2001 - Revenue Plan

Category	Q1 1000 \$	Q2 1000 \$	Q3 1000 \$	Q4 1000 \$
Product Sales	30	45	65	100
Product Related Services	18	22	20	20
Royalty & Revenue Sharing	0	0	10	30
Quarterly Gross Revenue	48	67	95	150
Total Gross Revenue	48	115	210	360
Qtr Cost of Sales & Goods	23	29	33	42
Qtr Gross Margin	25	38	62	108
Total Gross Margin	25	63	125	233



2001 Spending Plan

Category	Q1 1000 \$	Q2 1000 \$	Q3 1000 \$	Q4 1000 \$
Marketing & Sales (advertising, PR, etc) <small>These are conservative numbers, more ideal would be 200%</small>	198	273	323	385
Engineering, Packaging & Support (internal & external)	167	335	144	144
Management (Executive, bizdev, development, Packaging & Release)	219	219	219	219
Operations (machines, networks, office, etc)	38	38	39	39
Qtr Total	622	865	724	786
Total Expenses	622	1487	2211	2997

Acquisition & Merger Candidates

XML server & EIA Vendors	Large OEM Platforms	Related Markets
WebLogic Planet 7 Bowstreet Versta	Interwoven Vignette Broad Vision Commerce One Ariba Siebel	Oracle Informix SyBase Ultraseek Google Software AG

- Mergers with similar companies to improve market share would be viable. (XYZ Find, Go XML, Sequoia, etc)
- Current plans are to go IPO after establishing a market leadership position. However, depending on market conditions merger or acquisition may make sense.



Business & Sales Model

Sales & Revenue Strategy

- 1) OEM market bundling of XDisect with existing products to provide complementary services for tools (Planet 7)
 - Builds distribution and project use.
 - We pick up revenue when projects move in to production.
 - We pay these partners a commission on the version upgrades or they can pay royalty.
 - Fast time to Market
- 2) OEM component integration of XDisect to provide key functionality in new products (Fulcrum Logic)
 - Pre-pay licenses
 - Revenue Sharing
 - Product license fees
 - We get our money before (or as soon as) our partners do.
 - Long integration cycles.
- 3) Integration into Emerging Market Service Providers (e-studies)
 - Pre-pay licenses
 - Revenue sharing
 - Large Upside
 - XDisect becomes default infrastructure in the emerging niche.
 - Long product development cycles before we see substantial revenue.
 - Requires the market niche to mature before we see revenue
- 4) SI partners using XDisect in their customer projects (SRI)
 - Requires customer demand for large scale success.
- 5) Direct customers - enterprise IT departments doing their own integration (HP CRM global search)



Goals on Financial Planning

Sufficient Revenue in 2004 to be a market leader.

- Show sufficient revenue to reflect a leadership position in the niche.
- Demonstrate a believable revenue growth strategy.
- Demonstrate a 40% or higher average annual growth rate.
- Show where Investors will be able to exit with a profit. (Who could buy, could go to IPO).
- Make estimates we are confident we can meet.
- If a choice is made between revenue and market momentum, in general, market momentum wins.
- Strong hold on niche market and be a great acquisition target.
- The market could be 10 fold larger.
- Clarify a target market market. Show best case / worst case.
- Need to be real, you can shoot for the stars but make sure we survive.
- Convince we have the technology and management team to become leader.