

Executive Summary

The MindTouch smart appliance is the simplest and most effective way to run a web-application behind the firewall. A smart appliance requires no onsite IT. It automatically applies the latest security patches, keeps the web-application up-to-date, backs up critical data, and immediately notifies support about hardware issues or intrusion attempts. With the MindTouch smart appliance, customers get the simplicity of a web-based solution with the performance of a dedicated network server.

Our first product, the MindTouch Managed Office Server (“MOS”), is a complete, out-of-the-box alternative to costly portal solutions and hard-to-maintain in-house websites. MindTouch MOS is a smart appliance hosting a web-based wiki application. A wiki is a simple and effective information-sharing tool for groups. Delivered as a smart appliance, it meets key requirements of small- and mid-sized businesses: quick deployment, gentle learning curve, hands-off operation, and infrastructure ownership.

Market Opportunity

According to Forrester, there are 1.4 million businesses in the service industry with 5 to 1,000 employees of which 75% or more are information workers. Our research indicates that less than 15% of these businesses have an internal website to share information. This is in stark contrast to 80% among enterprises. Our research suggests that the difference is due to training and maintenance costs, rather than company size.

MindTouch MOS is well positioned to fill this gap, offering a maintenance-free design, an intuitive wiki application, and a price ranging from \$3,000 to \$20,000. Assuming an average sale of \$5,000 and adoption of internal websites to grow to 50%, the market size would be over \$2B in the US alone. Gartner echoes similar aggressive projections, believing that wikis will become mainstream in at least 50% of enterprises by 2009.

MindTouch’s first target is the rapidly growing wiki web-application market. In addition, the company is investigating other critical SMB applications, including CRM, BI, and ERP, for hosting on MindTouch smart appliances

Competitive Differentiation

The MindTouch smart appliance provides the ease of deployment, maintenance, and remote accessibility of online applications and combines them with the storage, bandwidth, and control capabilities of in-house servers. It is fundamentally different from common “dumb” appliances, which require either an IT manager or a sales engineer to be involved. It also contrasts significantly from generic remote IT services by providing a tighter level of integration with the hosted application.

The smart appliance is enabled by the MindTouch Network Operations Center (“NOC”), which continuously tracks, maintains, and assists in the proper operation of all deployed units. The MindTouch NOC is key to providing high quality service with minimal operational overhead.

MindTouch MOS is the first smart wiki appliance in the market. It competes with content management systems, portal applications, in-house intranet sites, and to a lesser extent with online wikis. Key advantages of the MindTouch solution include: 1) ease of setup; 2) a simple, streamlined user-interface for editing web-content and sharing files; 3) integrated support services for hardware and software; and 4) compatibility with mixed network environments, including Windows, OS X, and Linux.

Business Model

MindTouch generates revenue from smart appliance sales and recurring service plan fees. Additional revenue is generated from value-added services such as secure remote access, more frequent data backups, and hardware refresh programs.

MindTouch is building a reseller channel with regional IT and professional services firms. Resellers provide deployment, training, content services, and vertical specialization around MindTouch MOS, and receive a share of our service revenue.

Our long-term strategy is to establish strategic partnerships to increase our production capabilities, license our smart appliance platform, and diversify the suite of applications hosted on MindTouch smart appliances.

Management Team

Steve Bjorg (founder), President/CTO: Steve has over 10 years of experience in software development and product design. He previously founded a company in Liechtenstein, Europe. Steve also worked at Microsoft for the CTO's advanced development team tackling concurrency, distributed systems, and the evolution of web-standards.

Aaron Fulkerson (founder), COO: Aaron has extensive experience in leveraging technology to meet the needs of information workers. He has architected and developed information hubs in diverse environments ranging from elite research teams at Microsoft to impoverished inner-city communities.

Mark Kurtz, VP of Sales and Marketing: Before joining MindTouch, Mark was the national director of business development for the Garrigan Lyman, a strategic marketing agency. Mark co-founded Total Transaction Management, a middleware technology company based in Singapore after spending 7 years at Attachmate Corporation.

Financing Plan

MindTouch has raised \$1.9 million of private funding since early 2005, enabling the development of the MindTouch smart appliance platform, MindTouch NOC, and MindTouch MOS. MindTouch MOS is commercially available since April 2006.

We intend to raise \$3 million of additional capital in 2006 to support our go-to-market strategy and development efforts. This round of capital is expected to enable positive cash flow by end of 2007. In 2010, with a projected base of 17,000 customers, MindTouch will gross \$56 million in annual revenues with pretax margins of 35%.

Additional information is available upon request. Interested investors should contact:

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