Executive Summary

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Executive Summary

A Compelling Market Need

Over the past year, Oracle announced the early retirement of Oracle Forms 6i on December 31, 2004, Forms 9i on June 30, 2005, with Forms 10G scheduled to be retired in late 2006. Unfortunately for the approximately 180,000 Oracle Forms users globally, Oracle has not provided a migration path or software technology to assist in migrating Oracle Forms applications into their new Java development environment.

This leaves Oracle Forms users with few choices that include rewriting their applications or purchasing new commercial solutions, both of which are extremely expensive alternatives, take too long to implement and far too risky of an initiative.

There is a second major force driving the need for change — the cost versus the business value of legacy systems in terms of IT budget for operation and maintenance.

Most CIOs are looking at ways to leverage an organization's existing IT investments to be more responsive to changing business requirements, reduce risks and obtain more predictable results from IT projects. As a result, corporate IT professionals are actively engaged in evaluating newer platforms in order to get more out of their application portfolios with the expectations of transforming aging applications to more modern architectures, including Web-services.

These two factors are driving new opportunities for legacy modernization vendors. The immediate market opportunity is for Oracle Forms users to exploit transformation technology and migrations services to modernize their applications, at a greatly compressed pace. And with about 80% of IT systems still running on legacy platforms (as reported by IDC), the broader market opportunity for migration technology is to assist global users as they rapidly reengineer aging proprietary applications.

The CipherSoft Solution

With the withdrawal of Oracle Forms support and the emergence of Web technology, Oracle users have been forced to look for alternatives in order to effectively migrate soon-to-be-obsolete Forms applications into Java and the new Web enabled environment. Many IT organizations, as well as ISVs, are also looking for a smooth transition to the Web-services environment; however they are finding the migration to be very time consuming, costly and somewhat overwhelming.

The most viable solution is the automated migration to Java offered by CipherSoft, involving specialized software to transform two-tier, client/server applications from Oracle Forms and PL/SQL to a three-tier, open systems platform based on J2EE.

CipherSoft’s Exodus product enables users to achieve their legacy modernization objectives at a greatly reduce schedule and cost: convert Oracle Forms to Java; reduce IT’s reliance on Oracle; and in the process provide an extremely cost-effective migration.
of mission critical applications to the more modern Java centric, N-tier architecture and Web-services environment.

The functional capability of CipherSoft technology is extensive and delivers on its promise of rapid modernization of legacy systems. The Exodus product line:

- Provides an automated conversion of Oracle Forms to Java
- Converts over 95% of the application automatically; and in most cases converts 100% of the application in an automated manner
- Cuts the average conversion time for a Form by a minimum of 90%
- Reduces the cost by as much as 80% of a manual conversion process
- Eliminates many of the “human errors” that occur during conversion
- Allows companies the freedom to move from Oracle Forms to open-systems platform, with Oracle or with an independent supplier

"...We used their automated transformation technology and services to convert 250 Oracle Forms in 4 months, which with staffing at the time would have taken 3 years to convert...”

With global users looking to leverage greater connectivity with customers and partners provided by Web-services, many of the Oracle Forms users are actively employing or evaluating CipherSoft’s transformation technologies and services to migrate their business applications to open systems architecture.

The Company currently has three versions of the Exodus product. The first version produces an applet version of the software running in a browser. This is a database independent option for customers who want to have a choice of a database environment other than Oracle or use any type of Application Server while accessing the Oracle database. The second version integrates with Oracle 10g including Jdeveloper and ADF. The third version has been produced at the request of IBM to convert Oracle Forms and PL/SQL to DB2.

Utilizing the Exodus product saves clients an enormous amount of time, effort and costs. Exodus takes a 60-70 man-year transformation project and reduces it to 6-8 months.

The Company

CipherSoft Inc. ([www.ciphersoftinc.com](http://www.ciphersoftinc.com)) is a privately held software company, founded in 1999 and headquartered in Calgary, Canada. From its inception, CipherSoft Inc. has been 100% self-financed by its principals. The management team consists of senior officers with extensive experience in the migration and broader IT market with two of the senior officers having founded and operated successful software companies since 1978.

Specializing in writing conversion tools, applications and operating utilities, CipherSoft’s primary area of expertise is in legacy modernization, facilitating a smooth transition into open systems technology. Known to be foremost experts in their field, the Company’s products are well proven and currently utilized by an impressive list of customers and business partners.
CipherSoft Executive Summary

The Company developed the critically acclaimed Exodus product line and has performed over 40 conversions successfully at a cross-industry “Who’s Who” list of organizations worldwide including: Detroit Edison, Lockheed Martin, US Navy, Government of New Zealand, Target Stores, US Air Force, MIT, LexisNexis, HP Services, States of New Jersey and Alabama, and Sun Microsystems. CipherSoft has developed impressive industry relationships with market leaders including:

- Hewlett Packard is a global reseller of the Exodus product and offers services around the tool (CipherSoft is the only tool HP uses for this purpose)
- IBM recommends and endorses the DB2 version of Exodus and CipherSoft’s services to its clients globally
- Sun is a global reseller of the Exodus product and uses CipherSoft’s services to assist their clients with migration projects (CipherSoft is the only tool Sun uses for this purpose)
- Oracle has validated and endorses the Exodus product and CipherSoft’s services
- CipherSoft has been requested by Fujitsu and Microsoft to produce a .Net version of the product

CipherSoft is the leader in legacy modernization and has built a reputation for providing on time, within budget and high quality results around the delivery of migration projects. CipherSoft’s specialists have extensive real-life experience that has been built using such products and tools as Oracle Forms, SQL, SQL*Plus, PL/SQL, .Net and Java.

Partnering Objective

The Company takes pride in providing “clean” conversions: applications that are fully converted and can be maintained easily in the new environment. The core competencies of CipherSoft focuses on migrating legacy systems to “open-systems” platforms and delivers a number of key values to a strategic partner, including:

- CipherSoft enjoys a market dominating position technologically.
- The first product of its kind with wide market acceptance and proven success.
- An extensive and impressive list of customers and business partnerships.
- Domain expertise and experience of management and the development team are extremely valuable and hard to come by.
- Market opportunities to migrate other proprietary environments to Java parallel the Oracle situation, with development plans in place to address them.
- The business provides opportunities in software licensing as well as outstanding additional upside potential from professional services.
- A business that is growing rapidly and profitable without any outside investment.

CipherSoft is at a point in growth where the sheer scope of the opportunity exceeds its ability to scale operations without a larger partner, resulting in a major financial upside to a strategic partner:

*The projected market opportunity could result in a business unit profitably reaching more than $200 million in annual revenues within 3-4 years, through an acquisition that would be immediately accretive.*
CipherSoft Executive Summary

Case Study

Background

McKesson Information Solutions is part of McKesson Corporation, a Fortune 20 healthcare services and information technology company. McKesson is dedicated to helping its customers deliver high quality healthcare by reducing costs, streamlining processes and improving the quality and safety of patient care. Over the course of its 170-year history, McKesson has grown to provide pharmaceutical and medical-surgical supply management across the spectrum of care; healthcare information technology for hospitals, homecare and payors; hospital and retail pharmacy automation; and services for manufacturers and payors designed to improve outcomes for patients. For more information, visit www.mckesson.com

Challenge

McKesson’s Horizon Clinicals™ development team found it difficult to operate on the existing system given their increasing business demands. They wanted to modernize and migrate the user interface of their primary application environment, Oracle Forms version 3.0. Oracle Forms 3.0 was out of date, not user friendly and limited their ability to integrate with other Oracle products. After researching several different migration service providers, they found that many were not able to deliver an appropriate solution. McKesson also wanted to deploy on the Linux platform that would provide them with a more open environment.

CipherSoft’s Solution

McKesson decided to reinvest with Oracle, using CipherSoft’s Exodus migration software to convert 250 of their Oracle Forms applications written in 3.0 to Forms 6i, a GUI based Forms solution. “We used their migration services to convert 250 of these Oracle Forms in 4 months, which with staffing at the time would have taken 3 years to convert,” said Eddie Hurt, Senior Application Advisor at McKesson. CipherSoft’s migration service included changes to the character based Forms to produce a GUI application and web capabilities. McKesson has recognized many benefits from this conversion project including an increased ease of use for the end user, increased efficiency of operations, and flexibility of the converted application across various platforms. The migration project was completed on time and within budget.
CipherSoft Executive Summary

Products and Services

Exodus Conversion Software

CipherSoft’s Exodus software, written entirely in Java (J2EE), is available for purchase as a tool or as a service. The software is unique in the market, allowing customers to choose between being database independent or to integrate with Oracle’s 10g environment.

Because the Exodus product is written in Java and is considered to be truly “Open technology”, there is no need for Oracle users to continue to pay license fees for their Forms software previously utilized for development. In addition, the software recreates the Oracle look and feel environment so closely that companies can quickly achieve a successful conversion project and see immediate benefits of moving to new technology with minimal training for end users.

Exodus is an innovative conversion product that automates the migration of Oracle Forms and PL/SQL to J2EE, including Oracle Menus, Libraries, Triggers and all semantic content. By streamlining the process of conversion, Exodus significantly reduces the costs associated with manually converting legacy software. The converted application keeps its original look-and-feel, is fully maintainable, portable, and contains no wrappers — providing flexible deployment with very little impact on business operations.

A product like Exodus offers clients a robust, interactive environment, and provides one of the most powerful Object Oriented Programming languages available. It conforms both to its own standardized specifications as well as to other industry standards.

Features Summary:

By automating the process of conversion, Exodus significantly reduces the costs associated with manually converting legacy software. Exodus:

- **Migrates old legacy Oracle Forms and PL/SQL to J2EE** — J2EE simplifies the application development process by using standardized and reusable object oriented components and by automating multi-tier functionality. As a result, J2EE decreases the amount of time needed for programming and programmer training, saving time and money.

- **Converts Oracle Menus, Triggers, and Libraries** (including all PL/SQL code within libraries) – By automating the migration process, Exodus removes the risk of human error and produces standardized business applications that are fully maintainable, helping companies stay competitive.

- **Produces native Java/XML code** – Java/XML code is 100% maintainable and completely portable, producing applications that are database independent and, therefore, more manageable and cost-effective.
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- **Maintains semantic content and coding standards** – Converted code keeps effectively the same structure and standards as its predecessor. Exodus also preserves all semantic content, making it simple for developers to maintain and modify converted applications.

- **Does not create wrapper classes** – Wrapping makes it almost impossible to take advantage of new designs or features in the development environment. Eliminating wrappers is a must for companies moving toward platform independence from proprietary solutions.

- **Includes multi-tier architecture** – A multi-tier architecture efficiently distributes programming and data throughout a network, allowing a single tier to be updated independently of the other tiers – an important feature when integrating more than one application in a heterogeneous environment.

- **Allows database connectivity via JDBC** – JDBC offers the scalability, reliability, and security of the J2EE platform.

- **Integrates Oracle architecture** – JDeveloper, Oracle 9iAS, Oracle Application Development Framework, and Oracle UIX and BC4J.

- **Supports JDBC, SQLJ and BC4J deployments** – The supported deployments exploit J2EE technology to provide a faster and quicker method of application development and implementation.

**Services**

**Migration Assessment** - CipherSoft assists the client as they identify issues unique to a specific environment. A migration assessment estimates the resources, time and cost needed for a migration project.

**Migration Planning Service** - A migration specialist leads a joint client / CipherSoft team that develops a migration plan detailing the tasks, target dates and people assignments.

**Conversion Tool Services** - Conversion tools are used to automate 80-100% of the translation from one format to another, thereby reducing the time and errors involved in the conversion.

**Migration Implementation Services** - Assistance is provided in the actual implementation of migration services and includes:

- Product installation and customization
- Implementation of new functionality
- Exit design and/or coding
- Testing, test planning and validation
- Operations skills transfer
- Project management
**Technology Roadmap**

CipherSoft continues to refine the software in order to address the clearly identified and significant demand for this product. In addition, CipherSoft is creating a conversion tool to convert Oracle Reports to Jreports and Crystal Reports, report query tools available in the Java environment. This tool will be an add-on to Exodus, and presently CipherSoft has several customers who are awaiting this product. CipherSoft has formed relationships with Crystal Reports (Business Objects) and Jreports (owned by Jinfo) in order to produce this automated conversion tool from Oracle Reports to these new environments. This product is expected to be released in late 2005.

The Exodus product has been designed in blocks, that is, with the availability of replacing certain environments with others. CipherSoft has plans to produce several other versions of the Exodus product including:

- Oracle Forms to .Net
- Exodus version integrating directly with Oracle’s ADF environment
- PowerBuilder to Java
- PowerBuilder to .Net
- Oracle Forms to Ingress (at Computer Associate’s request)
- PowerBuilder to Ingress (at Computer Associate’s request)

**Market**

**Target Market**

The product is positioned as a legacy transformation tool that can also be delivered as conversion services. CipherSoft’s primary market focus is Fortune 500 companies; however, any small, mid to large size company or ISV using Oracle Forms is also well within the market range, with the need for Exodus considered to be global.

The goal has been and continues to be to position Exodus aggressively to users of proprietary systems, with the first release addressing Oracle Forms users due to the sheer magnitude of the opportunity. Specific marketing plans were initiated with Oracle’s user group, major accounts and key business partners were identified and prioritized, and a focused sales effort was launched towards the targeted organizations. This undertaking was extremely successful in generating immediate interest in the product and completely satisfying the clients’ objectives to:

- Provide “open” capability for their business applications
- Retain investment made in legacy applications
- Enable future development within their organizations with Java
- Facilitate running and maintenance of applications in a Web based environment
- Reduce Oracle support fees and total application maintenance
- Get further away from proprietary environment
- Facilitate new business opportunities economically
CipherSoft Executive Summary

- Reduce licensing costs, support and time
- Obtain platform independence
- Deploy rapid and secure solutions
- Obtain an ease of knowledge of capital evolution
- Achieve automatic migration
- Facilitate superior cost-benefit ratio and reduces total cost of software ownership

On the broader market perspective, Gartner predicts that the Web Services market will grow to $26B by 2006, and a recent Forrester report indicates that 84% of companies will launch a Web Services project in 2004; a significant proportion will be licensed software.

Using a Web-services approach, companies can expose functionality from their existing systems, publish them for consumption by their customers or partners, and similarly, discover the interfaces that they require to interact with their partners. This leads to not only interoperability between systems and applications, but true interoperability between companies and their business processes.

In addition to migrating Oracle Forms to Java, the 180,000 Oracle Forms users realized a second major benefit of being able to more effectively leverage Web-services technology.

Market Drivers

The legacy modernization market, including transformation of Oracle Forms to an N-tier Java based platform, is in the early market adoption stage of the business lifecycle, with broader market acceptance of this disruptive technology expected to go mainstream within the next 1-2 years.

Corporate IT organizations are actively seeking ways to get more out of existing legacy applications by transforming them to a more modern architecture, including Web-services and Service Oriented Architecture (SOA). Other factors driving the requirements to make technology more responsive to business needs, include:
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• Integration of IT systems with clients & suppliers
• Hardware and systems obsolescence (e.g. HP VMS…)
• Ever shrinking pool of legacy programmers
• Removal of proprietary, specialist systems with high support costs
• IT directive to reduce total cost of ownership (TCO)

ISV interests are also being driven by market forces as aging applications originally developed under client/server architecture need to be redesigned to a more compelling offering under an N-tiered, Web-enabled architecture. A solution utilizing modern based technologies can be much more successful in a competitive market where ISVs can paint a picture that depicts lowered costs and more rapid deployment as key reasons for converting a customer’s critical business applications over to Java.

Market Opportunity

Too valuable to eliminate, too costly, complex, and interdependent to replace, legacy IT applications consume a staggering 73% of application and maintenance budgets.

Gartner Group’s Legacy Modernization Helps in Providing Applications for Tomorrow analysis report suggests a modernization and migration software tools market forecast at slightly over $200 million in 2006 (Forrester Research suggests possibly closer to $400 million). While not overly large in itself, this market has other ramifications including the consideration that the services revenues associated with it are at least 10 times the market for the tools themselves. Moreover, analysts have not taken into consideration Oracle announcements to withdraw support of earlier versions of their Forms products.

The market opportunity for this conversion product is seen to be extremely timely and opportunistic. There are several reasons for this. Presently there are very few tools available that convert specific environments to Java. The Exodus product enables users to convert Oracle Forms to Java, thus reducing their reliance on the Oracle product base. This also assists users and developers with the ability to eliminate support for Oracle Forms, which is very expensive for the client.

While CipherSoft’s products and technology are well proven to automate 95% of the effort of transforming Oracle Forms to Java, generating code under an N-tier environment, there exists a market opportunity beyond the Oracle base.

The factors that are driving firms to consider the change from Oracle Forms to J2EE equally apply to other proprietary 4GL languages including: licensing cost, fewer programmers with the right skills, and the need to downsize and consolidate the IT platform to take advantage of new Web-based technologies. Looking towards the future, CipherSoft’s technology road map includes the transformation of other aging 4GL environments (e.g. PowerBuilder) to newer Web-enabled platforms including a .Net version, adding a further potential 100,000 PowerBuilder target applications according to the Company’s research.
Overall Oracle Forms and PL/SQL Market

There are presently 180,000 companies licensed to use Oracle Forms and PL/SQL. All of these users have developed their applications utilizing the Oracle Forms technology with approximately 80% of them utilizing Forms 6i or an earlier version.

With the announced de-support of Forms 6i and Forms 9i and no additional enhancements being made to the newest version of Forms (11i) which has a de-support date in 2007, Oracle has been actively marketing their 9iAS and 10g framework that utilizes Java technology. They have had mixed results so far, as they have not provided their users any migration ability or technology to move their Forms users to the new environment.

Oracle worldwide is presently recommending the Exodus tool to their customer base and has “validated” Exodus with the Company’s product being the only one of that stature. CipherSoft is working closely with Oracle to produce product enhancements that integrate with their latest technology offering, thus offering a seamless entry to Java for their Forms users. A new version that integrates with Oracle’s ADF environment will be released second quarter, 2005.

Hewlett Packard (HP) Market

Hewlett Packard, by acquiring Compaq Computers, inherited a large number of Oracle users who utilize the Open VMS operating system. Oracle withdrew technical support for the VMS OS as of December 31, 2003, causing great concern to HP as they don’t want their VMS users moving to a competing platform and would like to keep them as satisfied Open VMS clients.

HP performed testing of the Exodus product within their labs in Nashua, New Hampshire, and determined that the product would greatly assist their users in moving to Java and would help keep them within the HP umbrella. CipherSoft and HP signed a global agreement allowing HP to resell the Exodus product as well as offer services around the product.

“We are delighted with our new business relationship with CipherSoft,” said Mark Gorham, Vice President, HP Open VMS Systems. “CipherSoft’s innovative migration tool, Exodus, will ensure our Open VMS customers a smooth transition in their migration of Oracle Forms and PL/SQL to their new Web-enabled environment.”

It is estimated that there are more than 100 Open VMS users in North America who want to immediately convert to Java from Oracle Forms, with an estimated additional 100,000 VMS users worldwide who have developed their applications using Oracle Forms that could ultimately benefit from CipherSoft’s transformation technology. These users are not counted in the previously noted 180,000 licensed Oracle Forms users as they are no longer licensed by Oracle.
IBM DB2 Market

IBM has been moving aggressively within the database market and only recently overtook Oracle as having more database users than any other company.

IBM specifically created an Oracle DB2 migration unit whose only mandate is to migrate Oracle database users to DB2. IBM approached CipherSoft with the intent of leveraging the Exodus product and upon completion of a technical review in their testing labs were quite excited about the architecture and ability of the product to help convert Oracle users into DB2.

Today, IBM recommends and endorses the DB2 version of Exodus and CipherSoft’s services to its clients globally.

Competitive Landscape

√ CipherSoft is the only company in this market that has reference accounts
√ CipherSoft is the only company to be “validated” by Oracle
√ CipherSoft is viewed by most as the market leader

The Exodus software is presently considered “one-of-a-kind” and as such, is dominating the market. Several of its early competitors have backed out of the market after reviewing the Exodus product. Presently, there are no competitors in North America. One Indian competitor has a sales office in California, however, they do not provide a product and have to outsource the services to perform the work. At this time, none of CipherSoft’s competitors have been able to offer anything other than a factory type service for conversion.

One of the major differences between CipherSoft and its would-be competitors is the architecture of the product. The software allows customers to choose between being database independent or to integrate with Oracle’s 10g environment. All of CipherSoft’s earlier competitors “wrapped” the Oracle Forms causing Oracle users to continue to license their old software while utilizing the new technology. This “wrapping” technology causes significant performance issues and is considered a “band-aid” approach to the conversion process.

Although there are several vendors who provide conversion tools of Oracle PL/SQL code to Java, many of these do not allow the user to utilize any other technology other than Oracle’s. In addition, competitive products have shown that they actually do not perform a complete conversion of the actual Forms’ applications themselves. In most cases, they only convert the SQL inside the Forms. This is an important differentiator of the Exodus product.
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The Business

Sales Model

The reseller/service partner model is seen as one of the best opportunities for the Company and is another factor that sets CipherSoft apart from its competitors. Within the reseller model, an active “reseller channel” has been formalized with resellers getting training, updates, and other benefits. With the release of Exodus, CipherSoft has partnered with several large consulting companies as they work on major conversion projects for their clients. The model to license these companies the right to utilize Exodus on a customer engagement and provide services around the product has been extremely successful.

The Company is currently working with several service partners on a number of major government RFPs that upon award are worth several million:

- Government of South Australia
- State of New Jersey (in partnership with Northrup Grumman)
- State of Alabama (in partnership with Unisys)
- Government of British Columbia
- School Board of Ontario (joint bid with HP services)

CipherSoft’s Exodus provides the Company with a major competitive advantage in terms of price performance as competitors do not have a comparable tool, only services, and at times CipherSoft actually competes with some of these consulting companies. However, many companies such as EDS, Keane, Lockheed Martin and IBM Services are already showing an interest in utilizing the product for large outsourcing projects they are performing for their clients and are engaging in partnering discussions with CipherSoft. They see the tool as an opportunity to cut development time significantly, while providing an “open” solution to their clients. They also see the product as enabling them to be more competitive in their market. CipherSoft is already working with Sun, HP and IBM to assist their clients in migration projects as these three companies have signed agreements to offer services around the Exodus product.

Support Factory Model

Not all organizations have the resources to undertake a massive transformation project, and prefer to outsource the entire initiative. The factory model for conversion has proven to be a service in high demand and quite profitable for the Company and their business partners. With the use of an automated conversion approach, and with pricing based on number of Forms, or number of lines of code, the ability to generate a higher rate of operating margins is enhanced.

This capability also builds on CipherSoft’s conversion expertise over the last 20 years. As well, it shows the market that the Company is considered a full-service conversion organization with a strong market presence with both services and products.
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With the low cost of Canadian salaries, and the facilities available to CipherSoft, the Company can easily expand to provide these types of services to its clients.

Partnerships

CipherSoft’s business strategy is aimed at providing migration solutions and services to its customers through a network of value-added Business Partnerships. CipherSoft’s Business Partners are leaders in their chosen markets and have earned reputations based on superior service and innovative technology solutions.

Corporate Partners:

![Corporate Partners Logos]

Channel Partners:

![Channel Partners Logos]

Presently, the Company offers the product with a price range of $10,000 to $25,000 USD for pilot projects and proof of concepts engagements, and up to $250,000 to $300,000 for an enterprise license. This pricing has been well received by customers and is seen as a high value, low risk option. Support agreements are also provided to clients, billed at 18% of the license price per year. Support revenues are seen to be extremely lucrative with the opportunity to provide on-going support to clients who utilize the conversion tool. These support contracts will assist the clients as they:

- Train new employees on the product
- Convert additional forms, incorporate new applications for conversion
- Expand platforms for conversion, including to new environments like .Net
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Staffing

CipherSoft maintains a development and conversion facility in the Calgary, Alberta, Canada head office. There are sales offices in Henderson, Nevada, and a sales and technical team located in London, England where they offer select IT services to strategic partners and clients.

CipherSoft’s technical specialists have extensive real-life experience from numerous applications and the use of products and tools such as Oracle Forms, SQL, SQL*Plus, PL/SQL, .Net and Java. The CipherSoft team have led many large projects, understand the transition from design and analysis to implementation and have extensive experience working with different technologies on various platforms that span the following areas:

<table>
<thead>
<tr>
<th>Multiple databases</th>
<th>Oracle, MS-SQL Server, DB2, Sybase</th>
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<tbody>
<tr>
<td>Developer tools</td>
<td>Visual Basic, FoxPro, Oracle Developer 2000, PowerBuilder, .Net</td>
</tr>
<tr>
<td>Programming languages</td>
<td>C, C++, Java, COBOL, FoxPro, Oracle PL/SQL, XML, HTML, Oracle JDeveloper</td>
</tr>
<tr>
<td>Operating Systems</td>
<td>Unix, Windows 2000, and any O/S that supports Java technology</td>
</tr>
<tr>
<td>Application/Web Servers</td>
<td>WebLogic, Oracle 9ias, Apache, Tomcat, Voyager, Orion and WebSphere</td>
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The deployment of the Company’s staff is simplified and shown in the table below (some employees are shared between functional areas).

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<tbody>
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<td>Executive Management</td>
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<td>Administration</td>
<td>2</td>
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<tr>
<td>Sales and Marketing</td>
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</tr>
<tr>
<td>Development</td>
<td>7</td>
</tr>
<tr>
<td>Support/Service</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Employees</strong></td>
<td><strong>19</strong></td>
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Management Team

**Jennifer McNeill, President & CEO**
Prior to joining CipherSoft, Ms. McNeill was President of Cedar Enterprise Solutions. In 1982 she became Director of Marketing at Smith Data Systems in Montgomery, Alabama. In 1987, she was named VP of Marketing at Cipher Systems and became Co-owner and President of the company in 1995. She attended Troy State University in Montgomery, Alabama, and majored in computer science and math, with minors in business and physics.
In addition, Ms. McNeill acts as a consultant and senior project manager utilizing her expertise in the information technology industry, which includes an emphasis on business management, customer relationship management, enterprise resource planning and human resource information systems. She has over 25 years of business, technology and strategy consulting experience and has provided consulting expertise to many organizations and industries including: oil and gas, utilities, government, financial services, pharmaceutical and manufacturing companies.

**Brian McNeill, Chief Operating Officer**
Brian McNeill is a seasoned executive with proven expertise in information technology, programming and development, and systems management. He has significant product development experience, including software and solutions; has run large software development organizations; has been involved in starting up new companies, including Value Added Resellers and commercial software development companies; was a key player in creating internationally-based support organizations; and has held a broad range of hands-on technical and managerial positions. He has extensive, in-depth experience in successfully running a global technology enterprise in every key area.

Mr. McNeill founded a software development company called Cipher Systems, which successfully converted legacy systems to open operating environments. At this time he also developed and marketed COMPANION™, a COBOL-based report writer, and developed and implemented a joint venture oil and gas accounting application. In addition, he was extremely successful in completing Year 2000 conversions for numerous organizations throughout North America.

**Khalid Baig, Senior Manager, Program Development**
Khalid Baig has over 20 years experience in the information technology industry. He has managed IT project life cycles including planning, designing, customer support, testing, and operations. Khalid has managed programmers and projects of varying sizes, and has worked with mainframes to mini-computers to open systems. Khalid’s technical expertise and knowledge of software spans across multiple databases (Oracle, MS-SQL Server, DB2), developer tools (Visual Basic, FoxPro, Oracle Developer 2000, PowerBuilder), programming languages (C, C++, Java, COBOL, FoxPro, Oracle PL/SQL, XML, HTML, Oracle JDeveloper), Application/Web Servers (WebLogic, Oracle 9ias, Apache, Tomcat, Voyager, Orion and WebSphere) and Operating Systems (Unix, Windows 2000).

**Dan Linton, Channel and Marketing Manager**
Dan Linton has experience in the domain of marketing, public relations and event management. He is responsible for campaign and project creation, fostering and enhancing business relationships with clients and partners, event management, Website maintenance and collateral development. Mr. Linton has proven experience at implementing winning marketing strategies.

**Cathleen Foster, Senior Manager, Inside Sales**
Cathleen Foster is responsible for worldwide sales and business development strategies. She is also responsible for identifying and prospecting new sales leads, and managing
CipherSoft Executive Summary

sales lead tracking and pipeline reports. Ms. Foster has over 5 years experience managing call centers and inside sales teams. She has developed and implemented training techniques and programs used to grow successful inside sales teams, developed and maintained procedures for the proper management of the workflow in a call centre, carried out HR procedures including the recruitment and interviewing of inside sales staff, and interpreting and communicating sales policies to sales personnel, management and customers.

Financial Performance

CipherSoft Inc. anticipates generating gross revenues of $5 million by the end of FY 2005 and annual gross revenue of $20 million by the end of FY 2010. As revenues are generated, CipherSoft is expanding operations into further technological innovations by identifying market trends and developing new products to migrate clients to the latest technologies. The Company’s capability for further technological innovation has unlimited potential as Web-based technology and e-business are growth markets.

The Company’s senior management feels that its products and services have a significant advantage and value in their market and believes that future growth could be much higher than forecast with a strategic partner’s ability to more rapidly scale the business, with incremental gains upwards of 10 to 15 times CipherSoft’s forecast.

Summary financials, ending January 31, are as follows:

<table>
<thead>
<tr>
<th>In $millions</th>
<th>2004</th>
<th>2005</th>
<th>2006 (e)</th>
<th>2007 (e)</th>
<th>2008 (e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 0.427</td>
<td>$ 0.95</td>
<td>$ 6.17</td>
<td>$ 8.96</td>
<td>$ 13.60</td>
</tr>
<tr>
<td>EBITDA</td>
<td>($ 0.278)</td>
<td>$ 0.023</td>
<td>$ 2.88</td>
<td>$ 4.23</td>
<td>$ 6.81</td>
</tr>
</tbody>
</table>

Amounts shown are in thousands US $.

Note: A comprehensive financial memorandum is available upon request.