

Mission statement

Metaverse Technology's mission is to be the premier business collaboration and presentation application developer for the Second Life platform.

The customer problem

Our customer may be charged with coordinating regular online collaboration meetings among distributed, virtual teams, or perhaps they regularly give online presentations to customers or external stakeholders. While Second Life offers a powerful new paradigm for group collaboration and product presentation, it lacks an integrated suite of easy-to-use tools such customers need to create presentations and coordinate collaboration *effectively* in Second Life. Therefore these customers are condemned to remain in the old paradigm until such tools are made available.

The collaboration and presentation tools currently available in Second Life, such as the texture-based slide show and the single stream media player, are unsophisticated, difficult to use, and poorly supported. Many users may be satisfied if they could simply port existing solutions such as Microsoft's PowerPoint presentations into Second Life, complemented by services enabling collaboration and conversation, such as WebEx, GoToMeeting, etc.

However, duplicating the "flat" presentation capabilities of PowerPoint is only a first step, since the "slide" paradigm retains its inherent 2D limitations even when ported into Second Life. Users cannot walk around inside a slide, zoom in and zoom out, or observe the passage of time. Sales presentation, education, and prototyping teams that can present their product or information in a fluid 3D environment have a significant advantage over their competitors, *provided they can create such a presentation quickly and easily*.

Outside of Second Life, comparable solutions for both collaboration and presentation involve expensive, platform-dependent environments. Such enterprise-class collaboration tools generally require the purchase and maintenance of powerful servers, or leased access to same.

The solution

Metaverse Technology's goal is to develop a suite of software tools, business processes, and services to enable businesses to collaboratively discuss, evaluate, and present their products and information both internally and externally. We will begin by duplicating the functionality of PowerPoint and WebEx within Second Life, and then add additional features that can only be supported in Second Life.

Tools

Based on our feasibility studies, the first development iteration will encompass the following tools:

White Board – A real time interactive collaborative tool that allows Avatars in Second Life to draw on the same surface.

Text Display – A single digit prim count object that allows for a scrolling text display of thousands of words. (This is not floating text!)

IM MultiThread Conversation Manager – A system that can help manage multiple topics in a single conversation within the privacy of IM without the need for forming an actual group or a friends conference.

MultiThread Chat Helper – An interactive visual system that helps manage multiple topics in a single conversation.

Picture Presentation – A presentation system that does not require texture upload, can be hosted from free photo-sharing sites, and offers interference-free control via a HUD system.

Artificial intelligence - A line of AIML natural language chatbots that interface with existing resources on the web and have extensive Second Life capabilities.

Video player - An innovative video manager that harnesses the full potential of the existing Parcel Media Stream, and can **simultaneously display** up to **six different media** (text, images, and video) from outside of Second Life.

Many of these components are already developed and undergoing testing; some are already on the market, generating sales. New components are undergoing feasibility studies at this time. Multiple video elements that contain independent audio tracks present a particular challenge.

Services

Metaverse Technology will provide consulting services and process documentation to new users of the system, easing their transition into Second Life and documenting best practices for integrating existing content and

processes into the environment. The continued influx of new users, and the truly undiscovered uses that the 3D virtual collaboration has to offer, add tremendous value to information concerning best practices for collaborating in Second Life.

Within Second Life, Metaverse Technology customers will meet at our conference facility. This facility will be designed to target the specific virtual facility needs of different customer demographics: sales presentation rooms, prototype “clean rooms,” small conference rooms etc.

Following the conference, Metaverse Technology provide secure recordings and organization of collaborative meeting/presentation “transcripts” (including 3D movies, chat text, and audio) for customers who need to review the meeting (or for late attendees)

Metaverse Technology will also provide custom design and prototyping of communication and collaboration tools for clients, always focusing on the discovery of reusable artifacts and processes during the process, thus subsidizing R&D.

The competition

At this time Metaverse Technology is unaware of any other brand directly competing in the virtual business collaboration application space. However, there are a few firms within and outside of Second Life attacking the same customer problem. The three most representative classes of competitor are discussed below.

Conference Island

Conference Island is a Second Life conference facility that offers users a wide suite of custom services. They have begun to offer a reusable software service that creates “themes” for virtual conference rooms. They are also attempting to produce a PowerPoint import tool. While their technology is interesting, it is not identical to ours. Regardless, this will be our most direct competitor in the space since our target market is the same. We believe our development and testing processes, combined with our business model, will provide advantages against Conference Island.

WebEx

WebEx is a current collaboration environment that combines online collaborative space (such as Shared Desktop) applications with voice conferencing services. WebEx’s strengths are in its existing customer base, the high quality of its telephone conferencing solution, and its tool integrations. However, WebEx is relatively expensive and remains bound to 2D.

Documentum eRoom

Documentum is a sophisticated content-management and project collaboration product that offers a 3D capability. However, Documentum is an expensive, proprietary enterprise-class solution. It lacks the flexibility of the Second Life as a platform and requires an enterprise-wide investment in hardware, software, and process commitment to be effective. And it is not useful for outside sales presentations.

Microsoft Communicator/SharePoint

Microsoft Communicator 2007, as integrated with SharePoint Server, is a powerful one-stop-shop collaboration tool. However, it suffers from the same weaknesses as Documentum in terms of price and functionality, and it lacks a 3D capability. Similarly, Macromedia Breeze is a direct competitor with Microsoft, but its pricing structure is so complex that one is required to speak directly to Macromedia to learn if it is affordable or not.

Competitive advantage

Metaverse Technology will be the provider for these tools and services due to our unique competitive advantage. In the short run, Metaverse Technology will provide similar functionality as existing tools at a lower cost (and a simpler price structure), combined with sophisticated presentation and branding services for particular customers. Metaverse Technology's combination of R&D, consulting and internal testing will make us a cutting edge competitor in virtual reality business process and application development, producing difficult to reproduce patents, brands, and trade secrets.

In terms of process development, by carefully focusing on our own process as it occurs in Second Life, we can elucidate new requirements and new problems. Such process-won intellectual capital cannot be reverse-engineered from our products, will lend efficiency to our product testing, and add value to our consulting services.

In terms of tools, our product will be modular and designed specifically for Second Life. However, through our process we will also explore integration paths for other existing technologies that could be used in tandem with Second Life, such as voice communications.

Our facility space will be an example of best practices and tool usage. Giving a presentation to customers using our own tools in our own facility will be our best sales strategy.

Marketing plan

As a business development team that is using Second Life for collaboration and presentation, the first customer for our business tools is Metaverse Technology itself. This offers greater efficiency in terms of requirement analysis and testing. As a small development team, our requirements are similar or identical to other software development teams who are involved in Second Life both personally and professionally. The current state of tools available to these teams for collaboration and presentation do not take full advantage of the virtual space. This group qualifies as the lowest-hanging fruit in many ways; they are already using Second Life, they are inclined to adopt software early and give good testing feedback, and they help virally market good products.

At the same time, Metaverse Technology will actively seek out the “second” customer: Businesses and individual professionals, other than software developers, that are also embracing Second Life as a viable platform. Although their inclination to adopt software early and give good testing feedback is relatively lower, their current participation in the Second Life experience makes them the next logical step.

One target market is the for-profit language education market, which is increasingly moving into 3D environments that allow them to instruct people online while maintaining a classroom-like environment, and to bring in language teachers remotely from places like China and Mexico. Competition in this area would be from providers like Rosetta Stone, and from established language schools developing their own toolsets.

A second target market is the marketing research market. Conducting market research in Second Life is much more affordable than doing so in person, which requires offices, labs etc. And there is an existing population in Second Life available for sampling.

A third target market is the sales presentation market. This group has slightly different requirements as they are presenting to an external person or group, not collaborating with a team. As a rule they are less price-sensitive and more interested in getting the most sophisticated presentation possible to their audience. Therefore Second Life is an ideal platform from which they can hold sales presentations. This customer offers the opportunity both for quick revenue and market research into the specific tool requirements of sales teams.

Metaverse Technology’s solution will require an aggressive marketing plan. A strong web presence is vital, and would include the following:

- Production of podcasts

- Production of “evangelist” and technical documentation on our website that helps business people understand how to make money in the three dimensional internet.
- Participation in forums
- Presence on social networking sites
- Placing articles in targeted publications both within and without Second Life.

Based on our identified customer classes, we will also attempt to market through similar channels as WebEx and other external competitors.

Metaverse Technology will also host promotional marketing events from its facility.

Metaverse Technology is pleased that it has already placed second in a business plan competition hosted by the Electric Sheep Company and Edelman, two firms operating in Second Life, and received positive coverage in CNET as a result.

The team

CEO Jacob Sullivan

A graduate of the Electrical Engineering program at the University of Washington, Jacob specialized in Digital Systems, Computer Design and Embedded System organization. He advances his special interest and knowledge in human-machine interaction through continuing research and development projects. Before returning to college to pursue a more technical vocation, Jacob was employed as operations manager at Key Arena for six years, which included fiscal and managerial responsibility of a multimillion dollar client-relations account and over two hundred seasonal employees.

CTO Anthony Bundy

A graduate from the University of Washington in Electrical Engineering, Anthony specialized in Embedded Digital System design and Control Systems. Before getting his degree he served as an Electronics Technician in Nuclear Power in the US Navy aboard the USS Abraham Lincoln. Since graduation, he has developed experience in hardware design, embedded system software design, and test and verification of hardware and embedded software systems. In Second Life, Anthony has developed building, coding, texture and particle skills in developing new products.

CMO Pete Sweeney

Pete Sweeney's first entrepreneurial venture was a microbrew distributorship in Quito, Ecuador, where he concentrated on direct sales and marketing collateral. He sold the business at a profit to a local brewer. His technical background includes a stint in the Requirements Analysis unit at Rational Software, conducting customer usability surveys to design tool user interfaces, analyzing requirements, modeling use cases, and documenting integrations with the Rational Analyst Studio software suite. He has worked as an independent consultant on usable web design, software development processes, and documentation. Pete is currently a graduate student at the University of Washington studying entrepreneurship, global logistical systems, and Chinese business policy. He speaks Spanish and Mandarin.

CFO Thomas Moore

Thomas Moore is pursuing an MBA at the University of Washington. He has experience providing financial management services as a personal banker with U.S. Bank. In addition, Thomas has worked with several early stage start-up companies, providing new business development for EnvirotecUSA, and viral web marketing consulting for StarStyle.com.

Revenue and costs

Revenue

Metaverse Technology's revenue streams will come from facility rental, consulting fees, and software licensing. We will initially use a recurring revenue model that competes on price with other subscription services. Generally the pricing will encompass an install fee, a recurring service charge (for usage of our servers) and optional support fees. In some cases, customers will have the option of free ad-supported tools. This model will allow us to offer attractive prices to customers testing the market, and will increase the switching costs of our customers once they have created significant artifacts using our server-based tools.

Sales growth is projected to track the growth of the profitable businesses in Second Life (as opposed to the growth in the user base, which has no intrinsic connection to demand for our tools), currently averaging around 20% per year. This growth will increase from its current base as new products are delivered to the market.

Cost

Our cost structure comprises fixed costs in software development, marketing expenditure, virtual real estate maintenance, and some minimal purchases of server resources and software. Variable costs are largely comprised of server

usage, bandwidth, and customer support. We believe our cost and revenue model is quite similar to RealPlayer during its first five years of existence.

Capital

Metaverse seeks to raise between \$700,000 and \$1m in angel financing in the first round, sufficient to fund two years of development, marketing, and sales efforts. Following that period in which Metaverse proves the market and the product, Metaverse will seek to attract a mixture of venture and strategic capital to drive growth.

Income Statement

Metaverse Technology 2,007

Financial Statements in U.S. Dollars

Revenue

Gross Sales	189340
Less: Sales Returns and Allowances	
Net Sales	189340

Cost of Goods Sold (variable)

	units sold	88
Bandwidth	per unit sold	5 25
Tech support	per unit sold	
currency conversion	rate	4% 6627
misc		
Cost of Goods Sold		6652
Gross Profit (Loss)		182688

Other Income

Gain (Loss) on Sale of Assets	
Interest Income	
Total Other Income	0

Expenses (fixed)

Marketing:		
SL Classifieds		
Web- AdWords		
Web-Specific		
SL Periodicals		
Domain name		
Contract Labor		
Development contracts		
Service contracts		
Sales commissions		
Legal		50000
CPA		10000
Marketing/PR		50000
Employees		
Jacob Sullivan		40000
Tony Bundy		40000
Pete Sweeney		40000
Web/mySQL		40000
Builder/Graphics		40000
Script Kiddie		40000
Taxes & benefits	15%	276000
Equipment		
Telecommute		7200
PCs		18000
Virtual Servers		1200
Software		6000
Other		
Insurance & Lisc		15000
Misc		50000
FCF- significant		
AMORTIZATION		
DEPRECIATION		
INTEREST		
TAXES	39%	0
Total Expenses		723400
Net Operating Income		182688
Earnings before INTEREST, TAX, DEPR, AMORT (EBITDA)		182688
EBIT		182688
Net Income (Loss)		(906088)

Income Statement

Metaverse Technology

2008

Financial Statements in U.S. Dollars

Revenue

Gross Sales	865337
Less: Sales Returns and Allowances	
Net Sales	865337

Cost of Goods Sold (variable)

		247
Bandwidth	per unit sold	10 25
Tech support	per unit sold	
currency conversion	rate	4% 30287
misc		
Cost of Goods Sold		30312

Gross Profit (Loss) **835025**

Other Income

Gain (Loss) on Sale of Assets	
Interest Income	
Total Other Income	0

Expenses (fixed)

Marketing:

SL Classifieds	
Web- AdWords	
Web-Specific	
SL Periodicals	
Domain name	

Contract Labor

Development contracts	
Service contracts	
Sales commissions	
Legal	50000
CPA	10000
Marketing/PR	50000

Employees

Jacob Sullivan	40000
Tony Bundy	40000
Pete Sweeney	40000
Web/mysql	40000
Builder/Graphics	40000
Script Kiddie	40000
Taxes & benefits	276000

Equipment

Telecommute	7200
PCs	18000
Virtual Servers	1200
Software	6000

Other

Insurance & Lisc	15000
Misc	50000

FCF- significant

AMORTIZATION	
DEPRECIATION	
INTEREST	
TAXES	0

Total Expenses **723400**

Net Operating Income **835025**

Earnings before INTEREST, TAX, DEPR, AMORT (EBITDA) **835025**

EBIT **835025**

Net Income (Loss) **(1558425)**