



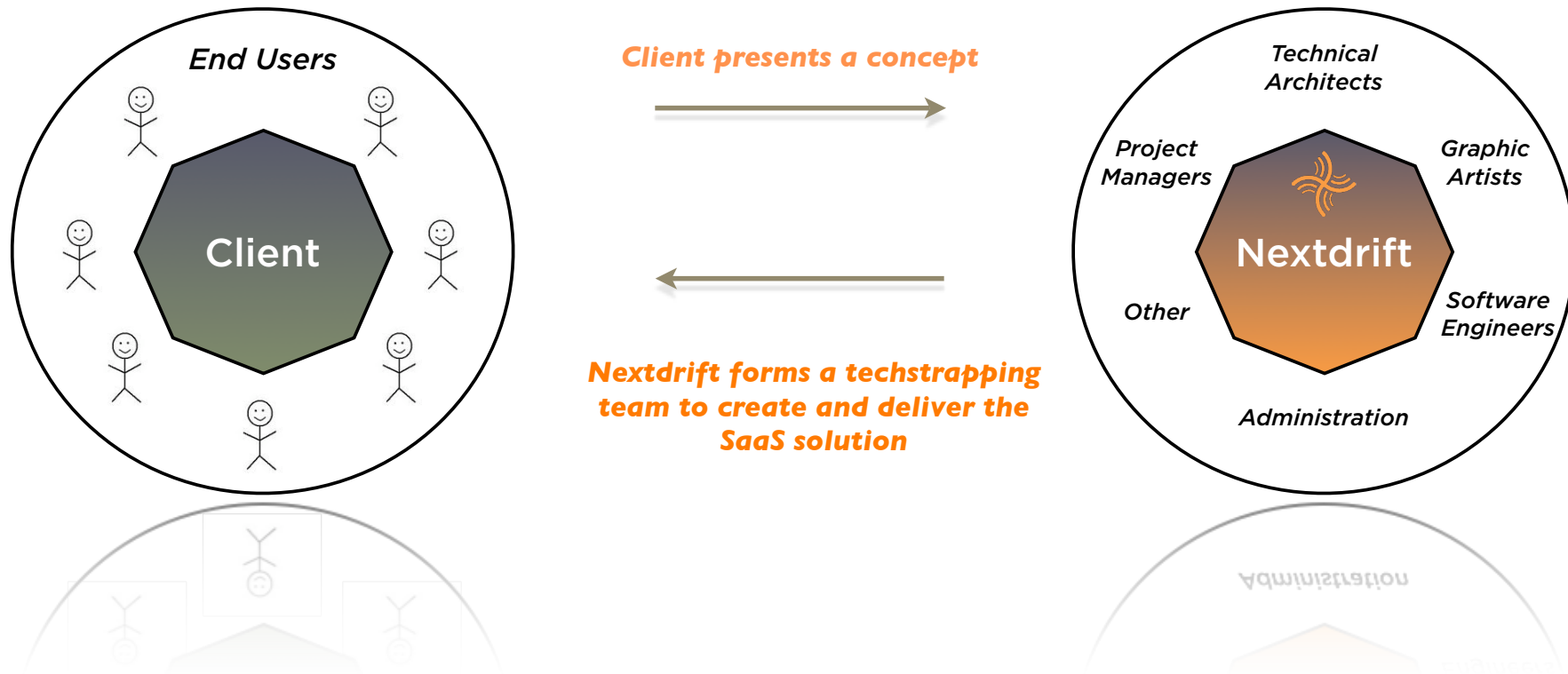
# What is Techstrapping?

February 2011  
Nextdrift Technologies, LLC  
Copyright 2010

*Techstrapping* is a trademark of Nextdrift Technologies, LLC

**Techstrapping** is where talented software professionals **invest** their **time** and **expertise** to develop a “Software as a Service” (SaaS) solution for technology challenged companies **sharing risk** and **sharing reward**.

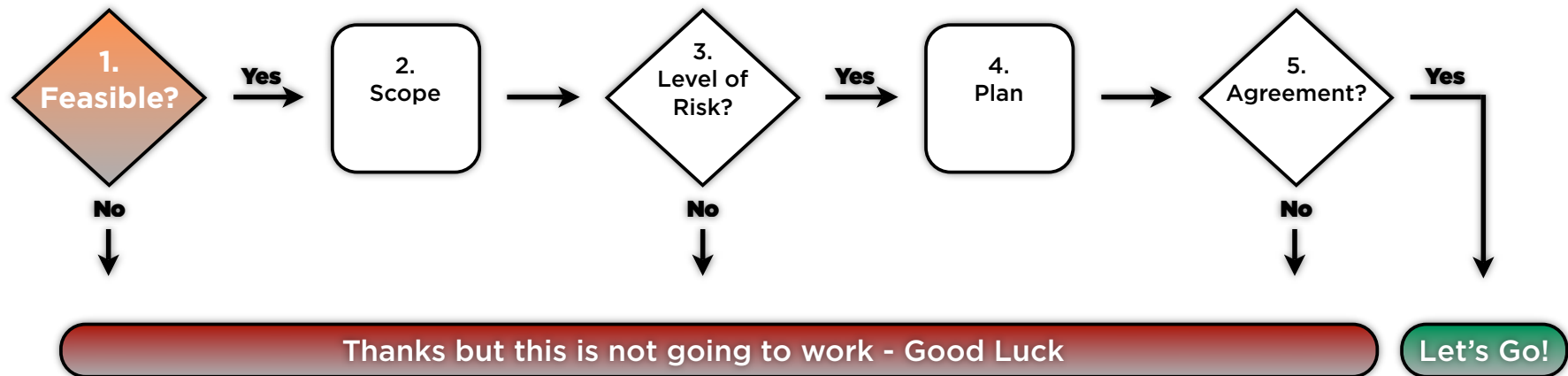
# How It Works



Client makes small investment to develop their solution for a future promise of profit sharing.

*Linked prosperity drives success unlike outsourcing to unvested "pay-for-play" consultants.*

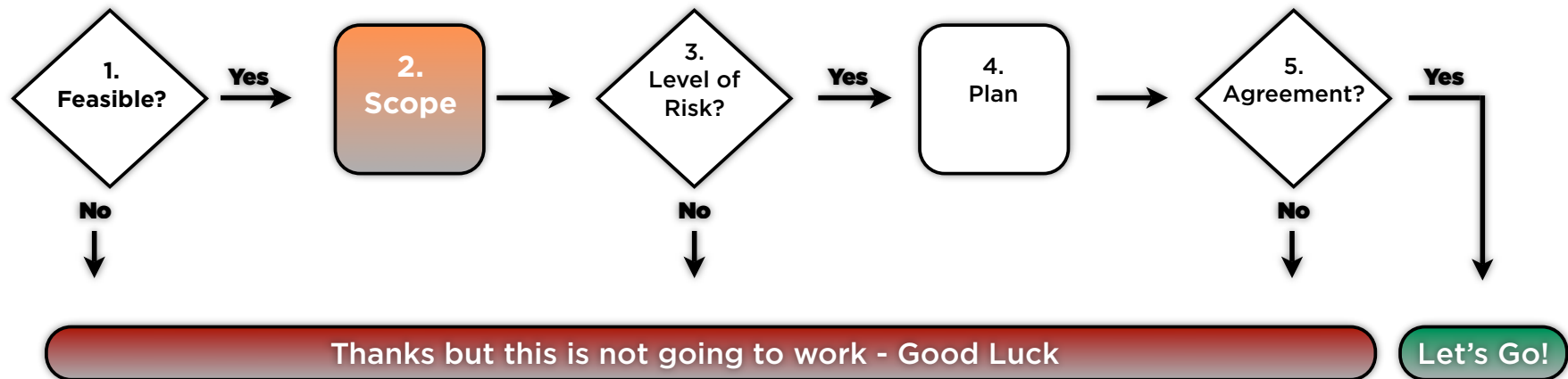
# Process Flow



## Step 1 - Is this project feasible?

- ✦ Initial meetings are held to **determine the feasibility** of the client project.
- ✦ Market size, competition, existing customers and other factors will be discussed to **determine the success** of the project.

# Process Flow



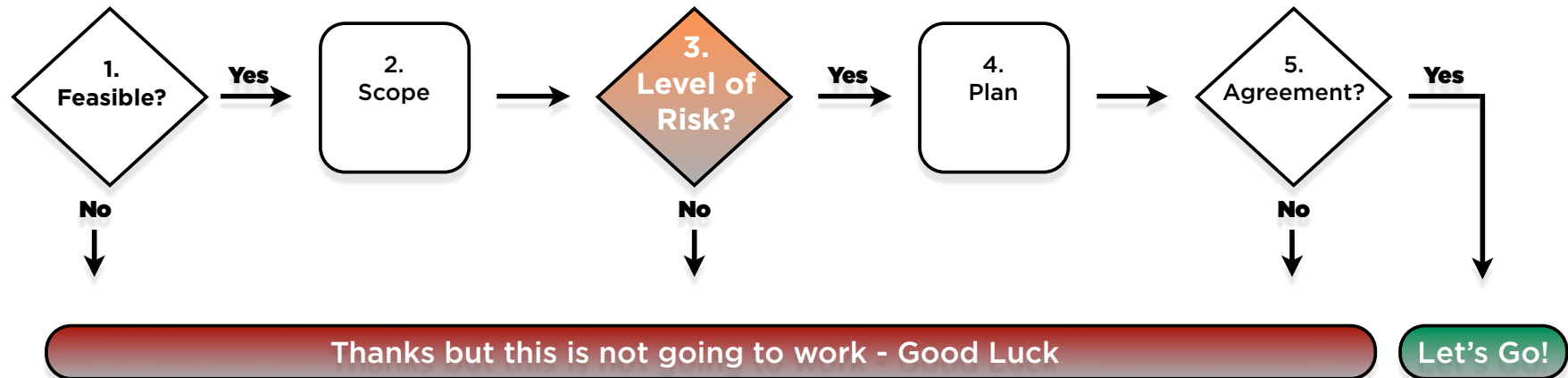
## Step 2 - Create a Scope of Work

- ✦ Based on the data collected, a **Scope of Work** is created by Nextdrift.
- ✦ Scope outlines the **estimation** of work necessary to complete the project.

Project Estimate

	Days	Hourly	Admin	Daily Rate	Estimate	%
Design	2	\$125	20%	\$1,200	\$2,400	3%
Development / Testing	35	\$175	20%	\$1,680	\$58,800	63%
Graphic Design	5	\$125	20%	\$1,200	\$6,000	6%
Project Management	15	\$100	20%	\$960	\$14,400	15%
Legal Agreements	0	\$300	20%	\$2,880	\$0	0%
Business Development	0	\$150	20%	\$1,440	\$0	0%
Support first year	10	\$125	20%	\$1,200	\$12,000	13%
<b>Total Estimate</b>					<b>\$93,600</b>	
<b>Total Estimate</b>					<b>\$93,600</b>	
Hourly Rate	10	\$125	20%	\$1,200	\$12,000	13%
Business Development	0	\$150	20%	\$1,440	\$0	0%

# Process Flow



## Step 3 - Determine Level of Risk

- ✦ Based on the Scope of Work, discussions will determine the **shared level of risk and shared reward**.
- ✦ Risk is assessed by understanding the various levels of time, materials and funding **both parties are able to offer**.
- ✦ A minimum of 10% initial client participation is required to confirm engagement and **formulate a team**.
- ✦ The higher the initial client participation the faster the ROI.

# Process Flow



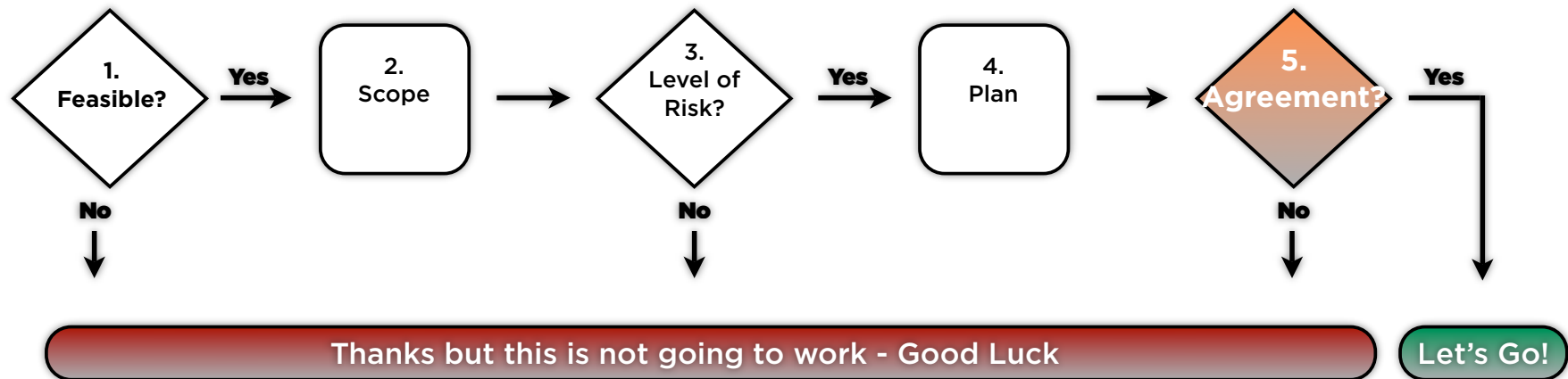
## Step 4 - Create a Plan

- ✦ Utilizing all data gathered to date, **a plan is create** outlining the project components including timelines, max payouts, revenue sharing schedules, etc.

Revenue Share	Sales Start Range	Sales End Range	Client %	Investor Pool %	Client	Investor Pool	Nextdrift
1x Stage	\$0	\$110,118	15%	85%	\$16,518	\$93,600	
2x Stage	\$110,118	\$234,918	25%	75%	\$31,200	\$93,600	
3x Stage	\$234,918	\$378,918	35%	65%	\$50,400	\$93,600	
4x Stage	\$378,918	\$549,099	45%	55%	\$76,582		\$93,600
<b>Total</b>					<b>\$174,699</b>	<b>\$280,800</b>	<b>\$93,600</b>

Client Investment Percentage	10%
<b>Investment &amp; Milestones</b>	
Client Funded Amount	\$9,360
Techstrap Investment	\$84,240
Max payout	\$374,400
Sales required to achieve	\$549,099

# Process Flow



## Step 5 - Formalize a Final Agreement

- ✦ A final agreement is drawn up and both parties **begin a successful partnership.**
- ✦ If all systems are go, the **agreements are signed and the project begins.**



# Compare

Small Business Loan	Loan	Techstrapping
No Background Credit Check or Credit History Required	✗	✓
Loan Forgiveness Due to Poor Business Performance	✗	✓ <sup>1</sup>
Unsecured Loan (collateral not required)	<i>Some</i>	✓ <sup>2</sup>
No Repayment Schedules or Payment Due Dates	✗	✓
No Late Fees or Penalties	✗	✓

Outsourced Development	Outsourced	Techstrapping
Full Service (design, development, graphic design, legal, etc.)	<i>Some</i>	✓
Vested in Client Success	✗	✓
Paid Based On Sales	✗	✓
Do not require full specification plan to start	<i>Some</i>	✓

## **Notes:**

1. techstrapping utilizes shared risk / shared reward not schedules
2. software is used as collateral

# For more information

contact us at

[info@nextdrift.com](mailto:info@nextdrift.com)

[www.Nextdrift.com](http://www.Nextdrift.com)