

BUSINESS PLAN
JULY 1, 1991

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**OKLAHOMA SYSTEMS
MANUFACTURING, INC.**

4300 North Lincoln Boulevard
Oklahoma City, Oklahoma 73105-5100
(405) 424-4681/FAX (405) 424-4686

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Executive Summary

Oklahoma Systems Manufacturing, Inc. is a manufacturing business that produces micro- and mini-computers, software packages, support and training packages. The business makes revenue and profit by sales of computers, software, and related services.

Oklahoma Systems Manufacturing, Inc. is a shareholder-owned company. It was founded in 1990 by the management team whose resumes appear in Appendix B to this business plan. Oklahoma Systems Manufacturing, Inc. currently has seven principal stockholders and sells to distributors, wholesalers, VARs, developers, system integrators, and consultants. We sell our products/services intensively in a regional market extending to Kansas, Nebraska, Texas, Missouri, Arkansas, and Oklahoma. We sell nationally through independent sales representatives.

Our customers sell systems and software, systems integration and consulting services, software packages, and hardware support services. We differentiate our products through service levels, applications emphasis and support, quality, delivery, packaging, and strong dealer sales and marketing support.

Oklahoma Systems Manufacturing, Inc. sells its products/services to its customers through manufacturers' agents, floor planning, internal sales representatives, magazine advertising, direct mail, telemarketing, and other means outlined in *Section IV: Sales* below. The aim is to exploit all possibilities for realizing sales at the lowest possible cost.

The company is currently inactive, but most of the principals are engaged in manufacturing and selling computer systems on a custom basis.

Our primary short range goal is to finance and establish a computer manufacturing business in Oklahoma with full reseller service and support capabilities. We plan to begin with six lines of Intel 80386, 80386SX, and i486 computers, expanding to a full range of these devices by the end of the first year.

Long-term, we wish to build a business that provides 60 local jobs, increases Oklahoma's tax base by \$5,000,000 annually, and occupies 50,000 square feet of Oklahoma manufacturing and office space by the end of our fifth year. We plan to earn a gross annual profit of nearly \$5 million by that time, and we expect to net nearly two million dollars annually before tax from that gross margin.

Our long-term manufacturing interest is to take advantage of industry trends that are driving microcomputers into areas of information processing once reserved for minicomputer systems, and that are causing people to buy computers in rapidly increasing numbers.

To meet the demands for cash that our growth rate implies, we must raise \$2,600,000 in capital funding by January 1, 1992.

APPENDIX A:
FINANCIAL PROJECTIONS

APPENDIX B:
THE MANAGEMENT TEAM

Section I: The Business

We manufacture industry-standard micro- and mini-computers, software packages, and support and training packages. We purchase our materials and parts from suppliers, both foreign and domestic, of computer sub-assemblies, such as power supplies, chassis, and disks. We were founded as a new venture in July of 1990, basing our enterprise on the management team whose resumes appear in Appendix B below.

Current Facilities

Although we are currently not in operation as Oklahoma Systems Manufacturing, Inc., most of the members of the management team are engaged in the manufacture and sale of small computer systems. Our current office and manufacturing facilities are located at 4300 North Lincoln Boulevard in Oklahoma City. We currently occupy 400 square feet of office space and 1,000 square feet of manufacturing space. We're negotiating for warehouse space in the North Lincoln area, where such space is readily available at reasonable rental, and may provide tax benefits later as well.

Near-Term Objectives

Our primary short range goal is to finance and establish a computer manufacturing business in Oklahoma with full dealer service and support capabilities. We plan to start with 20 full-time employees, including production, clerical, sales, and marketing people. We plan to start with 15,000 square feet of manufacturing and office space.

We plan to concentrate on computers that provide the greatest profit potential. This means that we will emphasize the Intel 80386, 80386SX, and i486 central processing units (CPU), the DOS and UNIX operating systems, and Novell networking in the design of our systems.

Initially, we plan to create and configure deliverable units from basic components, such as power supplies, chassis, and standard circuit boards. Our phased approach calls for gaining the capabilities to manufacture basic components, and for packaging and distributing software over the next five years.

Long-Term Objectives

Long-term, we wish to build a business that provides 60 local jobs, increases Oklahoma's tax base by \$5,000,000 annually, and occupies 50,000 square feet of Oklahoma manufacturing and office space by the end of our fifth year. We plan to earn a gross annual profit of nearly \$5 million by that time, and we expect to net nearly two million dollars annually before tax from that gross margin.

By 1993, we seek to manufacture our own special-purpose circuit boards as it proves feasible and profitable to do so. This will permit us to manufacture and sell certain peripheral devices, such as tablets, light pens, scanners, voice devices, and FAX devices that are not necessarily standard over the broad range of computer systems, yet are saleable and profitable.

We plan to study emerging trends, like voice and image processing, that show promise in this industry, and to position ourselves to benefit from those that succeed.

We seek to acquire the capabilities of other small computer makers through mergers, joint ventures, and outright purchase to realize the necessary fast growth in sales and capacity. In this way, we seek to acquire technology and expertise that would otherwise prove infeasibly costly to obtain.

We intend to build a business that contributes to the Oklahoma economy, that draws its main strength from the ideas and contributions of its employees, that studies the successes of other successful businesses and adopts their most effective techniques to our own success, and that returns a reasonable profit to the people who invest in it.

Management Objectives

The management team wishes to start a fast-growing business, and to remain with it for the duration of their careers, retaining stock in it and acting as its executive managers.

We feel that the forces driving this relatively mature industry are evolutionary rather than revolutionary in nature. We don't anticipate sudden, drastic changes in the industry, such as IBM's introduction of the PC in 1981, or the precipitate drop in computer prices of the mid-1980s, in today's more stable environment. For this reason, a stable management team is more likely to succeed than one seeking to cash out in a relatively short time.

Section II: Marketing

The market for small computers has stabilized somewhat since 1981 when IBM introduced the first IBM PC. The dominant market force has been standardization, ironically on IBM's own platforms. This has made the technology accessible to every businessperson who could use standard office equipment in 1970, brought the price down to a fraction of its original level, and spawned a computer industry that in many ways resembles the office equipment industry of twenty years ago. The market is demand driven with a heavy emphasis on finding and configuring equipment that solves problems for customers.

The Present Market

Nationally, the market for computers is about \$80 billion, according to International Data Corporation. 53% of this, or just under \$43 billion is believed to be the market share for small computers of the kind we intend to manufacture. The market is moving strongly toward the microcomputer and away from proprietary minicomputers.

The small computer industry, which includes locally-networked computers, DOS-based microcomputers, and UNIX-based micro- and minicomputers, encompasses a broad range of players. There are large players, but no truly dominant ones. IBM controls about 40% of the business market for small systems, but their market lead has declined from 70% in 1983, and continues to slip as smaller manufacturers manage to duplicate functionally IBM's once-proprietary features, bringing the price of the technology below IBM's ability to profit from it. Figure 1 on the following page is a graph showing the profitability, expressed as return on investment, of some of the major manufacturers of proprietary minicomputer equipment versus major manufacturers of microcomputers. The clear trend is toward the smaller computers, a phenomenon called "downsizing" by computer industry analysts.

IBM has, moreover, succeeded primarily because of its success as a maker of very large systems, and because it was IBM, after all, that first popularized

the personal computer. Other medium- and large-scale computer vendors, such as Data General, DEC, UNISYS, and Wang, have failed spectacularly, either to achieve significant



market share or to make any money in this end of the business.

On the bottom end, there are around 3,000 vendors of microcomputer equipment who can be categorized as manufacturers. These vendors are mostly niche players who sell computers only in connection with specific, single applications which they also tend to produce.

Some retail establishments manufacture and sell small computers for general use. They realize their greatest profits on software and service sales to their end users. The most successful of these vendors package training and support with software and cater to small businesses that IBM can't profitably deal with, even through business partners.

We see an opportunity in the middle of the microcomputer range, where a number of successful companies have found relatively little competition for their offerings. Three of these companies are Advanced Logic Research of Irvine California, AST Research, also of Irvine, and Everex corporation of Fremont, California. They're all general-purpose computer manufacturers, and they all make an industry-standard product. We use these three companies as a model on which to base the projected financial characteristics of Oklahoma Systems Manufacturing, Inc.

Dell Computers of Austin has been one of *Inc. Magazine's* 500 fastest-growing companies, and has grown from a startup venture to its current annual income, as reported in its SEC 10K filings, of over \$600,000,000 in seven years. Dell's location is an encouraging indication that a computer manufacturer can succeed outside of California, and that people in the six-state region we intend to start up in do buy computers in significant numbers. There is no comparable manufacturer in Oklahoma, and Dell has far from saturated the market with its offerings.

Dell, however, is a larger computer company than we see ourselves becoming over the next five years. Dell is in the class of Apple and Zenith. The size of company we think it most feasible to aim for is between those of ALR and AST Research.

For this reason, we've used the SEC 10K filings of these three companies as compiled for the CompuServe Information Service by H & R Block to make a model on which to pattern our own company. We chose these corporations because

- They offer a basis for a conservative, but realistic, estimate of what's possible in this industry today
- They build the products we intend to build, and aren't specialized into niches like Sun's workstations, Cray's supercomputers, or Tandem's fault-tolerant offerings, profitable as these niches have proven to be.
- They've been in business long enough to provide fifth-year information, but don't represent the oldest companies in the business.

- They've enjoyed success in this middle tier of computer manufacturers. We can profitably study and employ the things they do to succeed.

The financial characteristics we studied are summarized in the Financial and Assumptions sections of this document.

There are other market characteristics that seem important. The computer market today is very much like the office equipment market of twenty years ago. Today we use word processors and desktop publishers instead of typewriters, spreadsheets instead of columnar pads and calculators, databases instead of filing cabinets. The older technology is no longer adequate to keep an enterprise competitive, meaning that the demand for computers is regulated only by peoples' ability to use them effectively. Eventually this market will grow to encompass every office and every shop floor in the country, just as the typewriter, calculator, and filing equipment technology did before.

The office equipment industry itself, however, is moving toward computers and away from typewriters and calculators. According to Venture Development Corporation's "DealerTrack" report for the National Office Machine Dealers' Association (NOMDA), dealers traditionally have considered computer lines to be "alternative" product lines, the "main" lines being facsimile machines, copiers, electronic typewriters, and desktop calculators. In 1990, more dealers carried these products than carried computers, personal word processors, and answering machines.

Interestingly, these same dealers complained about declining margins and poor manufacturer support in the very product lines to which they made the biggest commitment. Yet the report points out that margins were highest in the alternative lines, including computers, and that these margins actually increased between the first and second halves of 1990. It seems only a matter of time before these dealers begin aggressively to take advantage of this situation, making their main lines out of the alternative lines. This should be an additional, major source of growth in this market.

Benefits

There is plenty of room in this industry for a startup in the market niche carved out by firms like ALR, AST Research, and Everex.

The successful startups in this business all offer a lower price than IBM. Interestingly, they don't charge the lowest price available in the *Computer Shopper* on any given day. They succeed, rather, through careful management, excellent customer service, and first-rate marketing and sales.

We continuously monitor and study the marketplace to find and deliver benefits to our customers, and to keep them satisfied and loyal. We don't offer the lowest price obtainable, but our customers understand that trying to compete only on price is more difficult than competing on service and quality.

Our marketing plan, therefore, includes forming alliances with a great number of regional service businesses to provide needed services for our dealers and their customers. We'll locate competent data entry services, for example, to help our dealers' end-users convert data from hard copy to new computer systems. We'll offer training in popular software to our dealers and their salespeople to help them sell the more complex, but potentially profitable, packages such as dBASE, Lotus 1-2-3, and the Ventura Publisher. We'll find resources to convert data from obsolete or non-standard equipment to standard formats our dealers' end users can use on newer systems. We'll find specialized applications for our dealers among VARs and software houses. Our aim is to have the easiest system to sell because it's the easiest one to use.

The Near-Term Market

The near-term market is the 60% of all businesses in our six-state initial market area that are either not computerized at all, or are preparing to upgrade their existing microcomputer systems at any given time, according to International Data Corporation (IDC).

Near-term, we plan to concentrate our efforts on distributors, wholesalers, value-added resellers, developers, system integrators, and consultants. Our

initial market scope is regional, concentrating on the states of Texas, Oklahoma, Kansas, Missouri, Arkansas, and Nebraska. Initially, we plan to deploy our sales force primarily in Oklahoma, covering the other states in our near-term market region via mail, telephone, and periodical advertising.

The reason for this emphasis is that the industry seems to be moving strongly away from the company-owned sales organization that once characterized the industry. It's becoming infeasible to support a great number of business units in the field as standardization makes one's offerings harder to differentiate and drives profits down. Common standards and lower profits also demand that a manufacturer look for untapped markets in, for example, smaller cities, rural areas, farming communities, and the like.

To get coverage, then, and to reduce the risk associated with building a large, widely-distributed sales organization, manufacturers are turning to distributors and dealers. The situation resembles that of the automobile industry, where standardization has resulted in the same kind of dealer emphasis.

According to the *American Business List Catalog*, compiled from Yellow-Page listings nationally by American Business Information, Inc. of Omaha, Nebraska, there were over half a million businesses listed in the yellow pages in this market area at the beginning of 1990. Sixty percent of these, or about 300,000 businesses will either buy computers or upgrade computers they already have over the next year.

Another short-term trend we plan to exploit is the strong shift toward "mobile" computers, including laptops, and notebooks. The March 11 issue of *PC-WEEK* cites Inteco Corporation as holding that these computers will comprise 35% of total PC shipments in 1991. This is nearly double their 18% market share in 1989, and it implies a 1991 market of nearly \$15 billion nationally.

Long Term Markets

Long term, we intend to market nationally to resellers serving the fourteen million businesses who have yellow-page listings in the United States. We

plan at this time to deploy our sales force regionally, covering the rest of the United States by distributors, mail, telephone, and periodical advertising. We also intend to make extensive use of independent sales agents in both the long and short runs.

Microcomputer Capabilities

The dominant long-term trend in computer marketing is the constant increase in the capability of the microcomputer. The computer chips these machines are based on grow in speed and functionality at an accelerating rate. The Intel™ i486 computer chip is currently available; however, Intel has also announced a new “integrated technology” chip that combines video, sound (including voice) and data processing functions on a single computer engine, and expects to introduce a successor to the i486 early next year.

Bus technology — the technology of moving information between the central processing unit of a computer and its peripheral devices, such as memory — is also expanding and is increasing the speed of computers at an exponential rate. IBM’s Microchannel® architecture is an example of this kind of bus technology and can be licensed from IBM for inclusion in our computer systems.

A competing bus technology, the Extended Industry Standard Architecture (EISA), is available and in widespread use.

A number of computer systems have recently appeared that use multiple CPU chips, typically i486 chips, in a single computer, running them concurrently against a single application. ALR has licensed one such computer design from Corollary Corporation, and has successfully marketed the resulting computer line into companies that formerly used proprietary minicomputers for applications of this kind. This trend is driving the microcomputer into areas once reserved for minicomputers and even small mainframes.

Possibly the most exciting long-term trend in computing is the move to standard environments like the X/OPEN standards that specify every aspect of

a computer system from the hardware to the applications that run on it to the protocols that connect it to other systems.

This trend is making it possible to design computer systems that, for example, use multiple computer chips to increase performance well past that associated with large mainframes of five years ago. It's permitting the design of computer networks that operate as a single computer of practically unlimited size and capability. And it's bringing computer applications that could once run only on mainframes or large minicomputer systems, such as the on-line transaction processing systems that airlines use for reservation systems, onto these new platforms.

The devastating impact this is having on minicomputer companies such as Data General, Wang, UNISYS, and Prime is evident both in the periodical literature and in the stock prices of these corporations *vis-a-vis* the microcomputer companies like Dell, AST Research, and ALR. What it means to us is that we, as microcomputer manufacturers, can look forward to moving into the traditional data processing and mainframe markets as much as to filling a niche in the traditional microcomputer market.

Standard and Poor's *Industry Trends 1991* quotes International Data Corporation (IDC) as fixing the national market for computers of all types at \$80 billion. 53% of this, or approximately \$42 billion, is thought to be the market for traditional microcomputers — those typically referred to as "PCs." The market for proprietary minicomputers, excluding those specialized into specific market niches like the fault-tolerant Tandem Computers, is an additional \$19 billion, according to Standard and Poor. This implies an overall market for microcomputers approaching \$60 billion as these market trends continue.

Information Management

We anticipate a second major technological development, evolving over the next five years, that will both increase the number of computers in general business use and the amount of information we automate with them. American business has invested over a trillion dollars in computers and software over the past

three decades, and about half of that investment is current. Still, we've only automated between one and five percent of the information that we must manage in today's tough, competitive environment.

The information we've automated is the one percent that is easiest to get into computer-readable form: numerical data and limited strings of text. Over the past ten years, we have made some progress automating text information via office automation, but text information constitutes only about four percent of the information we have to manage.

Another five percent of information is voice, leaving the great mass of information — 90 percent — in the form of paper documents. To manage these properly requires capturing them as digitized images which can be manipulated in a relational database such as dBASE in the same way numbers are.

Until recently, the relatively great size of these images made it infeasible to automate them. Today, however, we have optical disks that are more than adequate to handle the needs of businesses generally, and the price of this technology is declining to a point that makes it practical for most businesses to adopt it.

The price of high speed scanners, which perform the task of getting image information from paper into computer systems, has declined to a practical level, as has the price of laser printers, FAX machines, and other adjuncts to an imaging system.

The market for this is just beginning to emerge, but the trend is established. There are a number of companies in our market area that make imaging systems for business, and these systems run on small computers of the kind we propose to manufacture. As this market develops, we will position ourselves to take advantage of it, just as we plan to take advantage of the market for the more limited systems.

Competition

Our competitors are not so much direct competitors in the market niche we're aiming at — there aren't very many of those, and the nearest one to us is 200 miles away.

Our competitors are, rather, the myriad small and specialized manufacturers who occupy the low end of the marketing spectrum.

These manufacturers are chronically underfunded, usually sell direct rather than going through dealers, and often sell a particular software product, providing the hardware as a convenience. We plan to sell components to these competitors, and to acquire them where possible to gain the technical skills and markets of their proprietors.

We intend to differentiate ourselves from our competitors by offering a comprehensive dealer support and service program that will benefit the dealers' customers as much as the dealers themselves.

We also plan to keep up with the latest technological developments, such as on-line transaction processing, and imaging and voice technology, making the same support available to our dealers in these new fields as in the more traditional ones. The plan is to retain the maximum flexibility possible.

Sales and Market Share

On the basis of the success of similar businesses in our market, we can capture between one and two percent of the market share in the regional market, and two tenths of one percent of the market nationally. This accords well with the market share of ALR, AST Research, and Everex Corporation, which we plan to emulate.

Market share figures for the major players in our marketplace are tabulated in Figure 2 overleaf.

1988 Personal Computer Market Shares			
Total Units Shipped	14,207,760		
Total Dollars Shipped	33.59 (Billions)		
Company	Units	\$Billion	Market Share
Other	6,663,439	15.95	47.484%
IBM	2,386,904	7.32	21.792%
Apple	1,335,529	3.03	9.021%
Compaq	568,310	2.64	7.859%
H-P	369,402	1.80	5.359%
Zenith	625,141	1.60	4.763%
Commodore	2,259,034	1.25	3.721%
Total	14,207,760	33.59	
AST	n/a	0.457	1.361%
Everex	n/a	0.377	1.122%
ALR	n/a	0.073	0.217%
Remaining Other	n/a	33.517	99.783%

Figure 2: Market Share for the Majors and the Models

Sales projections for the enterprise appear in Appendix A to this business plan.

Specific Target Markets

Specifically, we plan to target, through dealers, value-added resellers, and consultants, all businesses in our market area who use or can use microcomputers. The emphasis is on the reseller: we plan to support end users primarily through our dealers and distributors.

“Microcomputers” in this context extends to Intel-based computers, excluding certain niche products like RISC workstations, SPARC workstations, and add-boards that place these capabilities on microcomputer chassis. There is about a \$9 billion market for these products currently, and profits are better in this segment of the industry than in any of the others; however, the degree of

specialization and the steep learning curve associated with these products makes them infeasible for us at this time. We will continue to monitor this market and assess our chances of succeeding in it later.

Our advertising itself will be aimed at dealers and resellers. We don't contemplate any direct sales, as the successful companies on which we model Oklahoma Systems Manufacturing, Inc. deal exclusively through value-added resellers, dealers, and large distributors, such as Ingram Micro, Merisel, and Tech Data.

"The Numbers Sheet," an article in the July, 1991 issue of *Computer Reseller News*, indicates that "PC Software Users," hence presumably PC users, buy approximately 76% of their software packages from retail dealers or distributors. Only 12% buy their products via mail order, and only 2% buy direct from manufacturers. This further emphasizes the importance of dealers and distributors to Oklahoma Systems Manufacturing, Inc.

Another table in the same article points up a more disturbing trend in the form of eroding prices and profit margins in the microcomputer industry. Even in the high-end i486-based computer market, "street" prices declined by between 15.6% and 21.3% between March and April of 1991. IBM's PS/2 prices remained constant, but IBM continues to lose market share. Clearly corporations like Dell, ALR, AST Research, and Everex remain profitable by keeping inventory low, purchasing very carefully to get the best prices consonant with high quality, and dealing only indirectly with end users.

Dell's CEO has been quoted in *Outsourcing Magazine* as claiming a just-in-time (JIT) inventory of 45 to 60 days, and as planning on a JIT inventory of 30 to 45 days by the end of 1991. This is done mostly by vigilant management at all levels of the corporation, but efforts like this also require heavy computer support to succeed. We have planned our in-house computer systems to enable us to produce this kind of result.

Sales Strategy

Our sales strategy is to sell to dealers, convincing them of the benefits of being able to offer first-class customer service through first-class dealer support. We want our dealers to be able to solve any business problem any of their customers has by means of our ability to provide training, software, configuration help, and help desk hotline support. Dealers should also welcome our efforts to obtain data services, such as data entry, data conversion, and programming for their customers. We plan to offer a reasonable price that is not the lowest in the industry, and to add sufficient value to our products through dealer service that dealers will be willing to pay a premium to get our service.

We also plan to manufacture software to provide the most attractive packaging for our dealers to resell. When we do, our documentation will set us apart as making our software easy to use effectively.

We will provide direct sales and marketing support to our resellers, helping them directly in large bid/proposal situations, making excellent selling materials for them to work with, and helping them locate customer applications to help move equipment.

We will constantly interact with our resellers, asking them what products and services we need to be able to secure in order to make them successful. We plan to be a customer-driven business.

We will make and sell the highest quality products available in the industry.

Section III: The Products

This industry is market-driven, and changes rapidly. We plan to remain sensitive to changes in the marketplace and to tailor our offerings accordingly. Our current products are the most popular models on the current market, and are industry-standard microcomputers, including a mix of

- Intel 80286, 80386, 80386SX and i486 central processing units running at a variety of clock speeds from 16 Mhz to 33 Mhz, and various caching options
- Standard AT, Microchannel™, and EISA bus architectures
- Standard monitors and graphics adapters based on IBM standards such as VGA, as well as Hercules high-resolution color and monochrome monitors
- Full-page monitors running the VGA color and paperwhite monochrome standards
- Laser printers with standard hardware and software for Adobe Postscript and Hewlett-Packard page description languages, extended memory, and forms-handling accessories
- Scanners, tablets, mice, and other input and/or pointing devices
- Magnetic and optical disk drives, including WORM drives, CD-ROM devices, and erasable optical disk, together with their appropriate controller boards
- Magnetic tape devices for system backup, as well as systems for unattended backup.

Applications

Our products are standard products, meaning that a great deal of system and application development has already been done for them.

Typical horizontal applications include word processing and desktop publishing, database, accounting systems, and spreadsheets. Horizontal applications have cross-industry applicability.

Typical vertical applications include specially-written programs for manufacturing, banking, government, professional services, medical services, retailing, and other specific industries.

Most small computer applications in use today are not developed in the end-user's facility, but rather are supplied as customizable packages by dealers, consultants, and value-added resellers. A retailer, for example, typically buys a point-of-sale package from a software dealer, then hires a consultant to customize and install it using barcode readers, cash registers, and printers purchased from yet another dealer.

We plan to monitor the marketplace very carefully, matching available applications to what our dealers tell us their customers need. The aim is a total package of hardware and software that exactly matches a dealer's requirement.

Product Advantages

The chief advantage of this approach is that it reduces a dealer's need to master the many horizontal and vertical applications available today. Dealers don't lose sales for failing to know about a specific product and its competitive parameters, and customers remain satisfied and loyal because they can operate more effectively with a dealer's software than they might with a competitor's.

Approaching the product in this way promises the advantages that both major groups of our competitors enjoy separately now: We have the advantage of size and capacity to set a competitive price, make delivery dates and assure quality, just as Dell Computers does. We also have the custom support that people have come to associate with the very small consulting manufacturers.

Product Innovation

We plan to innovate in the ways our systems can be used while leaving the system design itself standard and compatible with as many devices and programs as we can. We can best do this by applying applications innovatively, and by combining standard hardware and software components in innovative ways.

Image and voice technology provides us a fertile field for innovation. We can also combine vertical applications from different vendors into more comprehensive systems, and we can help our dealers act as systems integrators, networking mainframes and minicomputers with our products to make effectively very large, unified systems.

Section IV: Sales

Our approach to sales is based on a concept of “Computer Assisted Selling” (CAS). We use the new technologies, especially on-line transaction processing, imaging, and voice technology to gain the same competitive edge in our business that we promise our dealers.

Current Selling Methods

We’ve identified fifty-two ways in which people sell things. We propose the following subset for Oklahoma Systems Manufacturing, Inc., as these have proven to be the most effective for selling computer products and services.

We place the heaviest emphasis on floor planning — getting our machines into dealers’ hands and on their selling floors. We’ve observed this to be the most effective technique for selling computers in this crowded market. It serves to differentiate our product, separating it from the many competing labels our resellers encounter every day.

The other methods are, in alphabetical order

Short Term Selling Methods

Brochures and Flyers

These act as extended sales letters, allowing room for longer explanations of products and services than we’d have in a mailer. Where possible, we’ll use brochures from other manufacturers or build them in house using desktop publishing techniques to keep costs down consonant with excellent quality.

Business Plan

The plan is nothing. Planning is everything. We will revise our business plan regularly and frequently in keeping with General Eisenhower’s wise

precept. Our customers will be aware of our mission of customer service as outlined in this business plan. The plan differentiates our product and is a powerful selling tool.

Catalogs

This can begin as a simple, low-cost listing of products and services, including consulting services, hardware and software products, and the like. It can become more elaborate as time goes on and our customer base grows. The purpose of the catalog is to make Oklahoma Systems Manufacturing, Inc. available to strong prospects and existing customers.

Clubs/Networking

All of the business principals of Oklahoma Systems Manufacturing Inc. members of tip clubs, the Oklahoma City Chamber of Commerce, and other professional, business, and service groups. We encourage our members to be active in these groups and to contribute wholeheartedly to the success of their missions in the community. The emphasis is on community service, but we realize that as a side benefit we can expect to make business contacts and to form working relationships with people we otherwise might not be able to meet.

This kind of community involvement is indispensable to the success of Oklahoma Systems Manufacturing, Inc, and we consider the associated dues to be a normal and reasonable expense of doing business.

In addition to helping us network and contributing to our word-of-mouth campaign (See Word of Mouth below), these clubs provide us with speaking opportunities (See Speeches below).

Consultative Selling

Oklahoma Systems Manufacturing, Inc will build a survey form showing the financial benefits of carrying our products as a dealer, consultant, systems

integrator, or value-added reseller. Where possible, we'll fill this form out with a prospect early in the sales cycle, both to qualify the prospect, and to make the sale.

We will offer a 1-900 number for paid consulting services and information exchange, and we will offer a mix of 1-800 free services and 1-900 paid services via computer bulletin board and FAX.

This is a strong closing tool as well as a free service to customers.

Credit

This is another good closing tool. For direct end-user sales via mail order, we plan to accept Visa and MasterCard. We plan a 2% discount for cash with the order, and we'll offer a no-interest 30-60-day payment plan, collecting a third with the order. Normal terms are net 30 days after shipment with no discount.

Demonstrations

Many of our suppliers make demonstration diskettes that an experienced, knowledgeable salesperson can use to present Oklahoma Systems Manufacturing, Inc. and its products. We will identify these to be sure that the opportunity to sell this way, if available, is fully utilized.

Diskettes

These are brochures on diskette. The most famous one is probably the Ford Simulator, which not only gave the user a simulated test drive of a number of Ford models, but also included price and ordering information.

These are not, however, demonstration diskettes. Demonstrations contain the actual software. These diskettes animate the benefits of owning the software.

The most elaborate diskette frequently costs less than a relatively modest brochure. We have the software and programming expertise to make these diskettes in house, and a number of advertising agencies today offer this service. There are also businesses that specialize in this area and can build custom diskettes for us.

Direct Mail

This is a highly directed kind of selling, and usually results in the lowest cost per prospect.

Probably more is known about this kind of selling than any other, because information on its effectiveness is the easiest to gather. We know to a fair degree of accuracy, for example, what percentage return we can expect on a mailing of a given number of pieces, and we know how to identify the people most likely to be interested in our products and services. We can use our technical expertise to access and analyze the information we need to make direct mail successful.

We should also write our resellers as frequently as we can on a routine basis. They appreciate letters more than telephone calls, and it gives us all a record of what we talked about. We plan to write after any contact that might result in a sale.

Floor Planning

Our floor plan will place at least two units on prominent display at each dealer's facility. We plan to allow the dealer sixty days to either sell the units or to return them. In the meantime, we'll earnestly endeavor to assure that the systems sell by keeping them serviced, keeping them supplied with software and support ideas, and by offering incentives to the dealer's sales force.

Newsletters

We intend to make one for distribution to customers and prospects. A newsletter can be a good credibility builder, and it provides a bully pulpit

for telling people why you think the world as it is demands Oklahoma Systems Manufacturing, Inc.

Publicity

We can get free publicity for newsworthy events. Whenever we do something positive, we plan to put out a press release to as many local periodicals as we can effectively reach. We can sponsor special events, underwrite sports teams, and team up with community groups to which our people belong on specific community service projects. We can donate computers and expertise to schools or other community groups to our mutual benefit. The possibilities are endless and many of them cost nothing but time and effort.

Seminars

This is a powerful selling tool that we've used effectively in the past. We plan to carry out at least two annually.

We plan, however, to keep careful records on the effect of our seminars. It's as important to get the right people attending as it is to get any number of people. We can assure the effectiveness of our seminars and the quality of the attendees by taking care to provide information they want and need beyond the immediate selling objectives of Oklahoma Systems Manufacturing, Inc.

Shows

Our management team includes professional public speakers and salespeople skilled in selling at shows.

A booth at the Oklahoma State Fair cost \$400 in 1988, and a fair number of those went begging. The booth is a good buy for the money, though. One local small computer manufacturer not only sells enough at the fair to profit, he gets enough leads to live on for the rest of the year.

The Oklahoma City Chamber of Commerce sponsors a regular event called "Business After Hours." Member businesses can rent booths at which we've seen everything from handheld calculators to IBM AS/400s.

Speeches

Our management team includes experienced, professional public speakers who can talk knowledgeably about computers, software, and business to civic and professional groups.

Speeches are great credibility builders and provide a relatively inexpensive source of leads.

Speeches are also a good way to network. You can meet people that way who otherwise wouldn't talk to you.

Oklahoma Systems Manufacturing, Inc. makes speakers available as a matter of policy to any group that requests one.

Strategic Selling

There are some accounts in which we can sell multiple copies of software, multiple computers, and multiple service contracts in a single transaction. This calls for strategic selling, in which every member of the management team gets involved in planning the sales campaign and participates in successfully bringing it off.

There are a number of excellent methods in circulation for doing this. We will agree on a single method and employ that method exclusively for this kind of selling.

Telemarketing

Telemarketing extends to 1-800 service, 1-900 service, FAX, inbound, outbound and bulletin board telephoning to increase business.

This is a major sales activity for Oklahoma Systems Manufacturing, Inc. We plan to follow up on direct mail by telephone wherever feasible, and to conduct sales campaigns entirely by telephone.

We plan eventually either to set up a dedicated phone room as part of the business itself, or to hire the services of a third party with such a facility. Our management team includes people skilled in telemarketing and telephone sales.

Video & Audio Tapes

Audio tapes are a kind of talking brochure that an prospect can play on his automobile tape deck. They can also act as a talking newsletter, providing useful and interesting information beyond Oklahoma Systems Manufacturing as an added inducement to listen.

For this to work, it has to be consistent. We plan to make one audio tape for distribution to prospects and existing customers each quarter.

Video tapes are also useful, especially in group selling situations. We will make them for use as electronic brochures to be shown in the customer's office by a salesman, or left with a dealer for distribution among his people.

White Papers

A white paper is an unsolicited proposal suggesting to a customer how he might profit by using our products. It's a powerful door opener designed to get us into the areas where the real opportunities are, and to convince the customer that we have products he should at least be interested in looking at.

We plan to present one for every strategic, team-selling situation. After the first one, we should be able to modify a form white paper to meet this need at very little cost.

Yellow Pages Advertising

This is necessary because our competitors advertise in the yellow pages. As we move into a new area, we will consider the timing of yellow-pages ad sales as a factor influencing the timing of the move.

Much of our yellow-page advertising can be done on a cooperative basis with our resellers. We intend to use cooperative advertising to the fullest possible extent to keep our costs in this area down and to provide better service to our resellers.

Long Term Selling Methods

In the longer term, we plan to expand our selling efforts to include

Advertising Specialties

We plan to agree on a single, distinctive kind of specialty advertising, like Olivetti's books and calendars. The advertising needs to be something that sets us apart and keeps us in the customer's mind.

Magazine Advertising

We plan to advertise in regional editions of general business publications with proven appeal to the dealers with whom we wish to do business. Where possible, we'll use remnant space to keep costs down.

Our plan is to advertise, perhaps only once, in a magazine that has national recognition to avail ourselves of the magazine's merchandising aids and to leverage the recognition factory by using the same ad, fully referenced, in all of our other advertising.

We don't contemplate building an in-house advertising agency.

Telephone Service

We plan to offer factory support to dealers who subscribe to our services via a 1-800 telephone number.

We will also provide support, product information, general interest information concerning computers, and other useful information via a 1-900 number for non-subscribing dealers and the general public.

We plan to operate 1-900 services as a profit center, providing free services as a reward for volume and good dealer performance.

Sales Support

We plan to retain a staff of technical analysts who can support our selling efforts by

- Innovatively applying our standard offerings to the solution of customer business problems
- Using computers to make our sales force effective via electronic publishing, database management for direct mail, project management for strategic and seminar selling, demonstrating equipment and applications, and other sales-related activities
- Providing post-sales consulting and support to our dealers, insuring their satisfaction as well as that of their customers
- Providing telephone support for the 1-800 and 1-900 help desks
- Training dealers in the use of our equipment and applications
- Managing our internal business systems.

We will also retain Customer Engineers, whose function it will be to train and monitor dealer CEs in providing hardware and repair support.

Selling Costs

We plan to minimize these by concentrating direct selling efforts on a small geographical area, broadening the area by mail and telephone to insure that our salespeople spend the minimum amount of time on poorly-qualified, unproductive accounts.

Pricing and Warranties

We intend to price our products competitively, but not at the bottom of the price range for similar devices. We expect our sales staff to add value to our products by presenting the advantages of superior quality and excellent service to our customer base.

We offer a standard, limited warranty of one year, as that reflects the typical industry practice today.

Section V: Manufacturing

The manufacturing process for the kind of computers we seek to build is relatively simple. We will manufacture to order for dealers, and we will keep an inventory of finished goods for spot orders. We also need to be able to build enough computers to keep our floor plans stocked.

Facilities Needed

To fill our initial, test-market orders requires 10,000 square feet of manufacturing space and 10,000 square feet of warehousing space. As we plan to control the shop floor via computer, we plan to manufacture on a just-in-time inventory basis, reducing the need for factory staging areas and receiving facilities.

We plan to select our locations carefully to provide the maximum benefit to the community of which we're a part, and also to reap any benefits that may accrue to us by locating in a specific area. Recent changes in Oklahoma's tax laws will play an important role in our site selection process.

Equipment required is primarily standard diagnostic and test equipment, and hand tools. As we don't intend to manufacture circuit boards, we won't need sophisticated board making equipment such as wave solder machines and chip insertion robots until we can afford to purchase them out of current profits.

Make or Buy Considerations

We know we can make computers profitably if we purchase the major subassemblies like chassis, boards, cables, power supplies, and monitors. We will constantly review our manufacturing processes to determine whether we can, say, wind our own power supplies at a lower cost than a third-party supplier. In the beginning, the assumption will be that we cannot.

Major Purchasing Issues

The most important of these is the decision of whether to buy offshore or domestically. We plan to buy Oklahoman when we can, and American when we can't buy locally, consonant with our need to price our products competitively. It is possible today to obtain subassemblies of high quality at very low prices from both Oklahoman and American firms.

We will not purchase low quality from any source at any price.

Second Sourcing Needs

Repeated studies have shown that companies get the best result at the lowest cost dealing with a single supplier or not more than three suppliers. We plan to identify suppliers who consistently meet promised delivery dates, who assure the highest quality available, and who price their products reasonably in accordance with high quality and good service. We plan to remain in intimate communication with our suppliers, working as a team to assure our profitability and the satisfaction of our customers. We plan to stick with our suppliers unless this course of action proves unjustified.

Quality Assurance

We plan to work in tightly-knit work groups, who work in teams to assure quality. Teams will be accountable for defects and rework, and will be empowered to raise quality issues with any corporate executive. Teams will be given budgets and allowed to conduct programs for quality improvement independently.

We plan to resist proliferating layers of management. There should never be more than two layers of managers between a shop-floor team member and the president of the corporation.

Staffing Requirements

Staffing requirements are part of the financial planning detailed in Appendix A. Oklahoma provides a good source of qualified people through its junior

college and vocational-technical school systems, as well as through its state and private universities. Oklahoma Manufacturing plans to hire Oklahomans to the extent possible, looking outside the state only after all local possibilities have been exhausted.

Section VI: Finance

Financial projections appear in Appendix A. The projected balance sheet, cash flow, and revenue statements precede detailed analytical data from which these documents were derived.

We seek to raise \$2,600,000 to secure necessary facilities and equipment, and to provide operating capital to keep our cash flow positive for the first five years of operation. We expect to turn a profit by the end of year three, and to generate positive cash flow sufficient to cover growth needs by the end of the fifth year.

It is necessary to provide for rapid growth at the outset if the business is to achieve significant market share, to return a reasonable profit to shareholders, and to employ Oklahomans at the rate we anticipate. Much of the proceeds of the loan, therefore, will fund future growth rather than the startup itself. Today's trend toward imaging and toward moving data processing onto standard microcomputer platforms will cause a market explosion that promises to dwarf even the first information explosion that began twenty years ago. We have to position ourselves to serve this rapidly-expanding market.

Section VII: Assumptions

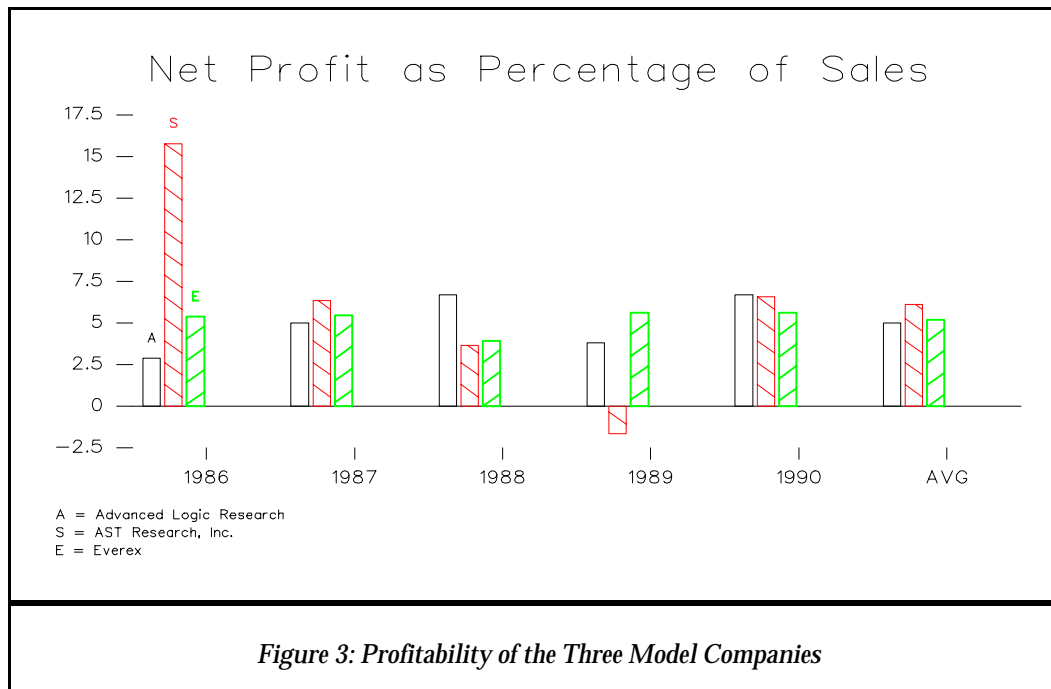
We assume that the microcomputer market will continue to grow at its present pace. This is conservative in the light of the movement of these machines into the minicomputer and mainframe market.

We've also based much of our financial analysis on the assumption that Advanced Logic Research, AST Research, and Everex Corporation are typical companies in a market niche that we seek to occupy with them.

We believe that by emulating the management practices of these three companies, we can enjoy the same measure of success they've had.

We assume that labor costs will remain constant or grow relatively slowly over the next five years.

Figure 3 below shows the profitability of the model companies over the last five years. This graph shows that on average all three companies are almost



equally profitable for that period. Our estimate of the profitability for OSMI at the end of five years is conservative, but squares well with this experience.

Some standard 1990 key ratios for the model companies appear in Figure 4 below. We assume that these ratios are typical of a successful computer manufacturer, and have planned our company so as to keep our own key ratios fairly close (within a few standard deviations) to these.

1990 Key Ratios	ALR	AST	Everex	Avg	Std Dev	OSMI
Gross Profit/Sales	27.88	32.48	28.35	29.57	2.07	24.19
Return on Sales	6.69	6.57	5.60	6.29	0.49	5.54
Return on Assets	10.77	10.82	10.92	10.84	0.06	13.21
Inventory Turnover	3.50	4.91	3.88	4.10	0.60	4.06
Days COGS in Invty	104.27	74.38	94.07	90.91	12.41	90.00
Tot Liab / Equity	0.96	0.68	0.61	0.75	0.15	0.81
Tot Assets / Equity	1.96	1.68	1.61	1.75	0.15	1.52

Figure 4: Key Ratios for the Model Companies

We base our projections on our ability to sell thirty machines per day during the first year of operation. Considering our initial marketing commitment of \$228,000 for this purpose, we should experience little difficulty finding enough dealers to reach this goal.

We assume that we will sell most of our machines at wholesale.

Based on industry averages, we assume that we can produce a machine in four hours, and that the learning curve will reduce this figure by the end of year five, when we expect to be selling 105 machines daily.

We do not foresee massive increases in taxes over the next five years. In any case, we expect to be able to get tax-preferred treatment by locating in the appropriate neighborhoods, hiring disadvantaged and minority people, training, and so forth.

We assume we can earn the national average gross profit for a small business. This is 40%, and the range is 38% to 50% according to William H. Morris and Associates.

Oklahoma Systems Manufacturing, Inc.
5 – Year Income Statement Projection

Income Statement	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Gross Income</i>					
Product Sales	3,087,800	6,783,864	11,016,568	15,575,498	20,265,717
Support/Services Income	4,852	29,604	40,203	42,600	42,600
Interest Income	75,935	99,000	113,464	111,123	135,599
Total Gross Income	3,168,586	6,912,468	11,170,235	15,729,221	20,443,916
Cost of Goods Sold	2,367,740	5,201,901	8,447,559	11,943,369	15,539,852
Gross Margin	800,846	1,710,568	2,722,675	3,785,851	4,904,063
<i>Operating Expenses</i>					
Personnel Salaries	725,760	981,120	1,228,500	1,505,280	1,775,760
Personnel Benefits	210,470	284,525	356,265	436,531	514,970
Advertising & Promotion	168,178	188,162	190,587	189,293	196,163
Depreciation	244,000	244,000	244,000	244,000	244,000
Interest	195,000	195,000	163,717	101,796	33,392
Rent	24,000	24,000	24,000	24,000	24,000
Professional Fees	12,000	15,000	18,000	21,000	24,000
Insurance	12,000	21,540	32,568	43,788	55,548
Office Supplies	12,000	13,200	14,520	15,972	17,568
Software	6,000	6,000	6,000	6,000	6,000
Dues & Subscriptions	4,800	4,800	4,800	4,800	4,800
Maintenance	14,400	14,400	14,400	14,400	14,400
Shop Supplies	12,000	12,000	12,000	12,000	12,000

(Continued)

Telephone	36,000	48,000	60,000	60,000	60,000
Meals & Entertainment	12,000	12,000	12,000	12,000	12,000
Travel	48,000	48,000	48,000	48,000	48,000
Other	6,000	6,000	6,000	6,000	6,000
Total Operating Expenses	1,742,608	2,117,747	2,435,357	2,744,860	3,048,601
Gross Pre-Tax Profit/(Loss)	(941,762)	(407,180)	287,318	1,040,991	1,855,462
Federal Income Tax	(141,264)	(61,077)	43,098	355,163	723,630
Net Income/(Loss)	(800,498)	(346,103)	244,221	685,828	1,131,832

Oklahoma Systems Manufacturing, Inc.
5 –Year Projected Balance Sheet

Balance Sheet	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Assets</i>					
<i>Current Assets</i>					
Cash	603,992	1,180,231	1,400,766	1,721,852	2,344,659
Inventory	76,746	137,825	208,263	280,091	355,223
Total Current Assets	680,738	1,318,056	1,609,029	2,001,943	2,699,882
<i>Fixed Assets</i>					
Plant, Property, and Equipment					
Leasehold Improvements	85,000	85,000	85,000	85,000	85,000
Furniture and Fixtures	115,000	115,000	115,000	115,000	115,000
Mfg/Test Equipment	250,000	250,000	250,000	250,000	250,000
Hardware/Software	420,000	420,000	420,000	420,000	420,000
Initial Marketing	350,000	350,000	350,000	350,000	350,000
Gross PP&E	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000
Accumululated Depreciation	244,000	488,000	732,000	976,000	1,220,000
Net PP&E	976,000	732,000	488,000	244,000	0
Deposits	1,000	1,000	1,000	1,000	1,000
Other	500	500	500	500	500
Total Fixed Assets	977,500	733,500	489,500	245,500	1,500
Total Assets	1,658,238	2,051,556	2,098,529	2,247,443	2,701,382

Liabilities

Current Liabilities

Accounts Payable	0	0	0	0	0
Short-Term Debt	0	0	0	0	0
Income Taxes Payable	(141,264)	(202,341)	(159,243)	195,920	919,550
Total Current Liabilities	(141,264)	(202,341)	(159,243)	195,920	919,550

Noncurrent Liabilities

Long-Term Debt	1,950,000	1,950,000	1,363,552	715,695	0
Total Liabilities	1,808,736	1,747,659	1,204,309	911,615	919,550

Equity

Common Stock	650,000	650,000	650,000	650,000	650,000
Retained Earnings	(800,498)	(346,103)	244,221	685,828	1,131,832
Total Liabilities and Equity	1,658,238	2,051,556	2,098,529	2,247,443	2,701,382

Cash Flow

Projected Cash Flow	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Flow for the Period	605,492	(224,259)	(125,568)	565,306	1,308,635
Cumulative Cash Flow	605,492	381,234	255,666	820,972	2,129,608

Oklahoma Systems Manufacturing, Inc.
Monthly Income Statement for Years One & Two

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year Total
<i>Gross Income, Year 1</i>													
Product Sales	172,143	172,143	172,143	189,357	208,293	229,122	252,034	277,238	304,962	335,458	369,004	405,904	3,087,800
Support/Services	0	0	0	100	135	182	246	332	448	817	1,103	1,489	4,852
Interest Income	8,563	8,150	7,735	7,318	6,921	6,544	6,177	5,837	5,349	4,880	4,433	4,027	75,935
Gross Income	180,706	180,293	179,878	196,776	215,348	235,848	258,458	283,407	310,759	341,155	374,539	411,419	3,168,586
Cost of Goods	132,000	132,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954	311,249	2,367,740
Gross Margin	48,706	48,293	47,878	51,576	55,628	60,156	65,197	70,820	76,913	83,924	91,586	100,170	800,846
<i>Operating Expenses</i>													
Personnel Salaries	52,080	52,080	52,080	52,080	52,080	52,080	53,760	53,760	74,340	76,020	77,700	77,700	725,760
Personnel Benefits	15,103	15,103	15,103	15,103	15,103	15,103	15,590	15,590	21,559	22,046	22,533	22,533	210,470
Advertising/Prom.	10,228	10,142	10,054	10,831	11,682	12,633	13,691	14,872	16,152	17,624	19,233	21,036	168,178
Depreciation	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,337	244,000
Interest	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	195,000
Rent	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Professional Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Office Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Software	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Dues/Subscriptions	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Maintenance	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Shop Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Telephone	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Meals/Entertainment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Travel	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Other	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Total Expenses	130,594	130,508	130,421	131,197	132,048	132,999	136,225	137,406	165,233	168,873	172,649	174,456	1,742,608
Pre-Tax Profit	(81,889)	(82,215)	(82,542)	(79,622)	(76,420)	(72,843)	(71,028)	(66,586)	(88,321)	(84,949)	(81,063)	(74,285)	(941,762)
Federal Tax	(12,283)	(12,332)	(12,381)	(11,943)	(11,463)	(10,926)	(10,654)	(9,988)	(13,248)	(12,742)	(12,160)	(11,143)	(141,264)
After-Tax Income	(69,606)	(69,883)	(70,161)	(67,678)	(64,957)	(61,916)	(60,374)	(56,598)	(75,073)	(72,207)	(68,904)	(63,143)	(800,498)

Gross Income, Year 2

Product Sales	426,199	447,509	469,884	493,379	518,048	543,950	571,147	599,705	629,690	661,175	694,233	728,945	6,783,864
Support/Services Income	637	1,801	1,981	2,180	2,398	2,637	2,690	2,744	2,799	2,855	2,912	2,970	29,604
Interest Income	9,104	8,858	8,642	8,442	8,275	8,143	8,032	7,959	7,911	7,905	7,863	7,868	99,000
Gross Income	436,940	458,168	480,507	504,000	528,720	554,730	581,869	610,408	640,400	671,935	705,009	739,783	6,912,468
Cost of Goods	326,812	343,152	360,310	378,325	397,241	417,104	437,959	459,857	482,850	506,992	532,342	558,959	5,201,901
Gross Margin	110,129	115,016	120,197	125,675	131,479	137,626	143,911	150,551	157,550	164,943	172,667	180,825	1,710,568

Operating Expenses

Personnel Salaries	76,020	77,700	77,700	79,380	79,380	79,380	81,060	81,060	82,740	82,740	91,980	91,980	981,120
Personnel Benefits	22,046	22,533	22,533	23,020	23,020	23,020	23,507	23,507	23,995	23,995	26,674	26,674	284,525
Advertising/Prom.	12,114	12,652	13,222	13,824	14,463	15,139	15,830	16,561	17,331	18,144	18,993	19,891	188,162
Depreciation	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,337	244,000
Interest	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250	195,000
Rent	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Professional Fees	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000
Insurance	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	21,540
Office Supplies	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200
Software	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Dues/Subscriptions	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Maintenance	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Shop Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Telephone	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Meals/Entertainment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Travel	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Other	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Total Expenses	165,508	168,213	168,783	171,552	172,191	172,867	175,726	176,456	179,393	180,206	192,976	193,877	2,117,747
Pre-Tax Profit	(55,379)	(53,197)	(48,585)	(45,877)	(40,712)	(35,241)	(31,815)	(25,905)	(21,843)	(15,264)	(20,308)	(13,052)	(407,180)
Federal Tax	(8,307)	(7,980)	(7,288)	(6,882)	(6,107)	(5,286)	(4,772)	(3,886)	(3,276)	(2,290)	(3,046)	(1,958)	(61,077)
After-Tax Income	(47,072)	(45,217)	(41,298)	(38,996)	(34,605)	(29,955)	(27,043)	(22,019)	(18,566)	(12,974)	(17,262)	(11,094)	(346,103)

Oklahoma Systems Manufacturing, Inc.

Monthly Balance Sheet for Years One & Two

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year Total
Assets, Year 1													
Current Assets													
Cash	1,284,397	1,222,515	1,160,306	1,097,762	1,038,095	981,647	926,620	875,602	802,373	731,991	664,918	603,992	603,992
Inventory	32,547	32,547	32,547	35,802	39,383	43,321	47,653	52,418	57,660	63,426	69,769	76,746	76,746
Total	1,316,944	1,255,062	1,192,853	1,133,564	1,077,478	1,024,968	974,273	928,020	860,033	795,417	734,687	680,738	680,738
Fixed Assets													
Plant, Property, and Equipment													
Leasehold Impvmts	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Furniture/Fixtures	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
Mfg/Test Eqpt	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Hdw/Sftware	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
Initial Marketing	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Gross PP&E	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000
Accum. Depr.	20,333	40,666	60,999	81,332	101,665	121,998	142,331	162,664	182,997	203,330	223,663	244,000	244,000
Net PP&E	1,199,667	1,179,334	1,159,001	1,138,668	1,118,335	1,098,002	1,077,669	1,057,336	1,037,003	1,016,670	996,337	976,000	976,000
Deposits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other	500	500	500	500	500	500	500	500	500	500	500	500	500
Total	1,201,167	1,180,834	1,160,501	1,140,168	1,119,835	1,099,502	1,079,169	1,058,836	1,038,503	1,018,170	997,837	977,500	977,500
Total Assets	2,518,111	2,435,896	2,353,354	2,273,732	2,197,313	2,124,470	2,053,442	1,986,856	1,898,536	1,813,587	1,732,524	1,658,238	1,658,238
Liabilities													
Current Liabilities													
Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Short-Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc. Taxes Payable	(12,283)	(24,616)	(36,997)	(48,940)	(60,403)	(71,329)	(81,984)	(91,972)	(105,220)	(117,962)	(130,121)	(141,264)	(141,264)
Total	(12,283)	(24,616)	(36,997)	(48,940)	(60,403)	(71,329)	(81,984)	(91,972)	(105,220)	(117,962)	(130,121)	(141,264)	(141,264)

Noncurrent Liabilities

Long-Term Debt	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Total Liabilities	1,937,717	1,925,384	1,913,003	1,901,060	1,889,597	1,878,671	1,868,016	1,858,028	1,844,780	1,832,038	1,819,879	1,808,736	1,808,736

Equity

Common Stock	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Retained Earnings	(69,606)	(139,488)	(209,649)	(277,327)	(342,284)	(404,200)	(464,574)	(521,172)	(596,245)	(668,451)	(737,355)	(800,498)	(800,498)
Liab. & Equity	2,518,111	2,435,896	2,353,354	2,273,732	2,197,313	2,124,470	2,053,442	1,986,856	1,898,536	1,813,587	1,732,524	1,658,238	1,658,238

Cash Flow	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1
Cash for Period	1,285,897	(61,882)	(62,209)	(62,544)	(59,668)	(56,448)	(55,027)	(51,018)	(73,230)	(70,382)	(67,073)	(60,925)	605,492
Cumulative	1,285,897	1,224,015	1,161,806	1,099,262	1,039,595	983,147	928,120	877,102	803,873	733,491	666,418	605,492	605,492

Oklahoma Systems Manufacturing, Inc.
Monthly Balance Sheet for Years One & Two

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year Total
Assets, Year 2													
Current Assets													
Cash	1,365,606	1,328,714	1,296,230	1,266,244	1,241,201	1,221,395	1,204,771	1,193,798	1,186,620	1,185,736	1,179,510	1,180,231	1,180,231
Inventory	80,583	84,612	88,843	93,285	97,949	102,847	107,989	113,389	119,058	125,011	131,262	137,825	137,825
Total	1,446,189	1,413,326	1,385,073	1,359,529	1,339,150	1,324,242	1,312,760	1,307,187	1,305,678	1,310,747	1,310,772	1,318,056	1,318,056
Fixed Assets													
Plant, Property, and Equipment													
Leasehold Imp.	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Furniture/Fixtures	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
Mfg/Test Eqpt.	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Hdw/Software	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
Initial Marketing	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Gross PP&E	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000
Depreciation	264,333	284,666	304,999	325,332	345,665	365,998	386,331	406,664	426,997	447,330	467,663	488,000	488,000
Net PP&E	955,667	935,334	915,001	894,668	874,335	854,002	833,669	813,336	793,003	772,670	752,337	732,000	732,000
Deposits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other	500	500	500	500	500	500	500	500	500	500	500	500	500
Total	957,167	936,834	916,501	896,168	875,835	855,502	835,169	814,836	794,503	774,170	753,837	733,500	733,500
Total Assets	2,403,356	2,350,160	2,301,574	2,255,697	2,214,985	2,179,744	2,147,929	2,122,023	2,100,181	2,084,917	2,064,609	2,051,556	2,051,556
Liabilities													
Current Liabilities													
Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Short-Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Payable	(149,571)	(157,551)	(164,839)	(171,720)	(177,827)	(183,113)	(187,885)	(191,771)	(195,048)	(197,337)	(200,383)	(202,341)	(202,341)
Total	(149,571)	(157,551)	(164,839)	(171,720)	(177,827)	(183,113)	(187,885)	(191,771)	(195,048)	(197,337)	(200,383)	(202,341)	(202,341)

Noncurrent Liabilities

Long-Term Debt	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Total Liabilities	1,800,429	1,792,449	1,785,161	1,778,280	1,772,173	1,766,887	1,762,115	1,758,229	1,754,952	1,752,663	1,749,617	1,747,659	1,747,659

Equity

Common Stock	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Retained Earnings	(47,072)	(92,290)	(133,587)	(172,583)	(207,188)	(237,143)	(264,186)	(286,205)	(304,772)	(317,746)	(335,008)	(346,103)	(346,103)
Liab. and Eq	2,403,356	2,350,160	2,301,574	2,255,697	2,214,985	2,179,744	2,147,929	2,122,023	2,100,181	2,084,917	2,064,609	2,051,556	2,051,556

Cash Flow	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 2
Cash for Period	(38,883)	(36,893)	(32,483)	(29,986)	(25,043)	(19,806)	(16,624)	(10,972)	(7,179)	(884)	(6,226)	722	(224,259)
Cumulative	566,609	529,716	497,233	467,246	442,203	422,397	405,773	394,801	387,622	386,738	380,512	381,234	381,234

Oklahoma **S**ystems **M**anufacturing, **I**nc.
Financial **A**nalysis: **S**upporting **D**etail

	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Personnel Assumptions</i>					
<i>Calendar</i>					
Hours / Day / Man	8.00	8.00	8.00	8.00	8.00
Weekend Days / Year	104	104	104	104	104
Holidays / Year	9	9	9	9	9
Days / Month / Man	21.00	21.00	21.00	21.00	21.00
Hours / Month / Man	168.00	168.00	168.00	168.00	168.00
<i>Personnel</i>					
Mfg Hours / Unit	4.00	4.00	4.00	4.00	4.00
Avg Hourly Wage	10.00	10.00	10.00	10.00	10.00
Employee Benefits	29.00%	29.00%	29.00%	29.00%	29.00%
Base Monthly Salary	1,680.00	1,680.00	1,680.00	1,680.00	1,680.00
<i>Ratio to 10 Assembly</i>					
Supervisors	1.00	1.00	1.00	1.00	1.00
Shipping	1.00	1.00	1.00	1.00	1.00
Sales	1.00	1.00	1.00	1.00	1.00
Marketing	1.00	1.00	1.00	1.00	1.00

Ratio to 10 Production People

Secretarial	1.00	1.00	1.00	1.00	1.00
Accounting	1.00	1.00	1.00	1.00	1.00
Purchasing	1.00	1.00	1.00	1.00	1.00

Pay Ratio to Assembly People

Supervisors	2.00	2.00	2.00	2.00	2.00
Shipping	1.00	1.00	1.00	1.00	1.00
Sales	2.00	2.00	2.00	2.00	2.00
Marketing	1.75	1.75	1.75	1.75	1.75
Secretarial	1.00	1.00	1.00	1.00	1.00
Accounting	1.75	1.75	1.75	1.75	1.75
Purchasing	1.75	1.75	1.75	1.75	1.75
Management	4.00	4.00	4.00	4.00	4.00

Employees

Assembly	6	11	17	23	29
Supervisors	1	1	2	2	3
Shipping	1	1	2	2	3
Sales	1	1	2	2	3
Marketing	1	1	2	2	3
Secretarial	1	2	3	3	4
Accounting	1	2	3	3	4
Purchasing	1	2	3	3	4
Management	7	7	7	7	7
Total Employees	20	28	41	47	60

Employees' Salaries

Assembly	10,080	18,480	28,560	38,640	48,720
Supervisors	3,360	3,360	6,720	6,720	10,080
Shipping	1,680	1,680	3,360	3,360	5,040

Oklahoma Systems Manufacturing, Inc.
Financial Analysis: Supporting Detail

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	3,360	3,360	6,720	6,720	10,080
Marketing	2,940	2,940	5,880	5,880	8,820
Secretarial	3,360	3,360	5,040	5,040	6,720
Accounting	2,940	5,880	8,820	8,820	11,760
Purchasing	2,940	5,880	8,820	8,820	11,760
Management	47,040	47,040	47,040	47,040	47,040
Total Employees' Salaries	\$77,700	91,980	120,960	131,040	160,020

Variable Assumptions

Debt

Short Term Debt	0	0	0	0	0
Long Term Debt	1,950,000	1,950,000	1,363,552	543,397	0

Terms

Depreciable Life	60	60	60	60	60
Short-Term Interest	14.00%	14.00%	14.00%	14.00%	14.00%
Long-Term Interest	10.00%	10.00%	10.00%	10.00%	10.00%
Adv. as % of Gross	21.00%	11.00%	7.00%	5.00%	4.00%
Days COG Sold in Inventory	90	90	90	90	90
Days COG Sold in Payables	0	0	0	0	0
Interest Income Rate	8.00%	8.00%	8.00%	8.00%	8.00%

Sales & Manufacturing Assumptions

COG Increase %	0.00%	0.00%	0.00%	0.00%	0.00%
Average Cost / Unit	1,200	1,200	1,200	1,200	1,200
Sales Increase %	10.00%	5.00%	3.50%	2.50%	2.00%

Units Sold Method 1	179	394	640	905	1,177
% Profit Method 1	30.00%	30.00%	30.00%	30.00%	30.00%
Units Sold Method 2	897	1,970	3,200	4,524	5,886
% Profit Method 2	25.00%	25.00%	25.00%	25.00%	25.00%
Units Sold Method 3	897	1,970	3,200	4,524	5,886
% Profit Method 3	20.00%	20.00%	20.00%	20.00%	20.00%
Total Units Sold	1,973	4,335	7,040	9,953	12,950

Floyd Vaulner, Junior

President & CEO

An Eagle Scout and U. S. Marine, Mr. Vaulner's experience in the office equipment and computer industry extends to 1966, when he became a sales representative for Olivetti Corporation of America. He was with Olivetti until 1978, progressing to National Accounts Sales Specialist, Sales Manager, Systems Sales Specialist, and District Manager in Houston, Albuquerque, and Oklahoma City.

In Albuquerque, He brought his district from a \$40,000 loss to a profit in the first year. His district showed the best consolidated district profit in the corporation in May of 1975, and remained among the top ten most profitable districts in each of four months of 1976, again regaining the top position in October.

When Olivetti restructured, shutting down the Albuquerque Office in 1977, Mr. Vaulner became the District Manager for Oklahoma City and Tulsa. His management once again brought his district from a loss to a profit in a single year.

When Olivetti once again restructured, Mr. Vaulner bought the district's stock and service contracts to found OSI Office Solutions, Inc. At that time, the district was producing \$900,000 annually in its single location in Oklahoma City. He opened an additional branch in Oklahoma City and a branch in New Orleans, bringing the company's revenue to \$5,000,000 annually.

Today, OSI Office Solutions, Inc. employs twelve employees at the original Oklahoma City location, and remains profitable despite a downturn in the Oklahoma economy and the computer industry generally. As Chief Executive Officer of Oklahoma Systems, Mr. Vaulner brings leadership and experience to the management team.

Dennis Peterson
Vice President & CFO

Mr. Peterson has been self-employed since 1969, when he founded Depco, Inc. to provide accounting and business services to the general business public. As computers became more and more prominent in business and accounting applications, Mr. Peterson began to write accounting and business programs to make up for the lack of software that then plagued the industry.

Today, Mr. Peterson still manages his enterprise at a profit, providing accounting services and writing business spreadsheet and database applications for today's microcomputer systems. He has gained extensive experience in accounting and financial management for startup enterprises, with whom he regularly consults.

Charles R. Coombs
Vice President, Sales

In 1976, Mr. Coombs became a sales representative for Olivetti Corporation of America in Albuquerque, moving to Tulsa in 1977 when Olivetti reorganized, closing down the Albuquerque office.

When Olivetti also closed the Tulsa office in 1978, Mr. Coombs completed the computer science curriculum at Tulsa Junior College and entered the technical arena, eventually assuming the management of the Development Center at TG&Y Stores, Inc. In 1985, Mr. Coombs became an analyst for Tandem Computers, providing sales and technical support to this minicomputer vendor.

Mr. Coombs left Tandem in 1988 to join Wang Laboratories as a System Consultant, again providing sales and technical support to representatives and customers. This was a goaled sales position that required the sale of technical and consulting services to Wang's customer base. Mr. Coombs used extensive knowledge and formal training in networking, imaging, database, and electronic publishing to keep his branch of the company successful and profitable during a time when many other branches closed.

Mr. Coombs became a sales representative for Wang in April of 1990. When Wang shut down the bulk of its operation in Oklahoma, he joined OSI Office Solutions, Inc. as a sales representative specializing in imaging, networking and high-end microcomputer applications.

In July of 1989, Mr. Coombs founded C. R. Coombs Associates as a part-time enterprise providing sales and technical consulting to Oklahoma businesses. He still operates the business at a profit, making the benefits of computing available to businesses that formerly couldn't afford them.

Betty S. Stroope
Vice President, Human Resources

Ms. Stroope has managed human resources since 1975. She spent 20 years at TG&Y Stores, gaining promotion to Director of the data entry department in 1978. She worked extensively with operators under her direct supervision and was also responsible for hiring temporary help during times of peak demand.

When TG&Y ceased Oklahoma operations in 1986, Ms. Stroope founded Betty's Data Entry Services, providing technical data entry and data conversion services to business. Betty's Data Entry Services has also become a temporary agency in its own right, but has remained profitably specialized in its technical niche.

Ms. Stroope has participated in the preparation of employee manuals, and has worked closely with legal counsel in setting human resources policies at TG&Y as well as in her own firm. She maintains close contact with and involvement in Oklahoma's Technical-Vocational system, providing employment and counseling to Oklahoma students and to the system itself on the requirements of Oklahoma business.

The specialized nature of her business requires that she provide extensive training in a number of computer specialties. She also offers courses in word processing, spreadsheets, database, and desktop publishing. She performs extensive employee testing as a means of quality control, and can point to an impressive list of satisfied customers as well as to a growing group of satisfied, loyal employees.

David B. McLennan
Vice President, Manufacturing

Mr. McLennan has specialized in electronics and digital technology since 1978, and now builds a line of computers for a local small computer reseller and manufacturer.

His experience extends to the testing, repair, and quality control of mainframe computer hardware, disk drives, line printers, tape drives, and document transports. He is adept at the design of electronic circuitry, and still holds design rights to a hybrid operational amplifier circuit in wide use by the military.

As the Lead Customer Engineer for OSI Office Solutions, Inc., Mr. McLennan supports and maintains a broad range of microcomputer equipment, including Everex, Olivetti, and Advanced Logic Research CPUs, Olivetti secretarial workstations, a number of popular laser printers, local area networks, and other peripherals. He trains and manages all new hire Customer Engineers at OSI, and heads the team that builds a computer system, the OSI Parsec, using the manufacturing and management techniques outlined in this business plan.

His vendor training includes courses from Olivetti, Novell, Royal, Konica, International Business Machines, Xerox, and others.

David has been involved in circuitboard design, aircraft control and autopilot electronic testing, metal fabrication and design, harsh environmental testing of electronic circuitry, prosthetic electronics, hydrolics, and pneumatic controls.

Joseph C. Adamson, III

Vice President, Marketing

Mr. Adamson's marketing career began in 1983 when he became a photo-journalist and radio/TV broadcast manager. He moved up through the ranks of Senior Journalist and Fleet Circuit Manager for Armed Forces Radio and Television, operating and managing six radio and television stations, to become a Public Affairs Assistant. In that capacity, he coordinated public affairs and news coverage, negotiated publishing contracts, produced advertising programs and materials, and trained radio/TV operators, talent, writers, photographers, and production assistants. He also produced newspapers, cruisebooks, and other periodicals.

He has received letters of appreciation from his commanding officer for his public relations campaigns, and for designing the AFRTS Production and Materials Management System still in use. His cruisebook was among the finalists in the 1987 Navy Chief of Information Awards Program, and he won the award for Best Newspaper of 1984.

In February of 1988, he became an independent marketing, sales, and public relations advisor, working under contract to businesses as diverse as telecommunications and real estate management. He is currently a Sales Representative for OSI Office Solutions, Inc., marketing personal computer and networking solutions for the business community at large.

Alan H. Ruth
Vice President, Public Relations

A Viet Nam veteran and a former Special Intelligence Analyst under the National Security Agency, Mr. Ruth began his career in office automation in 1974 as a typewriter salesman for Olivetti Corporation in Oklahoma City. He was promoted to Major Account Sales in 1976 and earned membership in Olivetti's President Club.

Olivetti restructured in 1978 and Mr. Ruth was afforded the opportunity to purchase minority stock in the Olivetti Agency in Lawton, Oklahoma. Serving as Sales Manager, he recruited, hired and trained a sales force that was responsible for a 220% increase in sales in 24 months. Mr. Ruth was subsequently elected President of MBS Systems, Inc. in 1980.

As President of MBS Systems in Lawton, Mr. Ruth was responsible for a controlled sales growth from \$250,000 annually to over \$1,000,000 and a service revenue increase of over 500% during a nine year term. Serving in his role as President, Mr. Ruth actively sought to increase the exposure of, and better the image of MBS Systems through his personal exposure in civic clubs, volunteer organizations, and networking within the business community.

In the summer of 1990, MBS Systems, Inc. was acquired in full by Oklahoma-Texas Telecommunications, Inc. and afforded Mr. Ruth the opportunity to relocate back in the Oklahoma City area and to become a part of this management team.

Alan Ruth brings leadership and experience in all aspects of business management to the management team with a special emphasis on his people skills and networking abilities to promote high visibility and professionalism.

