

# **Ascendant Program Services, LLC**

## **Business Plan**

**Johns Hopkins University  
Carey Business School  
Edward St. John Real Estate Program**

MS Real Estate Practicum

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**ASCENDANT PROGRAM SERVICES, LLC**

**BUSINESS PLAN**

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A practicum submitted to Johns Hopkins University in conformity with  
the requirements for the degree of Master of Science in Real Estate

Baltimore, Maryland  
December 2010

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## Executive Summary

Organized in April 2010, Ascendant Program Services, LLC (APS) is a veteran-owned, boutique consulting firm located in Bethesda, Maryland. We provide a unique platform of 'value add' real estate, infrastructure, and facilities advisory services to Intelligence Community (IC) agencies within the US Federal Government. APS supports client initiatives with mission-oriented facility development services and strategic analysis, planning and implementation across the portfolio in the US and in support of US interests around the globe. We offer complete solutions to today's challenges, helping our clients meet mission with the most efficient use of capital and resources. The purpose of this plan is to guide the members of the company in their move upstream along the facilities value chain, transitioning from their current roles in general construction into higher level advisory roles across the IC.

With dynamic national security priorities, government budget constraints and constant organizational change and workforce turnover, APS has identified very unique client needs. To address these needs, APS developed the following services, categorized into four areas:

- Implementation of APS' 'IC Global Facility Development System', which gives IC clients a comprehensive methodology to successfully plan and expedite facility development projects cost effectively and in any location in the world,
- Strategic advisory services for 'stabilized IC real estate portfolios' with the perspective of real estate as a value creator for the agency instead of a necessary budget line item,
- Facility program office staff augment services to handle workload surges and provide organizational continuity, and
- Turnkey program/project execution services within a 'Program Manager-at-risk' model.

A start-up firm among a coterie of large defense contractors, prestige management consultants, and small business consultants, APS will compete as a specialty firm offering premium services derived from the qualifications, credibility, and proven performance, of its principals. The market for APS services, the 16 agencies of the Intelligence Community, is enormous. Initially, two of the three founding members intend to work part-time on this venture while maintaining full-time positions with another company. We will manage growth by leveraging our relationships with trusted consultants and strategic partners and a thoughtful transition into full-time employment.

## 1. The Company

### 1.1 Company Overview

Ascendant Program Services LLC (APS) brings a unique platform of high level, value add real estate, infrastructure, and facilities (REIF) advisory services to Intelligence Community (IC) agencies within the Federal Government.

A veteran-owned boutique consulting firm, we help our clients achieve their objectives by providing complete REIF solutions expeditiously with the most efficient use of capital and resources.

With a mastery of all elements of the facilities value chain and leadership positions in both the public and private sector, APS provides unparalleled support to IC client initiatives by providing mission-oriented services and strategic portfolio analysis/planning through to operational implementation in the US and in support of US interests around the globe.

### 1.2 Vision

To become the leading global real estate services provider within the Intelligence Community, by providing a comprehensive development platform that addresses the full spectrum of US Government needs around the globe.

### 1.3 Mission

To provide highly specialized mission-oriented support and portfolio-level strategic advisory services to US Government Intelligence Community Real Estate, Infrastructure, and Facilities Program Offices.

## 2. The Business

This section addresses the four elements of APS' business: the market, services, competition, and resources.

### 2.1 Target Market

APS will target the US Government Intelligence Community (IC), which is composed of 16 elements lead by the Office of the Director of National Intelligence (ODNI). The 16 elements, all of which are headquartered in the Washington DC metropolitan area, are:

Air Force Intelligence	Department of the Treasury
Army Intelligence	Drug Enforcement Agency
Central Intelligence Agency	Federal Bureau of Investigation
Coast Guard Intelligence	Marine Corps Intelligence
Defense Intelligence Agency	National Geospatial-Intelligence Agency
Department of Energy	National Reconnaissance Office
Department of Homeland Security	National Security Agency
Department of State	Navy Intelligence

The ODNI leads the IC as head of the community and principal adviser to the President, the National Security Council (NSC) and the Homeland Security Council (HSC). The ODNI oversees all areas of the IC. With community members from both civilian and military agencies, the ODNI places special emphasis on transforming it into a coordinated enterprise.

Detailed information regarding the IC, to include budgets, property, personnel, and future plans, is difficult to come by and confirm due to the classified nature of the work. The information detailed on the following page was obtained through unclassified sources.



*Budgets*

The IC, since 9/11, has seen substantial increases in their annual budgets. In Fiscal Year 2010, the federal budget for the Intelligence Community totaled \$80.1B, consisting of \$53.1B for the National Intelligence Program and \$27B for the Military Intelligence Program. This was a 7% increase in budget over Fiscal Year 2009 and more than double what was spent pre-9/11 (per Senator Dianne Feinstein, Chairman of the Senate Select Committee on Intelligence).

*Personnel & Facilities*

Exact numbers on IC personnel and facility locations is unavailable. However, with exponential growth in requirements and budgets come a proportional growth in the cleared workforce and associated special facilities needed to support their operations. Anecdotally, in the Washington DC metropolitan area, over 30 building complexes in support of the IC have been constructed since 9/11 with a total of over 17M SF. This includes Government and contractor space.

*Government & Contractor Staff*

In a 2008 study by the ODNI, 71% of the IC workforce consisted of Government employees, with the balance made up of contractors.

*Worldwide Presence*

IC agencies operate throughout the US, specifically concentrated in the Washington DC metropolitan area, Denver-Aurora, and Tampa, and overseas (hostile & non-hostile areas).

### 2.1.1 Market Trends & Needs

Currently, the principals of APS serve the USG IC market with design/build and general construction of mission critical facilities in support of US Government interests in the US and overseas. With complementary expertise in multiple facets of US Federal Government facilities and infrastructure-related activities, trusted business relationships and a unique understanding of how to operate successfully in this environment, APS is perfectly positioned to identify market trends & needs and proactively expand into a wide range of strategic advisory and mission-focused services beyond general construction.

An informal assessment of existing client facility program offices has identified a time-sensitive opportunity to provide advisory expertise. Market trends that create this opportunity are summarized below followed by detailed descriptions:

- Unsustainable IC Funding Levels
- Exponential Growth in Budgets, Staff, and Facilities
- Government Workforce Attrition / Turnover Issues
- Greater IC Collaboration & Coordination Efforts
- Constantly Changing Operational Priorities
- Continuing Disparate Industrial Security Requirements
- US Government's Continuing Focus on Small Business

#### **Unsustainable IC Funding Levels**

##### *Trend*

Given the state of the US economy and record deficit spending, the Federal Government is currently targeting reductions in future Government spending levels. Recent disclosure of perceived out-of-control IC growth and functional redundancies as well as FY 2010 budgets that have grown 250% from pre-9/11 levels has led to greater scrutiny and a call to rein in agency spending.

Sen. Dianne Feinstein, Chairperson of the Senate Select Committee on Intelligence, was recently quoted saying "I intend to identify and remove any waste and unnecessary duplication

in the intelligence budget and to reduce funding for lower-priority activities. It is clear that the overall spending on intelligence has blossomed to an unacceptable level in the past decade." Rep. Silvestre Reyes, Chairman of the House Permanent Select Committee on Intelligence, also addressed the need for fiscal restraint in the IC. CIA Director Leon Panetta has also publicly disclosed moves to develop a five-year plan for the CIA in the face of needed intelligence spending reductions. DOD agencies have been tasked to reduce operating budgets by 10% per year over the next three years.

### *Needs*

Facility program offices will need to scrutinize facility implications due to organizational changes. With reduced budgets, traditional 'low hanging fruit' measures for Government managers include reducing on-site contractors acting as staff augment and freezing new Government hiring. However the change occurs, it is change that should be viewed from both a tactical and strategic perspective. Perhaps these traditional measures can be mitigated by savings found in other areas. By shifting their perspective of the portfolio from necessary evil to value creator, program offices may be able to find hidden value / savings that can be transferred to support the mission.

Facility program offices will need to assess their own organizational structure. In a support role, they have greater exposure to the consequences of budget constraints than departments on the frontline.

## **Exponential Growth in Budgets, Staff, and Facilities**

### *Trend*

With the tremendous growth in budgets since 9/11 came equally exponential growth personnel and client size. Anecdotally, one prospective client had grown at a rate of 300 new hires per month at one point. Other agencies have nearly doubled in size over the course of nine years.

Such rapid growth taxed facility program offices' ability to find space during this timeframe. Solutions included leased, new build, acquired facilities, and borrowed space to accommodate the new Government hires and on-site contractors. These actions lead to disorderly assembly of facilities to meet mission. Even with a newfound push to reduce

intelligence budgets, client composition is as fluid as their missions. In a constant state of flux, as some agencies down- or right-size, others will expand. In one example, one agency is expanding their portfolio from 6.3M SF today to 14M SF over the next 15 years.

#### *Need*

In a dynamic environment with budgets peaking with some facing possible reductions, program offices will need to start addressing portfolio rationalization efforts aligned with their strategic plans. With exponential budget and corresponding personnel increases year over year since 9/11, rationalization was extremely difficult to do or even consider as all attention centered on supporting enterprise expansion.

### **Government Workforce Attrition / Turnover Issues**

#### *Trend*

For the federal civil service workforce, over 60% will be eligible for retirement by 2016. This group includes the most seasoned Government personnel. The exponential growth of IC budgets since 9/11 has brought with it exponential growth in Government employment by these agencies, many of whom are less experienced at junior or mid-level points in their careers.

Military personnel within these agencies are typically assigned to tours lasting 2 to 3 years at a time. These factors negatively impact program office competencies, continuity, and organizational memory.

#### *Need*

Facility program offices may lack adequate in-house experience, competencies, capabilities, or bandwidth to address strategic portfolio or operational management.

## **Greater IC Collaboration & Coordination Efforts**

### *Trend*

Each IC agency facility program office is unique in their mission and respective real estate, infrastructure, and facility management approach. To improve collaboration and cooperation across the community, ODNI established a Facilities Working Group, led by DNI Facilities leaders with members from each agency. In addition to supporting real-time operational priorities, the working group is in the process of developing IC industry facility standards.

Other efforts to improve collaboration include requirements to collocate IC agency personnel as well as sponsoring joint duty programs in which facility program staff complete 2-year rotations with other agency offices.

### *Need*

Facility program offices have individual definitions and standards. Assisting with standards development and then integrating systems and processes to community standards becomes an additional responsibility within the office.

## **Constantly Changing Operational Priorities**

### *Trend*

National security objectives drive constantly changing mission and consequently personnel and facility requirements.

### *Need*

With client facility program offices staffed based on fixed project volumes, clients need qualified staff augment personnel to support surges in work that will vary widely in use, scope, location and need dates.

## **Continuing Disparate Industrial Security Requirements**

### *Trend*

Agencies within the IC have independent clearance adjudication processes, terminology, and security standard operating procedures. With much discussion centering on the need for consistent standards, and some progress towards common physical access requirements into IC facilities, one size does not and will not fit all in the IC. Legacy perceptions and Government bureaucracy will prevent process uniformity from being realized.

### *Need*

Disparate security requirements reduces the availability of quick reaction qualified consultant support when required.

## **US Government's Continuing Focus on Small Business**

### *Trend*

Although some of the IC agencies are exempt from Federal Government requirements for small business set-asides, most participate in Federal small business set-aside programs with established annual goals and will continue to do so. These programs may consist of setting aside procurements for designated groups and/or requiring that large businesses submit small business contracting plans within the solicitation.

### *Need*

Qualified small businesses are needed for agencies to meet or exceed mandated small business contracting or subcontracting requirements.

### 2.1.2 Market Growth

While it appears that the Intelligence Community's exponential growth period is coming to an end, IC agencies will continue to expand and contract as their missions evolve, new threats emerge, functions are audited and redundancies eliminated. APS believes that constant IC agency change is more important than linear growth. With change, which is inherent in a changing world, the market for APS is self-renewing. Three self-renewing activities that are sources of growth for APS include:

- Assisting in the management of structural changes in the Government.
- Supporting continuous improvement initiatives within Government REIF processes.
- Smoothing out transitional changes within Government organizations.

## 2.2 Services

APS services can be categorized into four major areas:

- **IC Global Facility Development System** implementation, providing clients a comprehensive methodology, or Program Management Plan, from which to successfully plan and expedite facility development projects cost effectively and in any location in the world,
- **Strategic advisory services for 'stabilized IC real estate portfolios'** with the perspective of real estate as a value creator for the agency instead of a necessary budget line item,
- **Facility program office staff augment services** to handle workload surges and provide organizational continuity, and
- **Turnkey program/project execution services** within a 'Program Manager-at-risk' model.

## 2.2.1 Service Description

### **IC Global Facility Development System**

APS will leverage its experience, expertise, and understanding of Federal Government facilities program processes to offer a comprehensive platform that fulfills USG urgent requirements for facilities across a wide spectrum of scenarios, in the US and overseas.

Branded as the 'IC Global Facility Development System (GFDS)', the methodology will incorporate major components of IC facilities development that can be tailored by APS staff, with the use of APS-proprietary software solutions, to meet the most demanding IC client requirements for fast-track, cost-effective planning and execution of facility actions (i.e., renovation, construction, etc.).

Base components of the system, and Program Management Plan deliverable, address key areas such as:

#### *Program Accountability Benchmarking*

Developing project-specific benchmarks that support GAO/Congressional accountability requirements and allowing clients to develop the lowest cost real estate, infrastructure and facility solution based on the totality of requirements.

#### *Requirements Feasibility*

APS will validate reasonableness of client requirements in scope, schedule and cost based on real time conditions and resource availability.

#### *Risk Management Planning*

Providing a structure to identify, eliminate and/or mitigate program and project-specific risks.

#### *Scheduling (Program, Project)*

Schedule development for management and control.



*Cost Estimating*

Detailed cost estimating of all phases of the development beyond typical high level Rough Order Magnitude cost per SF.

*Location Analysis*

Evaluation of proposed locations for security, logistics, utilities, communications, etc.

*Legal*

Legal support as required such as lease analysis, in-country licenses and permitting and laws, and contracting.

*Acquisition Strategies*

Technical assistance and recommendations regarding procurement of design, construction, and logistics.

*Security*

Evaluation of all aspects of security for the development, including operational, industrial, personal, and physical.

*Methods of Payment*

Identifying local payment mechanisms and practices within a Foreign Corrupt Practices Act (FCPA)-compliant framework.

*Mobilization / Retrograde*

Management planning, in compliance with USG guidelines, on mobilization and retrograde of US Government and contractor personnel to specific locations.

*Secure Logistics*

Management planning, in compliance with USG guidelines, for secure shipments overseas.

*Design / Construction*

Review and recommendations on execution methodology and potential contractors.

*Construction Quality Control & Safety*

Site specific-quality control and safety protocols and potential issues.

*Equipment/Material Sourcing*

Evaluation of possible sources for required equipment and material to execute the work.

Facility development scenarios will be included in the GFDS, with the unique conditions of each addressed in detail individually. Real estate locations may include:

- US Embassies
- Leased space (US and overseas)
- Host Nation Facilities
- DOD Facilities
- Expeditionary Areas

From full plans and specs to a sketch on the back of a napkin, APS will support IC clients with a tailored system that will mitigate both project and personnel risk while meeting project goals. In support of the mission, APS staff will deploy anytime and anywhere, into places that Government staff may not be able to, to make this happen.

Specific service offerings range from program-specific turn-key to staff training on the system:

- APS tailors the program and assumes turnkey responsibility, managing all aspects of the development with direct reports to Government staff.
- APS tailors the program as far as desired by the client and then turns it over to Government staff to complete.
- APS trains Government staff on system methodology and processes for enduring value.

## Strategic Advisory for the 'Stabilized IC Real Estate Portfolio'

### *Global Portfolio Assessment and Inventory Development*

- APS will accurately assess USG IC client portfolios, which may consist of a mix of space types that are owned, leased, and/or authorized for use through MOUs with host nations.
- APS will inventory and document the portfolio with Roomtag, a workplace management solution that provides a highly intuitive and cost-effective means to track and manage workforce space and that will be easily tailored to client needs.
- The inventory will be developed accurately based on a consistent set of standards approved by the client and with an understanding of its importance to strategic space planning, mission continuity planning, space configuration management and facility modernization programs.

### *Analysis, Benchmarking, and Strategic Recommendations Aligned with Agency Mission*

- Adding a layer of intelligence to the portfolio assessment, APS will complete a detailed and targeted analysis to align the global portfolio with mission and establish a pertinent and actionable set of strategic recommendations. This analysis effort may consist of:
  - Space utilization
  - Benchmarking services to assess portfolio performance relative to industry or its peers (depending on data availability)
  - Lease analysis
  - Cost analysis and estimating (opex, acquisition, etc.)
  - Intelligent workplace transformation

- Strategic recommendations, aligned with mission, will address the portfolio itself as well as the management function within the client's program office.
  - Recommendations for the portfolio will be developed with the perspective of real estate, infrastructure and facilities as a value creator instead of a required budget line item for organizations. APS will identify strategic alignment opportunities and their potential benefits in asset productivity and facility utilization, moving well beyond the tactical and readily apparent benefits such as opex cost reductions. This value creation will address the way work is done today in the evolving workplace, one in which the emergence of the networked IC knowledge worker provides value from any physical location, the institution supports the new paradigm, and information and communication technology advancements enable it.
  - APS will also provide recommendations that address facility program office structure and processes with the goal of establishing internal competencies for this recurring activity.

#### *Implementation Management Support*

- To ensure that value is created and client expectations met, APS will provide management support to facility program offices to see the strategic recommendations through to implementation. APS' role will remain in an advisory capacity. On the client's side throughout, tactical functions that may lead to perceived or real conflicts of interest, such as transactional services, would be completed by others (i.e., client's executive agents, contractors, etc.).

#### *Training of Government Staff to Build Internal Process Competencies*

- The process outlined above is a continuous one in dynamic work environments such as those found in USG IC clients. To provide enduring value to the client, and as requested, APS will train and mentor Government staff within the program office to execute these processes internally.

## Facility Program Office Staff Augment

The services listed below are highlighted components from the IC GFDS and are typical staff augment responsibilities requested by clients:

- Construction Program/Project Management (owner's representative)
  - An area in which the principals of APS are deeply experienced, consultant construction program and project management services in CONUS, overseas and especially in hostile areas, are a common service requested by IC clients. With APS qualifications and experience, this service offering provides the best opportunity to attain contracts which will lead to opportunities to provide the other value added services described in this section.
  - With clearances and access across agencies, APS staff can provide management coordination support with DOD and other USG agency partners.
- Feasibility Assessments for Prospective Sites
  - APS staff are on-call, able and willing to deploy around the world to complete feasibility assessments in support of the mission. These assessments include site conditions, utilities, logistics, transportation, material and labor availability, security, etc.
- Cost Estimating and Scheduling Services
  - APS will provide highly differentiated cost estimating and scheduling services. In addition to typical cost estimating and scheduling for commercial and government new build and renovation projects, APS can use its experience to provide accurate estimates and schedules for USG projects in hostile areas overseas, which includes design, special logistics, and construction within a framework of very unique, high-risk challenges.
- Secure Logistics Management
  - APS brings its expertise in USG secure logistics processes, from the position of a contractor who has been there and done it, to support IC agency facility program offices responsible for successfully planning and executing mission-critical projects.

## Turnkey Program/Project Execution

Focused on professional services, APS will provide complete turn-key program / project execution when requested. Modeled as a 'Program Manager-at-risk,' APS will leverage its relationships with specific service providers in each area of the facilities value chain to execute the work.

### 2.2.2 Future Services

APS offers its target market a customized end-to-end suite of real estate-related services, bringing clarity, consistency, and continuity to complex and dynamic environments. This value add consulting approach, initially developed and refined to support the IC, can be generalized and easily transferred to other markets.

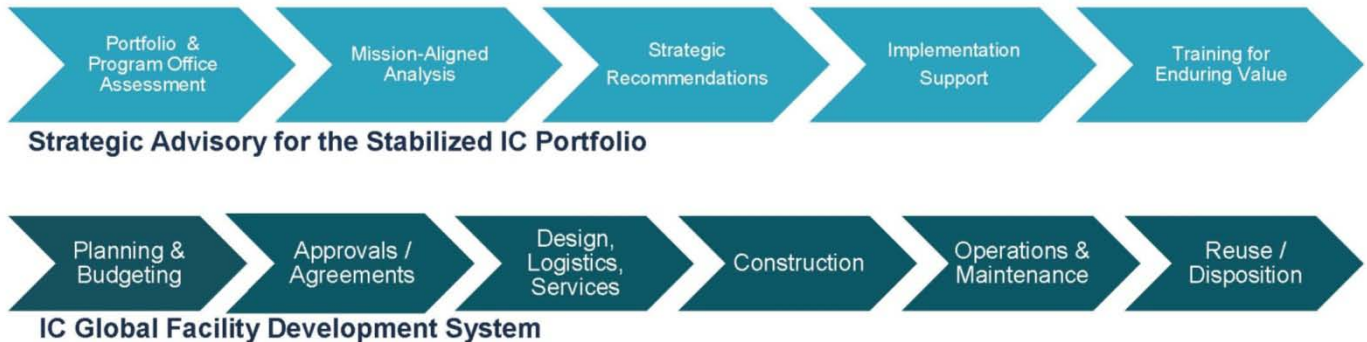
Given APS' services in support of the USG IC and the size of the market as defined by the 16 agencies within the IC, it can take many years if not decades to establish the firm's presence across the community. Beyond the IC and into the future, APS may broaden its coverage by expanding into markets with similar characteristics to the IC:

- *Classified activities:* providing a high barrier of entry due to unique working conditions (hostile/non-hostile) and security clearance requirements
- *Large, if not global, portfolio:* for scope and scale so that advisory fees relative to anticipated savings and mission alignment are easily marketed
- *Federal Government organization or those that support them:* to take advantage of APS expertise in the federal market and with federal contracting

Based on the listed criteria, a follow-on market that APS will attempt to enter are real estate, infrastructure and facilities program offices that support DOD Special Operations. Additionally, APS may seek to support the larger Government contractors supporting the IC itself. With sufficient sustained volume, APS will look to expand into unclassified Federal Government facility program offices.

### 2.2.3 Value Proposition

APS transforms US Government IC real estate, infrastructure, and facilities objectives into intelligent solutions to help clients meet agency mission. We provide value add services across entire IC value chains based on an unparalleled combination of expertise and experience as former IC program staff as well as General Contractors.



### 2.2.4 Marketing Strategy

The marketing mix defined below explains the value that APS will bring to IC clients as well as channels, communication, and costs that will be associated with offered services.

#### Positioning Statement

APS provides an intelligent end-to-end suite of real estate services that cover the spectrum of IC agency REIF requirements.

Leveraging competencies seasoned through years of strategic, business, and operational execution across both private and public sectors, APS offers services tailored to the unique needs of IC facility program offices today with a forward looking perspective to stay ahead of the challenges of tomorrow.

APS will position itself as a trusted resource bringing high level expertise to its clients anytime, anywhere.

## Promotion Strategy

Key to the successful marketing of APS is developing credibility as recognized experts within the industry. The firm will achieve this by:

- Actively networking within the industry, seeking opportunities to take on a Thought Leadership role by sponsoring and participating in industry consortia and association conferences, publications, projects and studies,
- Developing and branding the APS end-to-end suite of services toolkit. A potentially at-cost platform provided to the Government to address their needs for models, evaluation & analysis, and reports, the APS toolkit provides a lead-in to additional premium services.

In parallel with establishing the firm's reputation, APS will market agencies via the following channels, in order of priority:

- Discussions with IC agency facility program offices in which the principals already have relationships,
- Requesting referrals from one agency facility program office to others in the community,
- Potential teaming / subcontracting opportunities with firms that have contracts in place or are pursuing contracts with target offices,
- Meetings with Small Business Advocates within each agency, and
- USG-sponsored Small Business Conferences.

For mission-oriented support services, APS will market its special capabilities and proven performance. For strategic advisory services, APS will market a specific and straightforward proposition based on an initial high-level portfolio review, identification of opportunities, implementation recommendations, prospective benefits, and rationale supporting why clients need these services today.



## Pricing Strategy

APS will work on a firm fixed pricing structure, determining the standard pricing structure for each deliverable based on hourly estimates and fees. This will be expressed to the client as a per-deliverable fixed price proposal.

Pricing will be based on a tiered structure with the following rates and abbreviated personnel position descriptions:

- Principal: \$225/hour
  - Mr. Khovananth or Mr. Jichlinski
- Project Leader: \$150/hour
  - Minimum 12 years experience in advisory services and/or management of multiple projects for IC or Department of Defense (DOD);
  - 5 years of consulting experience with IC facility program offices and familiarity with Federal Acquisition Regulations (FAR);
  - 5 years of direct experience in classified US Government facility design, construction, and project delivery in the US or overseas;
  - Deployment ready
  - Professional Engineer, Licensed Architect or Certified Construction Manager preferred
- Senior Analyst: \$110/hour
  - Minimum 8 years experience in advisory services and/or project/construction management for IC or Department of Defense;
  - Deployment ready
  - BS Degree in Engineering, Architecture or Construction Management preferred
- Analyst: \$80/hour
  - Minimum 4 years experience in advisory services and/or project/construction management for IC or Department of Defense;
  - Deployment ready
  - BS Degree in Engineering, Architecture or Construction Management preferred
- Support Staff: \$45-60/hour
  - Experience and training as required for specific assignments and tasks.

## 2.2.5 Securing Engagements

Federal Government procurement rules apply to the Intelligence Community. With new requirements, Contracting Officers develop procurement plans that detail acquisition strategy, timelines, and type of solicitation (open or set-aside). Agencies have moved from issuing single procurements to establishing multi-year Indefinite Delivery Indefinite Quantity (IDIQ) contracts that allow them to issue multiple task orders as requirements dictate. Within the small business arena, Contracting Officers can issue competitive set-aside procurements if there are at least two qualified firms that are able to perform the work and the contract value is within small business revenue limits.

In procuring consulting services, one of the factors influencing the choice of firm is the professional credentials and past performance of the company. Price is often not as critical an issue as qualifications in this segment as rates are typically within an industry range. The overall procurement process can be quite lengthy. Program offices are also able to procure service by using existing IDIQ contracts and bringing desired services in as subcontractors.

APS may secure engagements by subcontracting with firms that are already under contract with an IC program office, team as the prime contractor for solicitations which are set aside for small business, or may seek sole source contracts for urgent and compelling requirements.

## 2.3 Competition

### 2.3.1 Service Business Analysis

The Federal Government consulting industry includes hundreds of smaller consulting organizations and individual consultants for every one of the few dozen well-known companies. Consulting participants range from major international name-brand consultants to tens of thousands of individuals. Within the Intelligence Community, there are close to 2,000 Government contractors, a number of which are consultant firms. One of APS' challenges will be establishing itself as a real consulting company, positioned as a relatively risk-free procurement.

### 2.3.2 Main Competitors

APS exists in a market with high barriers of entry due to security clearance requirements and the high risk nature of the work which limits availability of qualified personnel. Competition ranges from the large generalist defense contractors to small businesses that staff to virtually any government requirement. There exists a number of major competitors in the area that compete in this segment, including work completed by in-house staff:

- The most significant competition is internal with Government facility program offices choosing to complete proposed Strategic Advisory and Mission-Oriented Real Estate and Infrastructure/Facilities Support Services with their own staff. Government managers and employees may elect to do this on their own, as part of their regular operational functions. Our key advantages in competition with this approach are many:
  - Government managers are already overloaded with responsibilities in their current roles with growing mission requirements post-9/11.
  - Attrition/turnover rates among Government staff are high.
  - Current state of the economy has shifted the IC from post-9/11 exponential growth to budget-constrained workforce rationalization.
  - Top Secret clearance requirements reduce the pool of available talent interested in Government careers within this field.
  - APS can provide specialized skills and expertise with the willingness and ability to deploy or start a project with minimal lead time.
- The commercial real estate firms: Jones Lang LaSalle, Cushman & Wakefield, Colliers, CB Richard Ellis, NAI, etc. These are full service providers offering integrated real estate solutions with a focus on commercial real estate. These firms have a substantive presence supporting federal agencies in their commercial real estate efforts, with specific departments or through execution agents such as the General Services Administration. To date, APS has not encountered these firms operating within IC facility program offices.

APS would compete against them as strategic advisors and implementation support servicers aligned with the mission of the agency and without other transaction-related

financial motivations. Additionally, APS may team with these commercial real estate firms to provide additional bandwidth depending on client requirements.

- The high level prestige management consulting: McKinsey, Boston Consulting Group, Booz Allen Hamilton, etc. To date, APS has encountered one of these firms operating within IC facility program offices.

APS will distinguish itself as knowledge capitalists, supporting clients in the orchestration, framework integration and intelligent delivery of services with the right skills mix and deep understanding of context. Instead of selling the capabilities of the senior partners and then backfilling in the execution phase with staff geared to complete routine work, APS will compete against these firms with the guarantee that clients will have the top-level people solving complex problems with a base of knowledge and expertise that is difficult to replicate.

- The full service large business defense contractors: Lockheed Martin, SAIC, Northrop Grumman, Boeing, Raytheon, etc. These are generalists who have transformed from Military Industrial Complex contractors to full-service Government contractors providing services to include IT, management/administrative, technology, security, etc.

As a small business, APS would not compete directly with these players but would look into teaming arrangements. APS may become a subcontractor providing specialty services or may be act as prime with these larger firms as subcontractors for contracts that are set-aside for small business.

- The large businesses that provide architecture/engineering and/or project management services: Louis Berger Group, AECOM, URS, etc. Their business model includes selling the qualifications of senior managers and seasoned staff with less experienced associates and hires delivering the work. APS may become a subcontractor providing specialty services or may be act as prime with these larger firms as subcontractors for contracts that are set-aside for small business.

- Small businesses with facilities expertise. These firms are direct competitors in the same space as APS. They can be formidable competitors with an established presence supporting target clients. A number of these firms are 'body shops', seeking set-aside contracts and then staffing to requirements rather than offering a differentiated and highly technical service.

APS will compete on the qualifications of its principals, capabilities, credibility, proven performance with its existing clients.

### 2.3.3 Competitive Advantage

APS' competitive edge comes from its unique service offering that addresses a real client need and the following scalable combination of qualifications, experience, and capabilities:

- Trusted relationships with IC facility program offices that its principals are currently supporting. These relationships allow APS to market its services to key decision makers who already know the value and service level they can expect from the team.
- Cleared staff with the ability to gain access to special programs.
- Capability and willingness to take on challenging assignments; on-call and ready to deploy within the US and to both non-hostile and hostile areas in the world.
- Over 50 years of combined experience in Federal Government real estate, infrastructure and facilities service support. A comprehensive understanding of program office operations, processes, and federal regulations having previously been in leadership positions within the Federal Government, as staff consultants for the owner, and as contractors executing the work itself.
- Trusted relationships with key consultants and larger defense contractors operating in the IC. These strategic relationships with key consultants to offer the full complement of services with access to AEC resources worldwide with the capability of bringing additional resources in to support a wide breadth of potential client requirements.

## 2.4 Resources

### 2.4.1 Staffing

The company founders will handle day-to-day operations of the business and will work collaboratively to ensure that the venture is successful. Given the nature of consulting work, APS intends to maintain a lean staffing matrix with heavy reliance on trusted subcontractors to minimize overhead and maximize flexibility.

The key fulfillment and delivery will be provided by the principals of the business and its strategic partners. The real core value is professional expertise, provided by a combination of relationships, understanding client mission and operations, experience, hard work, and education. APS will turn to qualified professionals and alliance partners for additional support in areas such as cost estimating, scheduling, portfolio inventory work, presentation and report development, and other lower order activities that APS can subcontract without compromising client perceptions of quality or brand.

### 2.4.2 Company Location & Facilities

The company address is 5808 Namakagan Road Bethesda, MD 20816.

As a consultant to the Federal Government and due to the sensitive nature of the work, services will be rendered primarily at client sites. Business operations will align with the client (Federal Government work schedule), with a shift to 24/7 operations as required by overseas or CONUS work. APS will leverage its knowledge workforce and the latest technology to collaborate via virtual offices in a mixed mobile environment.

To ensure that APS remains agile as it expands, the company will seek highly flexible, full-service workspace arrangements as required by contract and the work ('contingent space') through office solutions service providers. With sustained project volume and at the appropriate breakpoint considering client requirements, flexibility, and cost, the company may seek short-term leasable space close to clients. If the need for Top Secret storage arises, the APS will seek secure space built to appropriate SCIF standards.

### 2.4.3 Technology

APS views integration of the business, the way in which its lean knowledge capitalist workforce will work, and technology as essential to creating an efficient and intelligent platform that will create and deliver real value to its clients.

Technology is critical to providing the constant communication, coordination, and collaboration capability needed to successfully support our clients. Staff will be equipped with the right tools to enable collaboration and maximum productivity wherever and whenever. With a keen understanding of how technology acts as a force multiplier, APS will capture value created by its knowledge capitalists anywhere and anytime it is created.

APS will actively invest in the latest IT tools and communication capabilities. Software and server support will be acquired via cloud application services, providing maximum flexibility and minimal administration by APS staff. The objective here is to have a lean APS staff focus on core competencies and business while outsourcing all non-core functions.

Given the secure nature of the work APS clients are involved in and the security requirements for access to their facilities, the company anticipates being required to use Government computer systems to complete classified portions of the work.

### 2.4.4 Financial

#### **Start-Up**

It is estimated that the start-costs will be \$18,650 as outlined in Appendix D and described below.

- Professional Fees - Legal, Accounting, Design
  - *Legal*: costs to develop the Operating Agreement and file for organization with the State of Maryland.
  - *Accounting*: initial setup costs for an accounting system that is compliant with Federal Government contract requirements.

- *Design:* graphic design costs for the company logo and stationery. The business will begin with a general corporate brochure establishing its positioning. This brochure will be developed as part of the start-up expenses. Given the secure nature of the work and workforce, literature and mailings will be far less important than gaining access to potential clients via existing relationships, client Small Business Representatives, and client-sponsored small business forums.
- Technology - Website, IT and Communications
  - *Website:* cost to establish a company website.
  - *IT:* laptops, reproduction/transmission equipment, software, and accessories.
  - *Communications:* Web and email hosting, PDAs, and fax service.
- Administrative - Supplies, Stationery, etc.  
Includes costs for office supplies, business cards, express shipping / postage, etc.

The start-up costs are to be financed in equal portions by the owners' initial capital contribution to the LLC.

## On-Going Operations

The market for APS services is enormous and in constant flux, creating new opportunities with existing clients supported by the principals of APS. Since APS will leverage current relationships and contract work, it is able to start up quickly and with a very limited budget. With sufficient volume, APS members will transition into full-time roles to provide the level of service required to support existing clients, attract new clients, and manage growth. On-going cost of operations will be funded by the owners, in equal portions, via capital call.



### 3. The Organization

#### 3.1 Culture & Values

Our culture is derived from our many years of supporting the US Government and, more importantly, the country's national security. Our values are:

#### **Selfless Service**

#### **Integrity**

#### **Accountability**

#### **Innovation**

We believe in placing the interests of our country, our mission, and the well-being of the team ahead of our own self interest. We demand the highest levels of integrity and accountability of our people. We strive to innovate, constantly questioning the status quo and building upon our experience and expertise to better everything we do.

Client-focused, results-oriented, and with our core values driving our thoughts and actions, we will excel in how we:

*Advise* our Clients

*Enable* our Clients to Meet Mission

*Enhance* our Clients Capabilities

*Deliver* on our Commitments

#### 3.2 People & Structure

##### 3.2.1 Company Ownership

A start-up company, APS was organized April 2010 as a Limited Liability Company in the State of Maryland. The company is owned by the following three partners, with ownership % in parentheses: Stephen Khovananth (51%), Michel Jichlinski (39%), and Jon Hoovestel (10%).

### 3.2.2 Organizational Structure

The company is organized as a manager-managed Limited Liability Company. Initially, we have three members with equal equity stakes in the company while Stephen Khovananth, CEO, maintains 51% ownership and control. To support our clients, APS will leverage its relationships with qualified professionals and strategic alliances that complement the company's service offerings, as shown below. Consultants will be compensated on a per-deliverable basis.



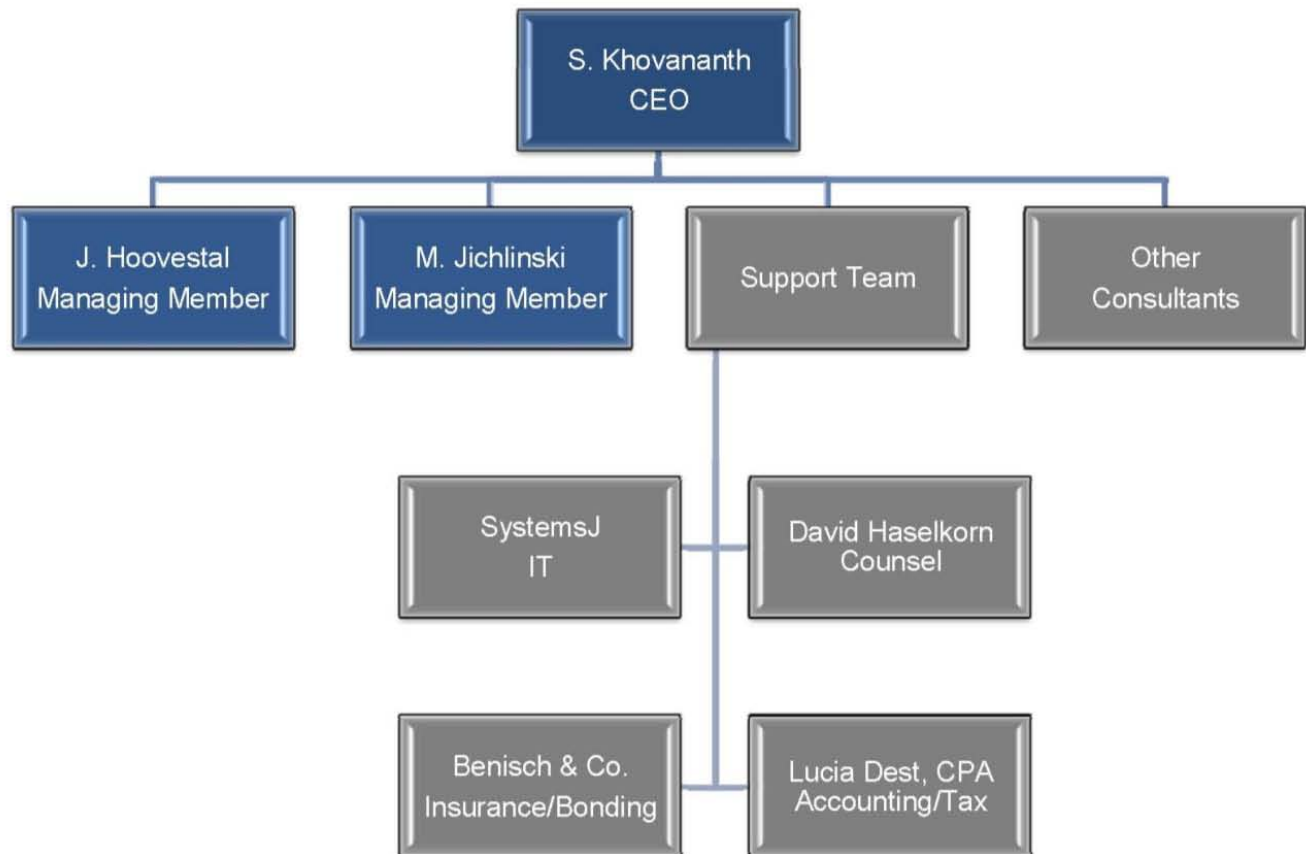
APS organizational structure, as shown on the following page, is based on a flat and lean management philosophy. The company will be managed by working partners with outsourced non-core corporate functions (legal, accounting & tax, and insurance).

APS will leverage its relationships with trusted experts in their respective fields to provide the very best service to its clients, as shown below. Tenenbaum & Saas, P.C. will be brought in for real estate legal services, such as lease review and analysis. Affiliated Construction Group

will provide detailed cost estimating, secure logistics, and constructability services. Roomtag will provide self-hosted workplace management software and operating support. APS is currently in preliminary discussions with a national corporate real estate advisory firm for additional depth and private sector expertise.

Additionally, APS has long-term relationships with US and international AEC resources familiar with USG operations. These firms, including other consultants brought in as needed, will be compensated for the work they perform on behalf of the firm.

### APS Organizational Structure



### 3.2.3 Management Team

The APS business model requires a very high level of security clearance, and federal and international experience and expertise, which means that it will not be easily replicated by competitors. Mr. Khovananth and Mr. Jichlinski will be involved in the fulfillment of the core business proposition, providing expertise to clients. Mr. Hoovestall will support in an advisory capacity. The APS management team brings a broad range of industry experience to the firm:

#### *Stephen Khovananth, CEO*

Mr. Khovananth manages the construction of mission critical facilities for the US Government in the US and overseas. He was Director of Design, Construction and Development for Host Hotels and Resorts where he acquired extensive experience in the private development and management of facilities and infrastructure assets. He also served in the Navy's Civil Engineer Corps and Construction Force (the Seabees) where he built projects in the US and overseas in support of the US Government. He is a Professional Engineer in the Commonwealth of Virginia, Project Management Professional, LEED AP, and was a warranted Federal Government Contracting Officer. He holds a BS in Civil Engineering from California State University, Los Angeles, an MBA from the University of Hawaii, and is currently pursuing an MS in Real Estate Development at Johns Hopkins University.

#### *Michel Jichlinski, Managing Member*

In addition to supporting clients, Mr. Jichlinski will assume APS marketing and business management duties. He retired as President of the Louis Berger Group in 2008, having overseen over 5,000 A/E, CM and PM professionals and staff with \$500M in annual revenues worldwide. His expertise covers a broad spectrum, from structuring Infrastructure Public-Private Partnerships to the organization and management of programs in complex and dangerous areas. His technical know-how includes the planning, design, financing, and construction of infrastructure and development projects in the United States, Western Europe, Asia, Latin America, the Middle East and Sub Saharan Africa. He has provided advice to governments, developers, and financial institutions. He is a member of the Board of Advisors of CG/LA Infrastructure.

*Jon Hoovestal, Managing Member*

Mr. Hoovestal will participate in an advisory role within APS. He currently owns and manages Affiliated Construction Group, a technically oriented construction services company with its home office in Helena, Montana and branch office in the Washington DC area. Founded in 2000, Affiliated specializes in classified construction and facilities support activities for a variety of government, commercial and industrial clients. Affiliated Construction Group has extensive experience in managing the logistic challenges of general construction, mechanical systems, HVAC, and service & maintenance contracts in remote locations around the world. Affiliated's technicians have successfully applied their skills for a diverse and growing client base in the private and Government sectors with special emphasis on security related classified projects.

Resumes for Mr. Khovananth and Mr. Jichlinski are included in Appendix A and B, respectively.

### 3.2.4 Personnel Plan

*Advisory Board*

APS may create an advisory board to bring insight into new areas including consulting management, finance and accounting, and M&A. The principals of APS have a number of contacts that could certainly provide useful guidance in our future operations. APS will determine the value and compensation for the advisory board in future discussions.

*Management Compensation*

The principals of APS intend to leave the majority of cash flows within the LLC, with compensation tied directly to consulting work and annual distributions to all members for tax purposes. The personnel table in Appendix G-1 includes projections of staffing and salaries over the course of the first five years of operations. Principals Mr. Khovananth and Mr. Jichlinski intend to base the majority of their compensation on direct consulting efforts, taking small fixed salaries initially to manage the growth of the firm.

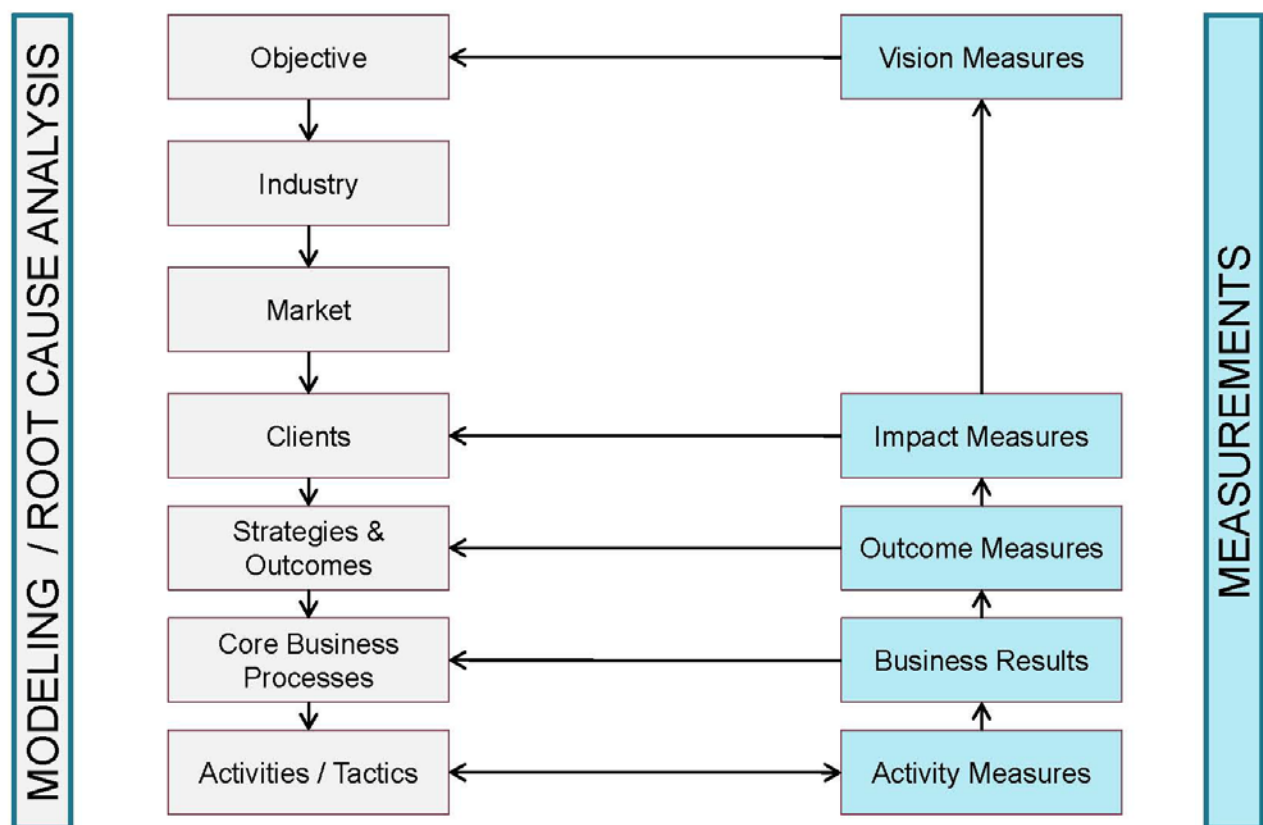
*Additional Personnel*

The team envisions bringing on a contracts administrator / office manager with the balance of work to be done by consultants. APS intends to maintain a lean staffing matrix with heavy reliance on trusted subcontractors to minimize overhead and maximize flexibility.

#### 4. Operational Framework

APS operational framework provides the company with a clear representation of what we will do, how we will do it, and how we will track it. The framework, illustrated below with the elements described in detail on the following page, enables the team to effectively manage the business.

##### APS Operational Framework



## MODELING

### *Objective*

'To provide highly specialized mission-oriented support and portfolio-level strategic advisory services to USG IC REIF program offices.'

### *Industry*

REIF Management Consulting

### *Market*

US Government Intelligence Community

### *Clients*

IC Facility Program Offices

### *Strategies & Outcomes*

Provide support as a valued intermediary between the facility program office and all execution agents along the value chain.

- **Advise**                      Act in a strategic advisory role for stabilized IC portfolio.
- **Enable**                      Enable the facility program offices to meet mission.
- **Enhance**                    Augmenting organic capabilities as augment.
- **Deliver**                    Execute the work.

### *Core Business Processes*

Management and financial support for:

- IC Portfolio assessment, analysis, recommendations, implementation support, and training
- GFDS Deployment
- Staff Augment
- Program/Project Delivery through Strategic Partners

*Activities and Tactics*

- Leverage existing IC relationships.
- Define savings.
- Act as trusted agent.
- Marketing...briefings to existing clients, team with larger firms, referrals to new clients, small business conferences.

**PERFORMANCE MEASURES***Activity Measures*

- Scheduled briefings to decision makers.
- Initial consideration for work.
- RFP/Contract development support.
- Subcontracting opportunities.

*Business Results*

- Task order work for FDS.
- Advisory task orders.
- Staff augment positions.
- Contracts to deliver.

*Outcome Measures*

- Mission accomplishment balancing cost, schedule, and parameters important to the client.
- Valued member of the team.

*Impact Measures*

Mission accomplishment with word of mouth recognition in the community and follow-on work.

*Vision Measures*

Growing project volume and credibility across multiple agencies within the IC.



**Stephen S. Khovananth P.E., PMP, LEED AP**

Email: skhovananth@ascendantps.com

Cell: 703-200-7756

**SUMMARY**

Over 14 years of relevant experience in program/project and construction management. Uniquely qualified as a proven performer with business acumen and engineer credentials. Dedicated professional with a keen ability to lead diverse teams on federal design-construction programs.

**QUALIFICATIONS**

Licensed Professional Engineer (Civil; Commonwealth of Virginia)

Project Management Professional (PMP)

LEED Accredited Professional

Federal Government Contracting Experience (Previously Warranted for A/E Services and Construction)

Construction Quality Control Management Certification (US Army Corps of Engineers)

Top Secret Security Clearance

**EDUCATION**

MS Real Estate, Johns Hopkins University (*December 2010*)

MBA (Honors), University of Hawaii

Certificate in International Management, Pacific Asian Management Institute

B.S. Civil Engineering (Cum Laude), California State University, Los Angeles

**EMPLOYMENT HISTORY****Director of Construction****Aug 09 - Present**

Greenway Enterprises, Inc. – Silver Spring, Maryland

Manages classified construction programs in support of US Government organizations in the US and overseas. Leads teams in proposal development, award, preconstruction activities and construction & design/build execution. Focused on building long-term partnerships with Government clients.

**Director, Capital Expenditures****Jun 07 – Aug 09**

Host Hotels & Resorts – Bethesda, Maryland

Engaged in planning, budget programming, design, and execution of construction and renovation projects at 19 full service hotels and resorts located in California, Florida, and the Midwest. Executed over \$60M of selective capital improvements to include guestroom, ballroom/meeting space, and restaurant renovations. Owner representative on a \$190M repositioning of a premier West Coast convention hotel.

**Senior Project Manager, Satellite Communication Infrastructure Program****Mar 06 – Jun 07**

Greenway Enterprises, Inc. – Silver Spring, Maryland

Led a design/build construction program providing satellite communication infrastructure at 24/7 mission-critical US Government facilities in Eastern Europe, Africa, Southeast Asia, and the Middle East.

**Senior Facilities Engineering Consultant - Louis Berger Group, Inc.****Nov 05 – Mar 06**

Defense Intelligence Agency (DIA) – Bolling Air Force Base, Washington D.C.

Provided direct, on-site support to the DIA Facilities Engineer Division, Project Management Branch. Managed classified projects at the Defense Intelligence Analysis Center. Assisted agency senior leadership with facilities business process analysis and implementation.

**Project Management Consultant - J3 Associates, Inc.****Jul 05 – Nov 05**

George Mason University (GMU) – Fairfax, Virginia

Provided on-site staff support to the Office of Facilities Planning. Managed the initial design effort and construction mobilization for the 450k SF design-build, mixed use Northeast Sector Development.

**US Naval Officer (Civil Engineer Corps)****1997 - 2005****Program Manager****2003 - 2005**

Special Programs Office, White House Military Office – Washington D.C.

Developed/executed comprehensive operations, logistics, and communication plans in support of the President, Vice President, and senior White House staff. Planned, integrated, and implemented programs as directed by national policy. Supervised 10 engineers overseeing design and construction efforts on sensitive projects. Spearheaded successful completion of a critical phase of a \$500M highly sensitive, classified project directly affecting national security. Adept coordination with multiple national-level agencies ensured full communication and cooperation.

**Director, Battalion Construction Equipment and Training Programs****2001 - 2003**

Naval Mobile Construction Battalion ONE – Gulfport, Mississippi

Led a 118-person department responsible for operations and maintenance of 228 pieces of heavy construction equipment. Coordinated construction and military skills training for a 680-person organization in preparation for deployment of construction teams to Guam, Spain, Greece, and locations in the Middle East. Project Lead for a 20-person team executing drill and blast operations for an Alaskan highway project. Expended over 200,000 lbs. of explosives to build a 55-mph rated highway out of rugged wilderness.

**Program Director****2001**

Southeast Asia Construction Field Office – Bangkok, Thailand

Established a Program Management Office to develop and execute a design, construction, and performance-based service contracting program for US Government agencies operating throughout Southeast Asia. Standing member of Ambassador-chaired US Embassy (Thailand) Country Team meetings. Cultural sensitivity, diplomacy, and extensive host nation liaison were critical to the successful development of 32 design/build projects in the region. Projects included joint US-Thai border security initiatives, US Military Anti-Terror/Force Protection efforts in Bangkok, joint military exercise-related construction throughout Thailand and the Philippines, Humanitarian Assistance construction in Laos, and renovation projects for International Broadcasting Bureau, Center of Disease Control, DEA International Law Enforcement Academy, and Armed Forces Research Institute of the Medical Sciences facilities. Established a regional multi-year Architect-Engineer Indefinite Delivery-Indefinite Quantity contract.

**Program Manager****1999 - 2001**

Multiple Award Construction Contracts Branch, Public Works Center Pearl – Pearl Harbor, Hawaii

Supervised a 24-person Integrated Process Team for execution of 10 multiple award construction contracts with 342 task orders valued in excess of \$110M. Project Manager for \$17M Pacific Fleet Headquarters renovation and six other high visibility projects with World War II-era historical requirements, compressed schedules, and congressionally-mandated funding requirements in / around Pearl Harbor, Hawaii.

**Project Manager****1997 - 1999**

Navy Construction Field Office – Pearl Harbor, Hawaii

Managed six military construction and renovation projects valued at \$15M. Work included construction of new harbor warehouse facilities and structural repairs to existing wharves.

**AFFILIATIONS**

Society of American Military Engineers

Beta Gamma Sigma – International Business Honor Society

Tau Beta Pi – Engineering Honor Society

Chi Epsilon – Civil Engineering Honor Society

**MICHEL JICHLINSKI**  
 Email: mjichlinski@ascendantps.com  
 Phone: +1 301 536 8040

## SUMMARY

Infrastructure management professional with over 30 years experience leading large and small development programs in the US and worldwide.

## EMPLOYMENT HISTORY

### 2009 to Present

#### **Greenway Enterprises, Inc.**

Director of Operations in the Washington DC area.

Developed the company's activities in the Greater Washington area. Secured new five year contracts with the Defense Intelligence Agency (\$125M) and the Maryland Procurement Office (\$75M), with revenues currently in excess of \$10M.

### 1985 to 2008

#### **The Louis Berger Group, Inc. (LBG)**

2000 – 2008

Executive Vice President and Chief Operating Officer then President with overall responsibility for the company's US and worldwide operations. Director on the Board of Chelbi, China.

Expanded the company's activities into construction management. Grew the company's annual revenue from \$200 million to over \$500 million. Oversaw the negotiation and implementation of the company's largest contracts, one of which was in excess of \$1B.

Restructured US operations around the development of the company's strong environmental practice which expanded from the East Coast into the Midwest and Western US.

Directly oversaw risk management of the company's activities in Afghanistan and Iraq, including the hiring of security forces and the negotiation of major subcontracts and claims with international companies from over ten different countries.

Participated as LBG representative in board meetings of the company's Chinese subsidiary. Assisted in the development of the Chelbi's activities outside China. Represented LBG in negotiations on the valuation of the company's shares.

**1985 to 2008****The Louis Berger Group, Inc. (Cont.)**

1998 – 2000

Group Vice President responsible for operations in Europe, Africa, the Middle East and Latin America. President of Louis Berger SAS, France.

Successfully restructured international activities to leverage company's capabilities from a previously stove-piped structure. Fostered the growth of LBG's French subsidiary where revenue increased two-fold and net income ten-fold, while successfully negotiating the implementation of France's newly passed 35-work hours law.

1988 - 1998

Vice President responsible for operations in Latin America and the Caribbean. Member of the Board of Advisors of the Institute for Infrastructure Finance.

Led the growth of LBG operations to become the fourth largest international engineering firm in the region according to Engineering News Record Rankings. Developed LBG's practice in public private infrastructure partnerships.

Project Manager for a \$6M World Bank-funded Buenos Aires Colonia Bridge study. Led a Joint Venture composed of LBG, the investment bank Bear Stearns and the law firm Latham & Watkins which advised the governments of Uruguay and Argentina on all technical, environmental, financial and technical aspects of the \$1B megaproject.

1986 - 1988

Principal Economist and Assistant to the Director, Latin America and the Caribbean Division.

1985 - 1986

Agricultural and Transport Economist, Cameroon

**BOARD MEMBERSHIPS**

Advisory Board CG/LA Infrastructure  
Senior Adviser InfraLinx Capital  
Institute for Infrastructure Finance (past)  
International Road Federation (past)

**EDUCATION**

M.Sc. (Cum Laude), Agricultural Economics, The Hebrew University of Jerusalem, Israel, 1983.

B.Sc. (Cum Laude), Agricultural Economics, The Hebrew University of Jerusalem, Israel, 1980.

**LANGUAGES**

French (Mother Tongue), English, Spanish, Hebrew



# **Ascendant Program Services, LLC**

## **Business Plan**

**Johns Hopkins University  
Edward St. John Real Estate Program**

**Stephen Khovananth  
December 16, 2010**

**APPENDIX C**



# Plan Outline

- Company Summary
- Target Market & Trends
- Services – ***Advise, Enable, Enhance & Deliver***
- Competitive Environment
- Competitive Advantage
- Value Proposition
- Securing Engagements
- Organization & Resources



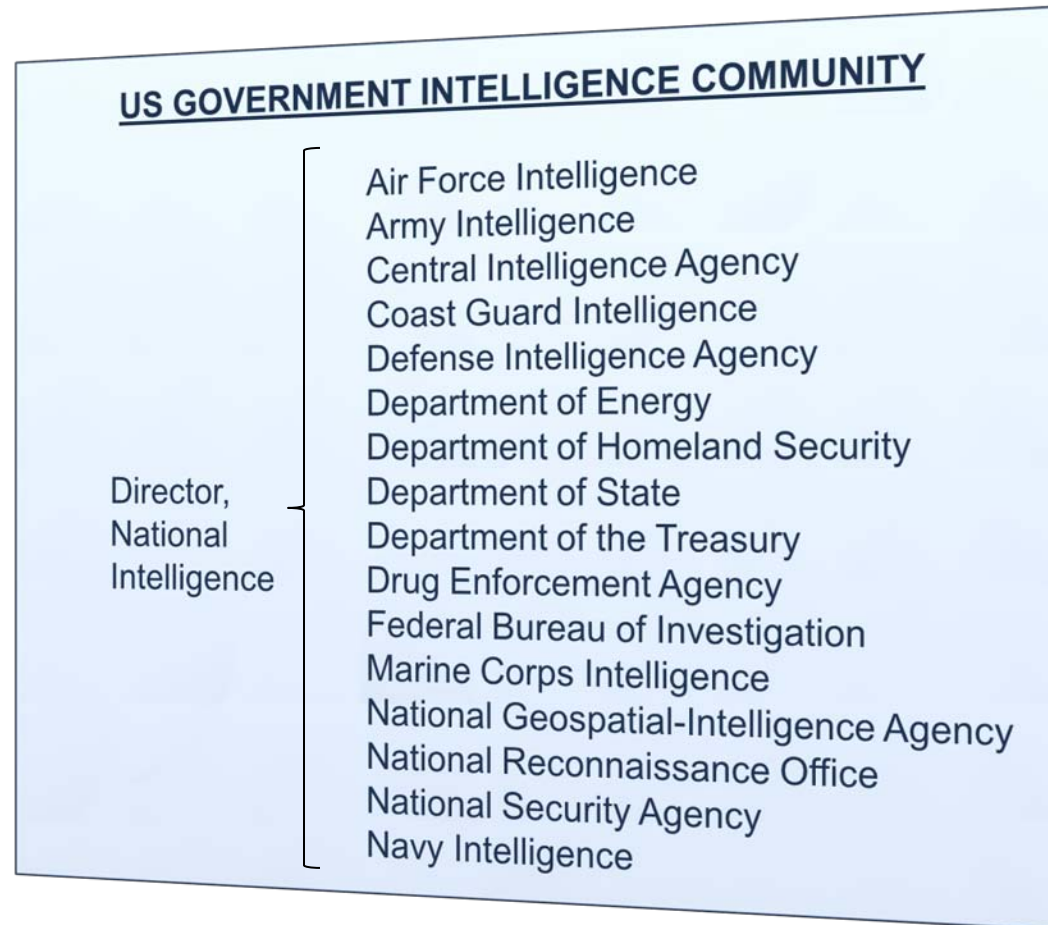
# Company Summary

- Veteran-owned boutique consulting firm providing ‘value add’ real estate, infrastructure & facilities (REIF) services to the US Intelligence Community (IC).
- **Vision**  
*‘To become the leading global real estate services provider within the Intelligence Community by providing a comprehensive development platform that addresses the full spectrum of USG needs around the globe.’*
- **Mission**  
*‘To provide highly specialized mission-oriented support and portfolio-level strategic advisory services to USG IC REIF program offices.’*
- **Values**  
Selfless Service   -   Integrity   -   Accountability   -   Innovation



# Target Market & Trends

- Target: USG IC
- Trends
  - Unsustainable Funding Levels
  - Exponential Growth in Budgets, Staff, & Facilities
  - Government Workforce Attrition & Turnover
  - IC Collaboration
  - Evolving Threats & Missions
  - Disparate Industrial Security Requirements
  - Support for Small Business







# Services

1. IC Global Facility Development System
2. Strategic Advisory for the 'Stabilized IC Agency Real Estate Portfolio'
3. IC Client Staff Augment
4. Program/Project Execution

*Advise*

*Enable*

*Enhance*

*Deliver*



# **SAMPLE PROJECT: IC Global Facility Development System**

- **USG End User Requirements to the Facility Program Office**
  - **Space:** Fully operational 6,000 SF secure space
  - **Type:** Leased
  - **Location:** Yemen
  - **Scope:** All physical and communications infrastructure in place. Designed & built out to USG IC standards.
  - **Date:** Mission critical to move-in within 150 calendar days.
  
- **How does a Facility Program Office start to plan & then execute?**
  - Prospective locations?
  - Can it be done in 5 months? Can it be done?
  - Design & construction by cleared Americans required?
  - How do you get secure-shipped construction material there?
  - How much should it cost?
  - **How do they ensure that funds expended pass muster with Congress?**



# SAMPLE PROJECT: IC Global Facility Development System

- Solution: Requirement-Specific **'Program Management Plan'**
  - Fast-track, most cost effective solution
  - Tailored 'How To Guide' leveraging APS program management, real world execution experience and global network of resources
  
- Plan components include:
  - Program Accountability Benchmarking
  - Requirements Feasibility
  - Risk Management Planning
  - Detailed Scheduling / Cost Estimating
  - Location Analysis
  - Legal
  - Acquisition Strategies
  - Security (op, industrial, personal, physical)
  - Methods of Payment
  - Mobilization / Retrograde
  - Secure Logistics
  - Design / Construction
  - QC / Safety
  - Equipment / Material Sourcing
  
- Fee Structure: Firm Fixed Price or T&M



# SCENARIO: Strategic Advisory for the Stabilized IC Agency RE Portfolio

- **Facility Program Office Today:**
  - Assembly of Facilities from Exponential Budget Growth Ripe for Rationalization
  - Workforce Expansion/Contraction with Changing Missions
  - Federal Budget Scrutiny / DOD Directed Reductions
  - Staff Reductions in Force as Low Hanging Fruit
  
- **Can Facility Program Offices identify & extract hidden value from their real estate portfolio to improve their mission support role?**
  - Reducing 'necessary budget line items' to free up funds to meet mission?
  - Improving alignment of real estate to mission?
  - Improving facility utilization and workforce productivity?
  
- **Are Facility Program Office management structure and staff competencies in place to effectively manage the portfolio?**



# SCENARIO: Strategic Advisory for the Stabilized IC Agency RE Portfolio

- Solution – APS provides:
  - Global Portfolio Assessment and Inventory
  - Portfolio Analysis (Adding a layer of intelligence...)
  - Strategic Recommendations Aligned with Agency Mission
  - Implementation Management Support
  - Training of Government Staff to Build Internal Process Competencies
- Fee Structure: Firm Fixed Price or T&M



# SCENARIO: IC Staff Augment

- **Facility Program Office Staff Challenges:**
  - Staff Structure & Competencies based on Anticipated Project Type & Volume
  - Government Workforce Attrition / Turnover Issues
  - Federal Budget Scrutiny / DOD Directed Reductions
  - Constantly Evolving Worldwide Facility Requirements
  
- **Can Facility Program Offices meet surge requirements with the right staff at the right time?**
  
- Solution: APS provides qualified staffing as needed
  
- Fee Structure: Firm Fixed Price or T&M



# SCENARIO: Program / Project Execution

- **Facility Program Offices Seeking Turnkey Facility Actions**
- **Solution:** APS provides 'PM-at-Risk' services
  - Executed through Strategic Partnerships
  - Planning, In-Country Liaison, Logistics, Design/Build, Fit-Out, etc.
- **Fee Structure:**
  - Firm Fixed Price
  - Combination of APS labor hours and G&A / Fee Markups



# Competitive Environment

- High Barriers of Entry
  - Limited Pool of Qualified Personnel
  - Niche Market with Security Clearance Requirements
  - High Risk Nature of the Work
  
- Competitors
  - Commercial Real Estate Advisory Firms
  - Prestige Management Consultancies
  - Large Defense Contractors
  - Large AEC Firms
  - Small Businesses with Facilities Expertise





# Competitive Advantage

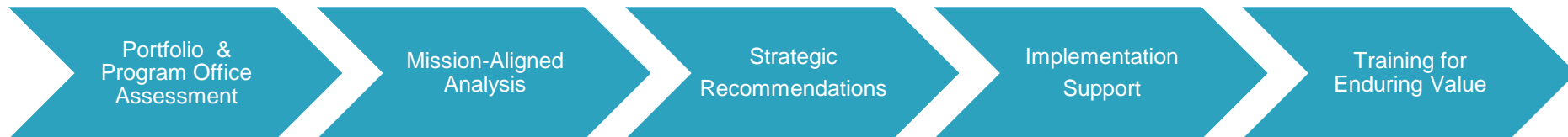
- Trusted Relationships with IC Facility Program Offices
- Understanding of **What, Why & How**... Combined Experience as Private and Public Sector Leaders...IC Program Employees, Consultants, and Design/Builders.
- Cleared Staff with Access to Special Programs
- Capable, Willing, and Qualified to Deploy On Call...Anytime, Anywhere
- Trusted Global Network of AEC Resources



# Value Proposition

APS transforms US Government IC real estate, infrastructure, and facilities objectives into intelligent solutions to help clients meet agency mission.

We provide value add services across entire IC value chains based on an unparalleled combination of expertise and experience as former IC program staff as well as General Contractors.



## Strategic Advisory for the Stabilized IC Portfolio



## IC Global Facility Development System



# Securing Engagements

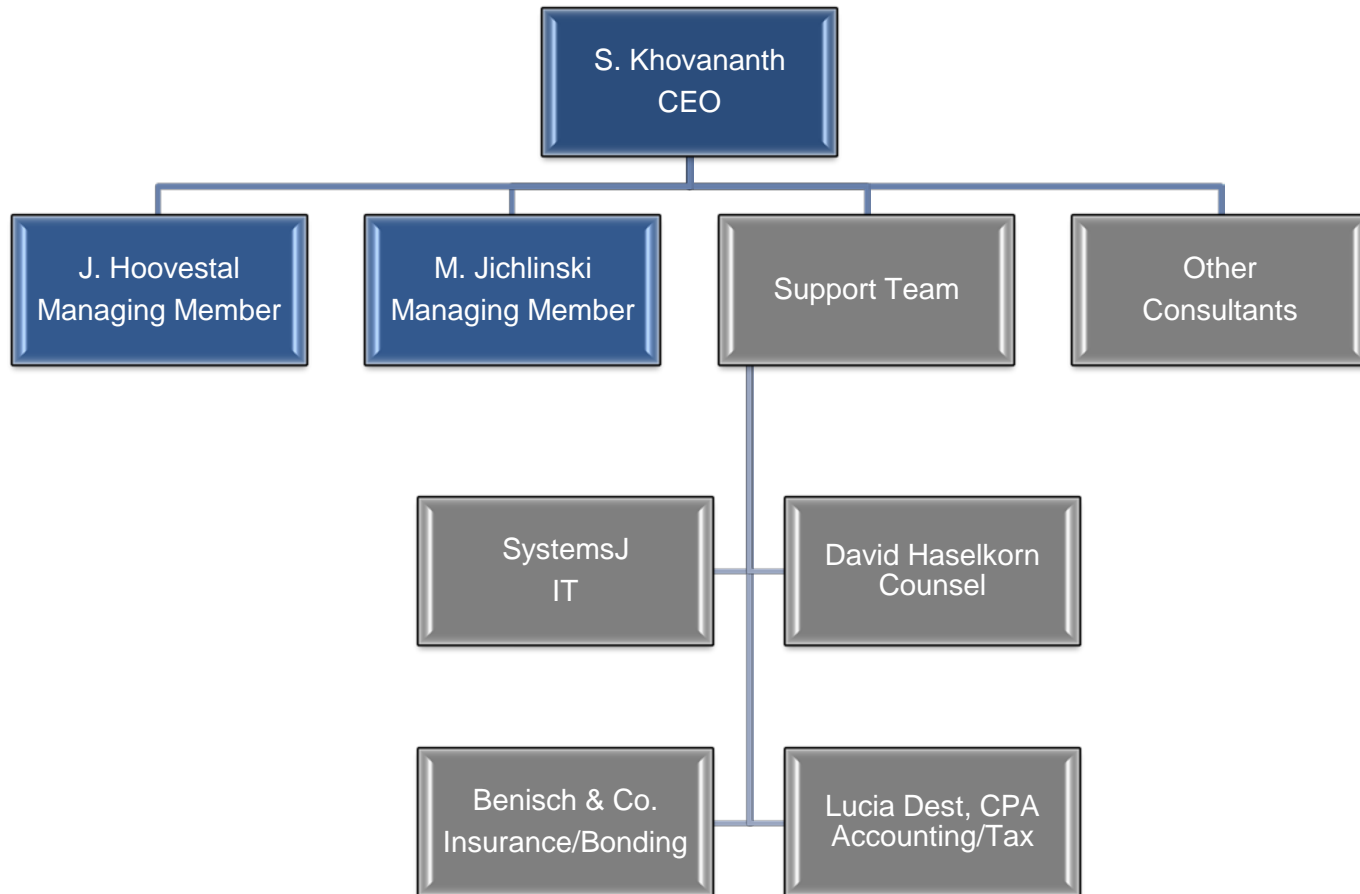
- Marketing
  - Briefings with IC Agency Facility Program Offices
  - Seeking Referrals within the IC
  - Teaming Opportunities with other Government Contractors
  - Meetings with Agency Small Business Representatives
  - USG-sponsored Small Business Conferences
  
- Acquisition Strategies
  - Subcontract with Firms Already Under USG Contract
  - Team as Prime Contractor for New Solicitations
  - Sole Source Contracts (\$3M - \$5.5M)

# Team Organization & Resources

## IC Facility Program Office



# APS Organization & Financing





# Questions?

## APPENDIX D – START-UP SUMMARY

Table: Start-up

<i>Start-up</i>	
Requirements	
Start-up Expenses	
Professional Fees - Legal, Accounting, Design	\$8,000
Technology - Website, IT and Communications	\$9,500
Administrative - Supplies, Stationery, etc.	\$1,150
Total Start-up Expenses	\$18,650
Start-up Assets	
Cash Required	\$75,000
Other Current Assets	\$0
Long-term Assets	\$0
Total Assets	\$75,000
<b>Total Requirements</b>	<b>\$93,650</b>

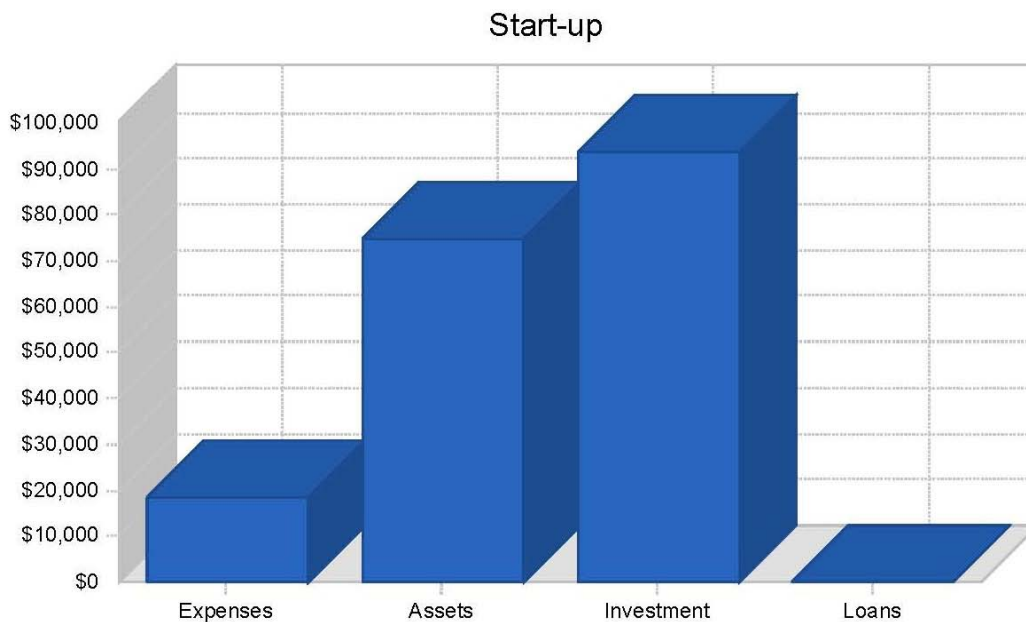


Table: Start-up Funding

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$18,650
Start-up Assets to Fund	\$75,000
Total Funding Required	\$93,650
Assets	
Non-cash Assets from Start-up	\$0
Cash Requirements from Start-up	\$75,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$75,000
Total Assets	\$75,000
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$0
Capital	
Planned Investment	
Owner	\$0
Investor	\$0
Additional Investment Requirement	\$93,650
Total Planned Investment	\$93,650
Loss at Start-up (Start-up Expenses)	(\$18,650)
Total Capital	\$75,000
Total Capital and Liabilities	\$75,000
<b>Total Funding</b>	<b>\$93,650</b>



## APPENDIX E – SALES FORECAST

The income forecast model below demonstrates an initial test of the business concept. APS has been conservative in estimates of expenses, project volume, and income:

The short-term income forecast expects APS to engage an existing client with two small projects during 2011. As APS moves into the long-term income forecast, the team assumes that it will start working on more substantial projects identified by the existing client in 2012. The \$650k in revenue in 2012 represents approximately 2 person-years of work excluding specialty consultant support, which would also be extracted from this projected value. Additional, non-billable time must also be included for finding new clients and building relationships. APS projects a transition to full time employment with on-going work with the existing client and new projects from a second client in 2013.

Due to low overhead associated with consulting, APS should be profitable in its first year of operations. The revenue figure in 2013, 2014, and 2015 (\$900k, \$1.2M, and \$1.4M, respectively) represents a steady growth given the incremental increases each assignment brings to the company.

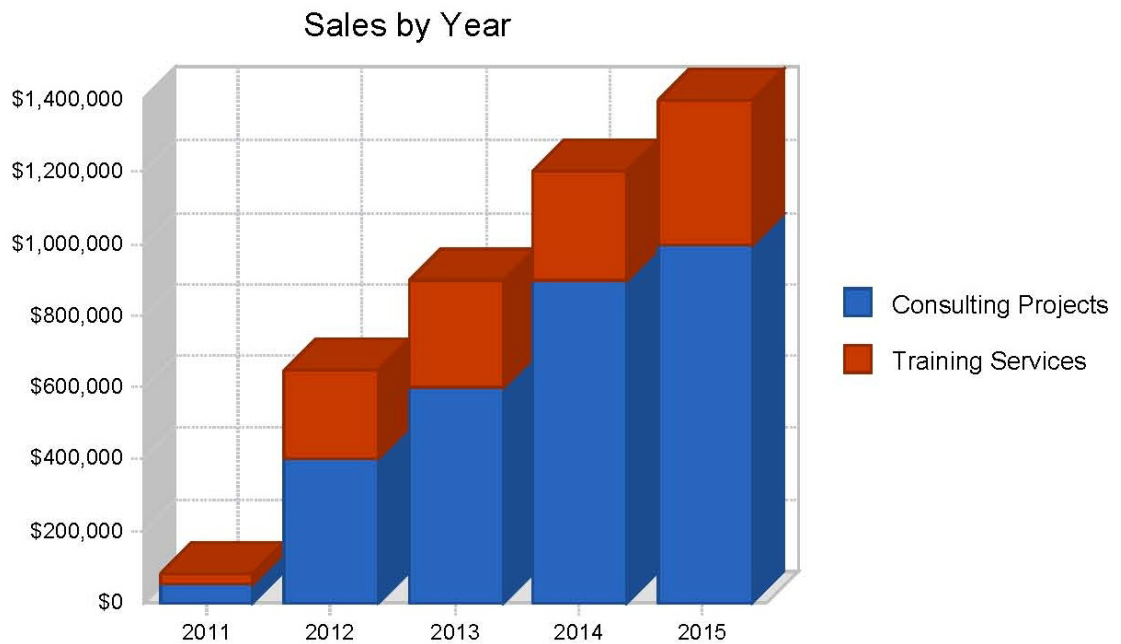
Table: Sales Forecast

<i>Sales Forecast</i>	2011	2012	2013	2014	2015
Sales					
Consulting Projects	\$52,000	\$400,000	\$600,000	\$900,000	\$1,000,000
Training Services	\$27,500	\$250,000	\$300,000	\$300,000	\$400,000
Total Sales	\$79,500	\$650,000	\$900,000	\$1,200,000	\$1,400,000
Direct Cost of Sales	2011	2012	2013	2014	2015
Consulting Projects	\$17,500	\$150,000	\$200,000	\$300,000	\$340,000
Training Services	\$9,700	\$80,000	\$100,000	\$100,000	\$140,000
<b>Subtotal Direct Cost of Sales</b>	<b>\$27,200</b>	<b>\$230,000</b>	<b>\$300,000</b>	<b>\$400,000</b>	<b>\$480,000</b>

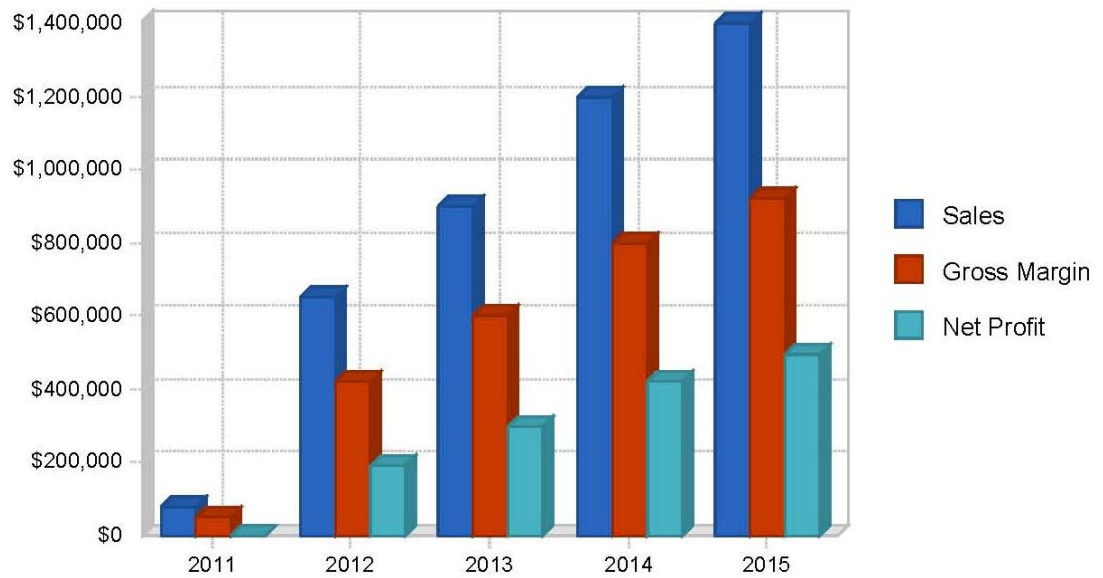
Chart: Sales Monthly



Chart: Sales by Year



## Highlights



## APPENDIX F – MILESTONES

The milestones and schedule outlined below combine APS' corporate strategy and execution plan.

### *Milestone Objectives*

APS is positioning itself for sustainable growth. Forming long-term, strategic partnerships with IC clients will further the mission of APS by filling the sales pipeline. Established relationships with select contractors will also open up new resources and leads to APS, materially impacting operations and service offerings. New clients will be sought when APS resources are available to provide the highest level of consulting service. APS strives to achieve 100% client satisfaction in all project; consequently, a significant percentage of clients and projects will be generated from existing clientele. New consultant recruiting and hiring will always be driven by client needs.

### *Major Milestones*

These milestones demarcate the growth of APS and serve as a progress report of how well APS is executing its strategy, vision, and business model:

- *Organization*: established APS as a going concern
- *Communication infrastructure*: enable team communications via email, phone, etc.
- *Create website, logo, and stationery*: communicates Group's vision and value proposition
- *First clients*: validates business model and market need
- *Strategic Relationships with Select Contractors*: expands resources and leads
- *First employees*: further business model validation demonstrating that demand has exceeded the resources of CSG's management
- *Service expansion*: signifies client satisfaction and demand for greater breadth of service

### Schedule

The schedule below plots the APS execution timeline. By combining APS strategy and objectives with milestones and execution schedule, the financials detailed in Appendix G will be realized.

Chart: Milestones



Table: Milestones

<i>Milestones</i>		
Milestone	Start Date	End Date
Organization	1/1/2010	4/1/2010
Operating Agreement	1/1/2010	4/1/2010
Communication Infrastructure	4/1/2010	6/1/2010
Website, Logo	11/7/2010	2/1/2011
Strategic Relationships w/ Contractors	1/1/2011	6/1/2015
Clients	6/1/2010	6/1/2015
First Employees	1/1/2012	6/1/2015
Service Expansion	3/1/2012	12/1/2012
Full-Time Business	6/1/2012	6/1/2015

**APPENDIX G-1 – PERSONNEL COSTS**

<i>Personnel Plan</i>	2011	2012	2013	2014	2015
Stephen Khovananth	\$7,000	\$12,000	\$14,000	\$16,000	\$18,000
Michel Jichlinski	\$7,000	\$12,000	\$14,000	\$16,000	\$18,000
Office Manager / Contract Administrator	\$0	\$40,000	\$42,000	\$44,100	\$46,305
Total People	2	3	3	3	3
<b>Total Payroll</b>	<b>\$14,000</b>	<b>\$64,000</b>	<b>\$70,000</b>	<b>\$76,100</b>	<b>\$82,305</b>

## APPENDIX G-2 – IMPORTANT ASSUMPTIONS

Within the next twelve months it is the objective of the company to market five of the the 16 agencies that make up the IC and to establish a business relationship with at least one of them. This will grow to two in the third year and three by year five.

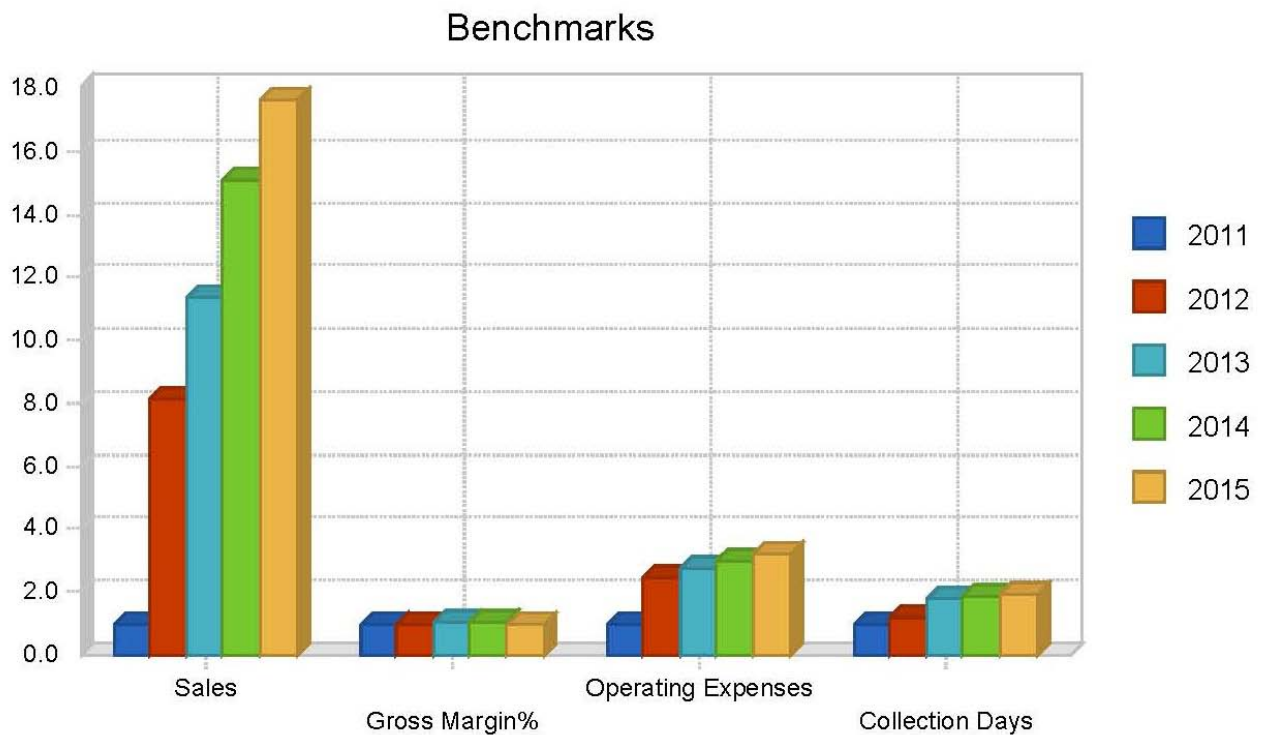
Below is a list of assumptions that define the short-term business model:

- Year 1 will be spent preparing and learning how best to approach existing clients and building relationships with new clients;
- All managers will hold full-time positions with other companies;
- APS will focus on business opportunities with its existing clients until sufficient momentum and past performance has been established to move onto new clients;
- Year 1 financial model represents only two managers, with the third in an advisory role;
- All revenues are realized as the work is completed. With 30 days to execute the work and 30 days for average collection (based on US Government Prompt Payment Act), APS anticipates carrying costs for 45 to 60 days prior to receipt of payment;
- Expenses on a net 30 basis;
- Present-day interest rates.

## APPENDIX G-3 – KEY FINANCIAL INDICATORS

The following benchmark chart indicates our key financial indicators for the first three years. We foresee major growth in sales and operating expenses, and a bump in our collection days as we spread the business during expansion and with some work as a subcontractor to other firms.

Chart: Benchmarks



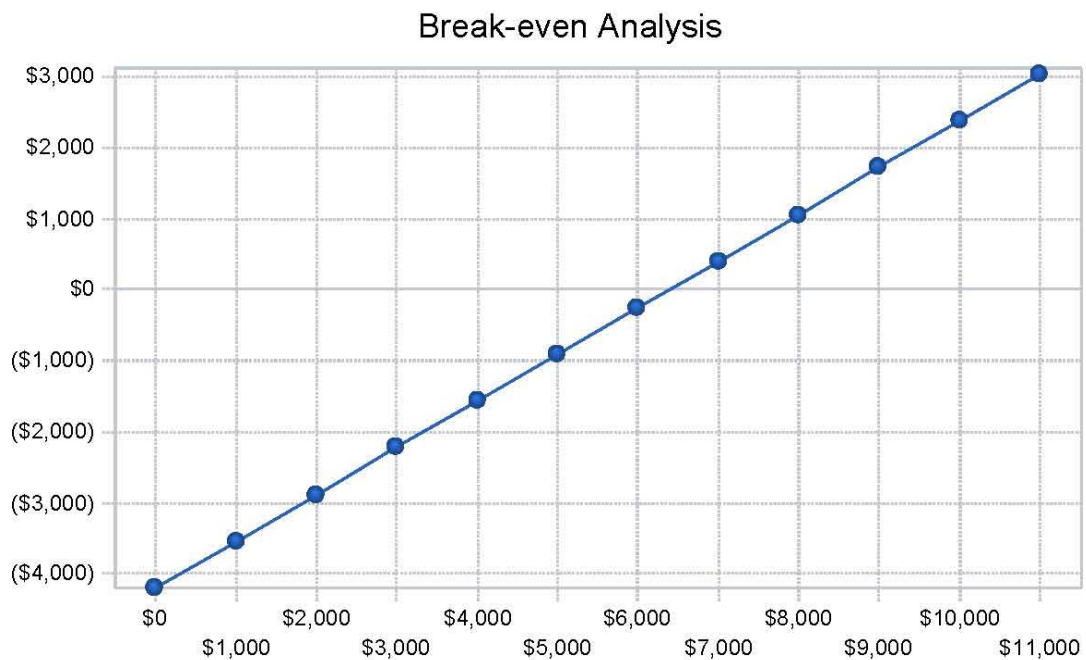


## APPENDIX G-4 – BREAK-EVEN ANALYSIS

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$6,385
Assumptions:	
Average Percent Variable Cost	34%
<b>Estimated Monthly Fixed Cost</b>	<b>\$4,200</b>

Chart: Break-even Analysis



## APPENDIX G-5 – PROJECTED PROFIT &amp; LOSS

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>					
	2011	2012	2013	2014	2015
Sales	\$79,500	\$650,000	\$900,000	\$1,200,000	\$1,400,000
Direct Cost of Sales	\$27,200	\$230,000	\$300,000	\$400,000	\$480,000
Other Costs of Sales	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$27,200	\$230,000	\$300,000	\$400,000	\$480,000
Gross Margin	\$52,300	\$420,000	\$600,000	\$800,000	\$920,000
Gross Margin %	65.79%	64.62%	66.67%	66.67%	65.71%
Expenses					
Payroll	\$14,000	\$64,000	\$70,000	\$76,100	\$82,305
Marketing/Promotion	\$3,555	\$4,000	\$4,500	\$5,000	\$6,500
Depreciation	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$24,000	\$26,000	\$28,000	\$30,000
Utilities	\$0	\$3,000	\$3,300	\$3,600	\$3,900
Insurance	\$2,000	\$3,000	\$3,300	\$3,600	\$3,900
Payroll Taxes	\$2,100	\$9,600	\$10,500	\$11,415	\$12,346
Software Development	\$24,000	\$13,000	\$14,000	\$15,000	\$16,000
Other	\$4,750	\$5,000	\$6,000	\$7,000	\$8,000
Total Operating Expenses	\$50,405	\$125,600	\$137,600	\$149,715	\$162,951
Profit Before Interest and Taxes	\$1,895	\$294,400	\$462,400	\$650,285	\$757,049
EBITDA	\$1,895	\$294,400	\$462,400	\$650,285	\$757,049
Interest Expense	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$663	\$103,040	\$161,840	\$227,600	\$264,967
Net Profit	\$1,232	\$191,360	\$300,560	\$422,685	\$492,082
<b>Net Profit/Sales</b>	<b>1.55%</b>	<b>29.44%</b>	<b>33.40%</b>	<b>35.22%</b>	<b>35.15%</b>

Chart: Profit Monthly



Chart: Profit Yearly

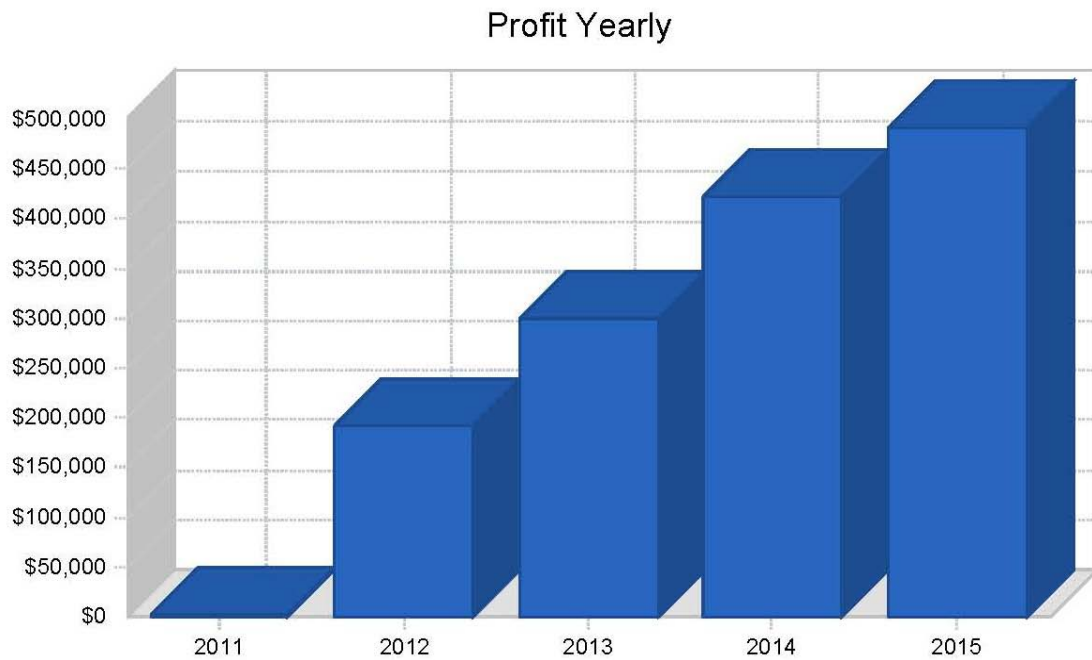


Chart: Gross Margin Monthly

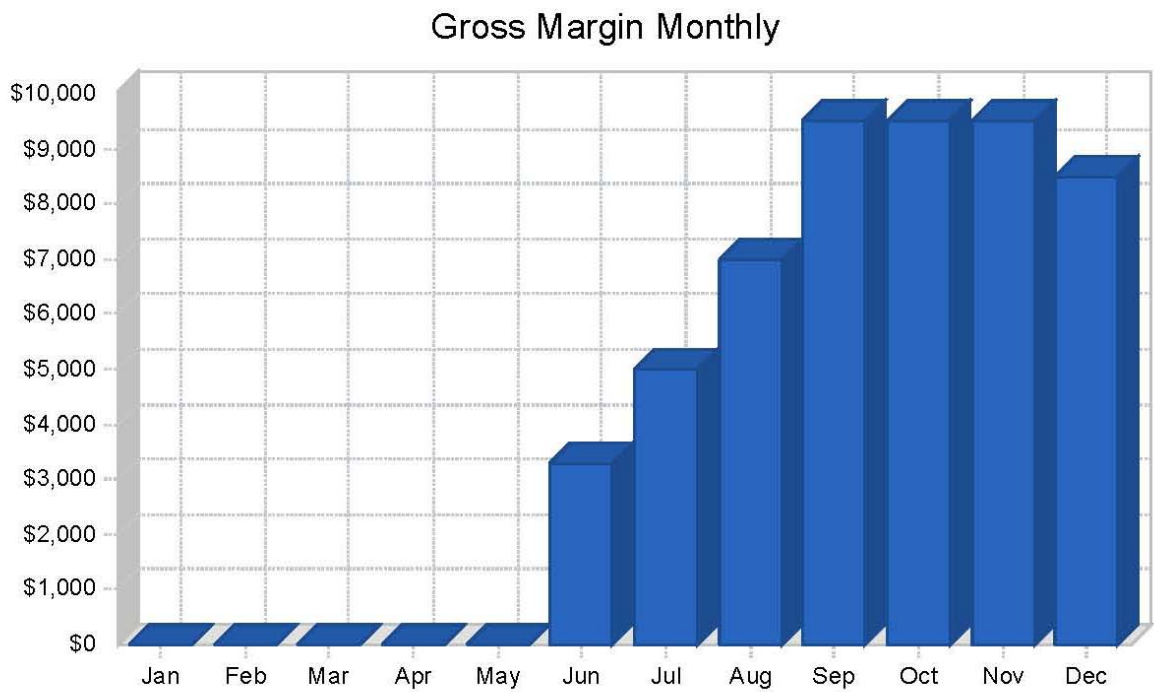


Chart: Gross Margin Yearly



**APPENDIX G-6 – PROJECTED BALANCE SHEET**

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>					
	2011	2012	2013	2014	2015
<b>Assets</b>					
Current Assets					
Cash	\$71,720	\$189,378	\$458,460	\$844,194	\$1,312,455
Accounts Receivable	\$13,533	\$110,650	\$153,208	\$204,277	\$238,323
Other Current Assets	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$85,254	\$300,028	\$611,667	\$1,048,471	\$1,550,778
Long-term Assets					
Long-term Assets	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0
Total Assets	\$85,254	\$300,028	\$611,667	\$1,048,471	\$1,550,778
<b>Liabilities and Capital</b>	2011	2012	2013	2014	2015
Current Liabilities					
Accounts Payable	\$9,022	\$32,436	\$43,516	\$57,634	\$67,859
Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$9,022	\$32,436	\$43,516	\$57,634	\$67,859
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$9,022	\$32,436	\$43,516	\$57,634	\$67,859
Paid-in Capital	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650
Retained Earnings	(\$18,650)	(\$17,418)	\$173,942	\$474,502	\$897,187
Earnings	\$1,232	\$191,360	\$300,560	\$422,685	\$492,082
Total Capital	\$76,232	\$267,592	\$568,152	\$990,837	\$1,482,919
Total Liabilities and Capital	\$85,254	\$300,028	\$611,667	\$1,048,471	\$1,550,778
<b>Net Worth</b>	\$76,232	\$267,592	\$568,152	\$990,837	\$1,482,919

## APPENDIX G-7 – BUSINESS RATIOS

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 8742, Management Consulting Services, are shown for comparison.

Table: Ratios

<i>Ratio Analysis</i>	2011	2012	2013	2014	2015	Industry Profile
Sales Growth	n.a.	717.61%	38.46%	33.33%	16.67%	2.87%
Percent of Total Assets						
Accounts Receivable	15.87%	36.88%	25.05%	19.48%	15.37%	20.28%
Other Current Assets	0.00%	0.00%	0.00%	0.00%	0.00%	59.10%
Total Current Assets	100.00%	100.00%	100.00%	100.00%	100.00%	83.86%
Long-term Assets	0.00%	0.00%	0.00%	0.00%	0.00%	16.14%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities	10.58%	10.81%	7.11%	5.50%	4.38%	40.82%
Long-term Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	36.82%
Total Liabilities	10.58%	10.81%	7.11%	5.50%	4.38%	77.65%
Net Worth	89.42%	89.19%	92.89%	94.50%	95.62%	22.35%
Percent of Sales						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	65.79%	64.62%	66.67%	66.67%	65.71%	75.47%
Selling, General & Administrative Expenses	64.24%	35.18%	33.27%	31.44%	30.57%	36.59%
Advertising Expenses	4.47%	0.62%	0.50%	0.42%	0.46%	0.94%
Profit Before Interest and Taxes	2.38%	45.29%	51.38%	54.19%	54.07%	6.66%
Main Ratios						
Current	9.45	9.25	14.06	18.19	22.85	1.49
Quick	9.45	9.25	14.06	18.19	22.85	1.38
Total Debt to Total Assets	10.58%	10.81%	7.11%	5.50%	4.38%	77.65%
Pre-tax Return on Net Worth	2.49%	110.02%	81.39%	65.63%	51.05%	104.64%
Pre-tax Return on Assets	2.22%	98.12%	75.60%	62.02%	48.82%	23.39%
Additional Ratios	2011	2012	2013	2014	2015	
Net Profit Margin	1.55%	29.44%	33.40%	35.22%	35.15%	n.a
Return on Equity	1.62%	71.51%	52.90%	42.66%	33.18%	n.a
Activity Ratios						
Accounts Receivable Turnover	5.87	5.87	5.87	5.87	5.87	n.a
Collection Days	29	35	54	54	58	n.a
Accounts Payable Turnover	7.12	12.17	12.17	12.17	12.17	n.a
Payment Days	27	19	26	26	28	n.a
Total Asset Turnover	0.93	2.17	1.47	1.14	0.90	n.a

Debt Ratios						
Debt to Net Worth	0.12	0.12	0.08	0.06	0.05	n.a
Current Liab. to Liab.	1.00	1.00	1.00	1.00	1.00	n.a
Liquidity Ratios						
Net Working Capital	\$76,232	\$267,592	\$568,152	\$990,837	\$1,482,919	n.a
Interest Coverage	0.00	0.00	0.00	0.00	0.00	n.a
Additional Ratios						
Assets to Sales	1.07	0.46	0.68	0.87	1.11	n.a
Current Debt/Total Assets	11%	11%	7%	5%	4%	n.a
Acid Test	7.95	5.84	10.54	14.65	19.34	n.a
Sales/Net Worth	1.04	2.43	1.58	1.21	0.94	n.a
<b>Dividend Payout</b>	0.00	0.00	0.00	0.00	0.00	n.a

## APPENDIX G-8 – 2011 PRO FORMAS

<b>Sales Forecast</b>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales												
Consulting Projects	\$0	\$0	\$0	\$0	\$0	\$3,000	\$5,000	\$8,000	\$9,000	\$9,000	\$9,000	\$9,000
Training Services	\$0	\$0	\$0	\$0	\$0	\$2,000	\$2,500	\$3,000	\$5,000	\$5,000	\$5,000	\$5,000
Total Sales	\$0	\$0	\$0	\$0	\$0	\$5,000	\$7,500	\$11,000	\$14,000	\$14,000	\$14,000	\$14,000
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Consulting Projects	\$0	\$0	\$0	\$0	\$0	\$1,000	\$1,500	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Training Services	\$0	\$0	\$0	\$0	\$0	\$700	\$1,000	\$1,000	\$1,500	\$1,500	\$1,500	\$2,500
<b>Subtotal Direct Cost of Sales</b>	\$0	\$0	\$0	\$0	\$0	\$1,700	\$2,500	\$4,000	\$4,500	\$4,500	\$4,500	\$5,500

<b>Personnel Plan</b>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Stephen Khovananth	\$0	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Michel Jichlinski	\$0	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Office Manager / Contract Administrator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People	2	2	2	2	2	2	2	2	2	2	2	2
<b>Total Payroll</b>	\$0	\$0	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000



<b>Pro Forma Profit and Loss</b>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales		\$0	\$0	\$0	\$0	\$0	\$5,000	\$7,500	\$11,000	\$14,000	\$14,000	\$14,000	\$14,000
Direct Cost of Sales		\$0	\$0	\$0	\$0	\$0	\$1,700	\$2,500	\$4,000	\$4,500	\$4,500	\$4,500	\$5,500
Other Costs of Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales		\$0	\$0	\$0	\$0	\$0	\$1,700	\$2,500	\$4,000	\$4,500	\$4,500	\$4,500	\$5,500
Gross Margin		\$0	\$0	\$0	\$0	\$0	\$3,300	\$5,000	\$7,000	\$9,500	\$9,500	\$9,500	\$8,500
Gross Margin %		0.00%	0.00%	0.00%	0.00%	0.00%	66.00%	66.67%	63.64%	67.86%	67.86%	67.86%	60.71%
Expenses													
Payroll		\$0	\$0	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Marketing/Promotion		\$250	\$258	\$266	\$274	\$282	\$290	\$299	\$308	\$317	\$327	\$337	\$347
Depreciation		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance		\$0	\$0	\$0	\$0	\$0	\$500	\$250	\$250	\$250	\$250	\$250	\$250
Payroll Taxes	15%	\$0	\$0	\$0	\$0	\$0	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Software Development	15%	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other		\$250	\$250	\$250	\$250	\$250	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Total Operating Expenses		\$3,500	\$3,508	\$3,516	\$3,524	\$3,532	\$6,590	\$4,349	\$4,358	\$4,367	\$4,377	\$4,387	\$4,397
Profit Before Interest and Taxes		(\$3,500)	(\$3,508)	(\$3,516)	(\$3,524)	(\$3,532)	(\$3,290)	\$651	\$2,642	\$5,133	\$5,123	\$5,113	\$4,103
EBITDA		(\$3,500)	(\$3,508)	(\$3,516)	(\$3,524)	(\$3,532)	(\$3,290)	\$651	\$2,642	\$5,133	\$5,123	\$5,113	\$4,103
Interest Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred		(\$1,225)	(\$1,228)	(\$1,231)	(\$1,233)	(\$1,236)	(\$1,152)	\$228	\$925	\$1,797	\$1,793	\$1,790	\$1,436
Net Profit		(\$2,275)	(\$2,280)	(\$2,285)	(\$2,291)	(\$2,296)	(\$2,139)	\$423	\$1,717	\$3,336	\$3,330	\$3,323	\$2,667
<b>Net Profit/Sales</b>		0.00%	0.00%	0.00%	0.00%	0.00%	-42.77%	5.64%	15.61%	23.83%	23.79%	23.74%	19.05%

<b>Pro Forma Cash Flow</b>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received													
Cash from Operations													
Cash Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash from Receivables		\$0	\$0	\$0	\$0	\$0	\$167	\$5,083	\$7,617	\$11,100	\$14,000	\$14,000	\$14,000
Subtotal Cash from Operations		\$0	\$0	\$0	\$0	\$0	\$167	\$5,083	\$7,617	\$11,100	\$14,000	\$14,000	\$14,000
Additional Cash Received													
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received		\$0	\$0	\$0	\$0	\$0	\$167	\$5,083	\$7,617	\$11,100	\$14,000	\$14,000	\$14,000
Expenditures		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Expenditures from Operations													
Cash Spending		\$0	\$0	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Bill Payments		\$76	\$2,275	\$2,280	\$2,286	\$2,291	\$2,391	\$5,136	\$5,150	\$7,329	\$8,664	\$8,670	\$8,698
Subtotal Spent on Operations		\$76	\$2,275	\$2,280	\$2,286	\$2,291	\$4,391	\$7,136	\$7,150	\$9,329	\$10,664	\$10,670	\$10,698
Additional Cash Spent													
Sales Tax, VAT, HST/GST Paid Out		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent		\$76	\$2,275	\$2,280	\$2,286	\$2,291	\$4,391	\$7,136	\$7,150	\$9,329	\$10,664	\$10,670	\$10,698
Net Cash Flow		(\$76)	(\$2,275)	(\$2,280)	(\$2,286)	(\$2,291)	(\$4,224)	(\$2,053)	\$466	\$1,771	\$3,336	\$3,330	\$3,302
<b>Cash Balance</b>		<b>\$74,924</b>	<b>\$72,649</b>	<b>\$70,369</b>	<b>\$68,083</b>	<b>\$65,792</b>	<b>\$61,568</b>	<b>\$59,515</b>	<b>\$59,982</b>	<b>\$61,753</b>	<b>\$65,089</b>	<b>\$68,419</b>	<b>\$71,720</b>

<b>Pro Forma Balance Sheet</b>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Assets</b>	<b>Starting Balances</b>												
Current Assets													
Cash	\$75,000	\$74,924	\$72,649	\$70,369	\$68,083	\$65,792	\$61,568	\$59,515	\$59,982	\$61,753	\$65,089	\$68,419	\$71,720
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$4,833	\$7,250	\$10,633	\$13,533	\$13,533	\$13,533	\$13,533
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$75,000	\$74,924	\$72,649	\$70,369	\$68,083	\$65,792	\$66,402	\$66,765	\$70,615	\$75,286	\$78,622	\$81,952	\$85,254
Long-term Assets													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$75,000	\$74,924	\$72,649	\$70,369	\$68,083	\$65,792	\$66,402	\$66,765	\$70,615	\$75,286	\$78,622	\$81,952	\$85,254
<b>Liabilities and Capital</b>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Current Liabilities													
Accounts Payable	\$0	\$2,199	\$2,204	\$2,209	\$2,214	\$2,219	\$4,967	\$4,908	\$7,040	\$8,375	\$8,381	\$8,387	\$9,022
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$2,199	\$2,204	\$2,209	\$2,214	\$2,219	\$4,967	\$4,908	\$7,040	\$8,375	\$8,381	\$8,387	\$9,022
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$2,199	\$2,204	\$2,209	\$2,214	\$2,219	\$4,967	\$4,908	\$7,040	\$8,375	\$8,381	\$8,387	\$9,022
Paid-in Capital	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650	\$93,650
Retained Earnings	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)	(\$18,650)
Earnings	\$0	(\$2,275)	(\$4,555)	(\$6,841)	(\$9,131)	(\$11,427)	(\$13,566)	(\$13,142)	(\$11,425)	(\$8,089)	(\$4,759)	(\$1,435)	\$1,232
Total Capital	\$75,000	\$72,725	\$70,445	\$68,159	\$65,869	\$63,573	\$61,435	\$61,858	\$63,575	\$66,911	\$70,241	\$73,565	\$76,232
Total Liabilities and Capital	\$75,000	\$74,924	\$72,649	\$70,369	\$68,083	\$65,792	\$66,402	\$66,765	\$70,615	\$75,286	\$78,622	\$81,952	\$85,254
<b>Net Worth</b>	<b>\$75,000</b>	<b>\$72,725</b>	<b>\$70,445</b>	<b>\$68,159</b>	<b>\$65,869</b>	<b>\$63,573</b>	<b>\$61,434</b>	<b>\$61,858</b>	<b>\$63,575</b>	<b>\$66,911</b>	<b>\$70,241</b>	<b>\$73,565</b>	<b>\$76,232</b>

