



MEMBERSHIP GUIDELINES FOR THE STAGE2 BUSINESS ACCELERATOR

The Stage2 Business Accelerator plans to focus on recruiting member companies that meet most or all of the following criteria:

- Management Team with meaningful equity stakes**
- Full time management team with at least 2 employees**
- Companies with a superior competitive position in a defensible market niche**
- A focused Business Strategy that promotes company growth**
- A defined Product (Service company's must define its service product)**
- Minimum projected annualized revenues of approximately \$250,000 for the coming 12 month period**
- A formal Business Plan with the business elements detailed in Attachment "A" responded to and the Questions in Attachment "B" answered**
- The management environment of understanding their support needs and seeking professional business support**
- The willingness of management to accept a focused "36 Month Business Roadmap for Success" developed in conjunction with its Advisory Board**
- The willingness of management to develop an Advisory Board comprised of senior management members. Management will report at least quarterly to the Advisory Board on the Company's progress on its Business Plan Roadmap.**
- Growth focused business model with ability to attract capital; and the alignment of interests with management and other significant investors**
- Companies generating predictable operating cash flow with low technology and market risk**
- Repayment of current and future debt is not dependent upon future growth**
- Willingness to exit the Business Accelerator at the end of 3 years**
- Financial picture modeling structure which provides for reasonable margin for error**
- Diversified, stable customer / payor base**
- The entity has until the beginning of its next calendar year to make the transition to a C corporation. The purpose of this requirement is to position the entity for potential capital expansion. Members of the accelerator are to be considered C corporation tax entities (filing annual corporate income tax Form 1120). The member can be incorporated or a limited liability company electing to be taxed as a "C" corporation.**
- Will provide a certificate of insurance for business liability, errors and omissions and other appropriate coverage within their industry (see *Attachment "C"*). This will be fully defined in the member contract.**
- Must be a member of the North Fulton County Chamber of Commerce.**
- Must provide the Stage2 Business Accelerator with 2% of the Exit sales price**

Stage2 Business Accelerator

Special Consideration will be provided to Companies in the following industry areas:

- Healthcare Services**
- Security-related Software products and services**
- Financial Services (including Insurance and related services)**
- Biopharma products**
- Telecom Services**

Attachment "A"

Companies that are seeking membership into the Business Accelerator are asked to submit a formal business plan detailing the following elements. We request that the submitted business plan be in this order so that the Committee selecting the members of the Business Accelerator can better understand the Company's business model.

- 1. The Company (Executive Overview)**
- 2. Business Strategy**
- 3. Market Opportunity**
- 4. Management Team**
- 5. Products and Services with Unique Value Proposition**
- 6. Customers**
- 7. Sales and Marketing Strategy**
- 8. Strategic Partnerships and Alliances**
- 9. Competition**
- 10. Revenue Model**
- 11. Financial History & Projections**
- 12. Capital Requirements and Use of Funds**
- 13. Exit Strategy**

Attachment "B"

Areas that should be addressed in the Business plan include

1. Does the Company have a strong, been there-done it management team?
(Please provide the Management Team's names and related experience)
2. How well does the Management Team understand the U.S. Market?
3. Does the Management team understand the U.S. regulatory and reimbursement (if applicable) environment?
4. What are the culture, behavior and chemistry characteristics of the management team?
5. Is there a real "PASSION" for the product that transcends the economic potential?
6. How much "skin" (personal capital) does Management have in the company? This excludes deferred compensation.
7. What are the Company's current revenues?
8. Does the Company have current customers and contracts?
9. What is the total value of the Company contracts?
10. What is the Company's Pro Forma?
11. Does the Company have reasonable cash on hand?
12. Does the Company have outside investors?
13. What is the Company's burn rate?
14. Is the Company profitable now or will it be within a reasonable time frame (1-2 years)?
15. Is the Company's valuation reasonable?
16. How much capital does the Company need?
17. What would the capital be used for?
18. What is the product's unique value proposition?
19. What would undermine that value proposition?
20. What is the problem that created the market?
21. Does the market customer know that there is a problem?
22. Is the market customer motivated to fix the problem?
23. What is the overt benefit to the customer?
24. Is there a "dramatic" difference to the customer?
25. Who does the Company focus on as key customers?

Attachment "B" (continued)

26. Does the company have key customer advocates?
27. Who are the Company's prospects?
28. Describe the Company's sales pipeline?
29. Who are the Company's competitors?
30. What is the competition's market position?
31. How difficult would it be to replicate the product?
32. What are the barriers to entry for new competitors?
33. What is the current product's environment?
34. Is the product Beta tested?
35. Is the product patented?
36. How strong is the intellectual property?
37. What technology does the product use?
38. What is the Company's exit strategy?
39. Is the Company a candidate for merger/rollup/consolidation?
40. Who would be the Company's assumed purchasers?
41. Is there synergy, compatibility with current investments and other tangibles/intangibles?

Attachment "C"

Below are the Insurance Guidelines for the Stage2 Business Accelerator

Insurance

Buying business insurance is among the best ways to prepare for the unexpected. Without proper protection, misfortunes such as the death of a partner or key employee, embezzlement, a lawsuit, or a natural disaster could spell the end of a thriving operation

Ranging from indispensable worker's compensation insurance to the relatively obscure executive kidnapping coverage, insurance is available for nearly any business risk. Considering the multitude of available options, business owners must carefully weigh whether the cost of certain premiums will justify the coverage for a given risk.

General Liability

Many business owners buy general liability or umbrella liability insurance to cover legal hassles due to claims of negligence. These help protect against payments as the result of bodily injury or property damage, medical expenses, the cost of defending lawsuits, and settlement bonds or judgments required during an appeal procedure.

Product Liability

Every product is capable of personal injury or property damage. Companies that manufacture, wholesale, distribute, and retail a product may be liable for its safety. Additionally, every service rendered may be capable of personal injury or property damage. Businesses are considered liable for negligence, breach of an express or implied warranty, defective products, and defective warnings or instructions.

Internet Business Insurance

Web-based businesses may wish to look into specialized insurance that covers liability for damage done by hackers and viruses. In addition, e-insurance often covers specialized online activities, including lawsuits resulting from meta tag abuse, banner advertising, or electronic copyright infringement.

Worker's Compensation

Required in every state except Texas, worker's compensation insurance pays for employees' medical expenses and missed wages if injured while working. The amount of insurance employers must carry, rate of payment, and what types of employees must be carried varies depending on the state. In most cases, business owners, independent contractors, domestic employees in private homes, farm workers, and unpaid volunteers are exempt.

Criminal Insurance

No matter how tight security is in your workplace, theft and malicious damage are always possibilities. While the dangers associated with hacking, vandalism, and general theft are obvious, employee embezzlement is more common than most business owners think. Criminal insurance and employee bonds can provide protection against losses in most criminal areas.

Attachment "C" (continued)

Business Interruption Insurance

Some businesses may wish to acquire insurance that covers losses during natural disasters, fires, and other catastrophes that may cause the operation to shut down for a significant amount of time.

Key Person Insurance

In addition to a business continuation plan that outlines how the company will maintain operations if a key person dies, falls ill, or leaves, some companies may wish to buy key person insurance. This type of coverage is usually life insurance that names the corporation as a beneficiary if an essential person dies or is disabled.

Malpractice Insurance

Some licensed professionals need protection against payments as the result of bodily injury or property damage, medical expenses, the cost of defending lawsuits, investigations and settlements, and bonds or judgments required during an appeal procedure.