

myphone@directories: the sunrise of directory driven telephony



myphone@directories business plan draft 6

May 2004

For discussion purposes

Life is what happens to you while you're busy making other plans – John Lennon

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*Be wary of the man who urges an action in which he himself incurs no risk.
Joaquin Setanti*

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The most merciful thing in the world . . . is the inability of the human mind to correlate all its contents. - H. P. Lovecraft

Executive Summary

An Exciting Investment Opportunity

Directory driven telephony heralds the great paradigm shift of the 21st century much the plain old telephone was the great invention at the end of 19th century followed by digital computing and the Internet as the breakthroughs of the 20th century.

The global market of circuit switched telephony worth three trillion dollars US\$3T will be over the next decade largely replaced by directory driven VoIP telephony based on the Session Initiation Protocol. Carriers and other Internet Access and Transmission providers will move from billing circuit switched calls based on distance or time into billing IP data services based on volume and Quality of Service QoS. Directory services will be a key enabler in this transition.

The 21st century will be the century of directory services from the kernels of modern operating systems, to IP telephony, e-business and any other activity requiring the authentication, allocation, control, and location of resources from people objects to machines.

myphone@directories represents a unique breakthrough in extending history telephone directories also known as white and yellow pages from names, physical addresses and phone numbers to any identifiable telecommunications service and in particular email addresses URLs and SIP URLs that are just another form of email addresses.

We aim at servicing ENUM ([RFC 2916](#)) is the Internet Engineering Task Force (IETF) protocol market that will assist in the convergence of the Public Switched Telephone Network (PSTN) and the IP network; it is the mapping of a telephone number from the PSTN to Internet services--telephone number in, URL out. ENUM was developed as a solution to the question of how to find services on the Internet using only a telephone number, and how telephones, which have an input mechanism limited to twelve keys on a keypad, can be used to access Internet services. Probably the most exciting application is an improvement in Voice over IP, in which telephone calls can be made over the Internet. Other applications include addressing for fax machines, e-mail, instant messaging, and web sites. The possibilities are enormous.

Our objective is to propel myphone@directories into a US\$2b business by year 5 just by seamlessly integrating directory services with email and telephone numbers with further exponential growth following with the bulk adoption of SIP directories.

Make no little plans; they have no magic to stir men's blood.... Make big plans... aim high in hope and work. Daniel H. Burnham

Industry & Product Background

The first ARPANET and subsequently Internet killer application was email based on the Simple Mail Transfer Protocol SMTP RFC 821 authored by Jonathan B. Postel August 1982.

Coming from the two different, but very similar directory requirements, of humans and computers, the international standardisation of the Directory was born. Originally, there were three parallel activities. On the one hand there was the CCITT (now the ITU-T), whose major concern was to provide a white pages service that would return either the telephone numbers or X.400 O/R addresses of people, and on the other there was the International Standards Organisation (ISO) and the European Computer Manufacturers Association (ECMA), who were concerned mainly with providing the name server service for Open Systems Interconnection (OSI) applications. Inevitably, the two tracks would merge, and they did in 1986, with the formation of the Joint ISO/CCITT working group on Directories.

The great debate of OSI versus IETF's IP/TCP raged for some five years from late 1980s to early 1990s with X.400 message handling and file transfer access method falling by the wayside for the SMTP and FTP. Subsequently by 1996 IETF released a Light Weight Directory Service Protocol LDAP. Whilst OSI has for all practical purposes being supplanted by IETF protocols, the directory service protocols X.500 and LDAP still coexist and are supported in parallel by most vendors. The Lightweight Directory Access Protocol (LDAP) is a protocol for accessing online directory services. It runs directly over TCP, and can be used to access a standalone LDAP directory service or to access a directory service that is back-ended by X.500.

Novel Directory Services NDS was the first major implementation of X.500 closely followed by Netscape/iPlanet/Sun LDAP and more recently by the Microsoft Active Directory.

The plain old telephone directories were among the early adopters of directory services and are known as Online White and Yellow Pages. Traditionally the printed Yellow Pages have been most profitable of all directory services due to heavy print advertising revenues. For example, Pacific Access, a wholly owned subsidiary of Telstra, has revenues in excess of \$A1b with 450,000 customers.

Men are generally idle, and ready to satisfy themselves, and intimidate the industry of others, by calling that impossible which is only difficult. - Samuel Johnson

Background on the Consortium

The background on the consortium were a series of feasibility studies and subsequent large scale implementations of messaging and directory services by Ben Livson BL and his teams on behalf of the NSW Government 1995-1996 and Telstra 1997-1998. In particular, the early work by Netscape and Sun for Sweden Post's @post unified messaging initiative lead to a series of studies for Australia Post by Ben Livson and John Carruthers JC back in 1998-1999.

March 1998 BL presented to Telstra a proposal for email addressing based on the full national numbering of telephony.

BL and JC presented the initial concepts late 1998 in a joint workshop attended by Australia Post and Pacific Access – a subsidiary of Telstra – the full range of concepts including integration of directory services with email addressing based on the full national numbering of telephony.

Subsequently, BL has continued to develop and document the requirements and design of myphone@directories with PM managing the implementation of Telstra BigPond messaging for more 1m users. Subsequently, PM has been at the forefront of VoIP telephony and SIP technology. More recently in 2000-2001 BL and JC have worked intensively in the venture capital market for commercializing startup technology.

Product

myphone@directories is a series of directory service products:

1. **myphone@directories activation-provisioning** is a core product that enables a customer to self-activate and self-provision her directory service details. The activation product authenticates the identity of the customer and her ownership of the directory service entity – the full national telephone in the case of White Pages Online. Activation establishes a customer billing relationship with the directory service provider. The activation-provisioning module also enables customers for a fee to add new types of directory information whether only on-line or in print format or both. Yellow Pages implementation will interface to a full-scale advertising package.
2. **myphone@directories tagging** enables customers to add and maintain mail-to, URL and SIP URL tags. We believe that this service alone could multiply the customer base of traditional print form telephony directory service providers such as Pacific Access that in effect are currently limited to names, physical addresses and phone numbers. Whilst manual tagging of email addresses and URLs is offered via the sales force less than 1% of White Pages customers have adopted these cumbersome and costly manual procedures. Most customers are not even aware of such services as they are not promoted. The value proposition to small business including SOHOs of self activating and self-provisioning their Internet presence is very high. For example, a business can use White Pages Online, to forward all the email to a new address without being burdened to inform all the customers about the change of the email address, say due to a change in the Internet Access Provider. Whilst such services are provided by others, for example, Bigfoot.com, most of the public is aware of White Pages and wants to bookmark only the select few favorites such as White Pages.
3. **myphone@directories forward** emails addressed to myphone@directories such as myphone@whitepages.com.au without customers having to know or find email addresses. Thus, email addressed to 61414250437@whitepages.com.au or 0414250437@whitepages.com.au would be forwarded to ben.livson@bal.com.au . Customers would have to guess where to find Ben Livson's email address or how his name is spelt e.g. livson, lifson or lipson or which form his email address might take e.g. blivson, livsonb, ben, benjamin, livson, ben.livson or ben_livson and under what domain his email address might be. The only thing customers need to know is his phone number.
4. **myphone@directories extras** include anti-spam protection and virus scan of email forwarded, aliases of the form alias.myphone@directories enabling forwarding to multiple members of a family or a business under a single phone number, for example and a spam protected list server.
5. **myclub@directories** is a premium service enabling businesses to set up closed email user groups or communities and also to enable legally admissible messaging with proof of delivery, encryption and archiving with possible insurance policies.

6. myphone@directories hosting is an off-shoot where we provide authentication, billing and URL tagging with the actual hosting being an outsourced service.
7. myphone@directories SIP tagging and plug-in enable directory driven VoIP telephony. This revolutionary directory service will eventually produce more revenue than all other directory services combined.

The Technology

myphone@directories uses standard infrastructure email forwarding called SMTP relay service, and standard interfaces to X.500 and LDAP based directory services with off-the-shelf for service activation including CLI/IVR to verify customer's access to a telephone – a necessary step in the authentication of a customer. The project's emphasis is on business development and systems integration. The amount of software to be developed for stage 1 services is not large but requires sophistication being systems software for interfaces. Where possible we will purchase existing products for email ant-spam and filtering and for the various extras and premium services.

Stage 2 enables directory driven SIP standard VoIP telephony presents the bulk of R&D required. Most of the work carried so far has to remain as a Trade Secret except to say that myphone@directories implements SIP as a form of email addresses with a plug-in that enables seamless VoIP telephony from the directory listing to connect the SIP enabled IP phones at both ends via SIP exchanges.

SIP, Session Initiation Protocol by <http://www.hotsip.com/>

The Internet multimedia architecture together with the new generation of communication networks will lift the creation of services in the IP-based world, unleashing a wealth of creativity. SIP (or Session Initiation Protocol) is the key enabler of this new Internet architecture and future wireless networks.

SIP services will be characterized by:

One single address for all communication (a SIP address, e.g. joe@hotsip.com)
Terminal-independency (computer, phone, wireless terminal, PDA, etc.)
A free choice of communication media (ranging from instant messages to video conferencing and gaming)
Simple use and extensive abilities to control and tailor the personal communication environment

SIP is an open standard that has been developed by the IETF (Internet Engineering Task Force), the organization that standardizes the cornerstones of the Internet and E-mail. SIP has also been chosen as the standard for signaling in third generation mobile networks. This guarantees that investments in SIP solutions are "future proof", and that an abundance of coming SIP communication applications will be able to work together.

For more information about SIP please refer to:

http://www-i.mitre.org/support/papers/tech_papers_01/jones_session/jones.pdf
www.sipforum.org
www.sipcenter.com
<http://www.cs.columbia.edu/~hgs/sip/>
<ftp://ftp.rfc-editor.org/in-notes/rfc3219.txt> **Telephony Routing over IP**
<http://www.3gpp.org/> **The 3rd Generation Partnership Project (3GPP)**
<http://www.ietf.org/html.charters/pint-charter.html> **PSTN and Internet Internetworking**
<http://www.pulver.com/> "Voice of the IP Communications Industry (tm)"
<http://www.hotsip.com/> SIP based Presence products

A few key notes of these sources follow:

- Gateways enable interoperability between IP and PSTN phones
- SIP-H.323 will be interoperable
- SIP-WAP Wireless Application Protocol will be interoperable
- SIP-IMPP Instant Messaging Presence & Awareness Protocol will be interoperable
- SIP is supported by key industry leaders including Microsoft, Cisco, AT&T, British Telecom, IBM, Sun and some 60 other IT&T blue chips
- SIP is supported by Microsoft's new XP operating system and the Messenger product.
- 3G is dedicated to using SIP for call control allowing seamless integration of wireless terminals into IP networks.

A key aspect in our myphone@directories is to be an early adopter of ENUM (RFC 2916) is the Internet Engineering Task Force (IETF) protocol that will assist in the convergence of the Public Switched Telephone Network (PSTN) and the IP network; it is the mapping of a telephone number from the PSTN to Internet services-- telephone number in, URL out. ENUM was developed as a solution to the question of how to find services on the Internet using only a telephone number, and how telephones, which have an input mechanism limited to twelve keys on a keypad, can be used to access Internet services.

Probably the most exciting application is an improvement in Voice over IP, in which telephone calls can be made over the Internet. Other applications include addressing for fax machines, e-mail, instant messaging, and web sites. The possibilities are enormous.

The word "ENUM" refers to the IETF protocol that takes a complete, international telephone number and resolves it to a series of URLs using a Domain Name System (DNS)-based architecture.

For more information please see www.enum.org

Stage of Development

myphone@directories is six months from completing a full-functionality stage-1 prototype. Major R&D funding is required for Stage 2 directory enabled SIP VoIP telephony. The current stage 1 development focuses on:

Activities [a list of tasks proposed to achieve the objective]	Milestones [key points and dates which mark significant stages of project implementation]	Performance Indicators [a statement of measurable outputs which reflects the ongoing activities and the extent to which they indicate progress towards meeting the project objective]
Develop Strategy, Plan the Business and Marketing	Strategy, Business and Marketing Plans	Review by all Parties
Specify	User and System Requirements Spec.	Review by all Parties
Design	System Architecture & Design	Review by all Parties
Write Directories Implementation	Negotiated implementation plan	Acceptance by a directory service provider
Prototype & Pilot	Complete Beta Product	Demonstrable pilot service
Develop Product Marketing & Sales	Marketing & Sales Collateral	Ability to offer the product to providers

Market Analysis

Competitive Advantages

Stage 1 of myphone@directories is targeted at enabling telephony directory service providers such as Pacific Access Whitepages Online to:

- Reach a very small business customer base that otherwise would decline traditional print directory offerings as unaffordable and cumbersome.

We expect to increase the customer base of such a directory service provider many-fold.

- Save cost by enabling customers to self-activate and self-provision, thus saving cost to customer care and reducing cost of sales.
- Increase revenue by allowing customers to advertise.
- Extend the dimensions of a directory from names, physical addresses and phone numbers to include email addresses, URLs and SIP URLs.
- Enable rapid definition of new types of tagged addressable content such as instant messaging as well unstructured advertising content.

Obviously, directory service providers that implement our technology will have an overwhelming competitive advantage over the traditional providers. Such advantage should be sufficient to convince even the most sheltered incumbent to adopt our technology.

Our technology does not, however, have any sustainable competitive advantage forcing us to invest heavily in R&D to stay always ahead of competition. Our advantage, however, is not only in knowledge but in the degree of specialization in a niche market. It is noteworthy that we do not try to be *'all to things to all men'* by providing general directory service software or services. All we stay away from the general e-business directory – shopping catalogue style markets. Also we stay away from the 411.com style **"SEARCH People - Find Anyone. Check Public Records for Background, Bankruptcies, Criminal Record, Liens, Judgments, Corporate Affiliations"**.

Also, we will refrain from head-to-head competition with [Switchboard Inc.](#) that is a leading Internet-based local merchant network interconnecting consumers, merchants and national advertisers. Switchboard connects consumers searching for specific products and services with the merchants that provide them. Headquartered in Westborough, Mass., Switchboard Incorporated is the leading provider of directory platforms to partners interested in developing an online Yellow Pages business to promote local and national businesses across a full range of Internet and wireless platforms. As a matter of interest the market capitalisation of Switchboard Inc. (NASDAQ: SWBD) revenues in fiscal 2000 exceeded US\$20m. According to the Kelsey Group the printed Yellow Pages revenue in the USA exceeds \$US13b or 25 x Australian market. Revenue per employee exceeds \$US267,000 and gross profit US\$16m or 80% rings Switchboard Inc. as a success story – one of the few profitable dotcoms. The above is sourced from the year 2000 annual report of Switchboard Inc. http://www.shareholder.com/swbd/downloads/swbd_ar00.pdf

Interestingly, the revenue model of Switchboard Inc. is completely different from ours with 58% from advertising, 17% from syndication & licensing and 25% merchant services whereas myphone@directories revenue is from licensing its technology to directory service providers and/or revenue sharing directory subscription services.

We believe that stage 2 development of directory enabled SIP VoIP telephony will provide us with a unique sustainable competitive advantage.

We believe that s is ideally positioned to focus on directory driven IP telephony and does not carry any old baggage unlike the current competition.

Competitor Analysis

myphone@directories competitors can be classified into five classes:

1. Those existing telephony directory service providers that view the technology as a business revenue stream e.g. the Israeli Dapei Zahav (Yellow Pages)
2. Next generation yellow pages technology providers and content aggregators. As an example we have discussed Switchboard Inc. and 411.com.
3. Specialist value-add email providers such as Bigfoot.com.
4. Major web portals, ISPs and free web mail providers such as AOL, Yahoo, Hotmail etc.
5. Future SIP VoIP directories, exchanges and providers.

Whilst there will be significant competition for anything as profitable and with the upside of our technology, we believe that most companies in the above classes will end up our major customers. Our reasoning is that we are a specialist technology platform provider and are not seen as a threat as myphone@directories is **not** involved in directory **content** aggregation or provision. Also, our focus on the niche elements of directory technology enables us a very strong differentiation. This is readily seen from the following capabilities matrix.

Feature	Myphone	Class-1	Class-2	Class-3	Class-4	Class-5
User Tagging	Yes	No	No	No	No	Limited
Email Forwarding	Yes	No	No	Yes	No	No
Integration	Yes	No	No	No	No	No
User update	Yes	No	No	Yes	Yes	Limited
IP Telephony	Yes	No	No	No	No	Yes
Content	No	Yes	Yes	No	Yes	Yes
Price	Low	High	Medium	Low	Low	N/A
Distribution	Automated	Manual	Automated	Automated	Automated	Autom
Advertising	No	Yes	Yes	Yes	Yes	N/A

Opportunities

We are currently in discussions with Pacific Access as a potential lead implementer. The focus will be initially the major telephony directory service providers.

After successful implementation of stage 1 we will approach major web portals, ISPs and free web mail providers such as AOL, Yahoo, MSN, Hotmail etc.

Stage 2 will be focused on the emerging SIP VoIP market us offering the directory technology support.

Marketing

Marketing Strategy

The myphone@directories has a two-pronged marketing strategy:

Phase-1 extends Online Directories from names, physical addresses and phone number to seamlessly incorporate email addresses and URLs. Our customers self-activate and self-provision all our services, thus marking a major departure from the sales force driven print advertising in Yellow Pages. In the case of Pacific Access by targeting the 7 million Online White Pages entries we wish to increase the customer base of Pacific Access many fold from the current 450,000 customers to in excess of two million customers.

Phase-2 builds on the phase 1 expanded customer phase by enabling directory driven VoIP/SIP telephony.

The keys to our marketing strategy are the untapped marketing potential of Online Whitepages. Telephony Directory Service providers have so far not been able to derive significant revenue from Online Whitepages with the service often incorrectly considered merely a non-profit Universal Service Obligation. Whitepages Online with our technology has the potential for revenue streams of the same order as Yellow Pages.

Our marketing strategy is wholesale licensing to telephony directory service providers such as Pacific Access. Interestingly, these providers are increasingly divested and floated as separate companies.

Our stage 2 directory driven SIP VoIP telephony reflects the 'tectonic shift' of telephony from circuit switching to IP with billing based on the volume of IP data transfer. In this context directory service providers will major beneficiaries in a huge scale which is difficult to accurate model at this stage but as an example over a ten year transition period the volume of SIP VoIP telephony could exceed US\$1T with directory services revenue in the several tens of billions of dollars. Our stage 2 revenues would be as usual based on licensing our technology to directory service providers in the order of several billion dollars US.

Licensing

myphone@directories marketing strategy is as said wholesale licensing to telephony directory service providers such as Pacific Access. Any non-core functions such as hosting will be outsourced. Sophistication in technology licensing is a critical success factor for myphone@directories. The arrangements should be pretty well tested and business benefits measured within a year of the first implementation of stage 1. Implementation of stage 2 will introduce another period of uncertainty, in particular as no prior experience exists in revenue models of directory driven IP telephony.

It would seem that the preferred licensing model is a small upfront set-up fee that covers any directory service provider specific modifications followed by a scaled share of revenue streams with Year 1 being perhaps 20% of revenue, Y2 15%, Y3 10% dropping to 5% in Y4 and subsequent. The rational really is that revenues will pick up exponentially. The royalties have to be revenue based to avoid complications.

Stage 2 presents essentially entirely new sales from the licensing perspective as the business models are so different although selling to stage 1 customers will be significantly easier.

Research and Development

A full scale R&D plan is required for Stage 2 directory driven SIP based IP telephony. An overview of stage 2 R&D will be included in the next release of this business plan.

Intellectual Property

A significant effort was made to document and protect the intellectual property:

www.bal.com.au/@postintro.ppt
www.bal.com.au/@fulfillment.ppt
<http://www.bal.com.au/patent.htm>
<http://www.bal.com.au/hybrid.htm>

hybrid post messaging
breakthrough in fulfillment
patent applications
messaging research

Stage 1 IP will be complete with trademarks and domains. The main thrust of stage-2 will be IP via trade secrets. Customers of stage 2 will be sworn to secrecy under a regime a lot stricter than the normal NDAs. Stage 2 directory driven SIP based IP telephony R&D program will require specialists in Intellectual Property management.

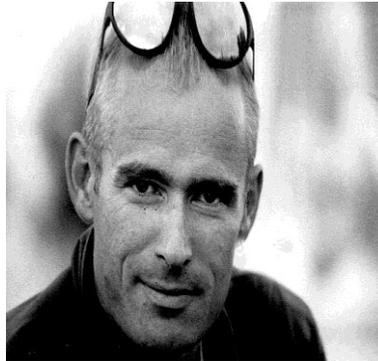
Key Personnel and Management

The myphone@directories consortium has the following messaging and directory services team with a perfect mix of business and technical skills:

- **Ben Livson, MD of BAL Consulting P/L, CEO of myphone@directories** has consulted and had executive management roles with some 30 IT&T companies from blue chips to R&D start ups with key intellectual property specializing in next generation telecommunications infrastructure including Telstra Big Pond and a whole life-cycle customer care from concept definition to operations. Ben Livson is Bachelor of Science B.Sc., Master of Science M.Sc. and Licentiate of Philosophy L.Phil. in mathematics and computer science from the University of Helsinki, Finland, MACS and Fellow of the Australian Institute of Company Directors FAICD.



- **John Carruthers, MD of Impetus.21, Directory of Strategy & Product Management of myphone@directories**, is BA, MBA - Monash University Directors' Prize 1995. John is focusing on marketing strategy, market research, change management, process re-engineering and company acquisitions. John served as Chief-of-Staff to the former Victorian Finance Minister, and as Press Secretary to the former Deputy Prime Minister of PNG. John has been Investment Manager (Partners) Australian Distributed Incubator Pty Ltd (ADI) and manager of e-business strategy for Australia Post.



- **Judd Rusnak CTO** is a senior database developer and DBA for myphone@directories with over 20 years experience in the computer industry, holding a bachelor degree in Computer Science and a Master of Science in Marketing Communication (Roosevelt University and UICC, USA). Judd's key database development and DBA roles include KPMG, Telstra, IBM GSA and EDS. Judd currently manages some of the largest web-driven database projects for the Fairfax and Channel 7 groups.



Risk Factors

Investment in the business activities of myphone@directories will be subject to risk. Investors should obtain independent professional advice about the types of risks involved with this type of investment. Investors should also carry out their own due diligence investigations into myphone@directories, its assets, liabilities and prospects.

Some of the risks that investors may face include:

No Established Market

myphone@directories does not have a trading history and is yet to establish a market for its technology. The Directors have identified a number of large potential markets, however these markets are untested. The establishment and maintenance of a market will be crucial to the success of the business. While the Directors believe that they have significantly reduced the technical and market risk through research and testing, there is no guarantee that directory service providers will adopt the myphone@directories technology.

Development of Competing Technologies

It is possible that competing technologies could be developed that would negate the effectiveness and cost benefits of myphone@directories.

Lack of Liquidity

The shares in the Company are unlisted. The Directors intend to list myphone@directories on a Stock Exchange or attempt an exit by trade sale at some time in the future; however there is no guarantee that such an exit will ever occur. If the shares are not listed, it may be difficult to value or sell the shares. Investors should be aware that their investment may not be liquid and may be long term in nature.

Reliance on Key Personnel

myphone@directories is heavily reliant upon the high degree of expertise of its key personnel. The continued service of these personnel is central to the success of the business. However, no single person is irreplaceable.

Infringement of Intellectual Property

The flow of income to myphone@directories will be reduced if directory service providers who apply the technology without entering into a licensing arrangement infringe myphone@directories's intellectual property. myphone@directories 's management will maintain policies to prevent the misuse of its intellectual property, and intend to take legal action when infringement is detected. Conversely, myphone@directories may inadvertently infringe the Intellectual Property of a third party such as a patent. To our best knowledge myphone@directories has the rights to its own proprietary technology and in other regards relies on open IETF standards not subject to IP restrictions. Stage 2 directory driven SIP VoIP telephony is subject to a significantly greater uncertainty about IP infringement and due to the very high upside is likely to face challenges such as bogus claims on IP infringement.

Technology Risk

Stage 2 of myphone@directories R&D program has a significant technology risk being leading if not bleeding edge technology for quite some time.

Competition and Legislative Challenges

Licensing of myphone@directories has to be carefully scrutinized especially when dealing with the incumbent directory service provider in any market. Any exclusivity should be restricted to a set term. Also, the best IP policy is not to try to lock out competitors from offering similar services. Rather we should be market leaders by having the best R&D and marketing.

Additional Capital Requirements

myphone@directories may in the future require further capital, and there is no guarantee that this funding will be available. If further capital cannot be raised, it may have a detrimental effect on myphone@directories's business. In particular, there is significant uncertainty about Stage 2 capital requirements.

Profitability

Investments made will be speculative in nature. No guarantee can be given as to the future profitability of myphone@directories's business or the return of investors' capital.

Financials

The financials at this stage only extend to the stage 1 Australian market with crude extrapolation for the stage 1 USA and global markets. No estimation of the order of magnitude greater stage 2 revenues is possible at this stage without extensive market research and intensive observation of the emerging directory driven IP telephony market.

Assumptions

The following pricing assumptions are subject to market research on optimizing pricing versus revenue and take-up. The preference has been to err on low prices to maximize take-up. Also, high take-up is critical for stage 2 director driven IP telephony. The following assumptions relate to stage 1 myphone@directories products:

- Base product: Mail-to Tag: \$1/month + one-off \$10 to authenticate activation
- myphone@directories forwarding: Base + \$5/month + 20c/Megabyte after first 100 Megabytes.
- Premium myphone@directories forwarding with anti-spam and virus check: extra \$5/month
- Alias.myphone@directories mail-to selection and forward: Extra \$5/month for up to 10 aliases and 10c/month for each extra alias
- Mailing list service: \$10/month up to 100-entries and 1c/month for each additional entry + 20c/MB
- myclub@directories
- Email restricted to members and their invitees.
- Membership costs \$100 pa. Each email charged 10c extra to prevent junk mail.
- Premium myphone@directories forwarding with anti-spam and virus check included with 10 aliases

- Legally admissible messaging for \$10 per message date-stamped, encrypted and archived. Collection date-stamped via use of https hyperlink email. We may outsource legally admissible messaging.
- Users in myclub@directories have to sign to opt-in for legally admissible messaging.
- www.directories/myphone
- Base product: URL at target tag: \$1/month for white pages and \$5/month for yellow pages + one-off \$10 to authenticate activation.
- Hosting: \$5/month + extras above allowable storage & traffic.
NB-1: Enable Logo and a 10-page template. Customers activate and manage content. Time to setup customer's web-presence is reduced from weeks to hours.
NB-2: Charge annual fee forward with most customers and products charging less than \$100 pa. Strongly cash flow positive.
NB-3: Hosting is a non-core outsourced service.

Projected Outcomes

Stage 1 projected outcomes for the Australian market are:

Year 2 Revenue Targets - Australia

Product	#Customers	Revenue
Mail-to Tags	200,000	\$4.4m
Mail Forward	50,000	\$3.0m
Mail Extras	10,000	\$1.0m
Myclub	10,000	\$2.0m
URL Tags	100,000	\$3.0m
Myphone Hosting	10,000	\$0.6m
Total	250,000	\$14m

NB. #Customers can subscribe to multiple services.

Year 3 Revenue Targets - Australia

Product	#Customers	Revenue
Mail-to Tags	1,000,000	\$22m
Mail Forward	250,000	\$15m
Mail Extras	50,000	\$ 5m
Myclub	50,000	\$10m
URL Tags	500,000	\$15m
Myphone Hosting	50,000	\$ 3m
Total	1,250,000	\$70m

Overseas revenue targets with a 12 month delay to US markets can be up to 25 x fold and globally up to 100-fold with a 18-to-24 month delay. Any overseas projections are premature before a success story in Australia.

Company Matters and Directory

myphone@directories consortium is under the management of BAL Consulting Proprietary Limited ABN 80 062 643 958 is an Australian unlisted private company with:

Registered Office and Place of Business

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Spruson & Ferguson

Accountant

Howard Marks

Solicitor

Maxwell Menzies

Directors

Ben Livson – Chairman

John Carruthers

Open for Investor Representative 1

Open for Investor Representative 2

Open for Investor Representative 3

Open for Investor Representative 4

Current Capital

1 Class A share, 25 Class B shares and 100,000,000 Class C Shares unassigned at \$1 each.

Share Classes

The single Class A master share is assigned to BAL Consulting P/L as the Manager of the myphone@directories consortium with the rights to allocate all unassigned Class B and C shares.

A single Class B foundation share has been allocated to each consortium member.

Class A and B shares will be converted to ordinary Class C shares on trade sale or public offering as follows:

- **Class A share converts to 5,000,000 Class C shares + the combined amount of unallocated Class B and Class C shares.**
- **Class C shares convert to 2,000,000 Class C shares.**

Evaluation

Commercial evaluation of myphone@directories follows.

Myphone@directories Commercial Evaluation

By J. Carruthers CEO/MD Impetus.21

Relationship to the applicant (Ben Livson) and the technology

My expertise is in general business strategy and more particularly the evaluation of high-tech ventures for investment. I am also the managing director of a business consultancy, Impetus21 Pty Ltd.

Most recently, I have worked as an investment manager at the Australian Distributed Incubator which makes seed cash in a range of high-tech ventures. These ventures come from sectors including telecommunications, computer software and hardware and bio-informatics. This complements my previous experience in executive positions with IT-based startup companies. As a consultant I have evaluated the strategic rationale and commercial soundness of a range of high-tech ventures. These include a free ISP service, a digital certificates service, a Web-based logistics service and an email-postal service. This supplements my experience in evaluating the strategies of more traditional businesses in the financial services and logistics sectors.

I have worked with BAL Consulting and Dr Livson in particular, for some five years. He is an outstandingly innovative technologist, an experience consultant and has well honed commercial skills, in particular in private equity investment. This is a very rare and valuable combination. Dr Livson also has an extremely practical approach to solving IT and telecommunications problems in particular.

Why this is an innovative technology with scientific credibility?

From a high-level technical standpoint Dr Livson's myphone@directories solution is both visionary and very firmly practical. This reflects his competencies, but it is also an unusual combination. Dr Livson's concept combines telecommunications, messaging and networks in clever and practical ways.

Myphone@directories leverages some established standards, and uses some well-established directory protocols, however this is blended with some distinct innovations, including the way the technology integrates email and telephone services.

In particular, Dr Livson's solution has significant potential to bridge a natural gap created in existing services for telephony services that use the Internet. Dr Livson's directory solution would enable devices being used to connect in this way to be routed to the correct destination. This is not just good technology, it also promises considerable commercial opportunities. It also promises high consumer utility which will spur uptake.

I am unaware of a similar combination of technologies being developed in the same way certainly in Australia, and most probably in the rest of the world. In my understanding, Dr Livson's directory solution is scientifically credible.

Additionally, at a detailed technical level my confidence that Dr Livson's technology can be implemented is increased because of his sustained track record in developing, testing and innovating solutions in the messaging and telecommunications space, and particularly where these technologies intersect. Myphone@directories occupies just that zone.

I have not been involved in developing the technology, and neither I nor my company Impetus21 are a licensee of the technology and nor do we hold any financial interest in the applicant or the technology.

How great is the commercial potential for this technology?

If properly implemented this technology could be extremely successful both in Australia and in other overseas markets. Clearly this will depend on several factors, including leveraging some existing infrastructure and assets, utilising alliance partners with existing consumer relationships, and providing the right incentives for consumer uptake. Dr Livson has already demonstrated a very clear understanding of the importance of these factors in his business planning documents and conversations with me about myphone@directories.

The solution has a market catchment potential of some 0.75 million to 3.5 million Australians depending on assumptions about penetration. By way of comparison most adult Australians own a mobile phone and there are more than 4 million regular or semi-regular Internet users. The global market is potentially some 20 times this size. Dr Livson's technology will be launched at a time when consumers' usage of the Internet is maturing and their confidence in using it for telephony and other services is growing. If only relatively modest revenue per user gain be generated from a modest base then the venture's economics look very promising.

Glossary

CCITT	International Telegraph and Telephone Consultative Committee (now the ITU-T)
IETF	Internet Engineering Task Force
IP	Internet Protocol
ITU-T	International Telecommunication Union - Telecommunication Standardisation Bureau (formerly the CCITT)
LDAP	Lightweight Directory Access Protocol
OSI	Open Systems Interconnect
QoS	Quality of Service
RFC	Request For Comments by IETF
SIP	Session Initiation Protocol RFC 2543 for VoIP telephony
SMTP	Simple Mail Transfer Protocol - IETF standard for electronic mail RFC 821
TCP	Transmission Control Protocol in TCP/IP
URL	Universal Resource Locator web-address
VoIP	Voice over Internet Protocol telephony
X.500	OSI Directory Services Protocol