

Business Plan

Videntifier

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Team from Executive MBA 2008 Reykjavik University

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Venture name and nature of its business

Eff² Technologies ehf. is a venture that provides solutions to identify multimedia data by its visual content. The company was established in October 2007 and its two main products are the Eff² Videntifier and the NV-Tree database.

Description of the new product/service and its benefits;

Eff² Technologies ehf has a portfolio of two products;

I. Eff² Videntifier;

Enables computers to identify multimedia data by its visual content either from video streams captured from a webcam or video files downloaded from the internet. It processes the input and tells the user within seconds what video clip is playing. There are three key features of the Videntifier. First, its effectiveness as it identifies movies even when they are heavily modified. Secondly its efficiency, besides being very robust, its also fast. It can process the video feed of a camera in real-time on a single personal computer. The third key feature is scalability. It is built upon the NV-tree database technology, making it scalable to very large collection sizes.

In order to make Videntifier capable of indentifying a video, it first needs to analyze the content of a video and register it in its database. Once this is done, Videntifier “knows” the video’s content and is now capable of recognizing it, even when its visual information has been distorted. Videntifier extracts many thousand interest points from a video and encodes them into a sequence of numbers, the so-called fingerprint of the point. In case a video clip is copied and modified, it still yields a high fraction of similar fingerprints and can therefore be identified by a computer. This is referred to as Eff² fingerprint technology, and it is fast and robust.

II. The NV-Tree database

The NV-Tree has been solely developed by the Eff² research group. It is a very fast and highly scalable database technology for finding similar fingerprints in multimedia material. The NV-Tree guarantees fixed response time regardless of the collection size and can be easily distributed in order to increase speed or database capacity.

Eff² Technologies applied for a patent on the NV-Tree database technology in June 2006. The application has passed the first stage of patent procedure (PCT check) and will be published in the first quarter of year 2009. The venture has also recently applied for a patent for Eff² Videntifier, which is still in process.

Potential market

The electrical distribution of illegal and pirated video material is a major and growing problem in all parts of the world. There is a huge need for a product that can track and identify visual material that is distributed over the internet. The benefits of Eff² Videntifier and the NV-tree database for various companies, public actors and the society as a whole are enormous.

Target market will include customers in need for:

- Identification of copyright infringement for the film industry
- Identification and tracking of advertisements on TV broadcast
 - e.g. used when monitoring the advertisements of competitors
- Creating a „child-proofing“ filter for adult video material
- A tool for police officials to identify illegal content such as child pornography, trafficking of illegal political content over the internet.
- In-house tracking of raw and/or finished media in the media production industry. For instance the system could track which production reels („dailies“) the final version of a television show or movie is comprised.
- Third party verification of media filtration systems.

Some other fields that we think would be of interest for our company, both within the private and public sectors; broadcasting, multimedia, Ministry of Education and Art Industry (photography) just to mention a few.

The management team

Ragnar Bjarkan Pálsson, CEO, with a BSc. Biology and 9 years experience in medical research, sales and marketing in a medical consumer products.

Sólveig Lilja Einarsdóttir, CFO, with a Cand Oecon in Business Administration with a specialty in marketing and finance. Licensed stockbroker. She has 10 years experience in the financial market.

Karitas Kjartansdóttir, Director of sales and marketing, has a BSc. in Business Administration and 9 years experience of sales and marketing in retail and in the travel industry.

Anna Sigríður Arnardóttir, special advisor, with a degree in law and 6 years experience within various fields i.e. corporate finance and criminal law.

Thomas Skov Jensen, special advisor, with a MSc. in Civil Engineering and 9 years experience in civil engineering and risk management.

The technical support is in the hands of Herwig Lejsek, a doctoral student in computer science and founder of Videntifier, who will at later stage become the CTO of the company.

Purpose of the business plan

The main purpose is to attract a venture capital investor to invest \$1M against a 20% share of the company. At the moment the shareholders are the inventors with 72% and Reykjavik University with 28% .

Summary of sales and profit projections.

The inventors have already sold a beta version to one customer for \$30 K. The first fully developed product will be sold in the Q1 of 2008 at a price of \$45 K. Year 5 sales are estimated to be \$5.4 M with a 15% COGS. Year five EBITA is estimated to \$1.2 M.

As the products of the venture have not yet been launched in the market calculations of net present value are unrealistic at this stage. Our estimation is that the company can be valued to 5,6M in year five.

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