
Telenua

Contents

I. Executive Summary

The Company

Telenua, a Utah corporation and seed company, is the natural extension of recent, ground-breaking developments in microcredit and technology. It employs advanced wireless technology to provide affordable reliable access to communications for the poor. By partnering with a microfinance institution, Telenua takes advantage of excellent client outreach and management.

The company plans to reach over 100,000 clients with wireless phone service in three years. It expects to be profitable Year 3 as well.

The Service

VOIP (Voice over Internet Protocol) and WiFi (Wireless Fidelity) have matured extensively over the past ten years and serve as the technology foundation for thousands of services in the developed world. Because the technology is also cheaper than typical cell phone transmission equipment, the potential exists for providing wireless phone service at much lower costs, even at a relatively low volume of clients. Thanks to new standards like 802.11e, the delivery of VOIP over WiFi can provide reliable telecom services in many "last mile" circumstances.

Microfinance Institutions have developed extensive client management expertise through granting small loans to the developing world's poor for decades. This client management expertise makes for a natural fit with delivering a monthly-billed phone service. Plus, Telenua can provide the MFI, in this case Jamii Bora of Nairobi, with easy-to-use, web-based client management tools, connected over the network interface that Telenua will provide.

To date, Telenua has conducted market research and a technology survey to determine the business model. The company plans to deliver its service through the MFI's use of microfranchisees, who can sell the service in a way substantially similar to the developing world cell phone markets.

The Market

In Kenya, the market for wireless phones has had unprecedented growth throughout the last six years. In 1998, the mobile phone market had 15,000 subscribers. Now in 2005 the number of subscribers has reached over 4.6 million. The cell phone market has grown exponentially both in the number of subscribers and geographic expansion. During the same time, the number of fixed phone line subscribers has actually decreased by 5%.

In addition to a large number of subscribes in Kenya, it is important to note that Africans talk significantly longer on cell phones than many other countries. For example, citizens of Nigeria talked on average 200 minutes per week compared to citizens of Britain only talking 120 minutes per week. Clearly, the telephone market in Kenya is pointing towards cellular telephones.

Current competition, specifically Safaricom and Celtel Kenya, almost entirely exclude the poor on cost of service and service entry, requiring expensive phones. Telenua will confront these failings first with free in-network calling and low out-of-network rates. Additionally, Telenua will subsidize the cost of each phone so the poor can afford buying the necessary equipment to have wireless phone service.

Telenua's risks include price competition as others enter the market and risks commonly found in new businesses. Other risks include the normal political, currency, and other risks from doing business in Kenya.

Telenua will maintain its competitive advantage through price competitiveness and unique market positioning through a prominent MFI. In addition, Telenua's access to exclusive technology gives it a substantial advantage. The combination of these exclusive technologies will allow Telenua to remotely manage equipment and services, so the MFI will only handle simple client billing. Most importantly, these technologies substantially reduce the cost of implementation. As Telenua is established, the advantage grows with more experience and recognition in the market.

The Management Team

Steve Smith, CEO, is a fourth-year JD/MPA student at BYU. He has a passion for and background in microfinance through two years of extensive research and writing. He also manages his own successful computer consulting business.

Mike Jacobs, VP-Operations and General Counsel, is also a fourth year MPA/JD. Nathan has had coursework and experience in areas relevant to the venture: business formation; corporate due diligence; acquisition, sales, and services contracts; industry regulation; foreign investment; the United States' Foreign Corrupt Practices Act; and United States taxation of foreign income.

Jim Adams, CFO, worked for PricewaterhouseCoopers for 4 years in Washington DC. He has performed audits on 2 different VC's in Northern Virginia, both of which focus on high-tech and telecommunications companies in which to investment. He has lead numerous audits of both private and public companies, and has an extensive knowledge of accounting rules and GAAP. He is currently earning an MBA at BYU.

Allen Cropper, VP-Marketing, is a second year MPA student in the Marriott School of Management at BYU. He has had experience with not for profit agencies and local governments, this past summer for NGOs and private businesses in parts of Asia.

Financial Information

Telenua is offering 3,000,000 common stock shares in two rounds. The first round involves offering 1,000,000 shares at $0.50 per share. This funds a six-month pilot program. The second round offers 2,000,000 shares at $1.00 per share. These collectively amount to 60% of total outstanding shares. This offering is being furnished through a Rule 504 Reg D Private Placement. The shares will be sold by officers and directors of the company and no commissions or other compensation will be paid for the offering.

The shares are common stock shares. Each share entitles the bearer to one vote in regular shareholder meetings. There will be 5,000,000 total shares outstanding.

The shares may be purchased over a three year period, as capital needs permit. The proceeds from this offering will be used primarily to fund capital acquisition and phone subsidies for new clients.

Dividend Distributions

Beginning with profitability in Year 3, Telenua will begin paying dividends to its shareholders. The investor's share of profits in Years 3 and 4 amount to $3,253,196. Subsequent years will continue to be similarly profitable.

Stock Buyback

Starting in Year 5, Telenua will consider initiating a stock repurchasing plan using earnings. The offering price would be at a premium and the transaction entirely at the discretion of the investor. This is intended to realize valuable returns on investor equity in the short term.

Acquisition

Telenua's customer base will be valuable to other telecom providers in the area. Telenua will consider selling its operations to both Safaricom and Celtel Kenya, or any new market entries interested in expanding their client base. Using a 4X multiplier of year 4 profits, the investment would be worth $ 12,121,262 on acquisition.

IRR

Based on projections, a $2,500,000 investment will produce an IRR of 12% after four years.

II. The Company

Company Background

Telenua is the natural extension of recent, groundbreaking developments in microcredit and technology. In 2000, the Grameen Bank addressed a major problem confronting the majority of its borrowers, namely a lack of access to phones. The bank initiated a program giving loans to "Village Phone" operators. The borrowers used their loans to purchase cell phones for rental to others in their village for a small, per-minute rate. The operators, all women, could use the phone rental business to supplement their regular income. Grameen Foundation USA subsequently replicated the program with great success in Uganda.

Realizing that there was a next step to this development, the management team of Telenua investigated the use of WiFi and VOIP technology to bring communication costs even lower. By partnering with a microfinance institution, Telenua realized it could take advantage of excellent client outreach and management. The result is this proposal. Rather than stopping at a phone for every village, the Telenua team wants everyone who needs a phone to have one.

Management & Ownership

The Telenua principles will collectively own 500,000 of five million total authorized shares. In addition to serving in current executive roles, they sit as the current board of directors. The roles and backgrounds of the principles are described in more detail in the Management section of this plan.

The structure and identity of the board of directors will change according to the investment Telenua anticipates in the coming investment rounds.

The Telenua team is seeking $2,500,000. It is offering 3 million shares in two rounds: first, 1,000,000 shares for $0.50 per share; second 2,000,000 shares at $1.00 per share. The company will keep 1.5 million shares in reserve for future capital investment.

Legal Issues

The Kenyan legal system is very similar to that of the United States. Similarities notwithstanding, Telenua will retain local legal counsel to help it navigate expertly through Kenya's business environment. Local counsel should prove particularly useful for registration and licensure, where native expertise may simplify processes susceptible to delay or corruption.

In the telecommunications industry, Kenyan law requires that Kenyan nationals own at least 40% equity in the venture. To establish a legal presence in Kenya, the firm must register with the Kenyan Registrar of Companies as a foreign company, which is less complicated and less expensive than incorporating a U.S. subsidiary in Kenya. Registration entails delivering simple information within 30 days of establishing a place of business in Kenya.

The Registrar of Companies then issues a "Certificate of Compliance" certifying that the firm has fulfilled the requirements of the Kenyan Companies Act. This certification enables the firm to obtain trading licenses from local authorities and the Ministry of Trade and Industry. The firm will register through local counsel at a cost of U.S. $500 plus a Government of Kenya Stamp Duty of 1% of share capital value.

The Kenya Communications Act of 1998 and its corresponding regulations (summarized hereafter in Appendix B) will significantly affect the venture's work in Kenya. The Act creates the Communications Commission of Kenya (CCK), which oversees the telecommunications industry. The venture will deal extensively with the CCK in securing licensing and equipment approvals. The CCK will also oversee any negotiations with other telecommunications licensees regarding network interconnection and reciprocal service provision and will arbitrate any disputes arising out of these interconnection agreements.

Telenua's Mission Statement

"Telenua will provide affordable, reliable communications technology to those who cannot otherwise access or afford it."

Under the Act, the CCK also serves as the regulatory enforcement body, and the venture will be subject to periodic investigation and inspection by the CCK. If the venture is found to be noncompliant to Kenyan law or its license conditions, the CCK may demand compliance or revoke the license. All CCK decisions may be appealed.

Another significant piece of legislation is Kenya's Foreign Investments Protection Act, which protects against Kenyan expropriation of assets. Foreign nationals who propose to invest foreign assets in Kenya may apply to the Minister of Trade and Industry for a certificate approving the enterprise. The certificate may be amended as reflect additional foreign assets invested after initial certification during a preset approved period. Additional investment outside the approved period may result in revocation of the certificate. Holding the certificate allows the firm to transfer operating profits out of Kenya at the prevailing official exchange rate.

Company Goals

Telenua's long-term goal is phone and Internet access to the poorest of the poor. To accomplish this, it will consistently leverage new technology to drive down costs and make communication more affordable. Cheaper communications can be a direct contributor to economic growth.

In the short term, Telenua hopes to develop a loyal and regular customer base according to the following projections:

- 3,500 clients in year one,
- 45,000 clients in year two,
- 120,000 clients in year three.
- Finding and developing another market after five years in Kenya.
- Build a strong and trusted brand.
- Create a barrier to entry for similar services through technological excellence, branding, client size and number, and a high standard of quality.

III. The Service

The Problem

Roughly one-third of the world's population has never used a phone. This amounts to a staggering two billion people. This number does not include the billions more who have sporadic, expensive access to reliable communications. Just because these people have never used a phone, however, does not mean that they have no use for one. Demand for phone use among the poor is actually quite high. Grameen Bank estimated that poor individuals living within 100km of Dhaka were willing to spend as much as $10 per phone call, when travel and opportunity costs were included.

Despite advances by Grameen Bank and Grameen Foundation USA, cell phone access is still severely limited in poor urban and rural areas. This is because cell phone transmitters cost several million dollars. Recovering those costs requires plans and services that price out the poor immediately. Even under the Village Phone program, phone operators take out loans of several hundred dollars just to purchase a phone and plan, including the equipment to operate them. The only way for this technology to be economically feasible is to provide just one phone per village.

The Solution

Telenua marries two revolutionary and disruptive approaches to bring a new level of communications access to the poor. The first is WiFi and VOIP technology. In developed nations, the surge in Internet access to businesses and homes has produced a new market for Voice-Over-Internet-Protocol phone service. Also, more and more people are accessing the Internet via Wireless Fidelity connections, allowing laptops to surf the Web in cafes, schools, businesses, and homes with no wires attached. Both technologies are effecting fundamental changes in the way people communicate.

The other revolutionary concept is microfinance. The development technique involves granting small loans to poor individuals, typically in the developing world. The loans are used to capitalize small businesses and are repaid, with interest, at a staggering 97% payback rate. The microfinance industry currently reaches over 100 million borrowers. Considering that most borrowers have several other family members in their home, MFIs directly reach several hundred million people.

This measures their market impact as financial institutions, however, and not as potential telecom providers. In telecommunications terms, because MFIs mostly operate in developing areas of the world, telecom offerings through microfinance could potentially reach several times that of their financial market size. That is, an MFI could serve 20,000 borrowers, but as many as 100,000 phone and Internet users in the same geographical area.

The Telenua approach is to take WiFi and VOIP technology to an MFI, specifically Jamii Bora in Nairobi, Kenya, allowing them to provide phone service to its borrowers and anyone else needing a wireless phone. The MFI will manage the clients and charge them a monthly fee. Telenua, in turn, bills the MFI on a per client basis. Appendix A graphically demonstrates the relationship.

Telenua also expects to deploy the service through franchises like those common in the United States for selling cell phone service, except at a much simpler level. Microfranchisees will be able to sign up clients on the road. Either the MFI or the microfranchisees can then create the client accounts online using Telenua software. Client management will take place through the same software. Telenua expects to have hundreds of microfranchisees by the end of it third year of operation.

This approach takes communications to a new level. It marries the advantages of technological and client management advances that have developed to robust solutions in the past fifteen years. As time goes on, more and more advances of this kind will become common, and the poor will be invited to the global conversation.

Technology

Telenua will employ cutting-edge technology to drive down the costs of telecommunications. Also, thanks to the use of TurboWave technology, Telenua's wireless solutions reach farther and communicate more reliably than competing solutions. TurboWave is a Utah corporation with an extensive technology portfolio. Coupled with robust, already proven solar solutions, these technologies will produce a powerful solution.

First, the WiFi technology Telenua uses employs a patented design called **Circular Polarity**. The shape of the antennas, developed by Virginia Tech researchers, reaches farther with stronger signals than normal polarity antennas. This allows Telenua to reach more clients with less equipment, translating into quicker equipment cost recovery and cheaper rates. It also reduces the need for handoff between networks.

Voice Over Internet Protocol (VOIP) has been used extensively for years. Now reaching thousands of consumers through providers like Vonage, the technology sends voice signals as data packets over the Internet. More importantly, open-source applications like Asterisk allow Telenua to apply VOIP solutions with no software licensing costs.

VOIP and WiFi were not initially designed with each other in mind. The IEEE standards group very recently granted final approval to a new wireless protocol titled **802.11e**. The protocol gives priority to voice and video packets to prevent unnecessary interruption of conversations.

The Telenua service also accesses satellite connections to allow international calls and internet connections. Thanks to TurboWave's **TurboCoding** technology, Telenua experiences much more reliable satellite communications. Coupling these satellite uplinks with robust solar technology, Telenua can implement its solutions entirely independent of existing infrastructure.

Development to Date

To date, Telenua has completed important steps to implementing this solution. First, the company has conducted market research on Nairobi, judging what services and rates are appropriate for the area. Second, Telenua has established a partnership agreement with Jamii Bora, a Kenyan MFI operating in Nairobi to deliver the service. Finally, Telenua has completed a technology survey and assessment to determine the appropriate types of technology to employ in the region and their attending costs.

Operational Information

Customer Service and Management

Although Telenua will not be directly managing end users, it will prepare and complete extensive technology and customer management training with the MFI in order to help it apply its successful client management experience to a new product. It will also provide the MFI with easy-to-use, web-based client management software, allowing simple setup and control of client accounts. This same software will manage billing, added services, and track subscriptions.

Research and Product Development

Telenua will constantly evaluate and upgrade technology implementations when appropriate. Because WiFi and VOIP are the natural avenues for reaching "last mile" areas, Telenua expects that the technologies will continue to mature substantially. Because these advances have been public standards, Telenua expects to continue to enjoy zero licensing costs to use them.

Also, video applications will be the next major product Telenua will research. Using the Telenua network, clients would be able to watch the news, take video-based courses, and enjoy appropriate programming. Mass media distribution, particularly of news items, coupled with telephone access, should provide substantial improvements to political stability and accountability.

Employment and Staffing

Telenua employment and staffing needs will require hiring in-field engineers to evaluate and install Telenua equipment. VOIP specialists will implement the network software solutions. Beyond these needs and management, Telenua will be able to rely on the MFI staff and microfranchisees to implement the customer management and billing.

IV. The Market

Market Analysis

In 1992, Kenya received their first cell phones. The cell phone network was an expensive analog system that had very little growth for six years. In 1998, the Kenya Communications Act passed allowing competitors to enter the market. Safaricom and Celtel Kenya were the first two major mobile phone providers to enter the market in 1998.

Since that time, the cellular phone market in Kenya has exploded. The market has had unprecedented growth throughout the last six years. In 1998, the mobile phone market had 15,000 subscribers. Now in 2005 the number of subscribers has reached over 4.6 million. The cell phone market has grown exponentially both in the number of subscribers and geographic expansion. During the same time, the number of fixed phone line subscribers has actually decreased by 5%.

In addition to a large number of subscribers in Kenya, it is important to note that Africans talk significantly longer on cell phones than many other countries. For example, citizens of Kenya talked on average 200 minutes per week compared to citizens of Britain only talking 120 minutes per week. Clearly, the telephone market in Kenya is pointing towards cellular telephones.

The Competition

Safaricom and Celtel Kenya continue to be the only two cellular phone providers in Kenya. Because of the complexity and cost of infrastructure, no other networks are available in Kenya. This provides a great opportunity for other competitors to join the market.

The competitors that do join the network must offer cheaper and more accessible service to their subscribers. Currently, Safaricom offers personal cell phone service with connection fees of $33 and per minute fees between $.21 and $.66. In addition to connection and per minute fees, the purchase of mobile phones is available through Safaricom at the lowest price of $53.00. Safaricom currently has 3 million subscribers and is a very powerful competitor in the cellular telephone market.

Celtel Kenya also offers personal plans with no connection fees and per minute fees between $.14 and $.56. Customers can also buy phones through Celtel at a price of $66.00. Celtel has 1.6 million subscribers and is rapidly growing.

Market Strategy

Telenua will develop a marketing strategy based on the principles of providing reliable and affordable communication networks for all citizens of Kenya. Telenua realizes with the per capita income in Kenya at $488.00, many citizens cannot afford the cost of services provided by Safaricom and Celtel. In addition, 50% of Kenya's population lives below the poverty line. With these statistics, the people of Kenya need affordable communication channels. Telenua hopes to bring cell phone service to this lower sector of the population that cannot currently afford cellular phones. Telenua will provide cell phone service for a phone and connection fee of $25.00 and a per month user charge of $6.00.

The strategy that Telenua will use to reach this population includes using microfinance organizations as a marketing vehicle. The microfinance industry (MFI) currently reaches over 100 million borrowers. Considering that most borrowers have several other family members in their home, MFIs directly reach several hundred million people. This measures their market impact as financial institutions, however, and not as potential telecom providers. Because MFIs mostly operate in developing areas of the world, telecom offerings through microfinance could potentially reach several times that of their financial market size. That is, an MFI could serve 20,000 borrowers, but as many as 100,000 phone and Internet users in the same geographical area. As Telenua expands to other geographical areas, the subscription rates could quickly rise to over 500,000.

Market Risks

Risks to Telenua's entry in the market are very manageable. The proposed pricing will not be accessible by all poor people, but costs will decline over time

allowing for more subscriptions to Telenua. Also, because Telenua's equipment can operate independent of current infrastructure, it does not rely on unstable communications or power networks. The only major risk that Telenua will face is the possibility of other competitors developing new technology making cell phone service less costly. Other manageable risks are those borne by any company, such as increases in overhead costs, employment requirements, intellectual property protection, legal licensing, changes in business and legal climates, and market competition

Strategic Position and Competitive Advantage

Telenua will be the first to provide affordable cellular phone service to many of the citizens of Kenya. In addition, Telenua's access to exclusive technology gives it a substantial advantage. Circular polarization extends its reach far beyond competing technology. TurboCoding speeds communications over distances where signals otherwise slow down substantially. Mesh networking allows equipment to self-provision, negating the need for complicated set up. The combination of these exclusive technologies will allow Telenua to remotely manage equipment and services, so the MFI will only handle simple client billing. Most importantly, these technologies substantially reduce the cost of implementation. As Telenua is established, the advantage grows with more experience and recognition in the market.

Cost

Telenua's Costs

The reduced expense of the transmission towers relative to an equivalent area in cell phone coverage makes startup costs substantially lower. The investment sought in this offering will go to pay the $500,000 infrastructure costs and the $3.7 million phone subsidy necessary to make the phones affordable to the poor.

MFI Costs

The MFI costs will be very minimal, limited primarily to staff to oversee client management and train new microfranchisees.

Client

The client will pay a monthly fee of $6/month for unlimited, in-network calls. Calls to Nairobi phones outside of the network will be $.19/minute, lower than the per minute rates under currently available cell phone plans. Additionally, long distance rates will be very low, allowing clients to make calls to the United States at a lower per-minute rate than to Nairobi.

Profitability

Telenua Profitability

Telenua will capture $4/month of the $6 monthly fee. Because of the high cost of subsidizing the phones to the clients, Telenua will achieve profitability in Year 3, with impressive, sustainable profits beyond that point. The income statement below illustrates this profitability.

MFI Profitability

Because the MFI will capture $2 per client per month, less the microfranchise profits it chooses, it stands to benefit substantially. Labor costs for client management and microfranchise training would be very low.

V. The Management Team

Management Profiles

Steve Smith, the CEO, is a fourth-year JD/MPA student at BYU. He has a passion for and background in microfinance through two years of extensive research and writing and a legal intern position with Grameen Foundation USA, a prominent microfinance organization in Washington, DC. He has also excelled in his legal education in areas of business law, international business transactions, and corporate tax. For the past four years during school he has managed his own successful computer consulting business serving large to small businesses, including NuSkin and Tahitian Noni International. He received a BA in Anthropology.

Mike Jacobs, VP-Operations, will graduate from Brigham Young University in April 2006 with a master's degree in public administration and a juris doctorate. He previously earned a bachelor's degree in business administration from Oregon State University. Nathan has had coursework and experience in areas relevant to the venture: business formation; corporate due diligence; acquisition, sales, and services contracts; industry regulation; foreign investment; the United States' Foreign Corrupt Practices Act; and United States taxation of foreign income. As General Counsel for the venture, Nathan will bring his knowledge and experience to bear on these matters. Nathan's bachelor's degree also provides him with a knowledge of markets and consumer behavior, and he will supplement the venture's strategizing regarding which markets to serve and how to serve them.

Jim Adams, CFO, worked for PricewaterhouseCoopers for 4 years in Washington DC. He focused on the entertainment and media industry, specifically newspapers. He was also a senior associate on Gannett Corporation, the nation's largest newspaper publisher and a fortune 500 company. Specifically, while working on Gannett, he was assigned the USA TODAY audit, which he performed last year. In addition, he played an intricate role in implementing the Sarbanes Oxley procedures for USA TODAY and Gannett. He also has a sound understanding of the VC world and accounting guidelines. He has performed audits on 2 different VC's in Northern Virginia, both of which focus on high-tech and telecommunications companies in which to investment. He has lead numerous audits of both private and public companies, and has an extensive knowledge of accounting rules and GAAP. He is currently earning an MBA at BYU.

Allen Cropper, VP-Marketing is a second year MPA student in the Marriott School of Management at BYU. He has had experience with not for profit agencies and local governments. He is particularly interested in the marketing and financial aspects of public agencies. This past summer he studied and researched in many Asian countries. This study included investigating Non Governmental Organizations and private businesses. He has a passion for understanding how business ventures can have social impacts. He earned his BS in Communicative Disorders and Deaf Education from Utah State University.

VI. Financial Information

Projected Income Statement

Income Statement	Year 1	Year 2	Year 3	Year 4
Subscription Revenue	$ 46,160.00	$1,081,440.00	$ 4,149,200.00	$5,760,000.00
Phone Subsidy	165,600.00	810,000.00	1,255,500.00	1,458,000.00
-	-	-	-	-
Depreciation	20,000.00	20,000.00	20,000.00	20,000.00
Wages and Salaries	612,000.00	663,000.00	612,000.00	612,000.00
Server Hardware and Hosting	50,000.00	50,000.00	50,000.00	50,000.00
Operating Expenses	6,000.00	6,000.00	6,000.00	6,000.00
-	-	-	-	-
MFI Partner set up & Training	25,000.00	-	-	-
-	-	-	-	-
EBT	(832,440.00)	(416,560.00)	2,205,700.00	3,613,972.00
Tax Expense	-	39,204.67	771,995.00	1,264,890.20
-	-	-	-	-
Net Income	(832,440.00)	(455,764.67)	1,433,705.00	2,349,081.80

*See Appendix E for Assumptions

Social Return on Investment

Because of the very early stages of the project, social return on investment (SROI) is very difficult to estimate. However, Telenua can look to two very useful sources of information to guide its development of social return measurement tools. The first is the Grameen Village Phone program located in Bangladesh. There, the program has established over 80,000 village phone operators in just seven years. These phones required a loan averaging $250, but produced an average daily income of $1.67, after cell phone costs and loan payments. More importantly, research shows an average of 58 minutes of phone use per day. Small villages with a phone operator are thus using their phones over 1,700 minutes a month.

Grameen Foundation USA's replication of the village phone program in Uganda, a much more similar market to Kenya's, demonstrates a similar high demand for phone use. In just 15 months, over 1,300 village phone operators have signed up for the program. This is an equivalent, if not faster, growth rate to that seen in Bangladesh.

Grameen Foundation USA has published their impact assessment tools for other telecom development programs to use in assessing social return. Telenua will incorporate these tools into its operations in order to assure that the company consistently evaluates the success of its social mission.

The GFUSA tools, adapted to Telenua's business model, will assess the following areas:

Economic & Financial Impact

Community	MFI
Access to information (trade & inputs, market prices)	**# of clients**
Access to business management services (receive order, call customer)	**Increased repayment rates for microloans**
Reduced transportation costs (phone as substitute)	**% of microfranchise sales per day/ week/month**
Employment impacts	**% of microfranchises that are sustainable/profitable**

Other areas of impact to be examined include access to public and social services (police/crime, hospital, emergency), kinship connection and closeness (across towns, distances, bridges geographic dispersion), social interactions, and access to news and cultural information.

Consumer surplus as a measure of impact

If the Grameen Village Phone program is an accurate indication of potential impact in Kenya, prior to having village phone access, those living near Dhaka were willing to pay $2-$10 per phone call (largely because phone calls that needed to be made generated income in some way.) Assuming a similar consumer surplus in and around Nairobi, and an average of two phone calls to be made each month, consumer surplus generated from the Telenua phones would equal $4 per month per client, or $480,000 in consumer surplus per month after four years of client growth. Telenua will conduct its own consumer surplus research to determine the social value of its service.

VII. Investment Opportunity

Offering

Telenua is planning two rounds of financing. The first will be used for a pilot installation. The second will be used to roll out the extended service. The first round consists of an offering of 1,000,000 shares at a cost of $0.50/share. This will cover the costs of a six-month pilot program.

In the second round, Telenua is offering 2,000,000 common stock shares at $1.00 per share. These collectively amount to 60% of total outstanding shares. This offering is being furnished through a Rule 504 Reg D Private Placement. The shares will be sold by officers and directors of the company and no commissions or other compensation will be paid for the offering.

The shares are common stock shares. Each share entitles the bearer to one vote in regular shareholder meetings. There will be 5,000,000 total shares outstanding. The shares may be purchased over a three year period, as capital needs permit.

Use of Proceeds

The proceeds from the first offering will be used primarily to fund capital acquisition, operating expenses, and phone subsidies for new clients.

Use of Proceeds

Capital Acquisition	**$25,000**
Cell Phone Subsidy	**$150,000**
Operating Expenses	**$325,000**

Harvest Strategy

Dividend Distributions

Beginning with profitability in Year 3, Telenua will begin paying dividends to its shareholders. The investor's share of profits in Years 3 and 4 amounts to $ 3,253,196. Subsequent years will continue to be similarly profitable.

Stock Buyback

Starting in Year 5, Telenua will consider initiating a stock repurchasing plan using earnings. The offering price would be at a premium and the transaction entirely at the discretion of the investor. This is intended to realize valuable returns on investor equity in the short term.

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IRR

Based on projections, a $2,500,000 investment will produce an IRR of 12% after four years.

VIII. Summary

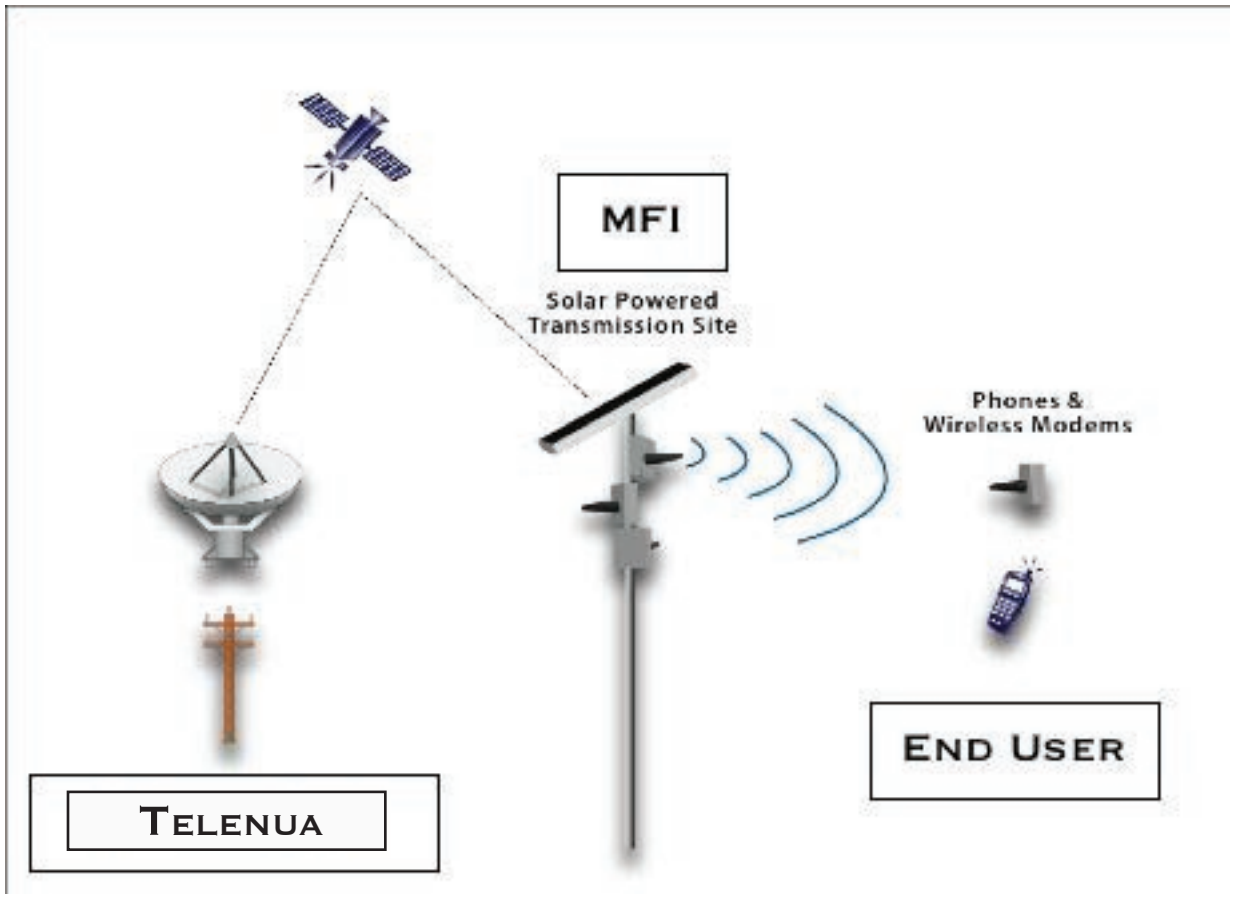
If you would like to invest in Telenua and its opportunity to invite the poor to the world's conversation, please contact Steve Smith at the information listed below. Thank you for your time and interest.

Telenua

Contact:
Steve Smith
123 Anyway
Provo, UT 84604
email: SteveSmith@email.com
Tel: 801.555.1212

IX. Appendices

Appendix A – Relationship Schema



Telenua

Telenua provides the MFI, in this case Jamii Bora, with the network hardware to provide the service and the software to manage client accounts. It collects from the MFI a monthly fee based on the number of clients signed up for the service.

MFI - Jamii Bora

The MFI manages client accounts through simple, web-based software. It sells plans on its own and sets up microfranchisees to sell the service for a referral fee. It collects a prepaid monthly fee from the end user clients. It also provides phone recharging stations.

End User

The end user signs up for the service, paying a small cost for the phone, followed by a monthly fee of $6. For this, the client receives unlimited in-network calling, low extra-network per minute fees, and free phone recharging at MFI provided stations.

Appendix B – Summary of Kenya Telecom Regulations

Operating Procedures

Persons communicating confidential business information to the CCK may request that such be protected from disclosure. A granted request ensures that confidential information will not be referred to in any CCK communication. Confidential information includes trade secrets and other proprietary information. The presence of confidential business information does not entitle the entirety of a communication to confidentiality. Rather, only the confidential portion will be protected.

In the absence of a confidentiality request, persons' information may be inspected by the public upon request, though the CCK may on its own motion determine that information should not be routinely available for inspection. Notwithstanding a granted confidentiality request, parliamentary, judicial or other lawful processes may compel the disclosure of confidential business information.

Financial Provisions

The CCK may periodically prescribe fees payable in conjunction with any license issued or served performed under the Kenya Communications Act or the 2001 Kenya Communications Regulations. All fees must be fully paid before the license is granted or the service is performed. Unless the CCK otherwise prescribes, all licensees shall pay annual operating fees by July 1 of each calendar year, but not later than three months after the end of the licensee's financial year. A declaration attesting completeness and accuracy must accompany any fees based on information held exclusively by the licensee.

Fair Competition and Equality of Treatment

The CCK promotes, develops, and enforces fair competition and equal treatment among communications licensees. Acts of unfair competition include (a) abuse of a dominant position that unfairly limits competition; (b) engaging in any concerted practice with another party that unfairly prevents, restricts or distorts competition; (c) perpetuating anti-competitive market structure changes, especially anti-competitive mergers and acquisitions; and (d) any other unlawful act.

All licensees must provide uniform, non-preferential service on first-come-first-served basis to all persons within a covered geographical area that request such service. Nevertheless, a licensee may (a) consider the ability to pay and (b) make rational classifications among subscribers provided that all persons within a given class are treated equally.

The CCK may, on its own or upon a complaint, investigate any licensee believed to be in breach of fair competition or equal access. Investigative targets shall receive written notice of the investigation and instruction regarding investigative procedures. Licensees found to be competing unfairly may receive an order instructing them to comply with the regulations and pay a penalty. The CCK's order may also declare any anti-competitive agreements null and void.

The CCK has power to settle disputes between communications licensees, including disputes related to (a) allegations of unfair competition or abuse of dominant position; (b) issues of network interconnection; (c) rates, charges, and other payments arising under agreements between licensees; (d) frequency coordination; (e) technical aspects of public communications services; and (f) interference with another licensee's equipment, network or services. The CCK also has power to settle disputes between licensees and subscribers, including allegations of undue discrimination in charges or service provision, though only if the licensee's complaint handling procedure has been exhausted.

The CCK must render and communicate its decision to parties within 15 days. The decision is binding on the parties and addends any surviving contracts. Parties must appeal within 15 days of the decision.

Telecommunications Licenses

The CCK issues licenses and prescribes the terms and conditions for obtaining such, which may include service provision to rural or sparsely populated areas. Licenses must contain an obligation to provide services efficiently and at reasonable costs. Licensees may be required to comply with international conventions or agreements to which Kenya is signatory relating to

communications services.

The CCK issues licenses for (1) provision of local access services, (2) national long distance services, (2) international services, (3) very small aperture terminal services, (4) internet backbone, (5) global mobile personal communications services and customer premises wiring, (6) repair workshop services; and (7) radio station license. Note that local access services must be provided by a licensed local access provider or a regional telecommunications operator.

Once granted, a license may not be transferred without the CCK's written consent. The intended transferee must apply to the CCK for transfer, and the CCK may, if it authorizes the transfer, impose the same conditions upon the transferee as were previously imposed upon the original licensee. It may also deny the transfer application.

The process for license renewal must be contained in the license itself, and renewal must done in accordance with the license's conditions. In considering renewal, the CCK shall reflect on the licensee's compliance during the previous license period.

Interconnection and Provision of Fixed Links

Generally, a licensee shall have the right to choose its interconnection provider to route calls towards customers of another licensee, provided that international-bound calls are routed through the operator(s) licensed to provide such service. Licensees shall negotiate amongst themselves to provide end-to-end connectivity and interoperability of services for all customers. All telecommunications systems providers shall accede to reasonable access requests at network termination points offered to the majority of customers.

Interconnection agreements' content must comply with regulation. The terms and conditions of such agreements shall promote increased public and efficient use and shall otherwise facilitate fair and lawful access. Interconnection shall be provided on a non-discriminatory basis, and interconnection agreements shall provide for adequate capacity, service levels, and reasonable remedies for failure to meet those service levels. Interconnection agreements shall be negotiated in good faith.

Unless agreements state otherwise, interconnect providers shall annually review interconnection rates and terms with licensees. All interconnection charges shall be objective, independently verifiable, and fair. The structure of charges shall transparent, and charges shall not exceed retail charges for the service provision.

Requests for interconnection shall be in writing and shall include information regarding (a) the form of interconnection, (b) interconnection date, and (c) a capacity estimate. The CCK will review the request and shall serve as arbiter on the reasonableness of terms and other matters that may arise during negotiation.

Points of interconnection shall be established and maintained at any technically feasible points as agreed upon by the parties. Costs associated with building and operating interconnection points shall be negotiated. Parties shall ensure that any modification, suspensions or termination of their agreement does not adversely affect customers. The CCK will arbitrate any disputes arising therefrom. Parties to an agreement shall keep the other parties' information confidential.

Type Approval of Terminal Equipment

All telecommunications equipment shall be submitted to the CCK for type approval prior to their installation or connection to any public switched telecommunications network in Kenya. The CCK grants approval for each type only once, however, and subsequent users of the same model need not apply for type approval. Cellular phones are among the equipment types that must be submitted for approval.

Applications for type approval shall be name of the equipment and its manufacturer, its intended use within Kenya, information regarding the holder of the type approval certificate, and any other information that the CCK may require. Applications shall be in English. As alternative to full type approval, the CCK may grant provisional type approval, which calls for a

six-month trial period on terms and conditions as the CCK may deem appropriate.

The CCK may revoke type approval on its own motion or upon complaint by any person and otherwise conduct investigation into the matter. Any party aggrieved by the CCK's decision on the matter may appeal. The CCK may, in consultation with the Kenya Revenue Authority, restrict the importation or sale within Kenya of any telecommunications equipment if the equipment can cause damage or interference to telecommunications networks, human health or the environment.

Numbering

The CCK shall be responsible for managing and administering the national numbering plan and shall ensure that such numbering plan (a) makes sufficient numbers available to the licensee and (b) does not confer an undue advantage on any operator. The CCK may charge fees for number allocation.

Reports, Investigations, Inspections, and Enforcement

Every licensee shall, at the end of every business year, prepare and submit to the CCK in a prescribed form a report of its operations and the extent to which the conditions of the license have been adhered to. The licensee's duly authorized officer shall sign and certify the report. Licensees may request that confidential business information in the report be kept confidential.

The CCK has power to investigate any matter relating to communications services and will, as appropriate, designate investigative teams to conduct its work. If investigation uncovers unlawful conduct, the CCK may direct the licensee in writing to remedy the conduct. The CCK may also revoke the license outright, though before doing so it must provide notice to the licensee and grant hearing on the matter.

Miscellaneous Provisions

∑ Mobile cellular telecommunications licensees may enter into agreements to provide roaming services on a reciprocal basis to every other licensee of mobile cellular service that requests such service, and all customers of that licensee shall have access to the service.

∑ Persons intending to be telecommunication wiring contractors, telecommunications vendors or equipment vendors must register with the CCK upon payment of the prescribed fees. The CCK will, in turn, issue a registration certificate. It is unlawful to conduct the aforementioned work without this certificate.

SCHEDULE - FEES

Communications Commission Of Kenya Licence Fees Payable By Various Types Of Telecommunications Network Operators And Service Providers In Kenya

(A) FACILITY-BASED NETWORK OPERATORS

Category Of Licence	Application Fee	Annual Operating Licence Fee
Operation of local systems and the provision of local services.	10,000/-	0.5% of audited annual gross turnover
Operation of Long distance systems and provision of long distance services	10,000/-	0.5% of audited annual gross turnover
Operation of international systems and provision of international services	10,000/-	0.5% of audited annual gross turnover
Operation of cellular mobile systems and provision of mobile cellular services	10,000/-	0.5% of audited annual gross turnover
Operation of paging systems and provision of paging services	10,000/-	100,000/-
Internet service provider (ISP)	10,000/-	100,000/-
Existing private network operators (e.g. KPL's, KP&LC's, KR's etc).	10,000/-	100,000/-

(B)VENDORS, CONTRACTORS, INSTALLERS AND MAINTAINERS OF TELECOMMUNICATIONS WIRING AND TERMINAL EQUIPMENT

Category	Application Fee	Registration Fee	Annual Fee
Telecommunications Vendor (V)	1,000	5,000	2,000
Telecommunications Terminal Equipment Installation Contractor (I)	1,000	5,000	2,000
Telecommunications Terminal Equipment Maintenance Contractor (M)	1,000	5,000	2,000
Internal Telecommunications Wiring Contractor (W)	1,000	5,000	2,000
External Telecommunications Wiring Contractor (E)	1,000	5,000	2,000

(C) TECHNICAL PERSONNEL

Category	Application Fee	Registration Fee	Annual Fee
Telecommunications Terminal Equipment Installer (Installation Engineer/Technician) (I)	500	Class A 2,000 Class B 2,000 Class C 2,000	NA
Telecommunications Terminal Equipment Maintainer (Maintenance Engineer/Technician) (M)	500	Class A 2,000 Class B 2,000 Class C 2,000	NA
Internal Telecommunications (Wiring Engineer/Technician) (W)	500	Class D 2,000	NA
External Telecommunications (Wiring Engineer/Technician) (E)	500	Class A 2,000	Not Applicable

(D) MOBILE SATELLITE SERVICES

Type	Application	Inspection Fee	Annual Fee
Inmarsat A	1,000	N/A	N/A
Inmarsat B	1,000	N/A	N/A
Inmarsat C	1,000	N/A	N/A
Inmarsat M	1,000	N/A	N/A
Inmarsat mini-M	1,000	N/A	N/A
Inmarsat AERO	1,000	N/A	N/A
Inmarsat HSD option (standard)	1,000	N/A	N/A
Inmarsat HSD option (64Kb/s)	1,000	N/A	N/A
VSAT interactive (Single user)	1,000	25,000	100,000
VSAT interactive (Multi-user)	1,000	25,000	100,000
VSAT Receive only	1,000	25,000	50,000
Radio Determination & Related services	1,000	1,000	5,000
Space Research & Related Services	1,000	25,000	500,000
Amateur Satellite Services	1,000	25,000	50,000

Appendix C – Market Research

Cellular Phone Providers

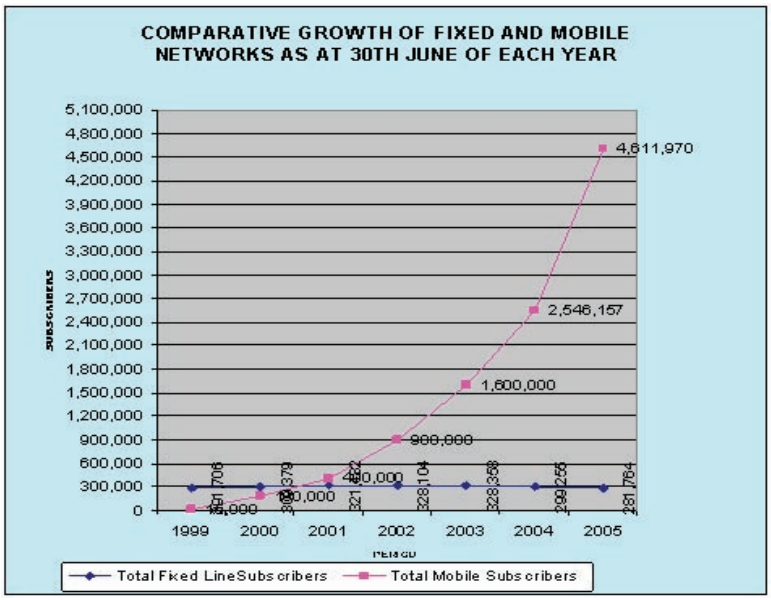
Name of Company:	Safaricom Kenya Limited	Celtel Kenya
Number of Clients:	3,000,000	1,600,000
Services Provided:	Prepaid Plans, Postpaid Plan, SMS Text Messaging, Voicemail	Personal Plans, Business Services, SMS Text messaging, Voicemail, Phones
Fees:	Phones - N/A, Connection Fees - $33.00, Per Minute Fees - $.21 - $.66	Phones - Range $66.00 - $233.00, Connection Fees - N/A, Per Minute Fees - $.14 - $.56

Cellular Phone Clients

Number of Clients:	4,611,970
Per Capita Income	$488.00
Average Cell Phone Cost	$.25/minute
Average Minutes per Week	200

Teledensity

	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Mobile Subscribers	15,000	180,000	400,000	900,000	1,600,000	2,242,249	4,611,970
Fixed Exchange Capacity	411,080	444,422	445,822	507,652	508,230	531,442	531,806
Fixed Line Subscriber Connections	296,400	313,470	326,282	331,718	328,358	299,225	281,764
Waiters	116,544	127,169	133,862	108,761	107,938	107,260	85,177
Total Payphones in Service	8,184	8,684	9,135	9,618	9,964	9,798	8,967



Appendix D– Summary of Jamii Bora

Jamii Bora is a microfinance institution that began in 1999. Ingrid Munro was the head of the African Housing Fund when she launched the venture to help the poor improve their lives.

Since that time, Jamii Bora has increased their services to include loans for small businesses, land, housing, and education. Jamii Bora also provides health insurance for their clients. Jamii Bora operates in almost all major Kenya cities. Their current clients are now up to 108,736 and their financial portfolio amounts to over 4.8 million.

In 2004, Jamii Bora was the fastest growing MFI in Kenya. They project to serve over 500,000 clients by the year 2010. Below is a table of their projected clientele over the next 5 years.

Client Growth Numbers
Historical and projected

12/31/04	87,000
12/31/05	130,000
12/31/06	200,000
12/31/07	275,000
12/31/08	375,000
12/31/09	500,000

Appendix E – Projected Financials

Income Statement

Income Statement	Year 1	Year 2	Year 3	Year 4
Subscription Revenue	$ 46,160.00	$ 1,081,440.00	$ 4,149,200.00	$ 5,760,000.00
Phone Subsidy	165,600.00	810,000.00	1,255,500.00	1,458,000.00
-	-	-	-	-
Depreciation	20,000.00	20,000.00	20,000.00	20,000.00
Wages and Salaries	612,000.00	663,000.00	612,000.00	612,000.00
Server Hardware and Hosting	50,000.00	50,000.00	50,000.00	50,000.00
Operating Expenses	6,000.00	6,000.00	6,000.00	6,000.00
-	-	-	-	-
MFI Partner set up & Training	25,000.00	-	-	-
-	-	-	-	-
EBT	(832,440.00)	(416,560.00)	2,205,700.00	3,613,972.00
Tax Expense	-	39,204.67	771,995.00	1,264,890.20
-	-	-	-	-
Net Income	(832,440.00)	(455,764.67)	1,433,705.00	2,349,081.80

Balance Sheet

Projected Balance Sheet	Year 1	Year 2	Year 3	Year 4
Assets				
Cash	(312,440)	751,795	2,205,500	4,574,582
-	-	-	-	-
Fixed Assets	500,000	500,000	500,000	500,000
Accumulated Depreciation	(20,000)	(40,000)	(60,000)	(80,000)
Net Fixed Assets	480,000	460,000	440,000	420,000
-	-	-	-	-
Total Assets	167,560	1,211,795	2,645,500	4,994,582
-	-	-	-	-
Liabilities & Equity	-	-	-	-
Paid in Capital	1,000,000	2,500,000	2,500,000	2,500,000
Retained Earnings	(832,440)	(1,288,205)	145,500	2,494,582
-	-	-	-	-
Total Liabilities & Equity	167,560	1,211,795	2,645,500	4,994,582

Cash Flow Year 1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash from Operations	-	-	-	-	-	-	-	-	-	-	-	-
Cash from monthly subscriptions	80	160	240	400	720	1,280	2,160	3,360	4,960	7,360	10,720	14,720
Cash paid for phone subsidies	(900)	(900)	(900)	(1,800)	(3,600)	(6,300)	(9,900)	(13,500)	(18,000)	(27,000)	(37,800)	(45,000
Cash paid for wages and salaries	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000
Cash paid for Svr Hdware & hosting	(50,000)	-	-	-	-	-	-	-	-	-	-	-
Cash paid for Oper. Exp.	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500
Cash paid for MFI Ptnr set-up & Training	(25,000)	-	-	-	-	-	-	-	-	-	-	-
Cash paid for taxes	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash From Ops	(127,320)	(52,240)	(52,160)	(52,900)	(54,380)	(56,520)	(59,240)	(61,640)	(64,540)	(71,140)	(78,580)	(81,780
	-	-	-	-	-	-	-	-	-	-	-	-
Cash from Investing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash paid for Fixed Assets	(500,000)	-	-	-	-	-	-	-	-	-	-	-
Total Cash From Invst.	(500,000)	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Cash from Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash received from Investors	500,000	-	-	-	-	-	500,000	-	-	-	-	-
Total Cash From Finan.	500,000	-	-	-	-	-	500,000	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Change in Cash	(127,320)	(52,240)	(52,160)	(52,900)	(54,380)	(56,520)	440,760	(61,640)	(64,540)	(71,140)	(78,580)	(81,780

Cash Flow Year 2	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Cash from Operations	-	-	-	-	-	-	-	-	-	-	-	-
Cash from monthly subscriptions	21,920	30,320	39,920	50,720	62,720	75,920	90,320	105,920	122,720	140,720	159,920	180,320
Cash paid for phone subsidies	(81,000)	(94,500)	(108,000)	(40,500)	(45,000)	(49,500)	(54,000)	(58,500)	(63,000)	(67,500)	(72,000)	(76,500
Cash paid for wages and salaries	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000
Cash paid for Svr Hdware & hosting	(50,000)	-	-	-	-	-	-	-	-	-	-	-
Cash paid for Oper. Exp.	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500
Cash paid for MFI Ptnr set-up & Training	-	-	-	-	-	-	-	-	-	-	-	-
Cash paid for taxes	-	-	-	-	-	-	-	-	(2,294)	(7,019)	(12,164)	(17,729
Total Cash From Ops	(160,580)	(115,680)	(119,580)	(41,280)	(33,780)	(25,080)	(15,180)	(4,080)	5,926	14,701	24,256	34,591
-	-	-	-	-	-	-	-	-	-	-	-	-
Cash from Investing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash paid for Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash From Invst.	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
Cash from Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash received from Investors	500,000	-	-	-	-	-	1,000,000	-	-	-	-	-
Total Cash From Finan.	500,000	-	-	-	-	-	1,000,000	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Cash	339,420	(115,680)	(119,580)	(41,280)	(33,780)	(25,080)	984,820	(4,080)	5,926	14,701	24,256	34,591

Cash Flow Year 3	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36
Cash from Operations	-	-	-	-	-	-	-	-	-	-	-	-
Cash from monthly subscriptions	201,920	224,720	248,720	273,920	300,320	327,920	356,720	386,720	417,920	450,320	480,000	480,000
Cash paid for phone subsidies	(81,000)	(85,500)	(90,000)	(94,500)	(99,000)	(103,500)	(108,000)	(112,500)	(117,000)	(121,500)	(121,500)	(121,500
Cash paid for wages and salaries	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000
Cash paid for Svr Hdware & hosting	(50,000)	-	-	-	-	-	-	-	-	-	-	-
Cash paid for Oper. Exp.	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500
Cash paid for MFI Ptnr set-up & Training	-	-	-	-	-	-	-	-	-	-	-	-
Cash paid for taxes	(6,214)	(30,119)	(36,944)	(44,189)	(51,854)	(59,939)	(68,444)	(77,369)	(86,714)	(96,479)	(106,867)	(106,867
Total Cash From Ops	13,206	57,601	70,276	83,731	97,966	112,981	128,776	145,351	162,706	180,841	200,133	200,133
-	-	-	-	-	-	-	-	-	-	-	-	-
Cash from Investing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash paid for Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash From Invst.	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
Cash from Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash received from Investors	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash From Finan.	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Cash	13,206	57,601	70,276	83,731	97,966	112,981	128,776	145,351	162,706	180,841	200,133	200,133

Assumptions

$ Monthly Unit Sales price	4
yrly var. cost per unit-phone subsidy (under 10K)	45
yrly var. cost per unit-phone subsidy (over 10K)	15
Labor costs	
per Manager	9,000
per employee	6,000
Server Hardware and hosting (Cost per year)	50,000
Monthly Operating Expenses (phone, office supplies, etc)	500
MFI partner setup and training	25,000
Tax Rate	35%
Depreciation	
Useful Lives months	300
Salavage Value	-
Cost per tower, including labor	25,000
Number of towers	20
Max number of clients per tower	6,000
Total Area covered by towers (sq miles)	400
Total Max number of clients	120,000

Appendix F – Technology Summary

The following is a glossary of terms describing technologies used in this project. (Source Wi-Fi.org)

802.11: A group of wireless networking standards, also known as Wi-Fi, set by the Institute of Electrical and Electronics Engineers (IEEE). (See IEEE).

802.11e: An IEEE standard that adds Quality of Service (QoS) features and multimedia support to the existing 802.11b, 802.11g, and 802.11a wireless networks. (See QoS, WMM).

bps: Bits per second. A measure of data transmission speed across a network or communications channel; bps is the number of bits that can be sent or received per second. It measures the speed at which data is communicated and should not be—but often is—confused with bytes per second (Bps, in this reference the B is capitalized while in bps lower case is used). While "bits" is a measure of transmission speed, "bytes" is a measure of storage capacity.

IEEE: Institute of Electrical and Electronics Engineers. A global technical professional society and standards-setting organization serving the public interest and its members in electrical, electronics, computer, information and other technologies.

IP: Internet Protocol. The basic communications protocol of the Internet. (See TCP/IP).

IP telephony: A general term referring to technologies that use IP packet-switched connections to exchange voice, data, video, and other forms of information traditionally carried over public telephone networks. (See IP, VoIP).

Packet: A unit of information transmitted from one device to another on a network. A packet typically contains a header with addressing information, data, and a checksum to insure data integrity.

POTS: Plain Old Telephone Service. The traditional analog telephone service provided by most common carriers.

QoS: Quality of Service. Required to support wireless multimedia applications and advanced traffic management. QoS enables Wi-Fi access points to prioritize traffic and optimize the way shared network resources are allocated among different applications. Without QoS, all applications running on different devices have equal opportunity to transmit data frames. That works well for data traffic from applications such as web browsers, file transfers, or e-mail but it is inadequate for multimedia applications. Voice over Internet Protocol (VoIP), video streaming, and interactive gaming are highly sensitive to latency increases and throughput reductions and require QoS. QoS extensions for 802.11 networks will be addressed in the upcoming IEEE 802.11e standard. (See 802.11e, WMM).

TCP/IP: The underlying technology of Internet communications. While IP handles the actual delivery of data, TCP tracks the data packets to efficiently route a message through the Internet. Every computer in a TCP/IP network has its own IP address that is either dynamically assigned at startup (See DHCP) or permanently assigned as a static address. All TCP/IP messages contain the address of the destination network, as well as the address of the destination station. This enables TCP/IP messages to be transmitted to multiple networks (subnets) within an organization or worldwide. For example, when a user downloads a web page, TCP divides the page file on the web server into packets, numbers the packets, and forwards them individually to the user's IP address. The packets may be routed along different paths before reaching the user's address. At the destination, TCP reassembles the individual packets, waiting until they have all arrived to present them as a single file.

Voice over Wi-Fi: VoIP services delivered over wireless networks. Sometimes referred to as wireless voice over IP. (See IP telephony, VoIP).

VoIP: Voice over Internet Protocol. A technology for transmitting ordinary telephone calls over the Internet using packet-based networks instead of standard public switched telephone networks or Plain Old Telephone Service (POTS). (See IP telephony, Voice over Wi-Fi).

WMM: Wi-Fi Multimedia. A group of features for wireless networks that improve the user experience for audio, video and voice applications. WMM is based on a subset of the IEEE 802.11e WLAN QoS draft standard. WMM adds prioritized capabilities to Wi-Fi networks and optimizes their performance when multiple concurring applications, each with different latency and throughput requirements, compete for network resources. By using WMM, end-user satisfaction is maintained in a wider variety of environments and traffic conditions. WMM makes it possible for home network users and enterprise network managers to decide which data streams are most important and assign them a higher traffic priority. (See 802.11e, QoS).