

Third Sector Systems Executive Summary

There are 1.4 million nonprofit organizations in the US. We have identified over 1.25 million of those as potential customers. For each 0.1% of the market we capture at our average enterprise sale of \$19,000, we will yield \$24M in revenue.

Every nonprofit faces increased scrutiny from donors and funding organizations that demand concrete outcomes and accountability. Only the largest nonprofit organizations have the financial and organizational ability to build professional information management systems. The remainder use simple spreadsheets and database systems. Third Sector Systems provides the first enterprise solution to the unique problems nonprofits face. Our solution gives nonprofits the tools they need to be more professional, more accountable, and ultimately more successful.

Products and Services

Our flagship product, **Mission Maestro™**, is a revolutionary approach to nonprofit information management. This comprehensive software system manages all aspects of a nonprofit organization's 'business', ranging from programs and services to email, fundraising and special events.

Primary Products:

- **Mission Maestro** – Increases accountability, provides added revenue opportunity, improves efficiency and management effectiveness. With Mission Maestro nonprofits 1) cut costs, 2) expand organizational capacity, 3) protect informational integrity and 4) build institutional memory.
- **First Chair™** – Our entry level product is low cost, limited usage fundraising software that is expandable into full Mission Maestro functionality.
- **Internet Bridge™** – Harnesses the Internet's power to connect remote sites. It increases communication and efficiency.

Subscription and Transactional Products

- **Zip+4** – An automatic address correction tool that reduces mailing costs.
- **Democracy Data** – A companion product which enhances advocacy and reporting to legislators.
- **Online Companion Products** - Automatically imports information from clients' websites.

Service Briefs - In addition to software sales, TSS derives initial and recurring revenues from Services

- **Implementation Services** – We review customers' data and internal processes to help them configure our software.
- **Data Convergence** – Existing data in spreadsheets, databases, or custom programs is transferred into our software.
- **Annual Support and Maintenance** – On demand help and free upgrades.
- **Education** – Our educational programs are delivered in short sessions using internet-based learning tools.

Service Partners

We have established a co-marketing program through which we allow nonprofit partners to provide our services to their clients who have purchased our software. We receive high-margin revenue from license sales, our partners receive revenue from services provided.

Recurring Revenue

TSS generates recurring revenue through an Annual Support and Maintenance fee (representing 20% of license price), training classes, transaction-based fees and other products and services.

Marketing and Sales

We are first to market with a turnkey product that addresses deeply ingrained challenges. We offer:

- Affordability, value and choice unparalleled by any other competitor,
- Companion products that can be purchased incrementally,
- A cost effective multi-site model that does not sacrifice depth, quality or speed.

To date we have done minimal marketing. We have concentrated on

1. Building strategic alliances,
2. Generating publicity through low-cost public relations activities,
3. Launching First Chair - a market discounting, low cost fundraising software with add-on potential.

Strategic Alliances

By using a network of association and membership alliances we have been successful in leveraging our sales personnel. These alliances provide contact lists as a source of leads, conduct direct mail/email marketing to their lists on our behalf and act as references. These alliances with the New England Network for Child and Youth Family Services (NEN), Social Venture Partners International (SVPI), the Vermont Alliance of Nonprofit Organizations (VANPO), the Florida Association of Nonprofit Organizations (FANO), and the TechFoundation.

First Chair

- Low cost, limited-usage fundraising system provides features costing thousands
- Upgrades and additional modules provide upsell revenues
- All Mission Maestro companion products available for First Chair
- Pay-per-incident support provides support access without expensive contracts
- Training videos provide a low-cost training library for initial and remedial training

Competitive Advantage

Our suite of integrated, complimentary services is unique. Competitors build products that manage a *single* aspect of a nonprofit's business: Fundraising, Grant Management or Case Management, for example. Nonprofits using these systems cannot easily see a clear picture of the entire organization. And, they require duplicate entry of information across systems. Executive managers who see our integrated solution immediately recognize the value our integrated solution.

Primary Competitors

Fundraising

Competitor	Established	Customers	Revenues
Blackbaud	1981	12,500	\$118M
Campaigne	1987	3,000	NA
Donor Perfect	1981	5,000	NA
Telosa	1986	'Hundreds'	'low millions'

Third Sector Systems Advantages

Mission Maestro

- Provides a completely integrated organization-wide system, eliminating the need for multiple systems and duplicate data entry
- Is easy to implement and support and does not require in-house database engineers, significant capital investment or other systems consultants