

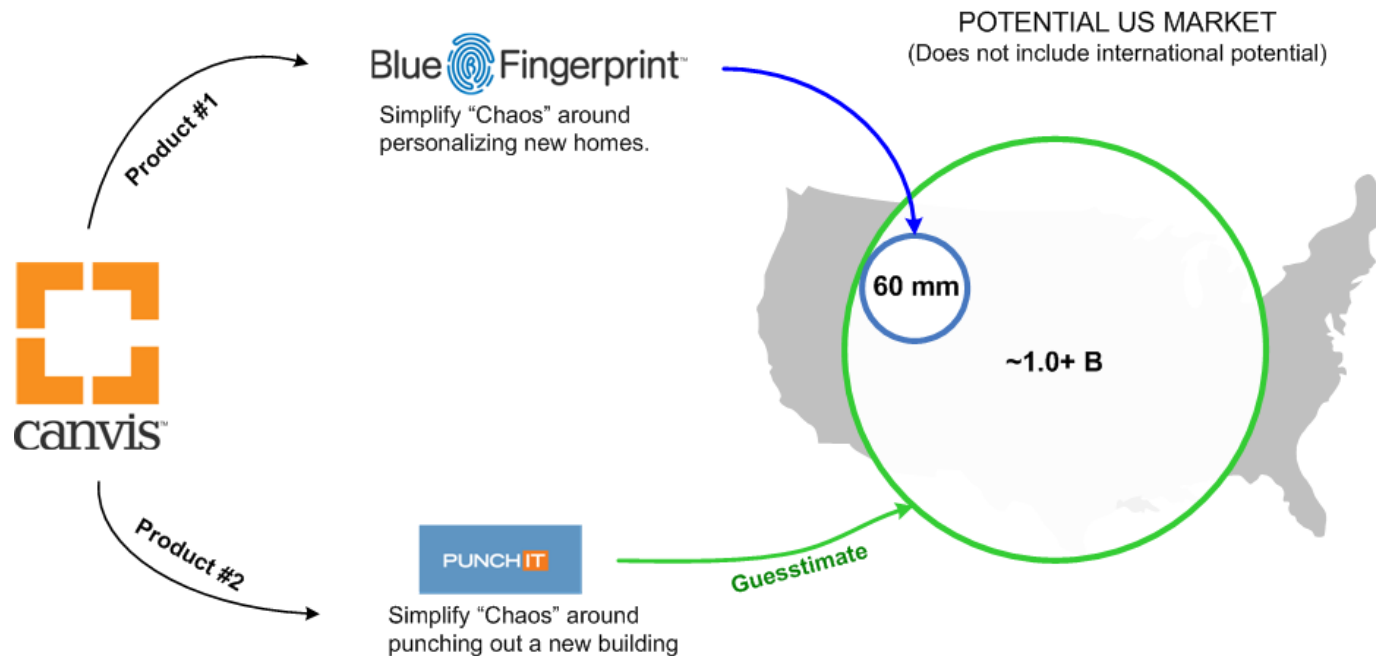
CANVIS™

**Lessons Learned – Creating Opportunity
via Spinning Out from Parent Company**



Canvis – Brief Introduction

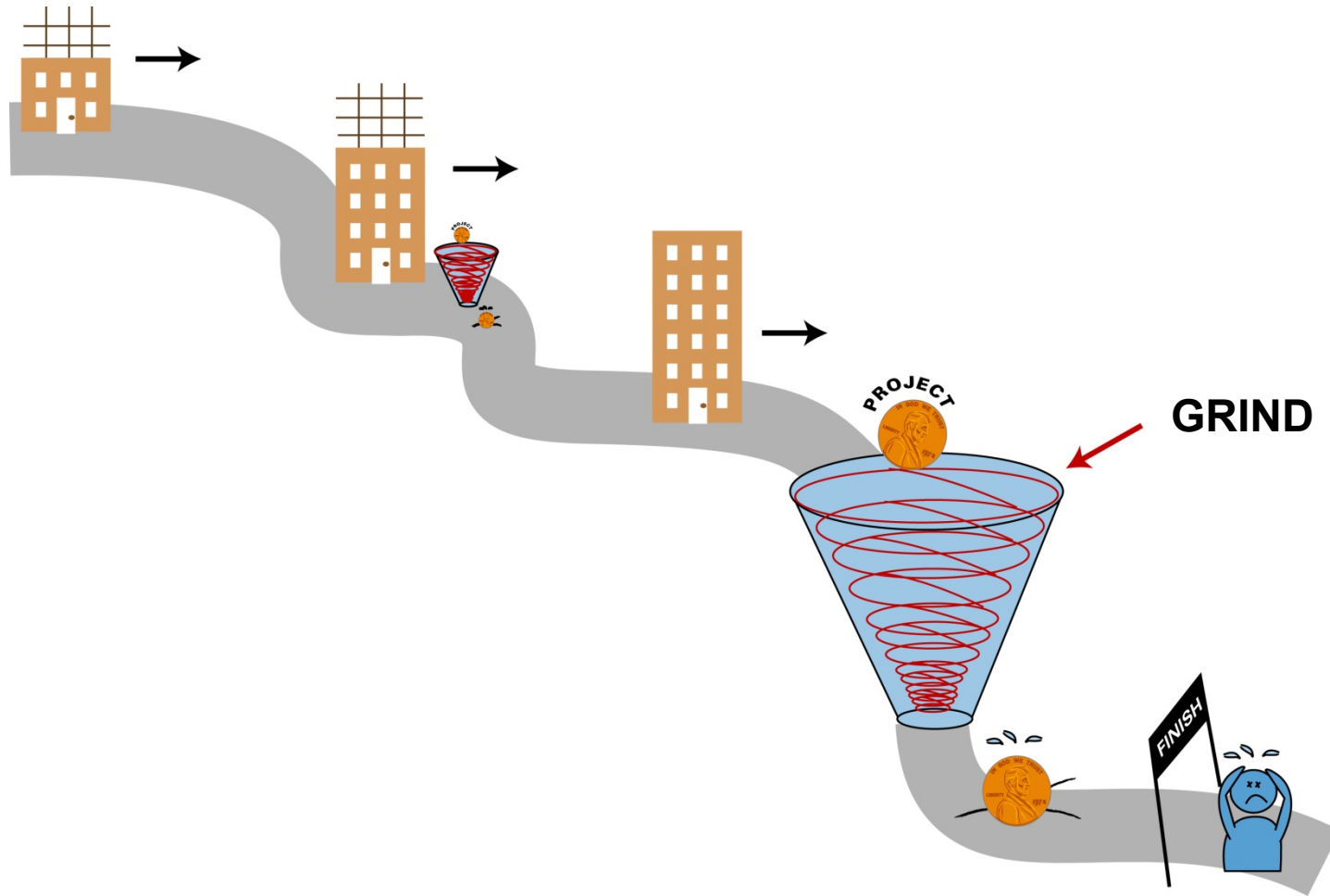
Mission: “Accelerating Construction via Simple Visual Solutions”



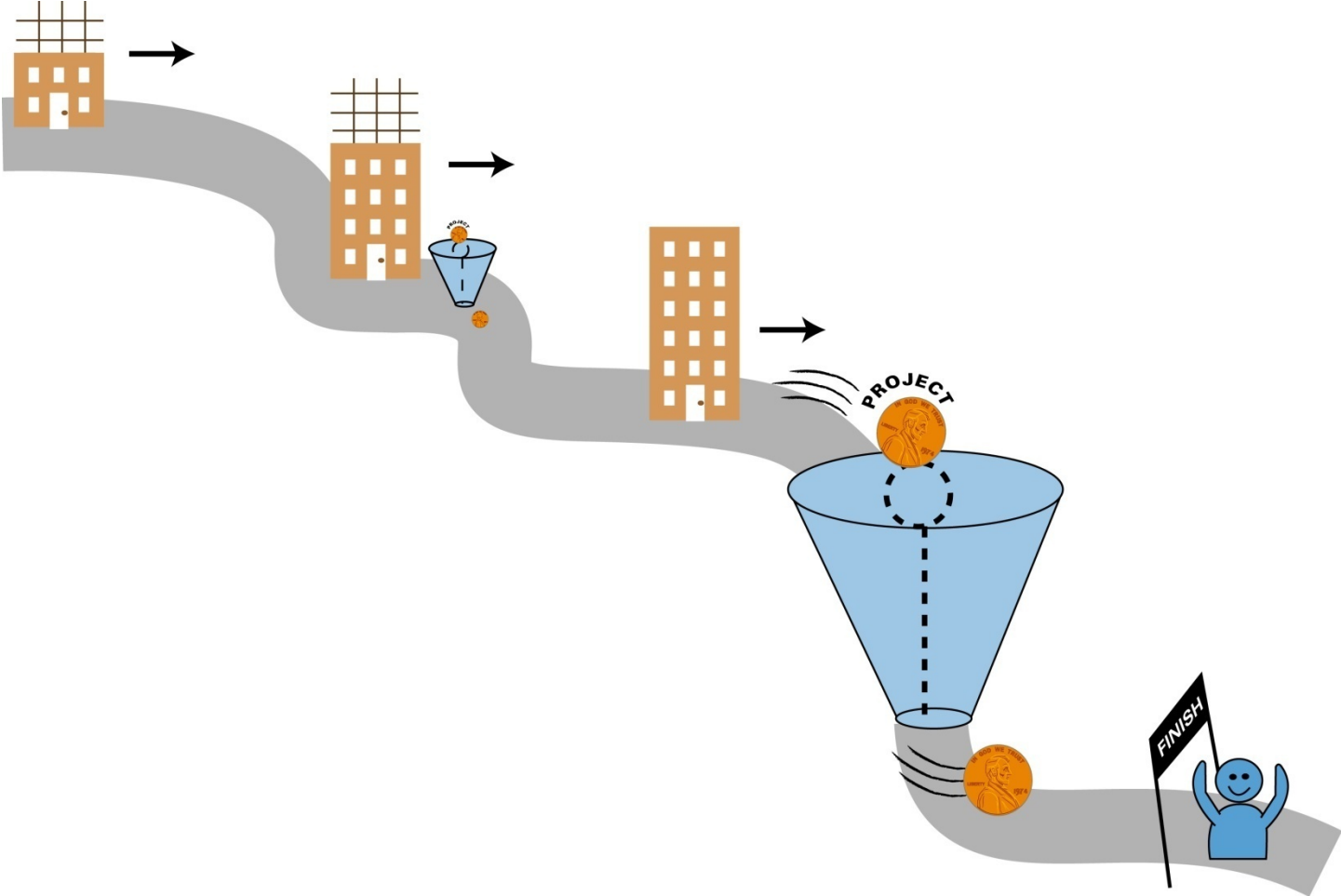
2006 – 2009: Operated as somewhat an independent business unit within The Weitz Company - a large general contractor in construction industry.

Q1, 2010: Management buy out of Canvis from The Weitz Company.

Construction's Grind to the Finish Line Is Painful, Cumbersome and Costly

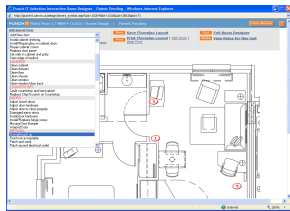


What If ... There Was A Better Way To Get to the Finish Line?



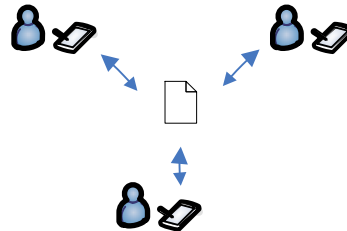
Our Customers Experience A Clear, Direct Path to the Finish Line

Simple



... Works Way People Think

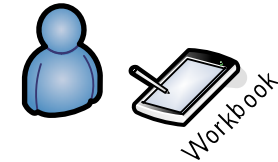
Unified



... Single Point of Reference

Mobile

Jobsite



... Works Where People Work

= Clear, Direct Path to Finish Line

Lessons Learned

... starting in early 2007



Lesson #1: When Necessary, Create Identity Different from Parent Company

Background:

- Initially used the brand of parent company, Q1 2007
- Customers perceived us as part of parent company
- Customers got confused when approached with software solutions from General Contracting company.
- Created and launched separate brands Q2,Q3 2007
- Canvis (the company) and Blue Fingerprint (the product)

Who Cares?

- Parent Company : Creates confusion on what parent does, can damage parent brand, risk losing revenue.
- Potential New Idea: Creates confusion around new idea, sets bad first impression, impossible to change first impression, costly to change perception.

Observed:

- Believe separate identity eliminated 90% of customer confusion

Lesson #2: As Much as Possible, Run New Idea Like a Business

Background:

- 2007 kept somewhat separate financials from parent company
- 2008, 2009 kept complete separate financials (100%)
- All years, worked to manage it like a business, not R&D, etc.

Who Cares?

- Parent Company, Potentially New Idea :
 - What is the business model?
 - Can the business live on it's own?
 - If so, what is it worth?

Observed:

- Separate financials for 2008 and 2009 prove very valuable in answering business validity questions.
- Managing like business helped us identify gaps in our thinking

Lesson #3: Early On, Challenge Viability of New Idea Using Outside Advisor(s)

Background:

- “This is a good idea!” - people wanting the idea to succeed
- “In the boat”- harder to make objective decisions

Who Cares?

- Parent Company, Potentially New Idea :
 - Save time and money. Helps both make more objective decision earlier. Either give “more viable” idea the resources it needs or shelve the “less viable” idea.
 - Avoid the least successful path of “sort-of committed.”

Observed:

- Check Ego at door. Seek advisors outside the boat, emotionally neutral, and with no conflict of interest.
- Q2-07: Engaged BIZ, Mike Colwell – insight, connections
- Q3-08: Engaged LWBJ, JD Geneser, Kathy Zehr – business validity

Lesson #4: Define Success, Have Plan with Go No-Go Checkpoints, Review Regularly

Background:

2007 – Is there a market for the New Idea?

2008 – Can it serve enough customers to operate viable business?

What is a viable business? \$X profit by when?

2009 – Keep it internal? Spin it out? The Great Recession impacts.

- Is the evaluation path clearly defined including important Go, No-Go checkpoints? Is it being followed?

Who Cares?

- Parent Company, Potentially New Idea :
 - Avoid wasting effort on decisions without context.
 - If no definition of success, almost impossible to define how to get there.

Observed:

- Did OK in 2007, could have done better in 2008 as team capacity was stretched thin and in 2009 with impacts of Great Recession.

Lesson #5: Understand Team's Spin Off Experience, Plan Accordingly

Background:

- Has the parent organization done this recently or ever? Once, twice, twenty times?
- Was the experience a good, so-so or not so good experience?

Who Cares?

- Parent Company, Potentially New Idea :
 - If less experienced, likely will need guidance and more time to define and execute different parts of the plan.
 - Past experiences will affect willingness to contribute personal/corporate political capital

Observed:

- Team had pockets of experience.
- Gaps in experience could have been augmented earlier.

Lesson #6: Augment Team with Different Skills, Different View Points

Background:

- What expertise do you need, who has it? Who knows the industry? Who knows your customer? Who knows marketing, sales? Who knows operations? Who knows business validation? Who is passionate? Who can be objective?

Who Cares?

- Parent Company, Potentially New Idea :
 - Avoid wasting effort by making decisions with blinders on
 - Discover gaps, Possibly accelerate plans

Observed:

- Leverage experts. We used internal and outside expertise several times resulting in us being more efficient and effective.
- Good to have mix of passion and objectivity.

Lesson #7: Evaluate New Idea As A Whole, Avoid “Islands of Information”

Background:

- 2007 – Voice of Customer Survey. Have you talked with existing/potential customers? Do you understand their pain? Their pain supports what pricing model?
- 2007 – Initial Pricing Model. Does pricing model support sustainable business? Will your distribution model including sales and marketing work?
- Is the idea patentable? Does it matter?

Who Cares?

- Parent Company, Potentially New Idea :
 - Avoid wasting effort on go decisions without context
 - Increase chance of success on go decisions

Observed:

- We evaluated the New Idea as a whole, but did so over time.
- Looking back, would apply a more focused, compressed effort

Lesson # 8: Next Time, The Order in Which We Would Apply These Lessons.

Step One:

Lesson #4: Define Success, Have Plan with Go No-Go Checkpoints, Review Regularly

Step Two:

Lesson #3: Early On, Challenge Viability of New Idea Using Outside Advisor(s)

Lesson #7: Evaluate New Idea As A Whole, Avoid “Islands of Information”

Lesson #6: Augment Team with Different Skills, Different View Points

Lesson #5: Understand Team’s Spin Off Experience, Plan Accordingly

Step Three:

Lesson #2: As Much as Possible, Run New Idea Like a Business

Lesson #1: When Necessary, Create Identity Different from Parent Company

... always be ready to find a way - pleasant persistence.

Canvis – Where Are We Today

Secured Working Capital (Q3, Q4 2009)

- Secured \$100,000 in grants
- Currently raising \$400,000 in equity.

Purchased Canvis from Founding Company (Q1, 2010)

- Started process in Q3, 2009.
- Executing transition plan starting in middle of January.

Working the 2010 Plan:

- Clarify & Communicate Company Identity, Avoid Customer Confusion
- Blue Fingerprint, Start Marketing to Target Customers (First Time Ever)
- Blue Fingerprint, Build 2.0
- Punch It, Take Prototype Build 1.0
- Punch It, Figure Out Target Customer Base

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