Collaborative Structures

Management Presentation

to

Venture Funders

March 7, 2000

Presentation Outline

- Corporate Objectives
- Product and Industry Overview
- Market Opportunity
- Company History
- Management Overview
- Customers and Solutions
- Business Model
- Solving the Supply Chain
- Communication: Foundation for eCommerce
- Partners
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- Differentiation
- Uses of Funds

Corpororate Objectives

- Become the supply chain communication standard in the global real estate and construction industry.

- Create a vertically integrated, highly scalable organization that benefits all members of the supply chain.

Collaborative Structures Company Overview

- Online application service provider (“ASP”) for business-to-business project communication in the architecture, engineering, and construction (“AEC”) industry

- ***FirstLine*** application allows secure, high-performance access for communicating and transacting business in a standard, easy-to-use database for the entire construction supply chain

- Focused for users around customer service, contract issues, and practical business concerns

- Founded by John D. Macomber, a leading authority on information technology strategy for design and construction supply chain communication

Industry Overview

- **Largest industry in the world and second largest industry in the U.S.**
  - $3.2 trillion of construction put in place annually, worldwide
  - $700 billion of construction put in place annually, in the U.S.

- **Highly fragmented market**
  - Largest US engineering/construction firm represents less than 1% of total US market
  - Top 400 US construction firms represent less than 20% of total US market
  - Owners are even more fragmented

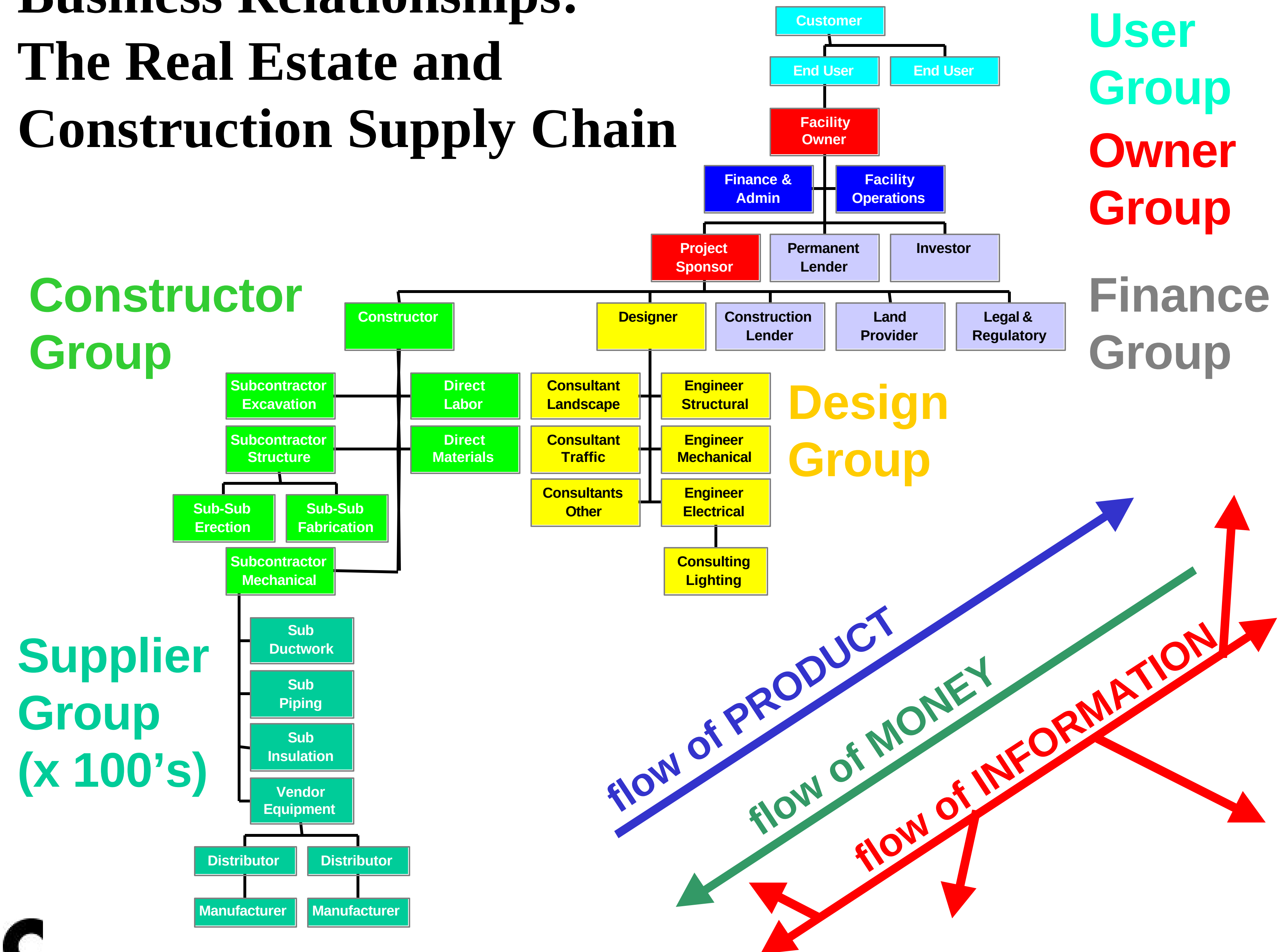
- **Public and private non-residential building** currently represents greatest **growth opportunity** for the Company
  - Estimated value of $1.5 trillion in the US over next five years

Market Opportunity

- **The AEC Supply Chain** is ripe for streamlining
  - Inefficient
  - Many players
  - Large risks
  - Communication intensive

- **A new central player is needed to develop the communication standard**
  - Hundreds of thousands of players - no leader
  - All in multiple supply chains simultaneously
  - All in short projects
  - All with many repeat transactions
  - All with millions of dollars at stake
  - So no ability for existing participants to develop a standard

Business Relationships: The Real Estate and Construction Supply Chain



The FirstLine Solution: Multi-Firm Repeat Communication

- Foundation to unlocking the supply chain
- Opportunity to be the communication standard
- Opportunity to mine data from all users
- No intrusion on any present application or skill set
- Helps all parties perform better
- Company can work from communication base to partner with many other offerings
  - Procurement
  - Applications
  - Content
  - Risk Management

For Example: Corporate Buyer

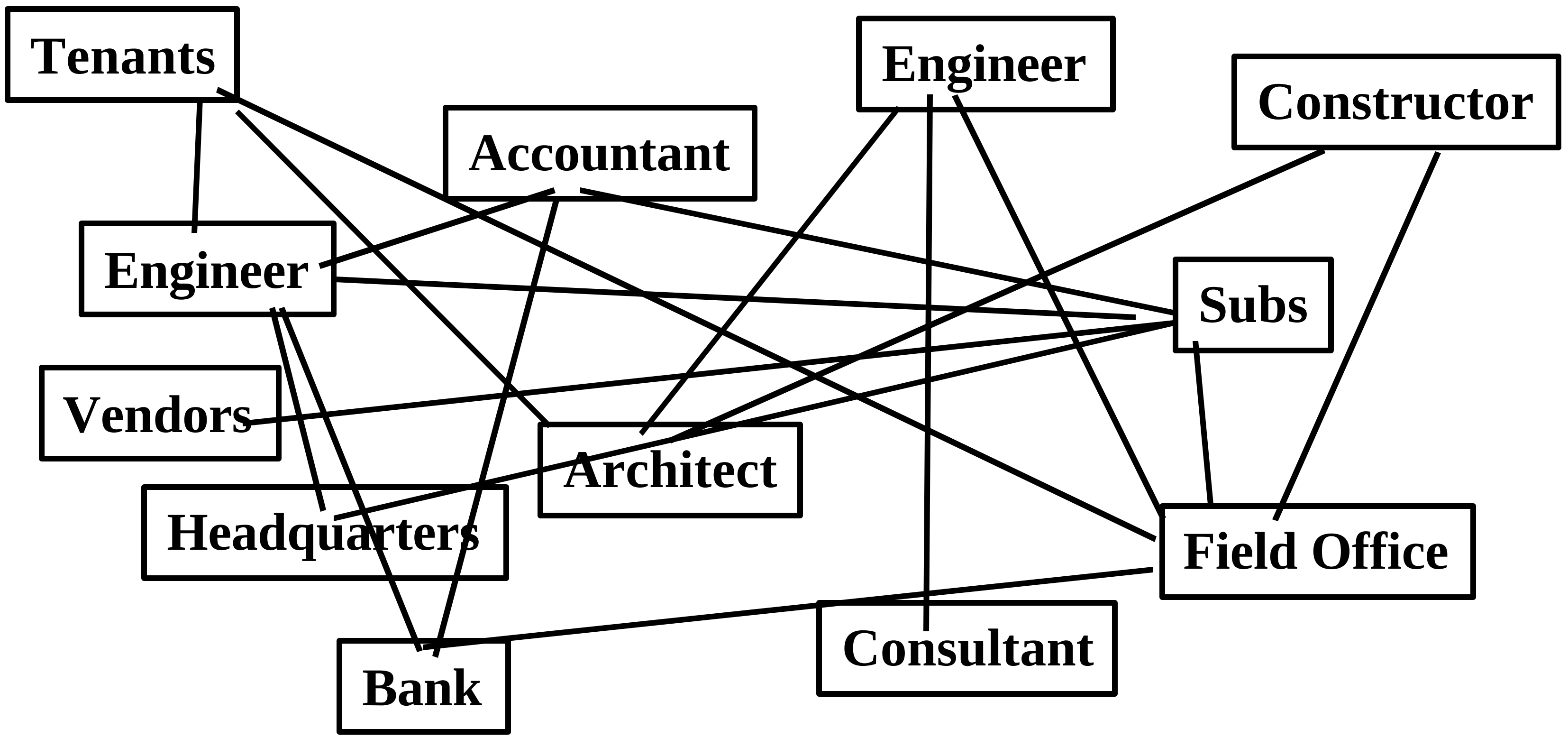
- $1 billion construction pipeline
- 5 states, 5 architects, 5 construction managers, 5 internal user groups
- Each project: $100,000,000 risk
  - 50 major subcontractors
  - Average $2,000,000 (range up to $20,000,000)
  - Average 18 months on the project
  - 30 kinds of key documents from design requests to change orders, purchasing to insurance
  - 1,000 pieces of communication, each vendor
- Whole job:
  - 50,000 - 100,000 pieces of communication

Potential Savings

For Whom?	On What? For EACH firm:	Target for all?
• Owner(s)	• Communication – Tens of thousands of documents – Send, receive, file, find, relate, track, meet	• 3 %
• Designers x 10	• Applications – Network, office, accounting, scheduling, etc.	• 1 %
• Prime Contractors x 1-5	• Procurement – Research, select, bid, negotiate, award, coordinate, furnish, install, instruct, pay	• 6 %
• Subcontractors and Vendors x 20 - 100	• Risk Management – For ALL: W/C, G/L, P/C, E&O, PP&L, BR	• 5 %
• Over 12 - 36 months	• Avoidance of – Rework – Claims	• 5%
• Over dozens of projects		• 20 %

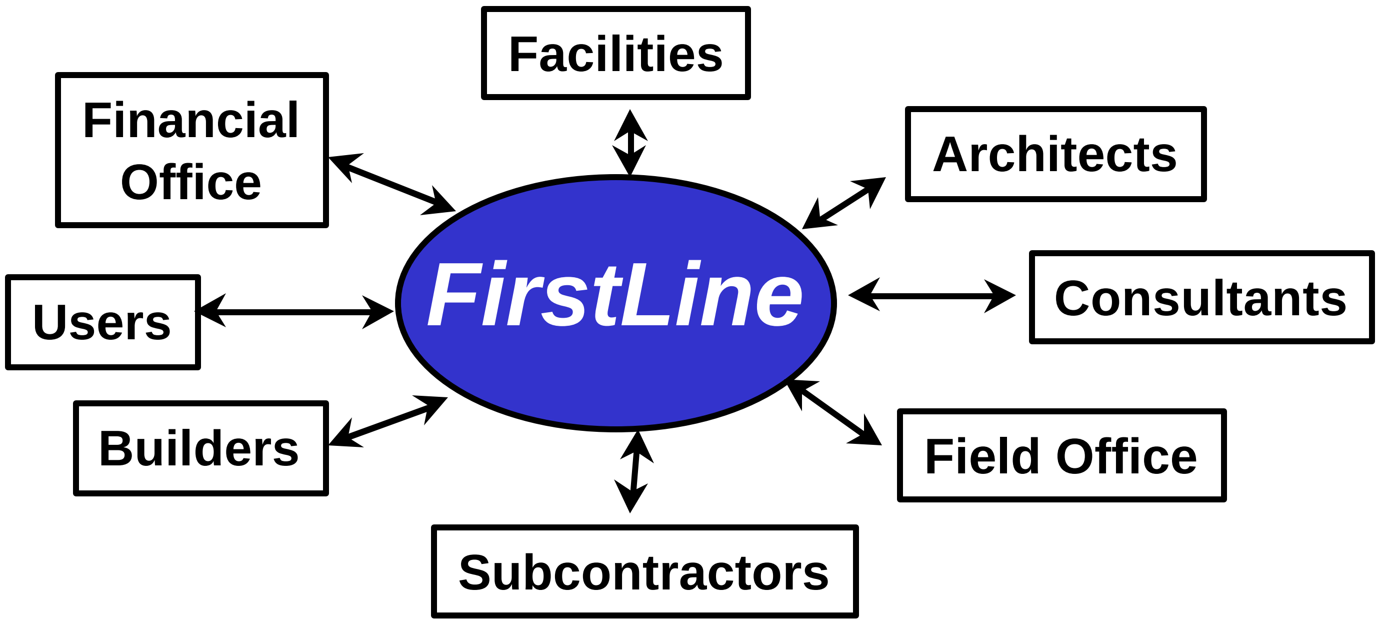
Potential Savings per Project:

Before FirstLine: Many Participants, No Common Communication Place



Today: There is no common way to track, communicate, and organize information, view outstanding items, and provide accountability.

The FirstLine Benefit: One Shared Place for All



FirstLine* benefits: *Access, Organization, Accountability.

Company History

- **1996 - Concept.** John Macomber and core team conceive of the business model for a scalable project communication standard in the AEC industry, develop a single project prototype.
- **1997 - Alpha.** Collaborative Structures (CSI) receives funding from Claflin Capital Management and other sources, runs three alpha tests: Stanford Business School, Beacon/Skanska Construction, and Nordblom Properties. Alpha tests are in Lotus Notes via telephone lines. Hires Robin Alston as VP Engineering.
- **1998 - Beta.** CSI receives funding from Pioneer Capital (now Ascent Venture Partners), rewrites application for 100% browser via 100% Internet, three beta test clients sign up: Stanford Housing, State Street Bank, and Boys and Girls Club of Boston (continuation of Beacon/Skanska)
- **Early 1999, Scaleup.** With beta results proven, company adds Dartmouth College, Leggat McCall, Vanderbilt University, hires Darlene Mangone as VP of Operations.
- **Late 1999, Momentum.** Increasing market acceptance of Internet project communication; Company adds Amgen, Duke, Phillips Academy, others. InformationWeek names CSI one of the most innovative ebusinesses in America. CSI passes $500k in bookings. Hires Buz Schott as VP Sales.
- **Early 2000. Acceleration of interest.** Repeat selection by early users. Addition of MIT Media Lab, University of California, Queensway Galleria, City of Worcester. Company commences fundraising to scale up sales and marketing. CSI passes $1mm in bookings.

Management Overview

- **John D. Macomber, Founder & CEO**
  - Provides strategic direction for the Company
  - Macomber family has been a leader in real estate and construction industry for almost 100 years
  - Former CEO of George B.H. Macomber Company, a $200 million contractor, CEO of Hamilton Construction Equipment Corp., and Partner of a commercial real estate management company
  - Nationally recognized expert on information technology strategy for design and construction firms
  - Teaches graduate course at MIT entitled “Strategic Management in the Design and Construction Value System”
  - MBA from Harvard Business School and BA from Dartmouth College

Today: Winning the Users who Pay

- ***FirstLine*** Application: **Document Store** (with access for multiple firms, extensive accountability)
- Service: **Trusted Host** for the information that teams will share today
- Direct Sales Model: **To Owners**
  - The ultimate attraction for all the rest
  - Have the standing to mandate (or incent) usage
  - Receive the ultimate benefit
  - Owners pay for whole supply chain, as a function of project cost
- Positioning: **Realistic, Trusted** B2B sales
  - Not consumer brand marketing
  - About business benefits, not about technology

Customers

- Corporations: (Time to market, multiple project teams)
  - ***Amgen, State Street, Beacon Capital REIT, Saunders Hotel Group, Queensway Galleria, Breakaway.com***
- Research universities: (Process, multiple participants)
  - ***Stanford, Vanderbilt, Dartmouth, MIT Media Lab, Cal Poly, U of California, Duke, Northeastern***
- Professional Service Providers: (Top line, bottom line; multiple Owners and multiple projects with each)
  - ***Leggat McCall, Beacon/Skanska, CE Ward, Willis***

Recognition

- ***InformationWeek, Dec 1999***: One of the most innovative eBusinesses in America
- ***C|Net, Jan 2000:*** One of the leaders in the field as investors discover business to business on the Internet
- Quoted in the ***Christian Science Monitor, Feb 2000*** - “Information Technology Reduces Risk”

Tomorrow: Solving the Supply Chain

- Build from our foundation as the standard for multi party repeat communication
- Fix the first level of waste and inefficiency:
  - Communication, Procurement, Applications
- Fix the next level of waste and inefficiency:
  - Collaborative vs. Adversarial Insurance and Contracts
  - Aggregate the Buyers

The Foundation: Communication on Complex Contracts for e-Commerce

- Procurement and execution are difficult: low bid alone doesn't win. COMMUNICATION is required:
  - Design
  - Furnish
  - Deliver
  - Coordinate
  - Install
  - Warrant
- Many other relationships influence successful contracts
  - e.g. steel, drywall, paint, windows are related to each other
  - Long delivery cycle with extensive communication needs among firms with a wide variety of skills

Partners (in Negotiation Stage)

- Collaborative Structures has been approached by many top firms
  - ***FirstLine*** viewed as an emerging communications standard
  - Neutral party that can enable multiple procurement engines and processes
  - Highly knowledgeable and cooperative partner

<u>AEC Procurement</u>

- eBricks
- BuildPoint
- PrimeContract
- ProcureZone
- Rentmaker
- Folio

<u>Processing</u>

- i2 Technologies (logistics)
- Revit (CAD)

<u>Channels</u>

- Willis
- AON
- Leggat McCall
- Parsons Brinckerhoff
- Sordoni/ Skanska
- Hill International

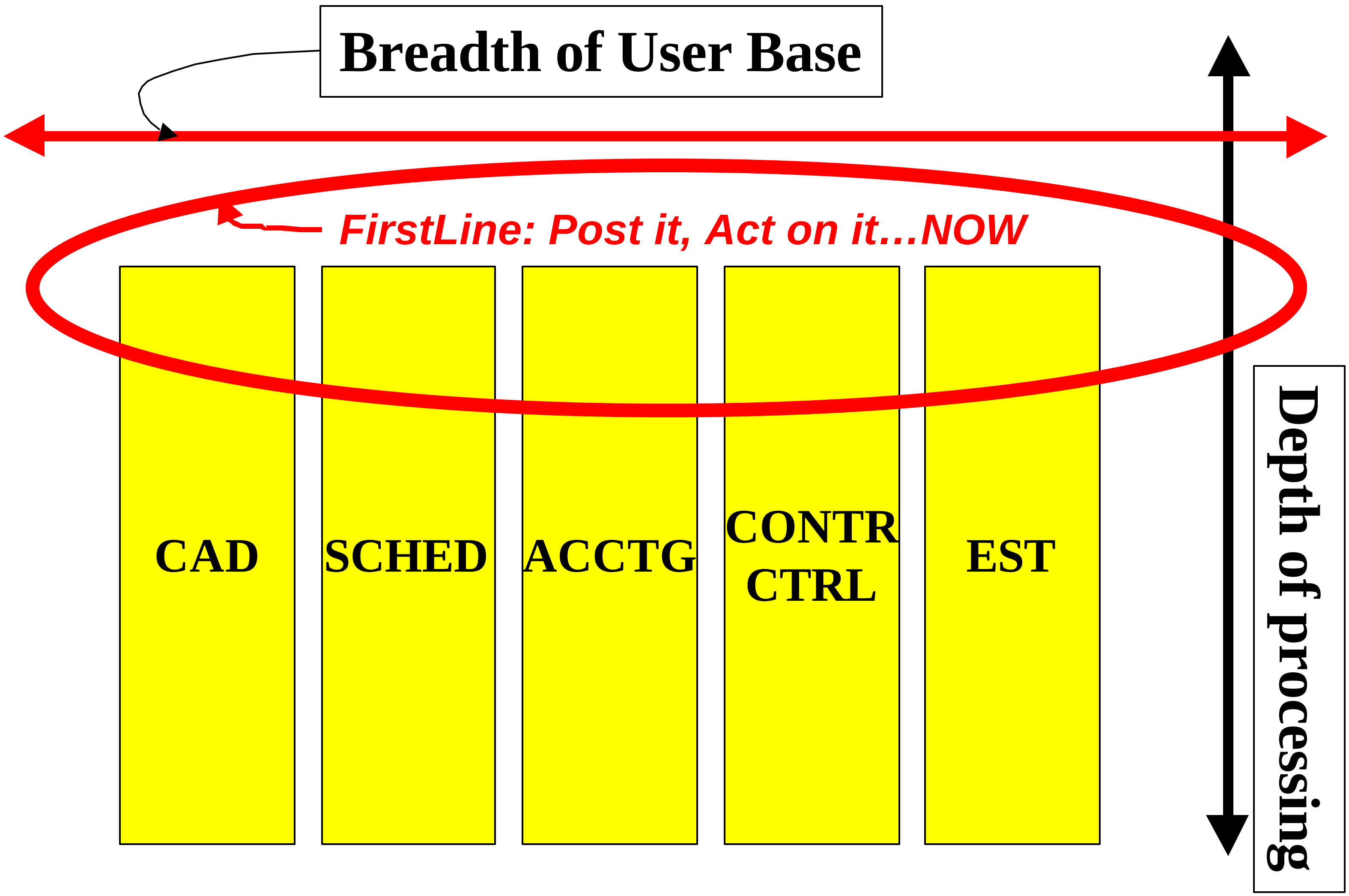
Strategic Advantages

- The Company's market position will be defended by:
  - Economies of scale
  - Significant barriers to entry:
    - Partner relationships
    - High switching costs for users relative to service price
    - Brand identity
    - Data mining capabilities across multiple projects
      - Major competitive advantage for adoption as a standard
  - Communications glue that enables complementary solutions
    - Procurement services
    - Hosting of other applications
    - Cross selling of related products and services
    - Aggregating users as coordinated buyers

Differentiation

- How is Collaborative Structures different?
  - **Deep domain expertise**
  - **Supply chain focus** from inception (informs all actions)
  - Designed to accommodate the **whole chain**, all phases
  - **Ubiquitous applicability**
    - Not designed around a technology (**any platform**)
    - Not designed around single firms (**unbiased business hub**)
  - Committed to **real world support** of project teams, people, and business relationships (service component, data mining)
  - Doing one link well, **partnering with others** (business solutions)

The Right Tradeoffs: Broad vs. Deep



Growth: Proposed Uses of Funds

- Senior Staff:
  - Marketing, Business Development, Finance
- Other Staff:
  - Direct Sales, Engineering
- Promotion
  - Press
  - Speaking Engagements
  - Advertising
  - Trade Shows
- Alliances
  - Don’t originate technology, adapt it
  - Don’t sell to all the players, sell through channels

Collaborative Structures

Connecting People,

Leveraging Technology