

# **CONFIDENTIAL BUSINESS PLAN**

## **Silicon Prairie Holdings Inc**

*Including its Wholly Owned Subsidiary*

**Silicon Prairie Portal & Exchange, llc  
d/b/a Silicon Prairie Online**



**“Where Good Ideas Grow”**

**<https://sppx.io>**

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## SUMMARY OF OFFERING

Silicon Prairie Holdings Inc (“SPHI” or “Silicon Prairie”) is a financial technology (“FINTECH”) holding company, which owns Silicon Prairie Portal & Exchange llc d/b/a Silicon Prairie Online (“SPPX”) an Investment Crowdfunding platform registered as a Portal Operator by the department of commerce in the state of Minnesota. SPPX’s web portal is fully functional for use by Minnesota companies (known as “issuers”), to raise capital from Minnesota residents (the “investors”). The first offering will be for Silicon Prairie itself, as detailed in this plan.

Silicon Prairie is seeking capital to extend and expand the platform’s capabilities while also reaching out to new issuers and investors. Our offer has a minimum \$50,000 and a maximum offering amount of \$1,000,000 and is being made through a Simple Agreement for Future Equity (“SAFE”) instrument with a valuation cap of \$10,000,000 and a 20% discount to the next equity financing, with a minimum investment of \$1,000.

Silicon Prairie’s main competitive advantage is the leveraging of distributed ledger technology (“DLT”) also known as a blockchain, built to enable significant scalability and transparency that is extremely secure, accurate and cost effective. This transformative technology when paired with a mobile application will improve current communications channels with issuers, and new voting and liquidity opportunities for investors.

Money raised will be used to reinforce Silicon Prairie’s competitiveness by investing in the following:

- Extending Web based portal services to mobile platforms
- Expanding functionality to add post-issue investor relations services including shareholder communications, electronic voting, and tax forms such as Schedule K-1 distribution
- Marketing to potential issuers, small companies and start-ups
- Explore process to become a federal crowdfunding portal
- Future functionality that may include providing issuers and investors liquidity through an exchange

Portal Services start at \$2,500 for issuers raising capital up to \$1,000,000 dollars or less with a maximum hosting package price of \$15,000 for raises over one million dollars. Other options and add-ons are available and detailed in this plan. Revenue projections show one issuer/customer per month that will then result in a small operating profit for 2017, before amortization expense of the capitalized software.

The offering has been filed with the Minnesota Department of Commerce (“Commerce”) under the MNvest (MN 80A.461) exemption that permits Silicon Prairie to make direct solicitation of both accredited and non-accredited investors and will be effective for up to twelve months from date of effectiveness unless terminated sooner if the offering reaches its subscription goals.

For more information see complete offering documentation at: <https://portal.sppx.io>

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# 1. EXECUTIVE SUMMARY

## 1.1 Overview

### *The Problem*

Entrepreneurs, startups and established companies looking to raise money have traditionally had to rely on the personal networks of its founders and/or traditional lenders like banks. Many startup companies have used credit cards as lines of credit and even riskier home equity loans when pressed. While it is true that the Small Business Administration (“SBA”) has a program where it can act as a guarantor for qualifying businesses from personal experience we know that this often comes with onerous liens placed on personal property.

Venture Capital (“VC”) tends to be available for only a small fraction of companies and often at egregious terms. While most retail investors seek to first preserve capital and then hope for a nominal return on investment, most firms seek a 10X return on companies in any portfolio.

### *The Solution*

Crowdfunding is a public-facing method for soliciting funds made popular by internet websites such as kickstarter.com, indiegogo.com and gofundme.com. These sites to date have been strictly focused on pre-launch, product-based offerings and general goodwill donation based campaigns. Recently indiegogo.com has entered the “equity” solicitation space.

The core idea in crowdfunding is that instead of relying on a small group of wealthy investors, a “crowd” of many investors pool their money together to help fulfill the raise. In the past, this practice has effectively been banned by the Securities and Exchange Commission (“SEC”) and would have been prohibitively expensive in terms of solicitation, funds management, and ongoing communication and documentation management. With recent SEC changes and the nearly ubiquitous internet access, every business now has the means to solve the advertisement and communications component.

Minnesota has adopted a law known as “MNvest”, which relies upon an “exemption” from securities to be registered at the federal and state level. In the MNvest model issuers must file their offerings with the state Department of Commerce and designate an approved “portal” operator to host its crowdfunding campaign.

### *Our Offering*

Silicon Prairie Portal & Exchange LLC d/b/a Silicon Prairie Online (“SPPX”), a regulated MNvest Crowdfunding Portal Operator was approved by the Minnesota Department of Commerce (“Commerce”) on December 15th, 2016. Silicon Prairie Holdings Incorporated (the “Company” or “we” or “SPHI”) was formed to be the owner of SPPX

as well as several other key business opportunities that have since been identified intended to be owned as wholly owned subsidiaries. The Company operates from the Twin Cities, midway between Minneapolis and Saint Paul, Minnesota and serves Minnesota-based businesses and investors through a web-based marketplace system that facilitates a nearly “friction-free” investment experience.

The Company was founded by serial financial technology (“FinTech”) entrepreneur David V Duccini, who has an established track record of starting and growing technology and communications companies, and also is regarded nationally as a cyber security expert and internationally as a blockchain technology thought leader.

While the initial operations will be limited to Minnesota-based businesses and investors, SPPX plans to file for Federal Funding Portal status with the SEC and FINRA as soon practicable.

SPPX is a public-facing, highly visible component of our business model meant to attract issuers and investors who are ultimately interested in our back-office services, which may include a mobile application (“app”) providing Investor Relations as a Service (“IRAS”) -- see Section 4 for details.

### *The Twist*

Traditionally a company maintains its list of stakeholders in a spreadsheet on a founder’s hard drive. Not only does this represent risk of loss, but is also subject to recordkeeping errors and potential fraud.

SPHI has developed a distributed ledger technology (“DLT”) based on the underlying concepts found in blockchain technology that powers “crypto-currencies” such as Bitcoin. The SPHI model combines a self-replicating, secure distributed logfile with a consumer mobile application that facilitates:

1. Authenticated Communications between issuer and stakeholder
2. Direct stakeholder voting recorded on a blockchain
3. Peer to Peer token transfer capturing price, maintaining basis and providing market discovery

These three simple, yet powerful capabilities solve long-standing problems of 1) receiving accurate information from a company in a timely manner, 2) the ability to have stakeholders vote instead of assigning rights to a “proxy”, and finally 3) a system that allows price discovery for small issuers and liquidity.

SPHI’s technology offers a new level of transparency to current and potential stakeholders, as well as regulatory agencies seeking visibility into insider trading and beneficial ownership. The capitalization table (“Cap Table”) is fully visible via the web or mobile app using pseudo-anonymous account numbers based on public and private key technology (“PKI”). Not only are the exact per-stakeholder amounts known, the total amount of outstanding shares (including fractional shares) can be instantly calculated.

Given the self-replicating nature of the DLT combined with our capture of price paid/received ANY insider trading would be instantly known by the entire stakeholder

base since Directors & Officers would be publicly identified and linked to their public keys.

SPHI has the ability to create rules, known as “smart contracts,” into its blockchains that would enforce certain transfer conditions, such as:

- Limiting transfer to intra-state residents for some period of time
- Time-released transfer on designated individuals and lots
- Transfers based on the existence of digitally signed agreements
- Digital Notary services that grant or revoke rights
- Multi-party contracts that can require N of M participants to execute (ex: 2 of 3 / 3 of 5 etc)

This unique capability sets SPPX apart from every other portal operator in existence today. This capability is potentially a game-changing feature that SPPX will choose to offer as a separate service from the crowdfunding portal, since existing companies could use this technology.

The benefits of our blockchain based platform and its power to facilitate liquidity may revolutionize the private markets and unlock a new era of investing.

## 1.2 Services

Silicon Prairie Online offers MNvest issuers an internet portal to publish and solicit investments, including:

- Equity Offerings (Common or Preferred)
- Debt Instruments
- Convertible Notes
- Simple Agreements for Future Equity (SAFE)
- Charitable contributions for non-profits

Our go to market rates are:

- \$2,500 to start
- \$2,500 to publish
- \$1000 / monthly hosting includes escrow management
- \$10K maximum for any raise up to 1M
- \$15K maximum for any raise over 1M (due to additional oversight related to financial disclosures)
- \$25/per subscriber (first 35 included)
- \$125/hr ala carte consulting services

All hosting includes up to 25 hours of consulting services to help each issuer prepare for launching their offering and for ongoing performance monitoring and socialization services.

For companies that have established brands or desire to execute a “captive audience” campaign SPPX offers a “white-label” version hosted under a custom web address that is wholly unique and branded exclusively for their use during the life of their raise. This premium service is in addition to regular rates and priced on a project-by-project basis depending on the needs of the issuer.

We have identified a new segment called “Investor Relations As a Service” (“IRAS”) and believe that there will be a tremendous opportunity to generate profitable revenues through strategic automation of otherwise high-touch operations, which may include:

- Loan servicing and payment disbursement to note holders
- Dividend Re-Investment Plan (“DRIP”) management
- Annual Schedule K-1 production for shareholders
- Capitalization Table (Cap Table) management using our blockchain-based distributed ledger technology

We hope to establish a micro-exchange similar to a “bulletin board system” or “pink-sheets” style marketplace.

## 1.3 Customers

### *Entrepreneurs and Startups*

SPPX provides student entrepreneurs, boot-strappers, and funded startups a simple, cost effective method for transitioning their projects into funded companies. The company understands the unique challenges that new ventures face in bringing an idea to market. The SPPX portal includes a free prediction-market called the “Idea Expo” that allows individuals and teams to socialize their ideas and solicit feedback from the crowd before committing to raising capital. The Idea Expo allows startups the opportunity to test various components of their ideas including gathering feedback on:

- Potential Pricing Models
- Debt vs Equity and cost of capital
- Location for service offering
- And any other feedback they would like to measure

### *Small to midsized businesses seeking to expand operations*

SPPX can provide access to cost effective capital for established ventures through crowdfunding often at competitive rates to traditional bank financing. The SPPX trademarked CrowdRate™ technology allows issuers the ability to solicit investments from investors by setting a maximum interest rate that they can afford based on a predictable repayment amount and schedule. Investors bid for a part of the debt offering by expressing an interest rate and amount willing to invest. The issuer is in full control of approving or declining offers allowing them to opportunistically drive the cost of capital down, which can accelerate repayment schedules or raise maximum amounts available.



### *Investors seeking a better return on their investment*

The SPPX CrowdRate™ system allows investors the ability to select a target interest rate that when combined with other offers may provide a better rate than could have been obtained individually using a prediction-market engine to establish a weighted average rate. For example, an institutional investor may determine that an offering related to a real estate transaction is a relatively safe investment and therefore is willing to lend more money at a lower rate, while a crowd of individual investors may desire a higher rate of return on their money. The individual investor wins from having the benefit of the institutional investor signaling support and the institutional investor may benefit from a higher rate driven by the crowd.

### *Existing angel investor groups*

SPPX simplifies the management of large cap tables that are currently unattractive to qualified investor groups. SPPX can offer a “white-label” captive-portal experience to investor groups to help with solicitation, funding and managing their investment funds. SPPX can also offer an early-access look at pending issues within its main portal on an opt-in basis. This means an issuer could be picked up by an angel investment group prior to going public with a MNvest offering.

### *Enterprise innovation groups*

SPPX can provide early access to potentially desirable acquisitions by offering access to innovation groups within Fortune 500 companies. The SPPX technology can also be provided as a “white-label” captive-portal experience with branding that matches the company’s identity as well.

### *Service Providers*

The SPPX portal features a Partners directory that includes lawyers, accountants, consultants, wealth managers, mentors, and investment planning as well as trade organizations. SPPX can track referrals made to partners listed in the directory creating an opportunity to strengthen the relationship among related businesses for mutual clients.

## **1.4 What Drives Us**

We are passionate about business development and believe that real innovation happens when access to capital is democratized. Crowdfunding represents a new way to connect great Minnesota-based businesses with investors who have a vested interest in their success. We believe that a stronger Minnesota starts with a stronger business community.

Our goal is to remove as much friction and cost from the investment process as possible. To that end, we are designing and driving towards a fully automated system that gathers the necessary information to produce the filing documentation. SPPX will

create a forms-filling engine to create the disclosure documents on par with iDisclose.com, a document preparation service specializing in Private Placement Memorandums.

## **1.5 The Plan for 2017**

The plan for 2017 is as follows:

1. Launch Portal by hosting our own small offering to demonstrate that it is both compliant and viable
2. Build a pipeline of deals and execute ten quality offerings
3. Attract talent and build our team
4. Release a blockchain-based Distributed Ledger to account for SPHI SAFE token holders
5. Release a Windows and Macintosh Desktop application based on the 2GIVE code base
6. Build a mobile app for IOS and Android that ties it all together.

## 1.6 Possible Exit Strategies

While it is premature to discuss an exit from a business we are launching, the reality of starting a business is stacked against every entrepreneur. Fully 90% of all businesses started will fail within the first year and those that do survive around 80% fail in year two. This means that for every 100 businesses created around 2 will survive long enough to celebrate their third year in business.

The following scenarios are meant to be illustrative only and represent *potential outcomes*, and are by no means exhaustive:

### 1.6.1 Cease Operations

In this scenario the company would cease operations due to market or regulatory forces it no longer becomes viable to maintain operations. Since the company maintains no infrastructure operations costs could be minimized to eliminate office space and internet connectivity to the bare minimum costs necessary to keep the website online until sunset of any remaining assets including disposition of any intellectual property including our software platform, trademarks and relationships.

### 1.6.2 Merger or Divestiture

While our operating costs are closely managed and we believe we have enough margin for our services today, due to market pressures or the costs associated with advertising and marketing, it may be advantageous to combine portal operations with another local or national platform provider. The other scenario similar in vein would be a divestiture of the portal operations to focus on the more profitable ventures such as servicing or blockchain development etc.

### 1.6.3 Acquisition

In this scenario we become acquired by a larger company. Possible candidates are established service businesses looking for a new source of revenue to private equity funds who see value in our blockchain technology stacks.

### 1.6.4 Reverse Merger

In this scenario we find a publicly held shell corporation that is thinly traded on an exchange such as Nasdaq or possibly on Toronto (known as the “Toronto two-step”). We would reverse-merge with that company and take over and rebrand.

### 1.6.5 Traditional Public Offering

In this scenario we partner with traditional Wall Street investment banks to do a classic Initial Public Offering (IPO). This is the least likely outcome in part because everything we’re building obviates the need and disrupts this industry.

## 2. COMPANY DESCRIPTION

### 2.1 Objectives

Our path to becoming a nationally recognized crowdfunding portal that brings a new level of transparency and liquidity to small issuer markets includes:

- Become the preferred crowdfunding portal operator in Minnesota by offering a marketplace that connects issuers with investors
- Demonstrate that our platform is both compliant and viable by opening operations with a small demonstrable raise of our own
- Issue a token on a blockchain based distributed ledger and work with regulators to demonstrate its superiority over existing self-reporting processes.
- Create a mobile app that connects us with our stakeholders to demonstrate
  - Authentic and Secured communications
  - Direct stakeholder voting registered on the ledger
  - Peer to Peer transfer creating price discover and liquidity
- File and become an approved Federal Funding Portal
- Produce Schedule K-1 tax documents at year end for our shareholders and offer it as a service to others as part of our Investor Relations as a Service business model.

### 2.2 Mission Statement

To be a leading FinTech provider of services that benefit from seamless automation, with a focus on investor relations, funding, financial processing, and the operational capabilities within the finance function of companies. The delivery will be enabled by the capabilities of blockchain based distributed ledgers, the oversight and management capabilities it provides.

### 2.3 Legal Structure

A Minnesota Corporation formed in January 2017, wholly-owning Silicon Prairie Portal & Exchange LLC was formed in Oct 2016. The holding company was created with 10M shares authorized of which 1M shares have been issued to the founder, David V Duccini.

### 2.4 Location

SPPX's main office is located in the Ivy League Building at 475 Cleveland Avenue North, Saint Paul, Minnesota 55104. This centrally located building in the "Midway" area is conveniently located between the downtowns of Minneapolis and Saint Paul. There are

number of universities nearby including University of St. Thomas which is within walking distance.

The building offers its tenants free use of a second floor conference room, which we leverage for our monthly Meetup.com meeting.

The company maintains private computer colocation services for its servers in both Minneapolis and in California.

## 2.5 Principal Members

### ***David V. Duccini, Founder and CEO***

David holds an MBA from the Carlson School of Management at the University of Minnesota and an MSc in Software Engineering from the University of Saint Thomas, Saint Paul, Minnesota. He was previously a founder and managing partner of Backpack Software Inc, which became a large regional Internet Service Provider (“ISP”) through organic growth and eight M&A transactions before selling the ISP in 2008. Since then he has been on a tour of industry providing information security consulting and architectural services to many of the large companies in Minnesota including Best Buy, Target, Wells Fargo, Boston Scientific, XCEL Energy and Blue Cross Blue Shield of Minnesota.

David became involved in the cryptocurrency world in early 2011 when he read Satoshi Nakamoto’s seminal Bitcoin whitepaper and started mining himself. He went on to help build the third largest mining pool at the time (ozco.in) and subsequently launched a patent-pending cryptocurrency screen-saver miner system named doabitofgood.com that linked non-profit animal rescue organizations with its donors to help create donations and find homes for adoptable pets. He has since established Strength in Numbers Foundation (“SNF”) a non-profit digital trust that is currently home to the 2GIVE cryptocurrency project as well as IDCoins, an identity and reputation blockchain concept which will be branded as the trademarked “KARMA” moniker owned by SNF.

### **Board of Advisors\***

Jade A Barker, Consultant

Debra Brown, Risk & Analysis Consultant

Eric Grill, CEO Bitcoin Ventures & coinoutlet.io

Elwin Loomis, Visionary Leader

Tina Meeker, Security & Privacy Expert

David Mondrus, Blockchain Expert

Robert Stacy, Trading Platform Expert

Keith Tanski, Disruptor & Pragmatic Technologist

*\* See website for up to date list and links to current bios*

## **3. MARKET RESEARCH**

### **3.1 Industry**

The JOBS Act (Jumpstart Our Business Startups) is a relatively recent path to raise funds for small businesses. MNvest, the Minnesota inspired version of the JOBS Act was signed into law mid 2015 and its regulations were approved mid 2016. The law requires both an issuer to file and a portal operator to be registered with the Department of Commerce. Currently there are three registered full service portal operators including SPPX.

Companies (“issuer”) seeking to raise funds must file their offering with Commerce using a "notice to file" mechanism, which permits the state up to ten days to review or comment on it. The issuer must declare which portal it will be using and disclose its escrow agreement along with certain documents related to its business operations. An offering may only be solicited on one portal at a time. If Commerce has no questions or comments, the issue is permitted to be published on the designated portal and funds may be solicited for up to twelve (12) months.

Any funds obtained from investors are held in an escrow account for the benefit of the issuer and released only if the offering achieves its stated minimum escrow amount.

### **3.2 Market**

Minnesota-based entrepreneurs, startups and established small to midsized business owners who are seeking to raise between \$100K and \$2M in funds to launch new businesses or expand operations in going ventures.

### **3.3 Competition**

We operate in a highly competitive and rapidly changing marketplace and compete with a variety of organizations that offer services competitive with those we offer. We believe that the principal competitive factors in the industries in which we compete include: skills and capabilities of people; technical and industry expertise; innovative service and product offerings; ability to add business value and improve performance; reputation and client references; contractual terms, including competitive pricing; ability to deliver results reliably and on a timely basis; scope of services; service delivery approach; quality of services and solutions; and availability of appropriate resources in key emerging markets.

### 3.3.1 Minnesota

Currently there are three other approved portals, and at least one known operator in-process:

- Venturenear.com
  - \$3,500 setup fee
  - \$350 monthly hosting after first month
- Mnstarter.com
  - No fee for listing
  - Revenue purported to come from “marketing” services
- Bluenosed Gopher Brewery (self-issuance)
- minnefund.com (declared intent but has not filed with commerce yet)

### 3.3.2 National

Nationally, there is competition from:

- seedinvest.com
- wefunder.com
- indiegogo.com

and many others registered with SEC. Many of the national portals have partnerships with Broker-Dealer companies that give them a competitive advantage in the way they are able to advertise and solicit investors. We believe that choice of portal is based more on a consultative sales approach. We also believe that there is a sense of community by “buying local” for both the issuers and the investors.

### 3.3.3 Commentary

Our experience leads us to believe that choice of portal is a “consultative sales” influenced decision more so than a “price sensitive” one. Each portal operator is going bring “a book of investors” over time that may have a perceived value depending on its ability to socialize new offerings to them.

Our go to market pricing is among the highest of the registered portals. “mnstarter.com” claims they will not be charging anything for their portal service which means we do not consider them competitive and question their long term viability. Funding via ACH requires transferring their investors to a separate website.

Venturenear appears to be focused on real estate based offerings in the brewery/brewpub space, likely leveraging its founders “Saunders-Dailey” accredited investor portal experience, since their MNvest portal appears to be operated by that parent company. It is our understanding that investors are only offered the ability to send checks or use a wire transfer service to make investments, therefore no ACH transfers are possible to date.

Bluenose Gopher Brewery demonstrates that establishing a portal/issuer in the state is achievable with a minimum effort and may represent a trend for those firms that have the technical expertise to assemble a portal capability on their own. We hope to

demonstrate that using our proven platform under a “white-label” service agreement will be preferable to “rolling your own”.

Portal operations on its own are not likely a viable business model and likely could not support more than a “skeleton crew”. We believe that our Investor Relations as a Service model is the long-term sustainable business that can actually be leveraged by other portals becoming our customers for such services.

### **3.4 Competitive Advantage**

We believe that we have a better grasp of the underlying business, information security and regulatory requirements than our competitors.

We use a very extensible Content Management System (CMS) as our core website platform that is both mature and well supported. There are literally thousands of modules available for free to extend the system and most take only a few minutes to install and configure. We believe that this gives us the ability to pivot faster than our competitors who have indicated that they have home grown systems.

SPPX has developed a CrowdRate™ technology that allows issuers to solicit a range of investments and interest rates from investors that lets the market set an overall rate based on weighted averages. This can provide an issuer access to lower cost capital.

SPPX offers an “Idea Expo” area of its portal that allows entrepreneurs the opportunity to solicit feedback from potential investors to determine if their idea is marketable and fundable. This free service can help a startup refine its vision and crowdfunding raise targets before committing to filing an offer.

SPPX has a fully integrated ACH account management capability that follows industry best enrollment practices. This creates a seamless and friction-free investment experience for investors. Once their accounts have been confirmed, investors are free to leverage them to make investments and in the future received dividends and loan payments directly.

Our founder and CEO is a software engineer with over 30 years of software development experience that spans embedded systems through e-commerce sites. We therefore do not have to rely on outside talent (today) to develop our portal. Defects can be discovered and remediated nearly instantly. We also leverage his over ten years of information security architecture and analyst experience to create a safe and secure crowdfunding experience.

Our portal is highly integrated with social media sites such as Twitter, FaceBook, LinkedIN and soon Instagram, which may lead to greater “crowd awareness” of the platform and individual campaigns as investments are made.

We have significant blockchain development experience having produced a viable blockchain named 2GIVE (<https://2give.info>)



## **3.5 Regulation**

The Company is subject to and affected by laws and regulations of U.S. federal and state governmental authorities. These laws and regulations are subject to change. Additionally, the Securities & Exchange Commission (the "SEC") regulates the exemption, registration and sale of securities. Any SEC regulatory changes could affect our business.

## 4. PRODUCT/SERVICE LINE

### 4.1 Services

SPPX takes a consultative sales approach to marketing and delivery of its services. The Company's experience from launching its portal and hosting its own offering first is an valuable experience that can be shared with prospective clients to manage expectations and help guide new issuers through the regulated process.

#### 4.1.1 Crowdfunding portal services and consulting

##### *Portal Services - Pre-Offering Services*

Listing a company on the Silicon Prairie Portal requires first consulting with a company to clarify their story, company structure, financial results, fundraising goals, and use of proceeds; then coordinating the further work of the company with Legal and Accounting Professionals in order to produce the required documents required for their specific fund raising offering.

##### *Portal Services - Listing Offerings*

With the documents and legal/accounting due-diligence completed, next the offering documents are filed with Commerce and enter a 10-day notice to file period after which the offering may be listed on the portal and made available to investors for review. Finally, Silicon Prairie through the operations of its Portal aggregates investor interest, facilitates escrow of investor funds through a seamless Automatic Clearing House ("ACH") capability with its escrow bank partner, tracks and monitors the raise in process, closes the offering when it reaches its goal, and can facilitate transfer from escrow of funds to the issuer and the issuance of securities to investors at the issuers direction.

#### 4.1.2 Investor Relations as a Service

Once an issuer has raised funds SPPX can offer a long term value added services including:

- Authenticated investor communications using digital signatures
- Subscription agreement management and archival services
- Stakeholder voting using distributed ledger technology
- Document preparation such as annual Schedule K-1 production
- Shareholder certificate production
- Private Key escrow services
- Capitalization table management services
- 

SPPX can provide these services to other portal operators as well.

## 4.2 Pricing Structure

Our go to market retail pricing is as follows:

- \$2,500 setup and onboarding fee
- \$2,500 to publish offering on portal, includes first month of hosting
- \$1,000 monthly hosting fee up to:
  - \$10K for any raise up to 1M
  - \$15K for any raise over 1M but less than 2M
- \$25 per subscriber (first 35 included)

Consulting services are \$125/hr

## 4.3 Product/Service Lifecycle

- Startup phase with a Minimum Viable Product (MVP) Portal
- Approved MNvest portal operator in Minnesota
- Escrow bank relationship formed with Sunrise Bank
- 2GIVE Stakeholder based cryptocurrency operational for over one year

## 4.4 Intellectual Property Rights

SPPX has obtained rights to the Strength in Numbers Foundation portfolio of blockchain technology and trademarks.

SPHI and SPPX have Several Trademarks filed:

- CrowdRate
- Where Good Ideas Grow
- FlowerBOT logo design

SPHI has access to the following Strength in Numbers Foundation trademarks:

- Karma
- It's Better 2GIVE

## 4.5 Research & Development

The company conducts ongoing research and development in the area of Financial Technology (“FINTECH”) with a focus on bridging the connections between legacy banking systems and distributed ledger technology.

SPHI has obtained the rights to use the blockchain technology, source code, trademarks and other Intellectual Property from the Strength in Numbers Foundation including the crypto-currency blockchain 2GIVE as well as the designs for an Identity & Reputation blockchain, and the use of the trademark “Karma” described as:

*Business and market reputation management of a reputation index which is a score related to providing electronic transfer of a virtual currency for use by members of an on-line community via a global computer network for the purposes of voting via feedback on each others contributions*

SPPX has developed a reference design and corresponding methods to deploy a brand new blockchain based on poly-morphic principles that would allow a distributed ledger to change its underlying data structures and smart-contracts over time in order to react to real world events.

The SPPX mobile application has been designed to support “market discovery” enabled in part by geo-location capabilities available in most mobile phones that can allow buyers and sellers to find each other to create a peer-to-peer (“P2P”) exchange. Once a price has been agreed to by both parties, the seller can scan a barcode on the buyer’s device and enter the price received while the buyer will also confirm the transaction details by digitally signing the lot and price paid. This information is then transmitted to the blockchain network and if it meets the requirements of the smart contract rules it may be subject to it is appended to the distributed ledger maintained by every participant in the network.

SPPX has also developed the technology to place digital tokens onto paper certificates using the same public key technology available on the mobile application. In this scenario a seller could present a certificate to a buyer who can scan a barcode that represents the public address of tokens offered and confirm that they still exists unspent on the blockchain. At this point, after price has been negotiated, the buyer can scan the private key of the certificate and “import” the tokens into their digital wallet or safe. Immediately transferring those tokens to another public key owned by the buyer to prevent a double-spend transaction effectively voiding the paper certificate assures security.

## 5. MARKETING & SALES

### 5.1 Growth Strategy

We herein conducting a small capital raise on our own portal with a minimum \$50K raise, an initial “stretch-goal” of \$100K and a maximum of \$1M. The use of funds will be to support sales, marketing and the development of the mobile applications. We have been certified a qualified MN Angel Tax Credit Company for 2017 which we believe is an attractive element for our raise.

Initially we have been socializing out the existence of the portal by attending and hosting local "meetup.com" group events to help identify candidate leads for the portal with a goal of doing ten (10) quality offerings in 2017.

We have initially explored the costs and process to establish a portal in Wisconsin and have determined that the level of effort would be on par with pursuing national portal status. Therefore, once we've established our platform in Minnesota we will seek national platform approval through the SEC and FINRA processes.

We have considered the relative advantages and costs associated with become a Broker-Dealer and feel that it would be better to form a partnership with an established firm.

We do believe that there is an opportunity to remove a lot of friction from the escrow process and will be continuing to explore new partnerships and opportunities to provide a more seamless experience for our issuers and investors.

### 5.2 Communication

Social media, email marketing and in-portal communication channels will be leveraged first.

Once our mobile application is complete we see that as a direct channel to communicate with users.

We plan to leverage radio advertising, initially targeting the Minnesota Public Radio audience through "underwriter support" of Marketplace Tech and Morning reports. We have developed a script for a short video what we plan to produce either directly or via a “contest” for prizes.

The portal currently supports the ability to socialize investment activity via Twitter, Facebook and LinkedIn, with plans to add pictogram “completion to goal” images to the messaging and add Instagram.

The company will promote the ability to socialize investment activity by individual investors into their social media channels as a way to create buzz and generate excitement for their activity, examples could include:

“I just invested in a great @MNvest Startup on Silicon Prairie Online. Click here to learn how you can too!”

“Proud owner of XYZ Brewing Co! You should join me in raising a pint!”

## 5.3 Prospects

Through our networking and hosted meetup.com meetings we have identified several ready clients for hosting on our portal with two very serious candidates likely ready to file within the next 90 days.

We are establishing a partner referral system through our portal that we believe will result in an ongoing stream of new deals.

We think that a “bandwagon” or “network” effect will occur with successful raises meeting minimum goals not only on our portal but on the other portals as well. This will be supported by our use of social media hooks in the system that not only can be used by SPPX to socialize investment activity but also by individual investors who can take credit for their own investments and entreat others to join them.

The long-term value proposition for SPPX is in the Investor Relations as a Service and the recurring and expanding revenue stream that can be built upon it.

SPPX has developed the core technology necessary to merge word processing documents and databases (“form filling”) to produce PDF files. This capability can be leveraged for the complete investing lifecycle from helping an issuer prepare their offering documents to collecting individualized subscription agreements to producing tax related documents including Schedule K-1 forms per subscriber. Form filling software reduces the friction and time to market for issuers and represents both a competitive advantage for SPPX as a portal operator and SPHI as a licensor of the technology to law firms as well as other portals.

## 6. FINANCIAL PROJECTIONS

### 6.1 Profit & Loss

There are no sales to date as the venture has not launched and no costs associated with the business since all costs have been covered by the founder (software engineering, sales and marketing) and by Strength in Numbers Foundation (legal, rent, internet).

### 6.2 Cash Flow (01/01/2017 to 12/31/2017)

#### Silicon Prairie Holdings, Inc.

#### Proforma Income Statement

For the Year Ending Dec 31, 2017 Ending Dec 31, 2018 Ending Dec 31, 2019

Revenue	2017	2018	2019
Portal Hosting revenue	100,000	250,000	500,000
Service revenue		25,000	125,000
Consulting revenue	25,000	50,000	100,000
Other revenue			
<b>Total Revenues</b>	<b>125,000</b>	<b>325,000</b>	<b>725,000</b>
Expenses			
Accounting	5,000	7,500	12,500
Advertising	50,000	75,000	100,000
Bad debt			
Commissions			
Cost of goods sold	10,000	25,000	50,000
Depreciation			
Employee benefits		15,000	45,000
Furniture and equipment		5,000	25,000
Insurance	1,000	2,500	5,000
Interest expense			
Legal expenses	5,000	10,000	15,000
Maintenance and repairs			
Office supplies	1,000	2,500	5,000
Payroll taxes			
Rent	6,600	15,000	60,000
Research and development			
Salaries and wages	-	100,000	300,000
Software			
Travel	5,500	15,500	35,500
Utilities	1,000	2,500	2,500
Web hosting and domains	6,000	12,000	16,000
Other			
<b>Total Expenses</b>	<b>86,100</b>	<b>280,000</b>	<b>659,000</b>
Net Income Before Taxes	38,900	45,000	66,000
Income tax expense	9,725	11,250	16,500
<b>Income from Continuing Operations</b>	<b>29,175</b>	<b>33,750</b>	<b>49,500</b>
<b>Net Income</b>	<b>29,175</b>	<b>33,750</b>	<b>49,500</b>

## 6.3 Balance Sheet

Silicon Prairie Holdings, Inc	<b>Proforma Balance Sheet</b>	
	1/31/17	12/31/17
<b>Assets</b>		
<b>Current Assets</b>		
Cash	9,000	40,000
Accounts receivable		20,000
ACH Assurance (Bank Deposit/bond)	11,000	22,000
Capitalized Software (net amortization)	250,000	200,000
Short-term investments		
<i>Total current assets</i>	270,000	282,000
<b>Fixed (Long-Term) Assets</b>		
Long-term investments		
Property, plant, and equipment (Less accumulated depreciation)		
Intangible assets		
<i>Total fixed assets</i>	-	-
<b>Other Assets</b>		
Other		
<i>Total Other Assets</i>	-	-
<b>Total Assets</b>	<b>270,000</b>	<b>282,000</b>
<b>Liabilities and Owner's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable		
Current portion of long-term debt		
<i>Total current liabilities</i>	-	-
<b>Long-Term Liabilities</b>		
Long-term debt		
Other		
<i>Total long-term liabilities</i>	-	-
<b>Owner's Equity</b>		
Owner's investment	20,000	20,000
Stock Options/Warrants Granted & Unexercised	250,000	200,000
Silicon Prairie Holdings LLC Common Stock		100,000
<i>Total owner's equity</i>	270,000	320,000
<b>Total Liabilities and Owner's Equity</b>	<b>270,000</b>	<b>320,000</b>

## 6.4 Break-Even Analysis

With the legal costs being covered by Strength in Numbers Foundation and the \$20K contributed by the founder initially there are not a lot of costs remaining for a break-even point. The marketing budget is exceed if we engage Minnesota Public Radio ("MPR") on the underwriter package presented which amounts to around 1K/week for 14 weeks for MarketPlace Morning Report placement and website impressions.



## **6.5 Financial Assumptions**

### **6.5.1 Assumptions for Profit and Loss Projections**

The software development costs including R&D are "sunk costs" to date split between founder and Strength in Numbers Foundation.

### **6.5.2 Assumptions for Cash Flow Analysis**

We assume that we will be cash-flow neutral for the first year of operations with the bulk of the revenue going to support sales and marketing activities. We anticipate having about 20K in legal and accounting costs related to the offering.

The founder & CEO has agreed to take a token \$1 salary for the first year of operations.

### **6.5.3 Assumptions for Balance Sheet**

There will be very little fixed assets as this company can outsource most of its operations.

### **6.5.4 Assumptions for Break-Even Analysis**

Cost of operations in the first year will be negligible with the bulk of the funds flowing to sales and marketing activities as well as any costs associated with the development of the mobile applications, legal and accounting costs.