

Due Diligence items -Tailored Systems Inc.

1. A list of all customers by product by revenue starting with largest revenue customer first for the years 2004-2009 & Ytd. 2010
2. Full & complete Tax returns for the years 2006-2009
3. Complete financial statements for the years 2006-2009
4. W-2 statements for all employees of TSI for the years 2006-2009
5. List Potential New Work or Projects for remaining 2010 that are not billed
6. What does it cost a retailer to purchase AdDept software for their advertising Dept? How much does it cost for AxN?
7. How do you price your 2 products? Per user? Per account? Or is it a flat fee for unlimited usage?
8. How do you bill your customers? Yearly, quarterly, Monthly
9. How do you determine monthly maintenance fees to your customers?
10. Do you have contracts with all your customers? If so for how long?
11. Is the AdDept program set up to roll out to other large retail customers? Or do you have to customize each customer's installation?
12. Once you add a new customer for the AdDept program, how much labor/technical time does it take to complete the installation of training customer and holding hands thru the learning curve?
13. With Mike and 2 programmers how many NEW customers/installations could we add per year for AdDept? AxN?
14. How do you measure productivity output of coders/programmers? Per character, per line of code, per project?
15. How do you safeguard and protect the source code from employees if they decide to leave and compete against you?
16. How do you calculate and cost out time and labor for new projects? ie..new sales use tax project
17. When was your last price increase for both products? How much was it?
18. How many NEW customers have you added in the last 4 years?
19. How many customers have you lost in the last 4 years?
20. What are the top 5 most compelling reasons a new customer would purchase the AdDept program? AxN program?
21. How do retail Advertising departments manage all their information if they are NOT using AdDept? What are they doing without it?
22. What is the process to close a deal with a large retail customer who is considering purchasing AdDept...how quickly or slowly does it happen?
23. What would the objections be from a large retail customer of why they would NOT want AdDept. for their business?
24. What NEW markets could AdDept be adapted for? AxN the butterfly system?
25. Realistically how many new customers could we add each year for AxN? AdDept?
26. Have you ever hired any sales person to sell for TSI? If so, how did they do?
27. Do you have any Trademarks? Copywrites? Patents? Web URL's you own?
28. What type of employment agreements do you have with your coders/programmers?(please include a copy)

29. What NEW projects are in house for 2010? What kind of revenue will they generate?
30. Who is your competition for AxN? AdDept?
31. What Language is the software developed in?
32. Is there a large skill pool of programmers/coders to pull from as we grow the business?
33. How do your customers interface their systems with AdDept?
34. Are TSI interfaces based on industry standards such as Web services or Message based queues?
35. Are there imbedded software products that require licensing from 3rd parties?
36. Do customers have the ability to access their data in the system if they want to data mine?
37. On a daily basis on average how much time is spent from the staff on customer support?
38. How many trouble tickets per month are worked and the average time to closure?
39. For a newly added customer, what exactly are the costs to deploy and install the AdDept software on the customers hardware?
 - a. How many trips to customer site to install and train staff
 - b. How much time and expense is associated with getting a new customer up and going on the system?
40. What Obsolescence factors are involved with AdDept and AxN?
 - a. Costs?
 - b. How often is the software revised to avoid obsolescence?
 - c. Are there 3rd party software modules that if upgraded can affect AdDept?
41. How do customers get the latest updates/upgrades on AdDept? Is it thru a CD update that they install or thru a Web interface portal that allows updates quickly?