EXHIBIT 13

BAA Number: **02-Q-4655**

Mission Area: **Information Integration Center**

Requirement No: **109 / ALT-109-LEADER-1220WP**

Proposal Title: **Advanced Cross-platform Communications &
                       Anti-terrorism Command Center Prototype[1]**

White Paper

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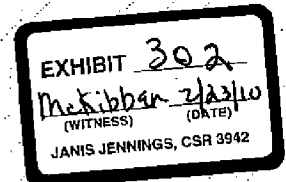   (614) 890-1986 VOICE
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[1] Ref. Quad Chart, ALT-109-LEADER-122001.pdf

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Leader White Paper

This White Paper is in support of our proposal Requirement No. 109 / ALT-109-LEADER-1220WP to the Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)) and Combating Terrorism Technology Support Office (CTTSO) Technical Support Working Group (TSWG) Broad Agency Announcement (BAA), 02-Q-4655 (referred to herein as "BAA") <u>for funding an Advanced Cross-platform Communications Environment and Anti-terrorism Command Center Prototype</u>

1 Introduction

We at Leader Technologies ("Leader"), in cooperation with the *concurring* co-venturer University of Dayton Research Institute ("UDRI"), are pleased to offer the following White Paper in support of our BAA funding submittal. Wright Patterson Air Force Base ("WPAFB"), Douglas W. Fleser, Deputy CIO, is the *concurring* customer having identified a number of areas of mission-critical need at WPAFB for which Leader Technologies has built specific solutions over the last 3.5-years of intensive research and development. Since September 11 it became patently clear that this WPAFB project has direct benefit to the War on Terrorism (and therefore to the BAA) without any change to the technical specifications or requirements for WPAFB. We at Leader intend to cooperate extensively with Mr. Fleser and his WPAFB team, and simultaneously to cooperate with the BAA in extending the WPAFB as required by the BAA. In addition, we have engaged the capable resources of the UDRI in the implementation of this $12,074,495 Phase 1 proposal to be delivered over the following 12 months. Cost Displacement and ROI studies for this project have already yielded numbers in the 500-1500% range.

The tragic events of September 11, 2001 have only further heightened the urgency of this project. In additional to this project being able to thoroughly support the WPAFB technical requirements, this project can now join the frontlines in our War on Terrorism by providing a fully-operational NORAD-like Anti-terrorism Command & Control Theater environment prototype that can support the needs of the Secretary for Homeland Security, NSA, FBI, CIA, FEMA and the CDC in their requirements to improve communications and collaboration capabilities.

Little did we know when we set out to build Leader2Leader™ 3.5 years ago that it would be tailor-made for the War on Terrorism effort.

2   Problem Statement

"One of the things that the president has commissioned me to do in his Executive Order is make sure that the gap, the delay in information-sharing no longer exists as we combat this war on terrorism."

Tom Ridge, Director for Homeland Security, December 17, 2001

"A lack of technology needed to analyze and integrate data from disparate sources is proving to be an early answer to people asking how the U.S. disaster could have occurred, security experts admit."

Infoworld, September 14, 2001

A similar problem statement can be applied to the customer of this proposed BAA grant, namely Wright Patterson Air Force Base, Douglas W. Fleser, Deputy CIO. Mr. Fleser has identified four areas of priority for WPAFB: records management, acquisitions, management, engineering collaboration, and knowledge management. Prior to September 11, 2001, Mr. Fleser felt and growing sense of priority and urgency to these priorities as they related mainly, at the time, to the coming "brain drain" of federal employees with significant knowledge of our most critical defense systems, and, as it related to facilitating secure, distributed engineering collaboration environments across the United States Air Force communications network.

The tragic events of September 11, 2001 have only served to heighten the priority for what Mr. Fleser had previously identified as his set of needs. In fact, this WPAFB BAA can very clearly "kill two birds with one stone" by becoming the prototype for a NORAD-like Anti-terrorism Command and Control Theater for potential use by the Secretary for Homeland Security that is fed data from existing data repositories. This same system can then be evaluated for use in related security applications with the Center for Disease Control (DCD), the Federal Emergence Management Agency (FEMA) as well as such agencies as the FBI, NSA, Federal Reserve and Secret Service. In fact, Leader is now fielding preliminary inquires from state agencies who are now tasked with establishing state-wide homeland defense systems.

During the past 3.5 years, Leader has developed a fully-scalable enterprise-class communications platform that combines previously disparate communications and collaboration applications into a common, integrated and secure environment. Leader's research have discovered and fixed a plethora of serious shortcomings and flaws in prevailing platform assumptions about mere aggregation vs. true integration of communications technologies (see Figure 1: The Communications "Glass Ceiling"). These discoveries point to why such platforms as Lotus Notes and Microsoft Exchange are patently ill-suited for the task at hand. Armed with these discoveries, Leader set out to build the Digital Leaderboard™ System that will be used by enterprises under the brand name Leader2Leader™. Mr. Fleser believes that the Leader2Leader™
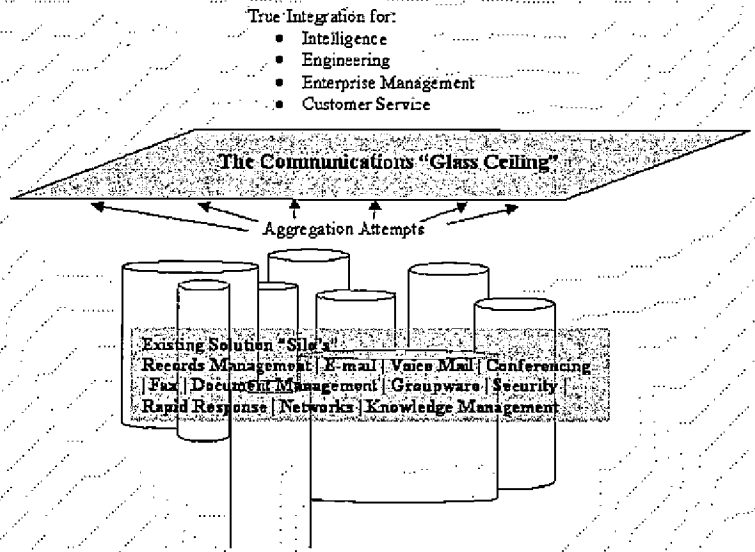
Figure 1: The Communications "Glass Ceiling"

platform will form a solid foundations for his top strategic priorities for WPAFB. In the course of implementing the Leader2Leader™ foundation, Mr. Fleser has requested that Leader with UDRI's assistance develop a number of database management modules that will seamlessly tie the Leader2Leader™ system with existing WPAFB data base applications and thus create on contiguous collaboration environment.

3   Objectives

To implement a new Leader2Leader™ enterprise-wide collaboration environment at Wright Patterson Air Force Base (WPAFB) that satisfies priority WPAFB infrastructure needs in records management, acquisitions, management, engineering collaboration, and knowledge management.

To develop LeaderCube™ data integration modules as bridges between six high priority WPAFB data repositories and the Leader2Leader™ collaboration system.

To build a prototype NORAD-like Anti-terrorism Command and Control Theater at WPAFB to evaluate the capabilities of the Leader2Leader™ / LeaderCubes™ environment for use as the collaboration engine for inter-agency collaboration within the DoD, DCD, FEMA, etc.

To include the LeaderCubes™ developed as a part of the BAA into the commercialization of the Leader2Leader™ platform that is already well underway and for which there is substantial commercial, academic and government interest.

4   Summary of Approach

Leader uses a combination of Waterfall and Extreme programming engineering methodologies project methodologies. The Waterfall methodology is employed up to the alpha phase of a project, at which time the team switches to Extreme Programming methods to drive the product through testing and into production. This combination of methodologies has proven quite successful in the completion of Leader's first commercial product, LeaderPhone™ Teleconferencing Services.

WPAFB will use the LeaderPhone™ services within its firewalls. WPAFB will become a classical beta customer for the full Leader2Leader™ platform and will receive commensurate licenses to do so. Leader will develop LeaderCubes™ according to specifications developed jointly with WPAFB for the tying of WPAFB mission-critical systems with Leader2Leader™ after which WPAFB will receive a perpetual internal license to the LeaderCubes™ according to the BAA intellectual property agreement.

Leader is already commercializing LeaderPhone™ and Leader2Leader™ to government, commerce and education and plans to add the LeaderCubes™ to its product mix at the end of this BAA. Field support will be maintained in the normal course of Leader's ongoing Customer Service program.

5   Identification of Rights in Technical Data and Computer Software/Patent Rights

As per the TSWG 02-Q-4665 BAA Package Requirement 3.2.3.4, Identification of Rights in Technical

Data and Computer Software/Patent Rights, we present the following chart as outlined in DFARS 252.227-7017(d).

Technical Data			
Computer Software To be Furnished With Restrictions	**Basis for Assertion**	**Asserted Rights Category**	**Name of Person Asserting Restrictions**
Digital Leaderboard™ System software and online user documentation supplied under the brand name Leader2Leader™ and Click2Lead™	Fully developed at private expense	Wholly-owned	Michael T. McKibben
LeaderPhone™ System software and online user documentation supplied under the brand name LeaderPhone™ Teleconferencing Services	Fully developed at private expense	Wholly-owned	Michael T. McKibben
49 Digital Leaderboard™ System software sub-components supplied under the brand name Leader2Leader™ and Click2Leader™	Fully developed at private expense	Wholly-owned	Michael T. McKibben
Leader Cubes™ concept, software and online user documentation	Partially developed at private expense	Leader will further develop certain LeaderCubes™ as a part of this BAA project and license their use to the US Government, and retain commercial and IP rights	Michael T. McKibben

Table 1: Identification of Rights in Technical Data and Computer Software/Patent Rights

6   Team Qualifications & Resources

The Leader team is staffed with information technology and management veterans with extensive, multi-

disciplined skills in all phases of this project from organization and management to programming, implementation

and customer support. In fact, the Leader resumes read like a *Who's Who* in American business and technology. To

name a few and their accomplishments:

a.   **Michael T. McKibben, Founder & CEO** – Formerly, rebuilt AT&T's Windows messaging and enhanced fax

infrastructure; the principal designer of Leader2Leader™

b.   **Brad Whiteman, CIO** – Formerly, conceived and built the Shared Data Warehouse for the Department of

Defense

c. **Ed Detwiler, Director** – Formerly, built and managed Bank One's thrice-redundant global banking infrastructure.

d. **Jeff Lamb, CTO** – Former senior architect for the National Air Intelligence Center (NAIC)

e. **Steve Hanna, VP of Engineering** – Former Lockheed and Oracle senior project manager for SIGINT projects at WPAFB

f. **Tom Ayres, Chief Sales and Marketing Officer** – Former AT&T Sales Executive in telecommunications, data networking and e-commerce

g. **Steve Gonzalez, Director** – Former AT&T Vice President in charge of over $4 billion in annual sales of IP services.

h. **Professor James Chandler, Director** – President of the National Intellectual Property Law Institute and a principal security, intelligence and intellectual property advisor to over 202 jurisdictions worldwide.

i. **Major General James Freeze, US Army (ret.), Director** – former head of the US Army Security Agency; Asst. Deputy Director of NSA; author of "The Freeze Report" on Department of Energy security.

j. **William "Bill" DeGenaro, Advisor** – former Chief of Strategic Planning for 3M Company and former White House Chief of Strategic Countermeasures for the Reagan and Bush Administrations

k. **University of Dayton Research Institute** – Staff with approximately 300 full-time engineers, scientists, and support personnel with annual revenues exceeding $40M, provides basic and applied research for government and industry. UDRI has both a long history of IT development (see: Appendix C) and long-standing R&D relationship with numerous entities at WPAFB.

l. **Clancy W. Cross, Associate Research Analyst, UDRI** – Currently head of the UDRI Web Development Center

m. **Ronald L. Thomas, Senior Software Engineer** – Responsible for proposals, design and implementation for the UDRI Web Development Center

Leader currently has the facilities and computer resources to build and support this proposed project. Leader has approximately 6,000 square feet of secure engineering and management facilities in Westerville, Ohio and employs over 20 full-time people. Leader's facility is secured to a high commercial standard, including video surveillance, intrusion, fire and smoke detection. Leader also leases co-location facilities in the Columbus area as

well as maintains robust development servers on premises. Leader will soon expand its co-located facilities within a major telco provider. UDRI will use existing facilities to provide the documentation, training and testing services specified in this proposal.

7   Expected Outcomes

7.1 Deliverables

a.   Leader2Leader™ software licenses for 20,000 WPAFB employees

b.   Six (6) LeaderCube™ unlimited (for internal use) software licenses with full documentation

c.   Six (6) WPAFB data repositories fully integrated into the Leader2Leader™ platform

d.   Leader2Leader™ hardware and hosting platform fully tested and operational at WPAFB

e.   WPAFB customer and technical support staff trained and in place

f.   A NORAD-like Anti-terrorism Command and Control Theater full operational in prototype form at WPAFB or other mutually suitable location.

7.2 Timing

a.   Leader2Leader™ platform installation and training will be fully implemented by the end of Q1 of 2002.

b.   LeaderCube™ development, testing, implementation, documentation and training for six (6) modules will be completed by the end of Q2 of 2002.

c.   The NORAD-like Anti-terrorism Command & Control Theater prototype will be completed by the end of Q2 of 2002, unless this priority is moved up by BAA to address the pressing needs of the Secretary for Homeland Security.

7.3 Benefits to Client

a. WPAFB will receive a working, integrated, scalable, flexible solution to its Records Management, Acquisitions Management, Engineering Collaboration and Knowledge Management priority projections in a time frame that is factors ahead of where WPAFB thought it could be in a 6-12 month time frame if all of these projects were let separately.

b. BAA will have a fully operational NORAD-like Anti-terrorism Command and Control Theater prototype from which various applications and uses can be determined – all in a very short period of time; much shorter than if all those projects were just going out to bid in the coming months.

c. WPAFB Cost Displacement Studies already done on this project (and which will be included in the complete project plan) indicate that this BAA can, at minimum, create a more than 500% return on investment, without including a plethora of intangible values. Inclusion of reasonable values for intangible benefits puts the ROI well over 1,500%.

8   Risks and Risk Mitigation

The Leader2Leader™ platform is operational now with low user volumes. A potential risk is performance problems that have not yet been tested for large numbers of concurrent users. This risk is mitigated by the fact that Leader is using industry-standard components that are already proven to be scalable in other high volume web environments. Therefore, we believe that any potential scale problems can be mitigated by normal software optimization during the stress testing phase. An additional risk is that the LeaderCube™ modules have not been built yet and there is no assurance that they will work properly. This risk is mitigated by the fact that these systems integration modules are familiar to many of the Leader technical principals (in large scale environments) from their work in previous companies and they, from their experience do not anticipate this requirement to be more burdensome than anything they have implemented successfully in the past.

9. Project Plan Management Milestones & Deliverables

This BAA is a one-year contract with a five-year tail. All of the heavy development work will occur in the first 12 months. The ensuing 5 years of the tail will entail some hardware upgrading as well as ongoing Leader2Leader™ licensing and a support contract.

Table 2: BAA Funding Request - ALT-109-LEADER-1220WP
Prepared by Michael T. McKibben, CEO, Leader Technologies & Clancy Cross, University of Dayton
Project Plan, Deliverables & Use of Funds
January 9, 2002
Use of Funds

Description	Total Requested	Month (from commencement of BAA)												Totals
		1	2	3	4	5	6	7	8	9	10	11	12	
Leader - Cube Dev.	$1,424,495	237,415	118,708	118,708	118,708	118,708	118,708	118,708	118,708	118,708	118,708	118,708		1,424,495
UD - Cube Dev.	$1,350,000	225,000	112,500	112,500	112,500	112,500	112,500	112,500	112,500	112,500	112,500	112,500		1,350,000
WPAFB - Platform Expenses	$400,000	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	400,000
NORAD-like Anti-terrorism Theater expenses	$500,000	$500,000												500,000
Leader2Leader™ licenses	$8,400,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	8,400,000
	$12,074,495	$1,695,748	$964,541	$964,541	$964,541	$964,541	$964,541	$964,541	$964,541	$964,541	$964,541	$964,541	$733,333	$12,074,495
Headcount														
Leader – Leader2Leader™ Installation & Support and LeaderCube™ Technical Staffing & Support		11.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	0.0	71
UD – LeaderCube™ Documentation, Training, Performance Testing, Helps, Usability Studies & Systems Integration		11.3	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	0.0	68
WPAFB – Platform hardware and Support		2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	25
		25.2	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	2.1	164
Product Deliverables														
Leader2Leader™		Leader2Leader™ platform installation & staging	Leader2Leader™ beta installation	Leader2Leader™ beta installation	Leader2Leader™ enterprise installation									
LeaderCubes™			LeaderCube™ 1	LeaderCube™ 1		LeaderCube™ 2		LeaderCube™ 3		LeaderCube™ 4		LeaderCubes™ 5 & 6		
NORAD-like Anti-terrorism Theater Prototype					NORAD-like Anti-terrorism Command & Control Theater prototype, fully operational									

Table 2: BAA Funding Request, continued
Prepared by Michael T. McKibben, CEO, Leader Technologies & Clancy Cross, University of Dayton
Project Plan, Deliverables & Use of Funds
January 9, 2002
WPAFB-UD-Leader Project Costs Worksheet

WPAFB user base = 20,000

Costs	Source	Units	Unit descriptor	Costs	Cost per unit descriptor	Year 1	Year 2	Year 3	Year 4	Year 5	6 / Totals
Leader2Leader™ licenses, term	Leader	20,000	users	$	35.00/user/month	8,400,000	8,400,000	8,400,000			
Leader2Leader™ licenses, tail	Leader	20,000	users	$	35.00/user/month			8,400,000	8,400,000	8,400,000	
Hardware platform & support, term	Leader	20,000	users	$	449,495/system	449,495					
Hardware platform & support, tail	WPAFB	20,000	users	$	449,492/system				449,492		
Development environment	Leader	1	system	$	75,000/system		15,000	15,000	15,000	15,000	
NORAD-like Command & Control Theater prototype	WPAFB										
Internal Bandwidth	WPAFB			No net change							
External Bandwidth	WPAFB			No net change							
Facilities & Management	WPAFB	200	square footage	$	500/square foot/year	100,000	100,000	100,000	100,000	100,000	
LeaderCube™ Development	Leader	6db	silo cubes	$	150,000/cube	180,000	180,000	180,000	180,000	180,000	
LeaderCube™ Documentation, Training & Help	Univ. of Dayton	6db	silo cubes	$	41,667/cube						
LeaderCube™ Performance Testing	Univ. of Dayton	6db	silo cubes	$	83,333/cube						
LeaderCube™ System Integration	Univ. of Dayton	6db	silo cubes	$	83,333/cube						
WPAFB Metrics Studies	Univ. of Dayton	3	years	$	100,000/year	100,000	100,000	100,000			
NORAD-like Command & Control Theater facility	WPAFB	2,000	square footage	$	25/square foot/year						
WPAFB Leader2Leader™ internal help desk	WPAFB	1.25	man-years/year	$	120,000/person/year	150,000	150,000	150,000	150,000	150,000	
WPAFB LeaderCube™ internal technical support	WPAFB	1.25	man-years/year	$	120,000/person/year	150,000	150,000	150,000	150,000	150,000	
Total R&D Costs						12,074,495	8,695,000	8,695,000	9,144,492	8,695,000	8,695,000 / 55,998,987

10   Figure 2: NORAD-like Big Board Theater for Anti-terrorism Command and Control

— NORAD-like Big Board Theater —

Anti-terrorism Control Central Panel A
(New Leader Security Displays)

Anti-terrorism Control Central Panel B
(Existing INT Displays)

Hot Spot 1	Hot Spot 2	Hot Spot	Hot Spot
North America	South America	Western Europe	Eastern Europe	Africa

System 5	System 6	System 7
System 8	System 9	System 10	System 11	System 12	System 13	System 14

Analysts

Analysts

NORAD-like Theater Prototype at WPAFB

Analyst Collaboration

Leader Security™
Anti-terrorism Central
Infrastructure
Information Flow

Existing
Intelligence
Infrastructure
Information Flow

Third-party WPAFB & -INT Repositories

National: CIA, NSA, DIA, NIMA
Federal: FBI

IMINT | SIGINT | ELINT | MASINT | HUMINT

WPAFB Specifications met by BAA funding

Experts & Consultants
- Law Enforcement
- Security
- Technical
- Academic

Input & Display Collaboration Devices:
- Browser
- Palm device
- Intell device
- Phone
- Fax
- Email
- IM
- FTP

Leader Alerts™

Interface Management Logic

Collaboration Database
Central Anti-terrorism

LeaderStorage™

LeaderNetworks™ LeaderLogic™

Digital Leadercards™

Integration Panel

Leader Alerts™

End Users
- Law Enforcement
- Security
- Intelligence, mobile
- Intelligence, stationary
- Academic

Input & Display Collaboration Devices:
- Browser
- Palm device
- Intell device
- Phone
- Fax
- Email
- IM
- FTP

Illustration 1

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