To Investors

Executive Summary

UNISEARCH: AN ADVANCE IN PERSONALIZED INTERNET SEARCH

EXECUTIVE SUMMARY

Overview

Unisearch (or the "Company") has developed an enabling methodology, based on a unique multi-disciplinary approach, which minimizes the time requirement and inefficiency associated with current online search technology. At present a typical search tends to produce hundreds, even thousands, of search results requiring labor-intensive, time-consuming screening by the user. In addition, because the great majority of results often turn out to be of little utility, users frequently experience frustration concerning their inability to find the information they are seeking. Conversely, the proprietary Unisearch system will produce results specifically targeted to each user's uniquely individual characteristics and needs, resulting in a streamlined process and a customized end product. Unisearch can benefit the average Web surfer as well as professional researchers and businesses. It also has the potential for broad e-commerce applications. Its methodology can be applied to the public Internet as well as corporate, institutional, and other proprietary databases. Certain applications can be immediately commercialized, such as an online dating service, generating revenues while the development for additional applications is being completed. The Company has applied for patent protection in the US and under the Patent Cooperation Treaty ("PCT") which facilitates international patent protection.

Value to Investors

The value of the Company to potential investors is demonstrated below:

Uniqueness

Unisearch, formed in 1999, provides a completely unique approach to the pitfalls of searching databases including the World Wide Web. Its advantages are achieved by combining multiple disciplines including information technology, Internet technology, linguistics, and sociology. The typical Web professional simply does not have adequate knowledge of these diverse disciplines or how to combine them to create an effective, personalized technology for locating desired information on the Internet.

Understanding Search Engines

Search engines are instruments that catalog part of all of the content available on the WWW. This information is compiled in a database or directory hierarchy which can then be searched using key words and phrases. The exact method of searching differs from engine to engine. Based on the search, a list of results is displayed for the user, with items usually including the site name (URL) or document title along with the first few words of content. The order in which results are displayed for users is also unique to each engine.

Competition among search engines is currently based on the number of sites/pages indexed (discovered) by the various engines rather than the utility of the search result to the end user. In fact, the end user does not pay for search engine usage. Therefore, the user's preferences are subordinate to the business objectives of an intermediary such as a portal or directory.

Current search engines are relatively ineffective, given the vast size of the WWW and the high degree of variation in the quality of information available there. The engines are unable to keep pace with the rapid proliferation of Web sites (1.5 million new Web pages are created every day). No one engine indexes more than 16% of the Web, according to a study reported in the journal, *Nature*. Content sites also continue to grow rapidly. It is said that it takes an average of 186 days for a search engine to index a new page. According to International Data Corporation ("IDC"), there will be 7.7 billion Web pages by 2002.

Even if search engines improve their ability to cope with the increasing number of Web sites available, how does the end user sift through these sites to find what is most relevant to him? Substitute products do not exist. Approximately 46% of Internet users find new Web sites by using search engines, as opposed to word of mouth and random surfing which account for about 20% each. The next largest source of sites is magazines at about 4.4%. *The Wall Street Journal* found that people access the Internet to use a search engine 88% of the time, second only to using email (96%).

The market is large and fragmented, and no one search engine has a clear competitive advantage. However, Google now claims to be the largest engine, with a full-text index of 560 million URLs. In addition, because of how Google makes use of link data, it claims its reach extends to a further 500 million URLs that it has, in fact, never visited. Both WebTop and Inktomi have indicated that they plan to announce their own half-billion page indices.

Thousands of companies refer to themselves as either search engines or directories. Of these, about 400 are covered by the specialty media (see Appendix). The general user has no grasp of how search capabilities differ, nor does the popular media provide users with this information. However, categories differ by type, by method of searching, as well as by business model.

- Genuine search engines actively crawl the Web in order to add pages to their information database. Other "search engines" rely strictly on the databases of other organizations; they may then filter information in another database in a proprietary manner or use unique placement algorithms in ranking search results and delivering information to users.
- Among the active crawlers, the "depth" of the crawl also varies widely, as does the amount of information stored for each document found (home page v. full site). Thus, the level of detail a given engine is capable of providing varies widely across the industry.
- Directories, which abound, are listings only, not engines.
- There are both general purpose and specialized search engines.
- As an additional category, "meta" search engines (e.g., AskJeeves) aggregate the "top" listed results from several unrelated search engines to produce their own "results".

Competition seems to be based on two criteria, size and perceived quality, generally including speed, "freshness" of information, and level of site detail. Since many "search engines" use information developed by other engines and directories, differences may relate only to ranking methodology, filtering of results, or how much of the data is purchased from the real engine.

Search Engine Business Models

Current search engines/directories operate based on several different business models, all geared to optimize financial return rather than enhance end-user satisfaction. Many intermediaries share the same databases and even certain algorithms and filters; portals like Yahoo frequently change providers, although differences have been minor.

Those "engines" that, in reality, use Google for their searches, for example, will not necessarily have access to their full database. Price is a consideration in selecting the number of pages to cover. Many engines or portals just use the "most popular" pages. Yahoo when using the Inktomi database never contracted for the full data offering available; it is not known whether they will continue this practice using Google.

Search engine business models tend to address relationships with (a) listed Web sites, (b) advertisers/sponsors, and (c) consultants seeking higher search engine rankings for their clients. Most models assume that aggressive URLs will pay for placement directly or by purchasing advertising on a site.

Why Unisearch

Unisearch capitalizes on the work of Ilya Geller, a multi-talented scientist, author, computer consultant, and expert in the "philosophy of language" who emigrated from Russia to the United States in 1992. He has had the advantage of working and studying in vastly different academic areas, which disciplines have provided him with varied expertise and an open mind. His knowledge of unrelated fields such as linguistics, the psychology of speech, and computer technology provides the springboard for creating an innovative multi-disciplinary approach to search.

The Unisearch methodology is unique – it passively identifies certain preferences and characteristics specific to each end user, creating a customized, but anonymous, user profile. A similar approach is applied to Web pages to create site profiles. Unisearch then automatically compares user and site profiles through screening to produce a customized result which allows user time to be devoted to information gathering rather than screening. Abandoning a search due to lack of time or frustration becomes a thing of the past.

The Unisearch methodology is non-intrusive, passively creating a user profile which reflects such attributes as education and intelligence, areas and levels of knowledge and expertise, and linguistic ability and preferences. No invasion of privacy is experienced. Once created, the profile can be automatically applied to search results as part of any filtering process, yielding URLs consistent in construction and content with the searcher's profile.

Unisearch - Current Operations

An operating prototype demonstrating the Unisearch approach has been successfully tested in Russia, and results have been extremely promising. Basic research conducted in Russia has taken advantage of the large pool of well-educated technical talent available at reasonable costs. Additional development, while necessary prior to a full-capability launch, is operational in nature and requires limited additional capital.

The Company has been fortunate recently to obtain employment commitments from two Russian technologists with outstanding experience and capabilities who would be willing to emigrate to the US in order to complete the non-routine aspects of the project in this country.

Patent protection was applied for in the United States in1999 and through the PCT. Additional patent applications will be filed in key international locations within the year. The technology can be extended to languages based on pictographic alphabets and can include graphics. Management is aware of no other search methodology in use today, or on the drawing board, which produces results that are tailored to each user.

Methodology

Unisearch creates a user profile unobtrusively by passively identifying user-specific preferences and characteristics. When initiating a search, the system automatically compares the profile of the user with the profiles of each site identified by a general search engine. The system can then automatically screen responses and eliminate URLs that do not correlate with the user's profile. Unisearch is based on identifiable linguistic patterns and preferences which reflect such attributes as education and intelligence, areas and levels of knowledge and expertise, and linguistic abilities and preferences. Once created, the profile can be automatically updated.

Applications

Unisearch can be applied to all searches and is especially effective when results must closely relate to user preferences. Unisearch has broad application to e-commerce as well. In addition, the technology can be applied to private (corporate) databases as well as public (Internet) data.

The technology, in combination with a to-be-developed "intelligent purchasing agent", should have very important commercial application in business-to-business as well as business-to-consumer environments. Other applications are under consideration. Over time, the Company will amass important information regarding buying habits and preferences of users which will be extremely valuable to third party businesses. This database of information can be commercialized for greater profit to the Company after it reaches a given number of users.

The Company is considering a dating service for its first commercial application which would allow it to begin operations in a niche market to which its product is admirably suited and generate cash flow while development work continues. The Company understands that the dating marketplace generated approximately $600 million in revenues in 1998, with about 500,000 individual users, which will be expanded to at least $786 million by 2003 (Marketdata Enterprises). Demographics indicate that there are in excess of 90 million adult singles in the US alone. A typical dating service business model is subscription-based, with pricing between $30 and $50 per quarter. Advertising, sponsorships, and e-commerce related to the dating service will generate additional revenue. Other business segments for early development include patent search and legal search applications which would require a specialty profile rather than a passively-acquired user profile.

Unisearch Business Model Alternatives

Unisearch is exploring several different business models, which alternatives are not necessarily mutually exclusive. These include:

a. Licensing Company technology to genuine search engines to enhance their offerings and increase their exposure in the portal and/or corporate markets

Net Income	$(373,820)	$901,366	$2,295,563
EBITDA	----	$1,609,115	$3,754,859

Search on the Internet

Trial version

Uni Search
UniSearch.net

Search Update Profile View Profile Select Book Select User Data service View Books Profiles ebay

Submit Query

Submit Query

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