LOPOCO EXECUTIVE SUMMARY

executive summary

Lopoco is bringing ultra-efficient servers to power hungry data centers that use 75% less power than conventional servers, without compromising on performance or business continuity.

Our servers are built on proven, shipping technology without costly custom silicon. Our technology is disruptive to the industry, but not to the customer. All our current products use Intel or AMD 64-bit X86 CPUs[1].

team

Led by Cofounder Andrew Sharp, a Silicon Valley veteran who joined Convergent Technologies in 1985, and has worked for Sun, SGI, HP and LSI, along with several startups. andy@lopoco.com

Peter Theunis, CTO and Cofounder, has more than 10 years of experience in large scale systems architecture at Yahoo! and multiple startups. peter@lopoco.com

Jack Mills, Engineering Advisor, an architect of the Pentium and the Itanium processors at Intel; also an alumnus of Convergent Technologies jack@lopoco.com

Mark Brine, Financial Advisor, is a veteran of Silicon Valley startups, starting at VLSI, later VP of Finance at semiconductor startup Discera; now Director of Finance at Cloudera. mark@lopoco.com

Karl Pfister-Kraxner is developing & driving the commercials for our EMEA entity. karl@lopoco.com

IP & traction

- 3 patents pending; 10+ additional patents in preparation
- Revenue to date: >$100k
- Customers: >10
- 70+ Systems shipped
- 75% repeat customer rate
- Data Guard Solutions Inc. (US/KSA), signed as distributor in GCC region
- Europe:
  - Traction by Mobile Telecom Operators/global
  - Market Research companies

manufacturing

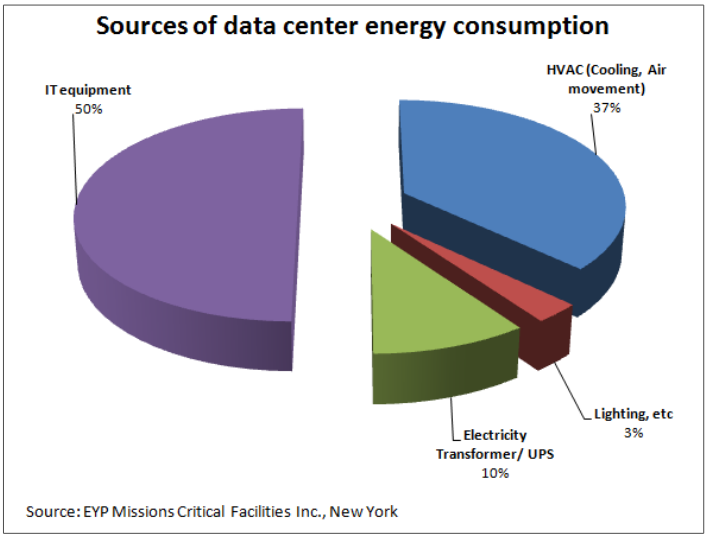
Currently manufacturing in California by two contract manufacturers trained in manufacturing our servers according to our proprietary designs. These CMs have the capability to expand manufacturing to sites overseas.

value proposition

Conventional servers waste more than half the power they consume. This is a lot of waste in today's world. These servers produce a large amount of heat, noise and vibration, all of which contribute to high failure rates.

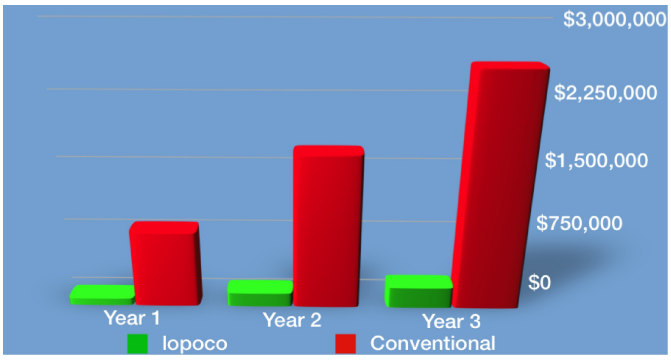
Lopoco's milestone product line of ultra-efficient servers and storage appliances reduce energy consumption, heat output, noise, and vibration well over 50%. with many additional advantages to the data center operator because of these remarkable reductions.

Reducing power consumption of the IT hardware, the data center can downsize PDUs, HVAC provisioning and repair costs, UPS and backup generator costs. And, because Lopoco servers produce far less heat and vibration, they experience much fewer failures, thereby reducing maintenance costs as well.



The chart above shows that, except for lighting costs, a data center operator can save OpEx in all areas of operations by deploying Lopoco servers. For large data centers, the savings can be in the $100s of millions.

The bar chart below illustrates the savings customers (20¢/KWh) can realize when utilizing Lopoco servers.



TCO per 1000 servers for 3 years.

market

Lopoco is bringing a much needed product to the industry, which is hungry for energy efficient products that don't disrupt their business. TAM is $40-$50bb globally, and that does not include storage products. Projected to be $60bb in 5-8 years, fueled by acceleration of cloud adoption and mobile application space. According to IDC, they see signs of a server refresh cycle, which we expect will continue to lift the market into 2015 and onwards. SAM is about 80%, and SOM is roughly 10% of SAM.
Target market: focus on SME and IaaS/SaaS Providers
Market vision: in 5 years: TAM: $50bb; SOM: $8bb.

go to market in Europe

Priority European countries: UK; Italy; and Germany, as they have the highest electricity costs. Highest value add based on tested and proven energy savings as Power Assure certified.

lopoco validation

Cited as the most efficient server ever tested utilizing the efficiency rating system adopted by Underwriters Laboratories, Lopoco servers are guaranteed to use only the amount of energy specified.

POWER ASSURE

PAR$^{4®}$ - Energy Efficiency Certification

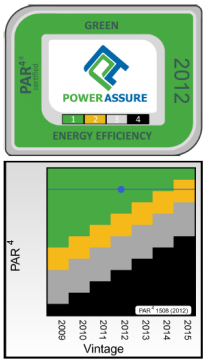
Sample Card Number: PA20130905220238001
Date: 2013-09-05

Machine Specification:

Lopoco LP-4250 LP-4250-6H
1 intel Xeon E3-1265L V2 @2.5GHz, 4 cores
2 Kingston 9965525-018.A00LF 4GB @1333MHz
6 WDC WD10JPVT-00A SATA 1000GB @5400RPM
1 generic low-power @200W

Results:

Vintage PAR^4:	1,508
Vintage Year:	2012
PAR^4 Rating:	GREEN
Absolute PAR^4	2,108
3 Year Cost (Est):	$91.46



competition

Our main competition is the top tier server vendors, and while they do not make a direct competitive product, they are plenty of competition. Multiple self-styled efficient server startups (Calexda/Tilera, HP Moonshot, Seamicro, Servergy) are all making products with similar problems: costly; high power; proprietary silicon, non-standard form factors; weird processors; dubious efficiency. Put simply, they are making servers nobody wants. With high adoption risk and providing no business continuity, these products are seeing very little traction in the market, and have a very small SAM by comparison.

[Note: Seamicro acquired by AMD $335M 2013]

required funding

Seeking seed level investment round of $500k convertible note with the following milestones:

Take the company through the next 6-9 months with the following goals over that time:

- fund targeted sales and PR programs with the goal of adding new customers
- ramp up manufacturing/fulfillment, engineering and support programs to match sales programs
- fund commercial entry into European Markets
- get the company in a position to seek Series A funding in 6-9 months
- customer support infrastructure for +100 customers (most of this will be driven by product orders and funded by the resulting revenue, but some small amounts of funding will be needed ahead of orders.