



2021 Business Plan
Design, Development and
Market Penetration Breakdown

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Overview

Found within this document is the current ARC3 business model, including technology design, development and market penetration budget breakdown.

Any costs represented within the document are current to the market and estimated to amount to the lowest cost to bring the ARC3 product into market as minimum viable product. Any information that cannot be found in this document can be given upon request if deemed necessary by ARC3 executive members. Contact information for request of information can be found at the end of this document.

Brief Product Description

In its early stages, in 2007, ARC3 Virtual Internet was going to be all about bringing 3D concerts to the worldwide masses.

Its potential came to light through the necessity of security and privacy online. Piece by piece the technology started to take shape and ARC3 Virtual Internet was born. A parallel virtual reality internet that brings the future of 3D environments tied in with privacy, community, encryption and user control. A virtual internet that gives everyone what they want. A place to call their own and express themselves freely in a metaverse/universe they themselves create with ARC3's building tools.

ARC3 offers:

- For companies: A virtual internet that brings back the potential for small businesses to grow and flourish once again with unlimited space within their own metaverse/universe including non-invasive advertisement (ad) possibilities and a **global public market place**.
- For private users: A virtual internet that gives to each of them the possibility to build their own private metaverses/find small or large businesses/interact and discover.
- For all: A virtual internet that is a photorealistic virtual immersive environment bringing the internet to life.

ARC3 Virtual Internet will run parallel to the current network. Month after month, we will grow our network of privately owned servers, expanding our capacity for new users, as ARC3 Virtual Internet spreads across the globe.



Purpose

The purpose of this document and its contents are for the explicit purposes of investor interests.

This document may not be deemed as a contractual obligation to fulfill the budgeted items within the estimated cost range or within any specific timeframe outlined within this document unless explicitly stated by ARC3 executive members.

Intellectual Property Protection

ARC3 technology and intellectual property is USPTO patented (*patent number: 104375563*). This ensures that our technology cannot be copied or developed ahead of us. We are constantly adding to our product and adjust our patent to reflect current changes of our technology. Investors can feel safe investing in ARC3.

Evolution of ARC3 Technology and Market

The birth of our technology was in 2005 and started with a simple idea; to bring audiences a platform that would allow them to attend and view 3D concerts with the option for musicians to monetize their audience through selling merchandise. At the time, the graphic capabilities were not evolved enough to really realize this ambitious project. However, it brought to life a new approach to advertising on which we could build on.

Over the years, we constantly worked on and developed our technology, matching the advancement of graphics capability. ARC3 slowly came into existence and evolved to match market needs. New ways of monetizing and scaling our technology to meet a wider market was developed.

After seeing the market potential, we rebranded our technology and named it ARC3 (*Augmented Realtime Content 3D*). Following our evolution, we are planning our final rebranding before market entrance.

ARC3 Mission Statement

“ARC3 Virtual Internet aims to bring the internet to life with virtual reality for its users while remaining free, providing scalability and extendibility, data security and data control. ARC3 makes the internet become an experience.”

Executive Management and Advisors

ARC3 is currently spearheaded by the CEO and CTO. The executive team will immediately grow upon funding of working capital. The following positions will make up the executive team: CFO, CTO, CMO, COO and CEO. Currently, we have several advisors involved with ARC3 that range in expertise from wireless communications and delivery, server architecture and encryption to



productivity and usability. Some of these advisors will be on board as fulltime team members of ARC3.

Executive Responsibilities

Robert S. McKinney – CEO

Maintains the core direction of the company and executive team. Ensuring that ARC3 has the right management behind the company to move forward the company goals and interests while keeping in sight its values like data protection and freedom of speech.

Marin Abrashev – Chief Technical Officer – CTO

In charge of maintaining deadlines and targets for development, as well as hiring department heads and project managers. Will maintain and direct the technical budget.

Interim Chief Operation Officers – COO

Identify strategic partnerships, markets and designs the market approach for the product. Maintain the general operations of the company and strategic placement of company assets. Currently Robert S. McKinney and Marin Abrashev are acting as Interim COOs.

Mitch Eggers PH.D., Chief Marketing Officer – CMO

Responsible for identifying marketing opportunities and maintaining marketing budget. Will be in charge of hiring marketing department heads. Will identify channels and third-party marketing companies that we may or may not use to promote our product.

Nenko Manolov, Advertisement Representative

Responsible for advertisement on the ARC3 internet and business client negotiations.

James L. Nybeck, Technical Advisor

Networking specialist and development of ARC3.

Larissa Cosentino, Team Coordinator – TC

Makes sure the plans and goals set forth by our team are moving in the right direction. She is responsible for setting up meetings to discuss issues and keeping up communications.

Chief Financial Officer – CFO

Monitors and maintains company accounting, taxes and identifies strategic investment opportunities for the company. Will monitor company spending and department spending on a regular basis. TBA



Market Overview

The market is wide open for ARC3 Virtual Internet; we will aim to revolutionize the virtual reality market by creating the most recognizable and scalable VR platform. ARC3 Virtual Internet client will provide the highest quality 3D graphics and realtime environment control.

The software will be usable on desktops and laptops, giving everyone the opportunity to experience ARC3 on whatever platform they desire. However, the fully immersive environment is a unique possibility of virtual reality, still keeping the features almost identical and intact throughout all platforms.

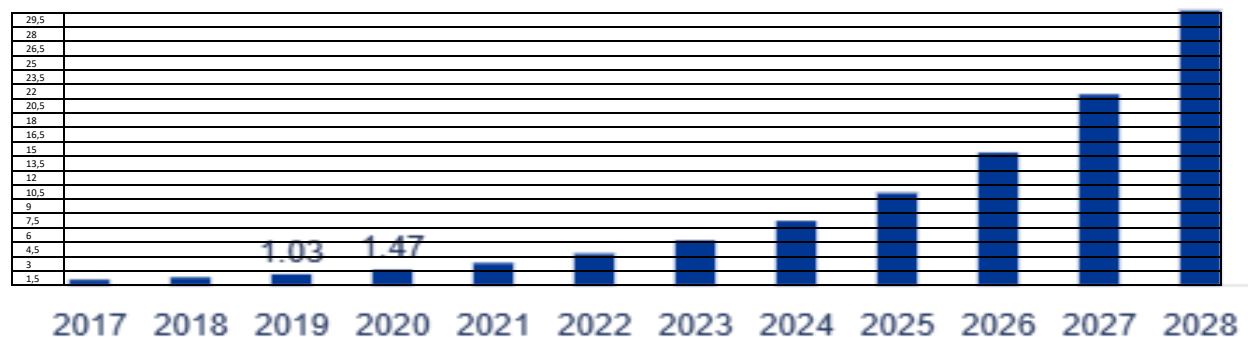
The Virtual Reality market is a developing market allowing ARC3 an early market penetration opportunity, advancing our product through time as a leader and innovator in the industry. By being a platform and allowing development and market opportunity for third party developers, the potential for our platform is unlimited.

Market Analysis

The main market target of ARC3 Virtual Internet will be early adopters of virtual reality technologies, like for example: gamers, live shows and other streaming service attendees.

The following statistics will better help understand the market and the market value of our potential users. Let us first consider the forecast for the economic impact of virtual reality for the US market only:

North America Virtual Reality (VR) Market Size, 2017-2028 (USD Billion)

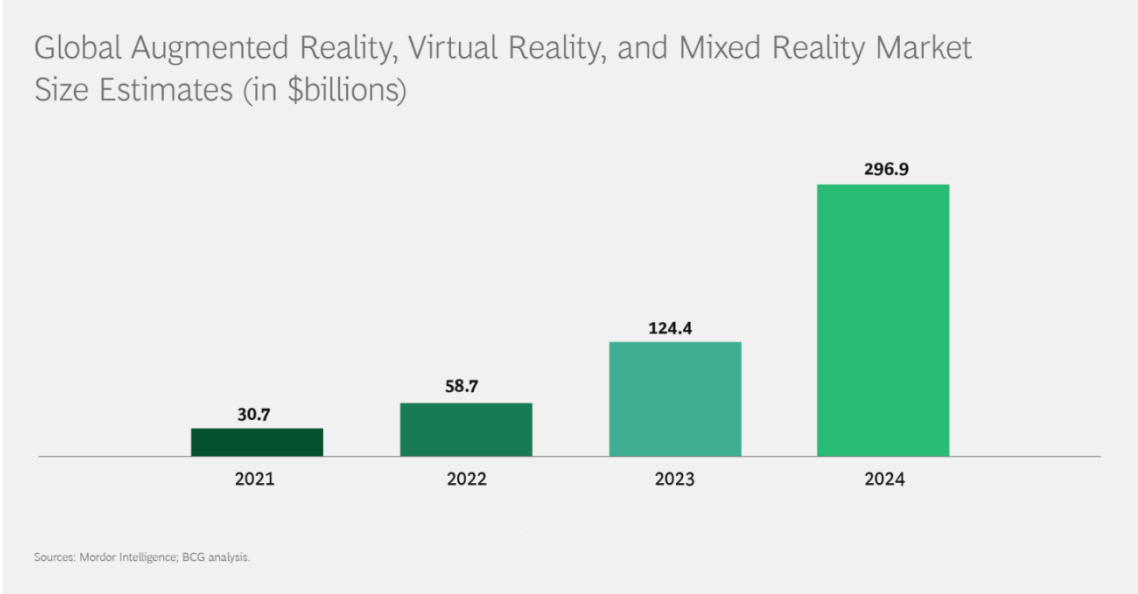


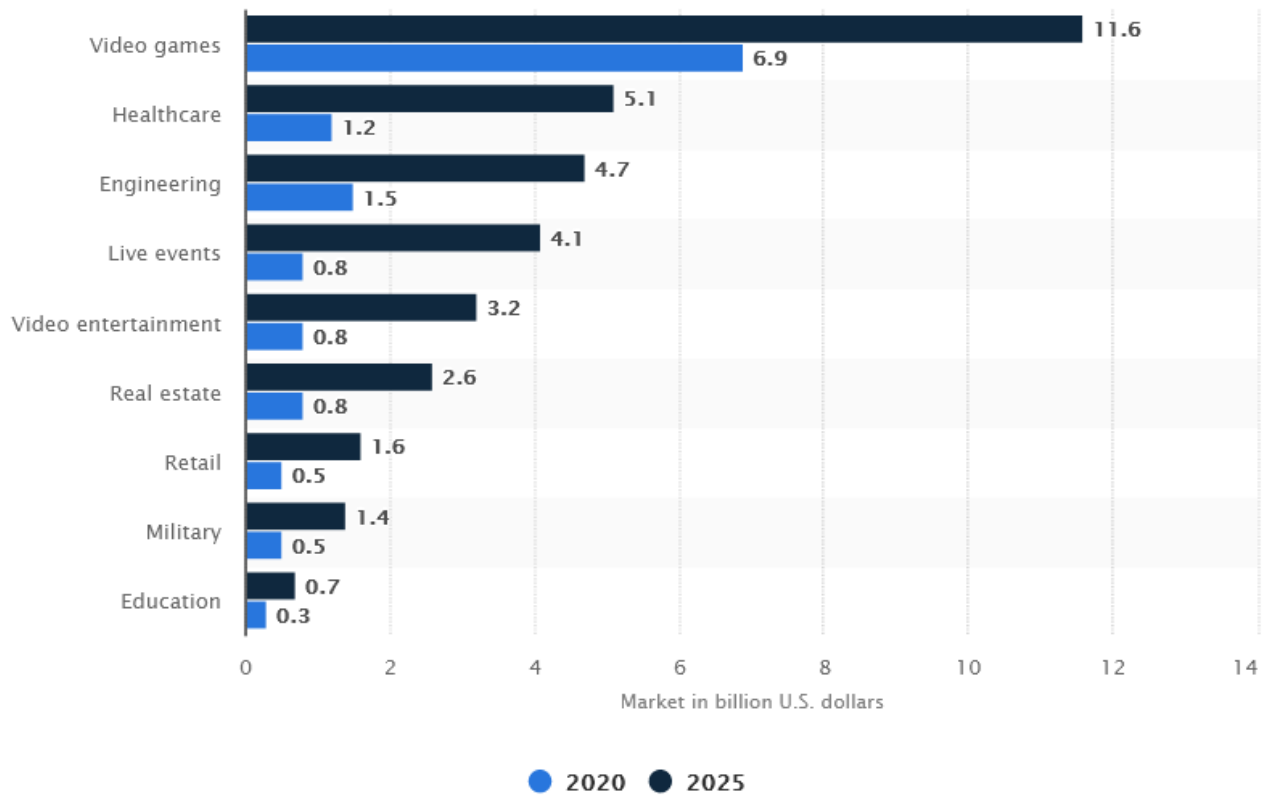
www.fortunebusinessinsights.com



The following statistic shows a forecast for the global augmented and virtual reality market size until 2024. By as soon as 2024, the augmented and virtual reality market is expected to reach a market size of 296,9 billion U.S. dollars.

Forecast size of the augmented and virtual reality (VR/AR) market worldwide
in 2020 and 2025, by segment
- In billion U.S. dollars -





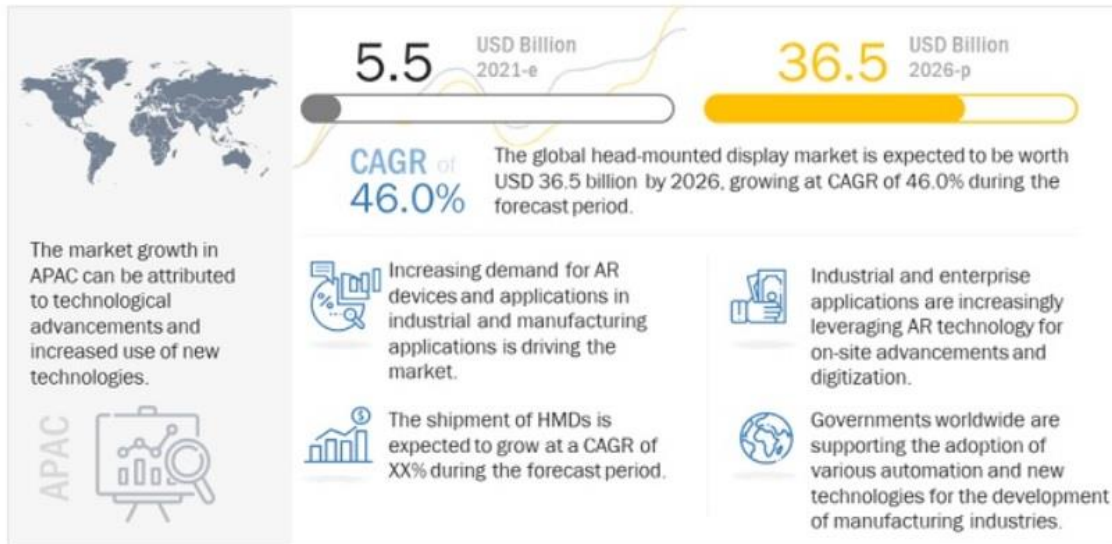
The statistic depicts the forecast breakdown of the augmented and virtual reality (VR) software market, by segment, in 2020 and 2025. As an example, the **one** segment of augmented and virtual reality gaming software is predicted to be worth 11.6 billion U.S. dollars by 2025, however due to the COVID-19 situation, this number might increase considerably. We will continue watching the evolution of the market and react accordingly.



Forecast shipments of augmented (AR) and virtual reality (VR) headsets until 2026

- In billions -

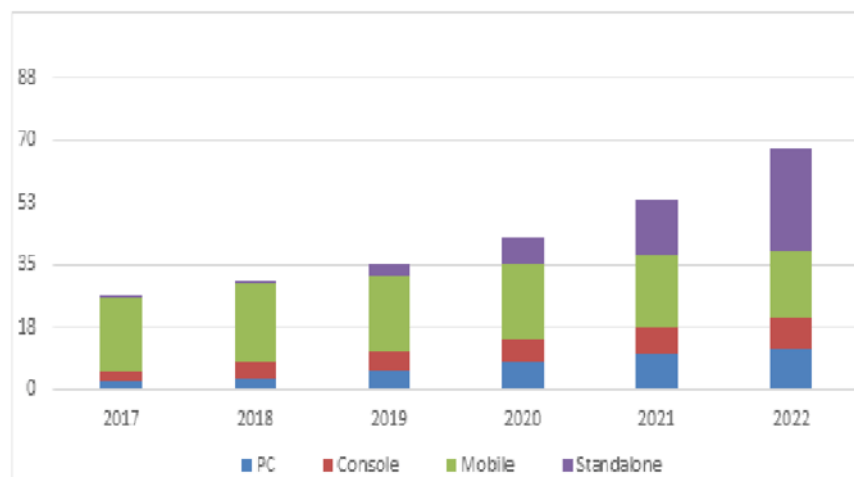
The statistic shows a forecast for development of the market for augmented and virtual reality headsets. Due to the COVID-19 pandemic there was a setback in the development and production, which is nevertheless expected to recover and regain its rising impact on the global market.



e-estimated, p-projected
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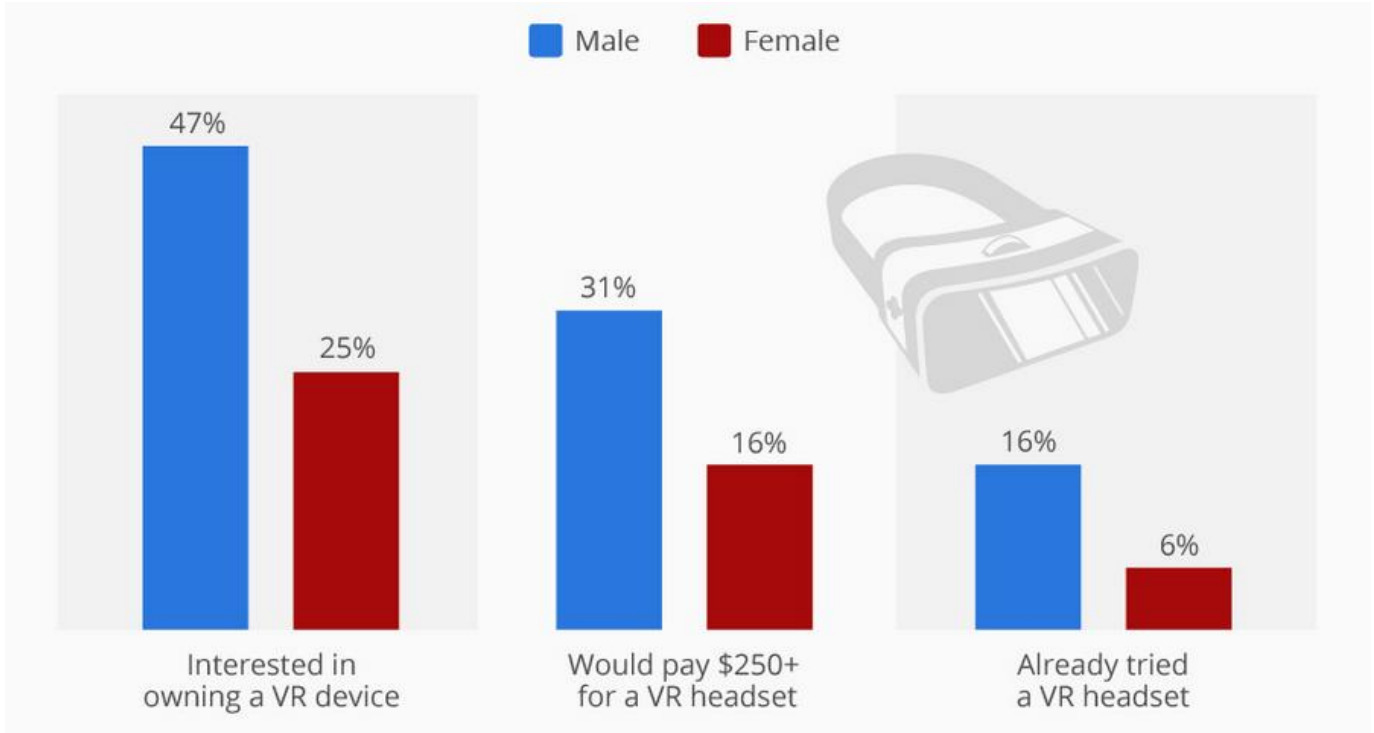
Forecasted market size of virtual reality hardware and software from 2017 to 2022, by platform
- In billion U.S. dollars -



This chart shows the forecasted market size of virtual reality hardware and software from 2017 to 2022, by platform. While in the past it was suspected that the smartphones would make up the bigger part of the market, it now becomes clear that the standalone hardware gains in popularity.



Americans' interest virtual reality devices



This chart shows the results of a survey about Americans' interest virtual reality devices.

Region

United States

Survey time period

2017

Supplementary notes

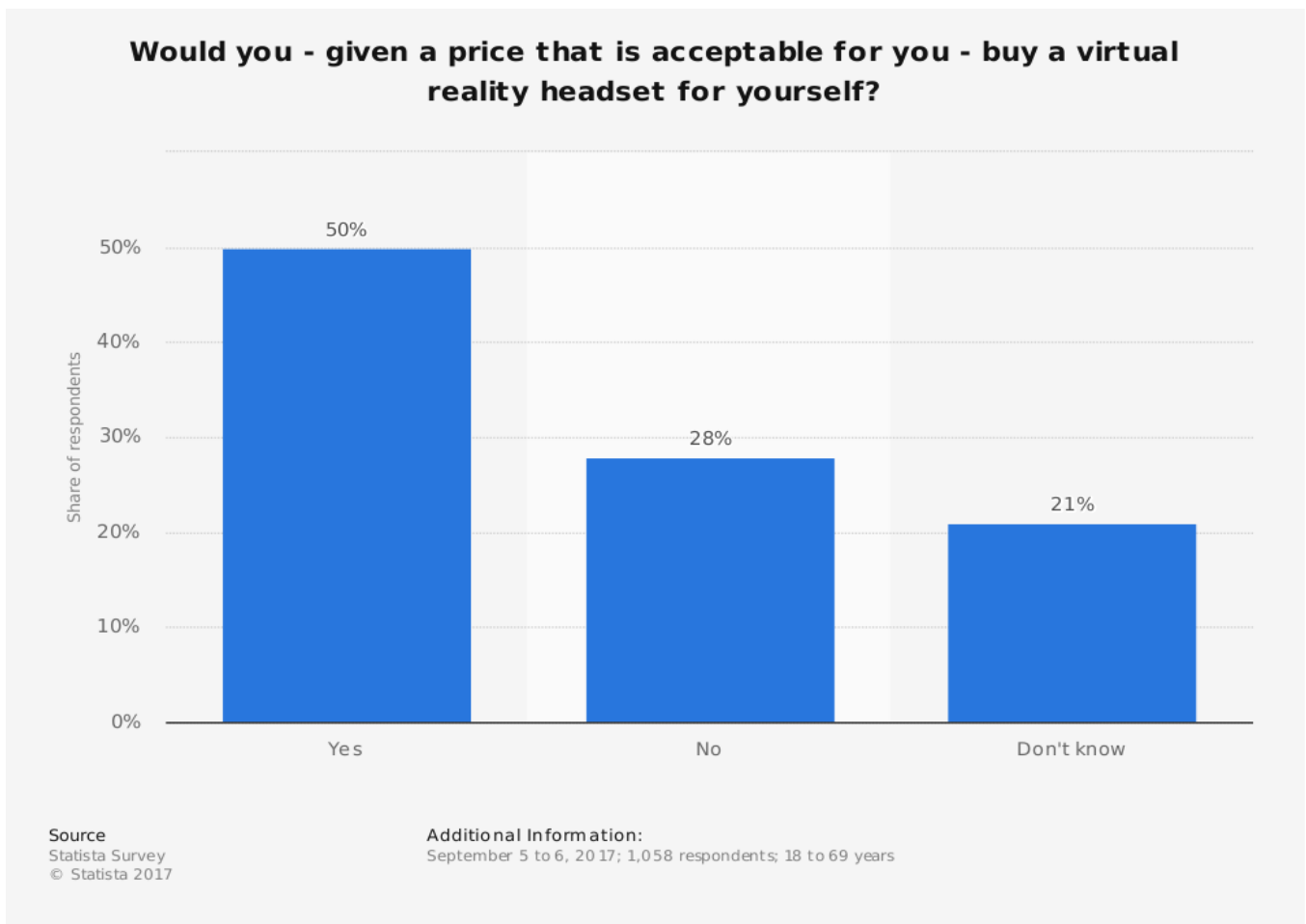
Based on a representative survey of 3,000 people in the United States.

Potential Users

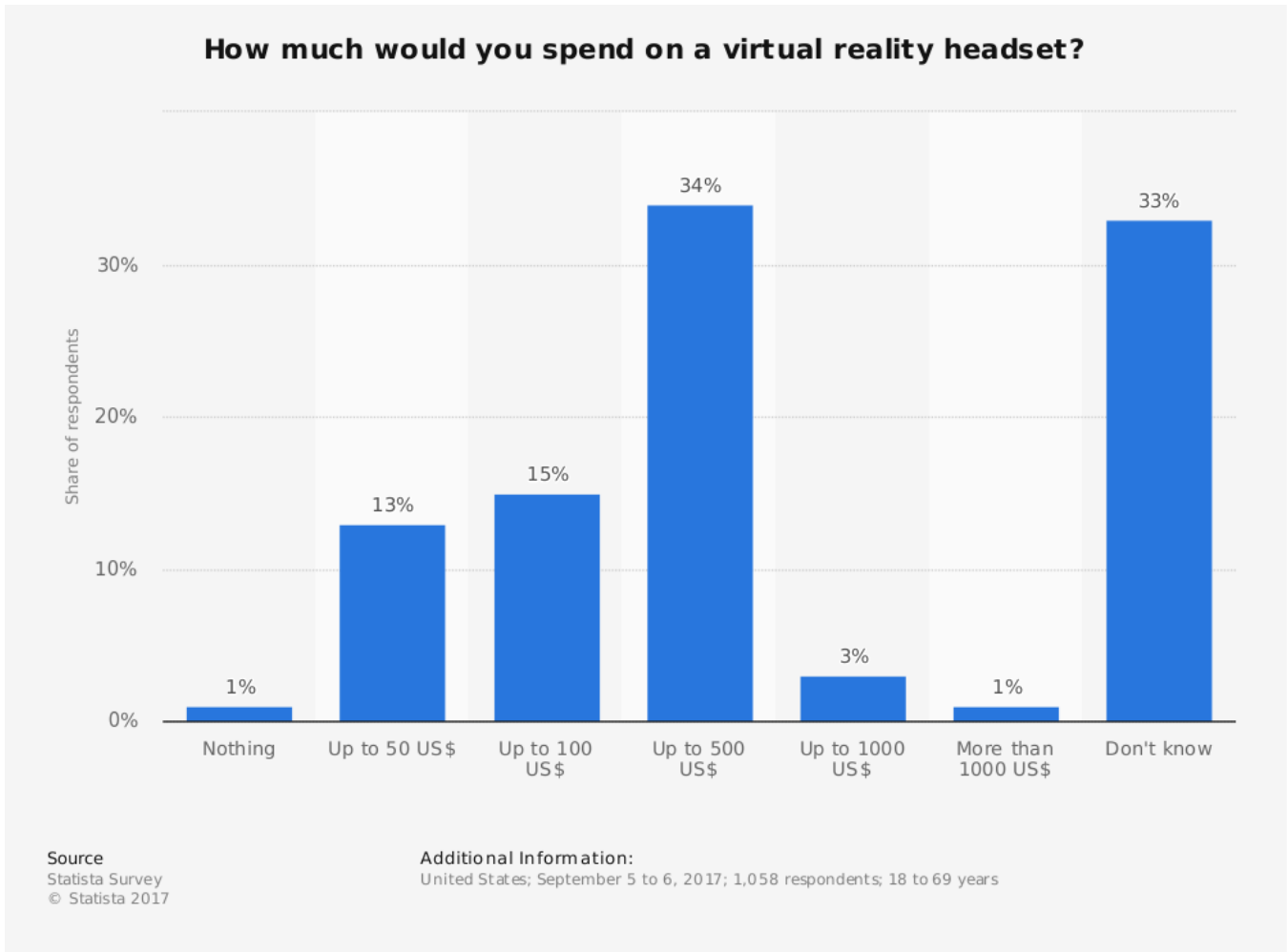
Despite being in the minds of millions, for years virtual reality has always been a slow growth technology due to the limitations of technology powerful enough to drive the innovation. Even in 2021, the technology is still in its infancy and the market is really just emerging. This is beneficial for us to build the ARC3 internet system. As one of the pioneers in the industry our platform could host all other newly developed virtual reality softwares and connect the virtual metaverses within one roof.

As the industry is growing and developing constantly, the potential users are in the hundreds of millions. Early adopters (i.e. gamers) will lead the way for the technology to take hold on a massive scale.

Let's have a look at some of the user interest garnered in previous market surveys of the American market between 2014 and 2018. Those market surveys prove the need for new virtual reality worlds (software) to satisfy clients who acquired or are willing to acquire virtual reality glasses.



As you can see the willingness to purchase virtual reality headsets is very high. 50% of respondents to the survey said they would purchase, with just over 20% undecided and 28% not interested in purchasing such technology. The respondents ranged in age from 18 – 69 years of age.

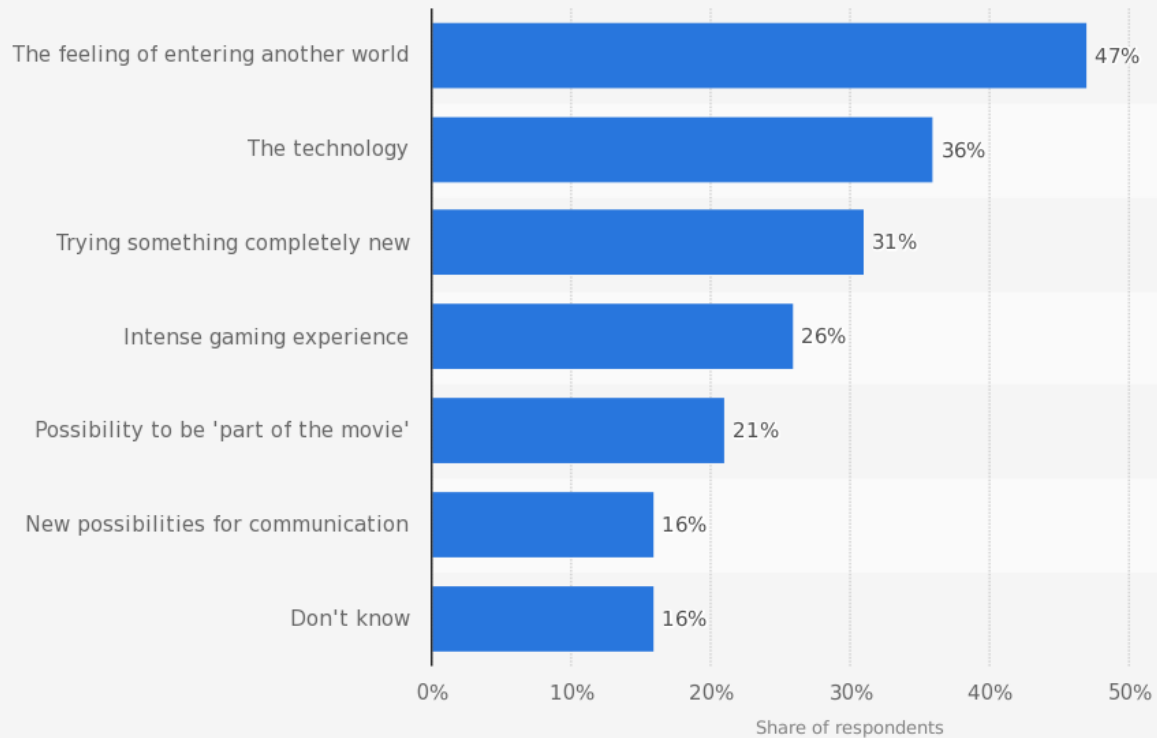


When asking that same group of survey participants how much they would be willing to spend on virtual reality technology the results were surprising. Only 1% were not willing to spend anything on virtual reality technology. 33% undecided or not sure how much they would spend on such technology and 66% willing to spend between 50 and 1,000\$.

As we create a more user-friendly market place, we believe that user adoption and willingness to spend will increase exponentially.



What is, in your opinion, the single most interesting aspect about virtual reality?



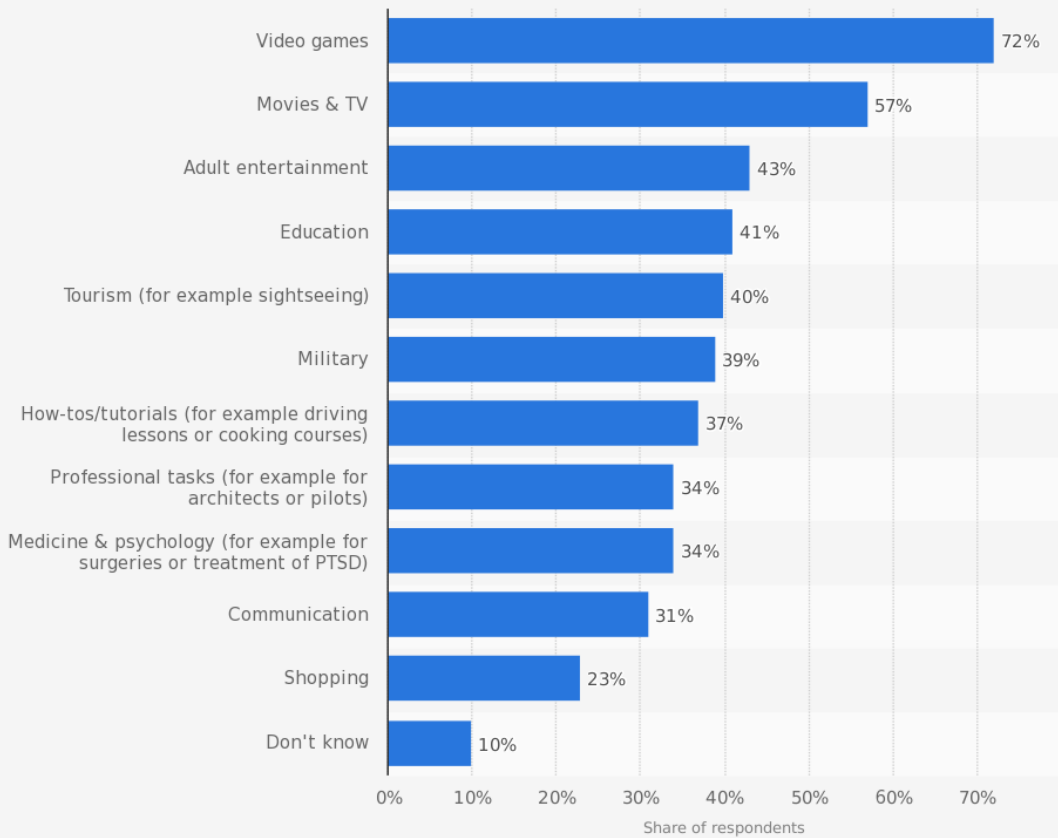
Source
Statista Survey
© Statista 2017

Additional Information:
United States; September 5 to 6, 2017; 1,058 respondents; 18 to 69 years

As the above survey results demonstrate, most adopters that have interest in virtual reality want to have an experience. The experience of entering a new world or another reality. Although, ARC3 will not be creating specific experiences, it will be acting as a controlling force and gateway to virtual reality experiences.

Think about it as the virtual reality control panel to the virtual world. As simple as opening a door in the ARC3 environment to enter a metaverse and gain a new experience.

In which fields of application do you think virtual reality headsets are likely to be used?

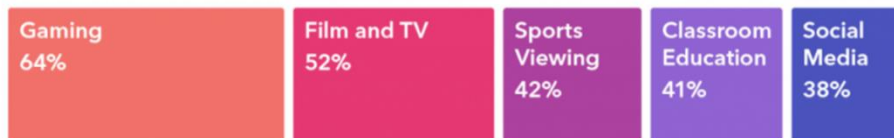


Source
Statista Survey
© Statista 2017

Additional Information:
United States; September 5 to 6, 2017; 1,058 respondents; 18 to 69 years

Consumer Perceptions on Virtual Reality's Potential

% of VR users who say it has the most exciting potential in the following industries



Question: Where do you think VR has the most exciting potential?

Source: GlobalWebIndex October 2018 Base: 897 VR users in the UK & U.S. aged 16-64

The general market consensus is that virtual reality will be heavily focused on video games and gaming experiences. However, the market applications vary dramatically. We at ARC3, like many others in the industry, have recognized that the VR market has a range of applications that are

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completely undervalued and unrecognized. During the recent lockdowns due to the world's pandemic, it showed very clearly that there is a need for Live Streaming Shows that could perfectly fit in our virtual reality and prevent the entertainment industry from suffering unrecoverable losses. The potential of these markets once the industry advances is phenomenal. ARC3 fills that gap by providing the platform to innovate in these undervalued markets and VR applications.

User Monetization

By being a virtual reality platform, ARC3 is opening the doors for radical and innovative ways to monetize the virtual world. We are creating an immersive experience that is worth billions to ARC3 and its shareholders.

ARC3 Marketplace for 3rd Party Apps

One of the main aspects of user monetization of ARC3 is the Marketplace for third party developed apps. Users will have the ability to search, download and install third party apps that extend the experience of ARC3. The apps available will range from movie and game experiences up to added functionality.

Producers and developers will be able to market their apps through the Marketplace and offer their apps either on a membership basis or a one-off purchase.

ARC3 will profit from the Marketplace in two ways:

- A 10% fee from each sale made within the ARC3 Marketplace.
- Premium listings\app advertising within the ARC3 Marketplace.

This aspect of ARC3 alone will provide a strong, sustainable and constantly developing stream of revenue for the company, software and our shareholders.

Advertising

A core component of ARC3 monetization is the advertising aspect of the business. We have organized and outlined brand advertising options that are unobtrusive to users without compromising user data.

Each user environment will have automatically added advertising based on their selected interests and the interests that they choose to enroll in.

All advertising objects within a user's environment will be interactive and users will be able to go into more details of the advertisement by interacting with it. Users will be able to move advertising objects within the environment and choose whether they would like to replace that advertising item with another.

A researched average of 120 advertising objects per user environment will better draw the attention of the user. For advertisers we offer different rates per interaction and advertisement placement within user environments.

Revenues from advertising will be a major part of ARC3's primary revenue streams, however ARC3 management will not allow advertising to interfere with user experience or personal data - under no circumstances. Users will be able to completely customize and control advertising within their environment, therefore developing a more positive view on advertisements altogether.

Branded Addresses (Domains)

Users will need to relate their environments to an address in order to share their environment with other users and apps.

This allows ARC3 the option to monetize branded addresses for our users. For a nominal yearly cost, users can purchase a custom address to represent their environment. If a user chooses not to purchase a branded address, they will be given an address that is generated automatically using an ARC3 algorithm.

Key Selling Points

The key selling points of ARC3 are:

- Data Protection and Control

Data protection is a main concern for our users and users of any application. If we take a look at the state of affairs with companies like Facebook and Google, where there have been massive scandals and abuse of user data, we can see that user data protection and control is a very in-demand feature.

ARC3 incorporates sophisticated user data encryption in order to protect user data from being exposed, sold or breached.

These features give our users the ultimate control and protection rights of their information.

- Parallel Internet (Decentralized)

By decentralizing our data from the internet and world wide web we are able to create a reality where users are free to openly express themselves without influence from outside entities.

- Scalable and Extendable

Designing and creating ARC3 as the ultimate virtual reality platform, we have designed the software to be completely scalable by allowing third party developers to tie their apps into our platform.

This gives our technology an unlimited ability to expand, grow and extend into the future; giving our users very personalized and customized experiences when using ARC3 in their own individual ways.

- Virtual Experiences

In its purest form, ARC3 is all about personalization, customizations and experiences that only virtual and augmented reality can provide. Users are in complete control of their virtual environments, the types of virtual experiences in which they participate and how they choose to extend and add upon the functionality of their ARC3 environment.

Basic Marketing Strategy

Outlined below are some key points of our basic marketing strategy, as we first introduce ARC3 into the market. These strategies are aimed at gaining the first 1 million users and sales of ARC3. This primary base of users will be the core introducers of our product globally.

User Acquisition

The first 1 million sales and users of ARC3 will be a primer for our market entrance and penetration into the global market with our product. These strategies are designed to influence user promotion and product adoption, leading us into our first product sales over a one-year period while the product is not officially in the market.

Marketing Channels

Our marketing channels will incorporate traditional social media platforms and targeted AdWords campaigns. Aside from these traditional methods, we will be working with technology focused PBNs, engaging directly with our potential users with targeted content.

As our product is further developed, we will incorporate television advertising and run commercials with targeted messages to our potential user base.

Insider Program

During product development, we will open an insider program that will allow us to interact with beta users. This will provide us with feedback that we can implement in our product. Not only will we be able to take into consideration the needs of the users and identify bugs, we will also gain through this program access to their channels for promoting ARC3 due to participation rules.

There will be two aspects of the insider program: the beta testing phase and early adopter rewards (will be specified).

Product Status

ARC3 product elements are being developed and are currently at different stages based on set milestones. Our software is currently developed as a working interface but not to the point in which it can be deployed on any operating system.

Funding Needed to Bring to Market MVP - Minimum Viable Product

Following our design and development plan outlined within this document, the funding required to achieve a minimum viable software product is \$1M US Dollars.

The funding will be divided into three phases throughout a one-year timeline and will include:

- Software
- Marketing
- Strategical partnerships
- Building an ARC3 community

all running simultaneously.

ARC3 Marketing, Design and Development Phases

Creating the minimum viable product will take one year to complete and will take place in three phases. These phases will include:

Phase 1 – 3 Months:

The first phase of design and development of ARC3 products will be vital. What will take place during this phase can be found below.

- Hiring staff and acquiring assets
- Product and company rebranding
- Creating legal documentation
- Marketing asset design
- Website design
- Business development strategies and partnership development
- Software framework development
- Development of marketing programs

Phase 2 – 6 Months:

In the second phase of development, the majority of work will be focused on developing the ARC3 software. This includes building in key and base functionality.

- Continuation of marketing and beginning of product presales
- Launch of insider program and partner promotions
- Development of base and key software functions
 - Design of UI\UX within software, marketplace and community
 - Environment asset design
 - Environment design
 - Designing and integrating ARC3 marketplace functionality
 - Details in the proforma document, Tab *ARC3 Application Development*

Phase 3 – 3 Months:

In the final phase the key targets will be working out any software bugs that may be present.

- Quality control and removing bugs
- Development for scalability
- Implementing initial third party apps into the ARC3 marketplace
- Continuation of marketing and business development
- A/B product testing and screening
- Adjustments to the main software based on insider feedback
- Presales

Detailed Budget Breakdown

The below figures represent total investment and expenses, including payroll, hardware, office, equipment software and miscellaneous costs. *For any questions regarding this budget, please contact Robert Sc. McKinney.*

Software Design and Development			
<i>Team Members</i>	<i>10</i>	<i>Average Pay</i>	<i>Total</i>
2 Assets graphic designers	1520	\$32,00	\$48.640,00
2 Environment designers	1520	\$32,00	\$48.640,00
4 Unreal Developers	3840	\$32,00	\$122.880,00
Programmer software hooks	500	\$32,00	\$16.000,00
Server architect (marketplace & website)	600	\$32,00	\$19.200,00
<hr/>			
<i>Base Pay</i>	<i>\$32,00</i>		
Extra hours			
Working Hours Total	7980		
Total Cost			\$255.360,00



Website Design, Development and Maintenance	
<i>Team Members</i>	<u>1</u>
Website Programming and maintenance	200
<i>Base Pay</i>	<u>\$32,00</u>
Working Hours Total	200
Total Cost	\$6.400,00

Marketing and Business Development Costs	
<i>Team Members</i>	<u>3</u>
Social Media Manager	960
Copywriter	960
Business Development Lead	960
Working Hours Total	2905
Base Pay	\$25,00
Total Cost	\$72.625,00

Executive Team Salaries

<i>Team Members</i>	8	Months of work in 1st year	Hours per month
CEO	\$60.000,00	12	150
COO	\$0,00	0	0
CMO	\$4.000,00	6	20
CFO	\$8.000,00	12	20
CTO	\$60.000,00	12	150
TC	\$32.000,00	12	80
Technical Advisor	\$4.000,00	12	10
Advertisement representative	\$32.000,00	12	80
<i>Base Salary per Month</i>	<u>\$5.000,00</u>		
Total Cost	\$200.000,00		

Monthly Expenses	Cost Per Month	Months	Total Annual Cost
Office	\$4.500,00	12	\$54.000,00
Electricity	\$500,00	12	\$6.000,00
Water	\$100,00	12	\$1.200,00
Cleaning service	\$500,00	12	\$6.000,00
Internet	\$200,00	12	\$2.400,00
Programs	\$300,00	12	\$3.600,00
Security	\$1.000,00	12	\$12.000,00
Insurance	\$1.000,00	12	\$12.000,00
		Total Annual Cost	\$91.200,00

One Off Expenses	Cost
Computers	\$40.000,00
Office Equipment	\$30.000,00
Servers	\$20.000,00
Hardware Components Budget	\$4.000,00
Miscellaneous Costs	\$20.000,00
Legal Fees	\$60.000,00
Additional Patent Costs (Legal and Application)	\$35.000,00
Total One Off Expenses	\$209.000,00

Total Employees	22
Total Employee Cost	\$534.385,00
Total Annual Taxes	\$160.315,50
Total Employee Costs with Taxes	\$694.700,50
Total One Off Expenses	\$209.000,00
Total Annual Expenses	\$91.200,00
Total Cost	\$994.900,50

Additionally, along with the development expenses detailed in this business plan, we will also have maintenance expenses to continue further developing and marketing. To keep those costs covered during market entrance we are raising additionally 1 M for maintenance to the 1 M development costs detailed above.



Exit Strategy

In the case of non-profitability within a 5-year period, ARC3 management may decide to liquidate the company owned assets, which may include selling patent rights, shares and physical company assets. This will only be decided with investor input and will be considered with utmost prejudice. Before liquidation would be considered, ARC3 management would first look into and aim for a merger or acquisition that would allow for minimum ROI or a potential sale of intellectual property and physical assets.

If investors would like to exit the investment early, please contact executive management for detailed options.

Frequently Asked Questions

What is the maximum equity position I can hold of ARC3?

We are only allowing up to a maximum of 30% equity (corresponding to an investment of 3M) in our company offering. This will allow us to keep the company profit high and the outside investors to a minimum. This practice will allow for greater expansion and greater flexibility with company direction as ARC3 grows into a market leader.

What is the minimum investment and unit price?

The minimum equity investment is \$100,000 (*one hundred thousand united states dollars*) for 1% (*one percent*) equity of the company, also referred to as one unit.

If you are an investor that has interest in ARC3 but cannot meet the minimum investment, then please reach out to Robert Sc. McKinney for investing under special conditions.

When can I see a return on investment?

We expect to bring our shareholders a return of their initial investments within a 3-year period after market entrance. ARC3 can potentially start to show a return on investments within the first year of going to market, however we aim to have manageable targets for ROI. For details, please see our proforma workbook on the tab *Return Of Investment Calculator*.

Contact Details

Please direct all your questions to:

Robert S. McKinney – Chief Executive Officer

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