



Adilas, LLC.
517 Blake Street
Salida, CO 81201
719.439.1761

SUBJECT: Start-Up History of the “adilas.biz” Business Platform

Quick Overview

Adilas, LLC was officially created in January of 2008. The original partners were Stephen Berkenkotter, Brandon Moore, and a corporation called Morning Star Automotive, Inc. The Morning Star Corporation has since been dissolved (2010) in order to more fully focus on the adilas platform. The actual project began in 2001 as a custom write-up system for Morning Star. Originally, the application was created for the used vehicle and trailer dealership industry.

In 2006, the application went through some major changes when Stephen (Steve) came up with the concepts for adilas. At that point, it started to change from servicing just the dealership industry into a more general or open business model. By the end of 2008 adilas was servicing a number of new clients (besides dealerships) with the following business types: self storage, modular homes, construction, manufacturing, professional services, and retail. As of 2011, adilas has added other businesses such as: virtual finance companies, real estate companies, transportation, GPS tracking, computer services, alternative healthcare providers, fasteners (nuts and bolts), catering, consulting, personal accounts, home-based businesses, etc.

The application or platform is set up for future growth and is very scaleable. It is currently geared towards small to medium-sized businesses. The application is in a constant state of improvement. This includes adding and upgrading features and tools, building reports, and automating existing functionality. Each new tool and/or feature is developed and tested locally before being deployed to live servers. All new tools and features are assigned to a permission on a per user and per corporation basis. This makes it so that only persons and/or businesses that need the new tools turn them on and use them. All unassigned permissions and features are dynamically hidden until assigned. The existing core of the application has been developed and tested over a number of years and is currently on its seventh full version.

The adilas platform is web-based and set up on a series of commercially hosted environments with state of the art data centers and 24/7 support techs that monitor all servers and databases. The application is completely “cloud” based and only requires a computer or a device that can access the Internet. All application pages and web service calls are done over a secure socket layer (SSL) with many other security features in place. Daily back-ups are done from within the hosted environments. Current adilas clients may export their own data and save local back-up files at any time. Adilas also performs its own weekly back-ups and then securely stores files offsite. For more information about adilas, please visit - www.adilas.biz

Going back to the beginning...

Morning Star Automotive, Inc., one of the original partners in adilas, was founded in 1989 by Stephen Berkenkotter and his brother David Berkenkotter. It was a used vehicle and trailer dealership. Over the years, they did well over \$100,000,000+ (hundred million) in sales. By 2001, Steve and David had been in business for about 12 years and had 5-6 locations in Colorado. Things were going well and they were

quite successful. They were managing their used vehicle and new trailer inventories on a spreadsheet that Steve had created. All of their accounting was done on a separate software system called PeachTree Accounting. All sales were done on hand written tickets and then given to the accounting office for data entry. The accounting department entered all sales and inventory items into the PeachTree Software after the fact. The outlying store locations would save all paperwork and invoices and then send a weekly batch via FedEx or UPS to the accounting department. Morning Star's primary headquarters and accounting office was located in Salida, a small mountain town in central Colorado.

Brandon Moore, another original adilas partner, had just graduated from Utah State University in Logan, UT, in December of 2000. He moved with his small family to Salida, CO in the summer of 2001. He originally moved to Salida to be a professional raft guide and kayak instructor on the Arkansas River that ran through the Salida area. As the summer progressed, work was slim and Brandon was scrambling to make ends meet and to keep he and his family afloat. He found a job listing in the newspaper doing data entry work for Morning Star in August of 2001. Brandon interviewed with Steve and his head accounting person for the data entry job. They offered him the job and he offered to help build the Morning Star website.

Brandon had graduated with a BA in Business Information Systems with an emphasis in Office System Management. Prior to that, Brandon had created a couple of small websites in college and worked as a computer instructor for a local technical college. The accounting staff began using Brandon to do data entry work for the parts department.

Soon after starting to work in the accounting department, the company website became part of Brandon's main job. He began gathering information on inventory levels and items for sale. With so many locations and inventory items being sold on a constant basis, it became almost impossible to keep up with the changes. To make matters worse, the company was constantly transferring a large floppy disk (100 MB zip disk) from store to store to make sure that each location had updated information. The process took about two weeks to make a full circle and then it would go around again. Each time a store would get the disk; they would update their files, add any new items, and send it via FedEx or UPS to the next location. This was a never ending loop with time being one of the biggest variables. Talk about a money pit and literally chasing your tail...

The first step in changing this process was to create a centralized location for the data. One of the sales managers in the Salida office would keep the inventory file relatively up to date by making phone calls and trying to record the data. Every couple of days, Brandon would post the file online with a date to let the other managers know how current the file was. Having the data centrally located sped up the time frame from a two week cycle to just a day or two and totally cut out the next day FexEx charges. Even with these changes, work and efforts were being duplicated. Different salespersons were selling items without others knowing about it and new web page files were being made for items that had already been sold. It became very frustrating as a salesperson would have a good deal on the table just to find out that the item was already committed and/or sold. Deals also went the other way. A customer would ask for something and according to the spreadsheet, it didn't exist, even if it was physically available at another location. Eventually, the need was great enough to drive both Steve and Brandon to come up with a plan to create a dynamic web driven application to track the main big ticket items called stock/units (vehicles, trailers, and toppers).

Brandon went back to Utah on a family vacation and was able to take a dynamic webpage class from the technical college where he previously worked. After the class, he returned to Salida and began working on his very first database web driven mini-application. Its only functions were to track the stock/units

(big ticket items), stock items in/out, and mark them as sold (basic inventory tracking). Once completed, the timeline for doing a transaction went from the two days between updates to each salesperson making real-time connections and totally eliminating the old spreadsheet of inventory items. At that point, a number of concepts that are built into adilas started to form. These concepts are enter once, use many, and empower the users at the point of action.

Once the first mini-application was complete, Brandon terminated his full-time employment with Morning Star and became a sub contractor and independent web developer. He started working from home and started his own web-based business and began seeking new clients. Morning Star was still one of his biggest clients, but he no longer worked full-time for them.

As things progressed, more and more options, tools, and features were added to the system. It wasn't long before the operations side (sales) was walking circles around the accounting department. Communications improved, sales went up, and the sales staff loved their new tools. Meanwhile, the accounting department was getting buried and management was looking to add new locations because of improved sales.

Because of the load and stress, the accounting department began to ask for reports with specific dates, data, and totals. Prior to that point, the accounting department had had nothing to do with the inventory tracking system other than the fact that they could login and look at individual stock/units and their histories. A very distinct line was in place and operations could not touch and/or see any of the accounting pieces or functions. Each department only dealt with or played in their department and minimal crossover took place.

As the accounting department slowly began to ask for more and more reports, new tools and new features, the two departments slowly began to interact better. Communications, procedures, and flow started to develop. The commonality became the system. As a matter of fact, they even made the system be the "bad guy" to help spell out the rules and say "No" when needed. If management didn't like what the sales staff was doing, they had Brandon open and close virtual doors to accommodate the correct flow process. More and more permissions were developed to accommodate needs on both sides of the transaction. Real time problems and solutions were beginning to be addressed as they happened.

The operational interface began to lightly feed the accounting department certain values and date sensitive reports. Managers and operations folks began to see numbers and reporting that they had never seen before. A cause and effect cycle began to emerge. This may not seem very big, but it was the start of a huge paradigm shift for the entire company. Managers began watching expenses and taking pride in running a tight store and location. Inventory levels were being tracked, purchases made accordingly and accounting was getting their numbers. Things were starting to flow more smoothly. The entire development process was as follows: 1. Find a specific need 2. Figure out what pieces came from where 3. Take a step in that direction by releasing a new tool, feature, or report. The natural consequence of the user actions would then present the next logical step and management would be able to see where they wanted to go. In a way, the horse began leading the cart instead of the other way around.

The next phase of growth was changing from one corporation into multiple corporations. As the dealership grew, they took on different businesses and acquired others. Steve went to Brandon and asked for the exact same web application for some of his other companies. Each new system needed to be independent so as not to mix numbers and items between corporations. All that needed to be changed were names, locations, tax settings, colors, logos, permissions, and a few other minor tweaks. After adding a number of independent systems, Brandon told Steve that it was getting too hard to keep up with

all of the different systems. A single update or change had to be tested in multiple places in order to make sure that it worked with all systems. Users were getting multiple logins to be able to work in different corporations (no cross over existed between the systems). An additional load was added because certain users needed certain functionality in one corporation but not in the other corporations. The current system permissions and roles began to morph into user-specific custom code and began to split the application. More functionality was added but upkeep and maintenance became much harder.

Brandon proposed that they pull back and try to put everything under one roof and build with growth and expansion in mind. This new system could include: multiple permissions that could be assigned to different users by corporation, any number of different corporations, unlimited locations within a corporation, and each corporation could have their own settings and virtual sandbox to play in. To top that off, a bridge or interface could be built to allow a user to switch or cross over between corporations without having to login under that corporation. The entire system would be built on a one-to-many relationship model. Steve liked these ideas and began to think on a more global scale. All of the existing systems continued with minimal enhancements for a number of months.

At this time, Brandon was very involved in a business he had started to teach people how to do snowboarding freestyle tricks and moves through an interactive CD-ROM. Most of his time was devoted to building his own business. He was spending very little time working for Morning Star other than minor special requests. Brandon was looking to have someone take over the work he had been doing for Morning Star as their web developer.

Morning Star needed help with Brandon heading out the door so they hired a new computer guy. Brandon agreed to stay on long enough to train the new guy until he could take over. This required Brandon to dive back into what was going on at Morning Star. About this same time, Steve was dreaming up the concept of creating a “super system” – a web application that could track all of the data for different businesses. He could see the potential of selling this web application as a service to businesses with a reoccurring revenue stream. Steve grabbed the bull by the horns and set up several meetings with Brandon and the new computer guy to share his dream and vision.

It was Steve’s idea to begin pulling the operation side and accounting side together like the cogs of a zipper being zipped up until each piece fit in perfectly with the other pieces. Some of the functionality was already in place in a very loose sort of way. Steve had many business ventures (besides his dealerships) in real estate, transportation, small investments, etc. Steve was also in the process of finishing his degree with a dual major in business management and accounting from the University of Phoenix out of Denver. Because of his business knowledge, his entrepreneurial spirit, and experience, he knew that a large gap existed between operations and accounting.

He could envision a way that as he did his day-to-day tasks (operations) that they would automatically show up for roll call on the accounting side of the application. Data would be entered once and then passed along until all of its activity was complete. He wanted to track every penny from start to finish. He also came up with the theory of entering pieces on the operations side and then slowly having them become more firm values, solid dates, and eventually final numbers. He used the analogy of water droplets forming into ice crystals. The droplets start fairly loose (sales) and slowly become crystals, then slush, and then finally becoming completely frozen or iced down. This final output would end up being the actual accounting for the organization. Basically, this was the start of tracking a transaction from beginning to end through its life-cycle. Each key date or status change was flagged and dated and all prior steps were locked down according to user permissions. This became a running history of the objects and data as they moved over time.

About this time, Brandon had a small business loan or note that required a significant payment and funds were tight between trying to push his own products and make the note payment. He began to supplement his normal income by helping to train the new guy and diving in on Steve's idea of this business accounting and operations system (accopps). Within a year, the new part-time computer guy had some family problems and was unable to continue. By this point, Brandon had caught the vision from Steve and both were working almost full time on the project.

All of the existing online systems for the other corporations continued with minimal new enhancements as Steve and Brandon developed a brand new system from the ground up. The new system required a major rework and was purposely built with growth and expansion in mind. Every single page was built from scratch to incorporate the new fields and settings. Scripting and database platforms were changed, servers were added, and the goal began to move toward an open business model instead of just a dealership industry business model. Each new development step opened the vision even further. Ideas and concepts that weren't even possible began to become a reality as the process continued. Cogs of the zipper were slowly coming together from the bottom up.

It wasn't long and the new "Morning Star System" was created. All existing companies migrated from older standalone web applications and started to use the new system. Additional companies and corporations were added under the "Morning Star System" name. No marketing was done and all of the new companies were referrals from current system users. Brandon and Steve were working hard to come up with the next steps and still trying to figure out how to keep pulling the zipper cogs closer and closer together. There were no road maps for doing this. They were truly pioneering ideas and concepts with only a vision, brainstorming, and trystorming (planned experiments) to guide them. The deeper they got, the more they started to see that other companies had the same problems and frustrations that they had already worked through. New companies were ready to pay even though the entire application was not yet finished. A definite "need" was forming.

Steve and Brandon knew that the new system would need a name and would need to become its own company and entity. Over a lunch meeting in Salida, Steve proposed the name of "adilas" which is actually the name Salida spelled backwards. Up to that point, the entire application had been created there in the small mountain town of Salida, CO. The name stuck and an acronym was developed – "all data is live and searchable". As time went on and as each new development step was added to the system, the more this acronym became a living part of the application.

Adilas, LLC was officially created in January of 2008 with the first paying customers in June of that year. Shortly after that, the first paying international customers were added. All in all, there were close to 20 corporations using adilas before it even became an actual entity. All of these companies, from the various industries, had asked to be a part of the process. They were all using the service free of charge up to that point. Each company helped tremendously by providing feedback and ideas that were incorporated into the development process.

The feedback and suggestions from their clients became one of adilas' biggest assets (and still is today). The size and depth of the live test bed was another huge asset that they harnessed virtually for free. It would be nearly impossible for a small company to pay for a test bed of that magnitude. It would have cost millions in research, development, and staff salaries alone. Similar to the cream rising to the top analogy, the ideas and suggestions began paving the way to new features and functions. Over the years, hundreds and hundreds of people have chimed in and made a contribution in one way or another. When asked, Brandon said that "Even our most adamant critics have helped formulate our direction and plans.

We are very grateful to one and all. The more holes they would find and point out, the more we just keep trying to fix the problems. It has been awesome!” People from all different walks of life from CPA’s, attorneys, bankers, accountants, owners, managers, salespersons, data entry folks, entrepreneurs, and friends have all added their suggestions, ideas, and feedback. Literally hundreds of thousands of hours and millions of dollars have been put into this project. In a way it has become somewhat of a community effort or project.

In seven short years, from 2001 to 2008, adilas went from a mini custom write-up system to a multi-level business platform that is capable of bridging the gap between operations and accounting. The adilas guys have continued to pioneer the way and haven’t stopped building. They are working on a master plan that includes a new way of doing accounting called “roll call accounting”. This deals with tracking objects and data over time. Operations lead the way and the system is set up to catch and show cause and effect relationships of what was done and how the pieces are tied together. Along the way, each step is dated, flagged, and recorded. The entire story is being captured, mapped, and laid out for users to see. The “roll call” then happens when the user asks the objects and data where they were at any given point in time. The objects and data then virtually respond or report back to the user.

Clients currently use the system to track inventory, manage customers, showcase their products on the web, sell their items and services in an online point of sale system, run retail store fronts, pay bills, track receivables and payables, do their entire backend accounting processes, do payroll, scan and file documents (paperless office), schedule calendar events, run their business, and much more. New features and tools are released almost weekly and the system is gaining momentum and direction. A future training ground called Adilas University (adilasuniversity.biz) is in the works. This will be a dedicated place for training, video tutorials, step-by-step instruction, newsletters, upcoming events, new feature releases, along with a number of other different topics.

The entire application development process is fully paid for and has been through a number of full working releases. It has had hundreds and hundreds of people from different businesses pushing it to see what and where it will go. The story is still unfolding at an incredible rate. The adilas team is still adding new things every couple of days. With each new release, the vision opens up new doors and more options emerge. When asked, Brandon said, “You should see our tick list of where we want to go with this. I can see better training, faster reports, more automation, new custom settings, user defined preferences, and a more visual-type interface. I’m pretty excited about it!” So, it continues... as long as their users keep asking for the next logical step, they will keep building it better and better! The future looks very bright!

For more information about adilas, please visit - www.adilas.biz - If you would like to learn more about adilas, the system, the tools, the theory, the people, please get a hold of them for a free live demo. They welcome questions and love ideas! Contact them at: sales@adilas.biz or 719.439.1761 and ask for Steve.