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Project Estimate

Client:	Brombe Jean Company
Project Reference:	bjc_redux001_v4
Date:	April 20, 2007

*Prices below are our best estimate, actual hours may vary.

*This estimate is valid for 30 days.

Legend of work types:

SS	Site Strategy	DB	Database Administration
AD	Abstract Design	PM	Project Management
D	Visual Design	QA	Quality Assurance & Debugging
P	Web Production	R	Research / Troubleshooting
E	Engineering	SY	System Administration

A description of each work type can be found at the end of this estimate.

Summary: This bid covers the features and functionality needed to design, produce, develop and launch the new brombe.com. The site will be built with Open Source technologies PHP / MySQL. The goals for this redesign are to keep Brombe Jean Company as an industry leader and innovator in terms of visual design, brand, and use of web technology. We will reuse code wherever possible to keep total man hours as low as possible. For this iteration of the contract, the Localization piece has been removed and we will addressed under a separate contract.

The following features are active on the current brombe.com site, but will be removed with this redesign: rep & wholesale user login sections, rep & wholesale user management, rep & wholesale user metrics, and product swatch orders.

Assumptions: This bid is a Time and Materials contract. The hours contained are our best guess estimate, actual hours may vary depending on exact feature set and development needs as the project unfolds. We have included a plus and minus 15% of the total on the summary page to show a likely range.

Module 1: Site Strategy

Summary: Site Strategy includes planning the site's structure and labeling for the intended audience. Copy needs are also identified during this "mini discovery" module. Our goals for this module are to come up with a strategy for the male product line, reps and wholesalers and general public.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1	Analyze and create new site structure to maximize impact of message and target audiences										
	Optimize site structure to fit personas										
	Two meetings to review and finalize architecture										
	Note: the architecture audit may be minor or significant depending on how things unfold										
	8	0	0	0	0	0	0	3	0	0	11

2	Site Architecture document will be created for documentation purposes and content mapping										
	New architecture to include proposed labels for navigational links										
	Content map will assist with future localization efforts										
	Assumption: All copy/text to be provided by Brombe Jean Company										
	0	10	0	0	0	0	0	1	0	0	11

Percentage of Total 6.81%

Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	Total Hours
	8	10	0	0	0	0	0	4	0	0	**22**
% of module	36%	45%	0%	0%	0%	0%	0%	18%	0%	0%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	Total $
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	
Module Effort	$960	$1,000	$0	$0	$0	$0	$0	$400	$0	$0	**$2,360.00**

Module 2: Visual Design

Summary: Visual design is an extremely import module for this project. The Brombe Jean Company site must convey the brand in a premium way. This module may vary greatly depending on team roles. For the sake of this bid, we are assuming that John Reeve will be the Interface Designer. Michael Payne will act as Abstract Designer and Producer.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Abstract Design											
Identify 5 pages of the site and create detailed wire frames of page elements											
Proposed pages: Home, Male Product Home, Product Category Page, Wholesaler / Rep											
Home & Product Details Page											
	0	10	0	0	0	0	0	2	0	0	12
2 Visual Design											
Design meeting to review design efforts to date, pros/cons, and goals for the brand											
Create two distinct design composites for 1 Page of site											
Iterate as needed until single page is acceptable											
Create design composites for other four pages identified in feature #1 above											
Iterate as needed until design is complete											
Two design meetings are included											
	0	0	38	0	0	0	0	6	0	0	44

Percentage of Total 17.33%

Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	Total Hours
	0	10	38	0	0	0	0	8	0	0	56
% of module	0%	18%	68%	0%	0%	0%	0%	14%	0%	0%	100%
	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	**Total $**
Module Effort	$0	$1,000	$4,370	$0	$0	$0	$0	$800	$0	$0	**$6,170.00**

Module 3: HTML Production

Summary: This module contains the effort needed to "chop" the design into HTML. This module includes HTML production, CSS creation, JavaScript creation, and any client side production.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 W3C compliant HTML production (www.w3.org)											
CSS development											
JavaScript development for any mouse over states or client side functionality											
HTML production											
SEO friendly production (including: order of the code, smart title tags, smart alt tags, minimal lines of code)											
Production estimate based on 24 pages (rough estimate from current site)											
Chop all graphics and optimize for the web											
Quality Assurance testing for browser compatibility (please see Contract Terms and Acceptance for supported browsers)											
	0	0	0	50	6	0.25	0	2	3	0	61.25

	SS	AD	D	P	E	SY	DB	PM	QA	R	
2 Contingency Development for redesigned site											
Contingency Development helps ensure pages that are currently bookmarked have a graceful transition and pages that are currently spidered by Search Engines will have a friendly way to find the new equivalent page.											
Custom 404 error page											
URL Redirection for current pages of site to new page equivalents											
	0	0	0	2	1	1	0	0.5	1	0	5.5

									Percentage of Total		20.66%
Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	**Total Hours**
	0	0	0	52	7	1.25	0	2.5	4	0	**66.75**
% of module	0%	0%	0%	78%	10%	2%	0%	4%	6%	0%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	
	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	**Total $**
Module Effort	$0	$0	$0	$4,940	$910	$188	$0	$250	$380	$0	**$6,667.50**

Module 4: **Content Management**

Summary: This module includes modifying and enhancing existing content management tools and layering in the ability to edit every page and piece of content on the site. Please review each feature to see how much estimated effort is involved. Our goal is to give full control of the content management to Brombe Jean Company content creators.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Content Management for public pages (not covered under other Admin tools)											
Retrofit site for dynamic content											
Make each page of site database driven											
Layer in site administration tools (inline admin) to add, edit, and delete content											
Quality Assurance testing & debugging											
Assumption: The design will be web-friendly and lend itself well to Content Management											
	0	2	0	4	18	0	2	1	2	0	29
2 Rich Text Editor											
Utilize FCKeditor (or comparable product) for easy HTML creation (http://www.fckeditor.net)											
Install and tune functionality for Brombe Jean Company's exact needs											
	0	0	0	1	3	1	0.5	0.5	0.5	0	6.5
3 Marketing Message Management (add, edit, delete and set inactive)											
	0	0.125	0	1	2	0	0	0	0.25	0	3.375
4 Home Page Management (depends on home page design - this is a rough estimate)											
	0	0.25	0	1	3	0	0	0.25	0.25	0	4.75
5 FAQ Management (add, edit, delete and set inactive)											
	0	0.125	0	1	2	0	0	0.125	0.25	0	3.5
6 Resume / Job Listing Management											
Mimic current functionality (queue, resume archive, public form, add, edit, delete, set inactive jobs)											
	0	0	0	1	2	0	0	0	0.25	0	3.25
7 Wholesaler Content Management											
Areas to Manage: Trade Show Schedule, Showrooms, Independent Sales Reps, International Sales, and All Others											
Add, edit, delete entries for each section											
	0	0.25	0	2	3	0	0.25	0.5	0.5	0	6.5
8 Authorized Online Resellers Management											
Add logos, add/edit copy, url - add, edit, delete, set inactive											
	0	0.125	0	1	2	0	0	0	0.25	0	3.375

Percentage of Total 18.65%

Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	Total Hours
	0	2.875	0	12	35	1	2.75	2.375	4.25	0	60.25
% of module	0%	5%	0%	20%	58%	2%	5%	4%	7%	0%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	Total $
Module Effort	$0	$288	$0	$1,140	$4,550	$150	$385	$238	$404	$0	$7,153.75

Module 5: Product Management

Summary: This module covers building the public facing product pages and the site administration tools to manage those pages. The goal is to give Brombe Jean Company control over products, categories of products, and a growing list of new products. Much of this functionality can be borrowed from current site.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Category Management											
Add, edit, delete, set inactive categories											
For example: Boxy's, Accessories, Exclusives, Blankets, etc.											
	0	0.125	0	0.5	1	0	0.125	0.125	0.25	0	2.125
2 Category Rankings											
Ability to control the order of the categories											
	0	0.125	0	0	0.5	0	0	0	0.125	0	0.75
3 Product Management											
Add, edit, delete, set inactive products											
Search for products (by name or type)											
Export products to CSV											
Exact fields for products to be determined. Current site to be used as a model.											
Public display of products											
	0	0.25	0	3	6	0	0.25	0.25	0.25	0	10
4 Product Ranking											
Ability to control the order of the products within their categories											
	0	0	0	0	0.5	0	0	0	0.125	0	0.625
5 Male Product Management											
Exact Features TBD - may be able to cover it in feature 1 and 2 above											
Public display of products											
	0	0.25	0	2	4	0	0	0	0.125	0	6.375

									Percentage of Total		6.15%
Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	**Total Hours**
	0	0.75	0	5.5	12	0	0.375	0.375	0.875	0	**19.875**
% of module	0%	4%	0%	28%	60%	0%	2%	2%	4%	0%	100%
	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	**Total $**
Module Effort	$0	$75	$0	$523	$1,560	$0	$53	$38	$83	$0	**$2,330.63**

Module 6: **Store Management**

Summary: This module includes domestic and international store management.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Domestic Store Management											
Add, edit, delete, set inactive stores											
Fields to be modeled on current site											
Additional admin tools - search by radius, download to CSV											
Public side of site to mirror currently functionality											
Public side will also will include a search by store name & radius field to search 'within x miles of 90210'											
	0	0	0	3	3	0	0.25	0.25	0.25	0	6.75
2 International Store Management											
Add, edit, delete, set inactive stores											
Fields to be modeled on current site											
Country management- add, edit, delete, set inactive list of available countries											
Additional admin tools- download to CSV											
Public side - more robust International searching capabilities (by country, store name, etc.)											
	0	0.25	0	3	4	0	0.25	0.25	0.25	0	8
3 Store Metrics											
Track number of searches by zip code, state, country and date of last search											
Simple reports to show aggregate data (mirrored after current site)											
	0	0.125	0	1	1	0	0.125	0	0.125	0	2.375
4 Radius Search											
Research and locate a third party component to allow for geocoordinate searches											
Component will reverse address into geocoordinates to make zip code searches smarter											
Depending on the component, third party licensing fees may be needed											
Layer in radius search to public and admin sides of site (example: 10 miles from 93103)											
	0	0.5	0	0	8	1	0.5	1	1	2	14

Percentage of Total   9.63%

Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	Total Hours
	0	0.875	0	7	16	1	1.125	1.5	1.625	2	31.125
% of module	0%	3%	0%	22%	51%	3%	4%	5%	5%	6%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	Total $
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	
Module Effort	$0	$88	$0	$665	$2,080	$150	$158	$150	$154	$180	$3,624.38

Module 7: Wholesaler Application & Queue Management

Summary: This module covers the features needed to modify the current Wholesaler Queue process so that it is a tool to qualify and approve wholesalers.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Public Form											
Recreate public application form on it's own page (as opposed to pop-up)											
Submit form over SSL											
Signup form tuning - if online store get one auto email, if not, received a different email											
Add how did you hear about us to form											
Upload image of store - optional field (file size restrictions)											
Server side error handling and image size enforcement											
Copy for emails/messaging to be provided by Brombe Jean Company											
	0	0	0	1	3	0.25	0.125	0.25	0.25	0	4.875

	SS	AD	D	P	E	SY	DB	PM	QA	R	
2 Wholesaler Admin Tools											
Model functionality on current section, with additional modifications											
Expand form fields for better readability (address, description, etc.)											
More robust admin search tools (radius from zip, state)											
Change to queue flow: new, in process, pending, rejected, active, inactive											
	0	0.125	0	1	3	0	0.25	0.25	0.25	0	4.875

									Percentage of Total		3.02%
Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	**Total Hours**
	0	0.125	0	2	6	0.25	0.375	0.5	0.5	0	**9.75**
% of module	0%	1%	0%	21%	62%	3%	4%	5%	5%	0%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	**Total $**
Module Effort	$0	$13	$0	$190	$780	$38	$53	$50	$48	$0	**$1,170.00**

Module 8: Site Administrator Management

Summary: This module covers the features needed to create and manage site administrators.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Site Administrator Management											
Create ability to add, edit, delete, and set inactive site administrators											
Encrypt passwords at database level											
Forgot password feature											
"My Profile" section for Administrators to modify username, password, etc.											
System generated email sent to new administrators with login information											
	0	0	0	1	1	0	0.25	0	0.125	0	2.375

										Percentage of Total	0.74%
Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	**Total Hours**
	0	0	0	1	1	0	0.25	0	0.125	0	**2.375**
% of module	0%	0%	0%	42%	42%	0%	11%	0%	5%	0%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	**Total $**
Module Effort	$0	$0	$0	$95	$130	$0	$35	$0	$12	$0	**$271.88**

Module 9: Custom Metrics / Reporting

Summary: This module covers the features needed to track and report on product viewing behavior.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Tracking Mechanism											
Build counter to log category and product views											
Includes database design and metrics table											
	0	0	0	0.25	3	0	0.5	0.25	0.125	0	4.125

	SS	AD	D	P	E	SY	DB	PM	QA	R	
2 Metric Reporting											
Add reporting section to admin side of site											
Include ability to search over time											
Basic metric report to show most requested categories											
Basic metric report to show most requested products											
	0	0.25	0	2	3	0	0.125	0.25	0.25	0	5.875

Percentage of Total 3.09%

Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	Total Hours
	0	0.25	0	2.25	6	0	0.625	0.5	0.375	0	10
% of module	0%	3%	0%	23%	60%	0%	6%	5%	4%	0%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	Total $
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	
Module Effort	$0	$25	$0	$214	$780	$0	$88	$50	$36	$0	$1,191.88

Module 10: Simple Site Search

Summary: This module includes adding a basic Site Search to the site. A third party search tool such as Zoom search (http://www.wrensoft.com/zoom/) or equivalent will be utilized to lower development time.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1	Research, install and configure search utility										
	Customize templates to match design of site										
	Setup job to run regular respidering of site										
	0	0	1	2	0.5	0	0.25	0.5	0	0	4.25

									Percentage of Total		1.32%
Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	**Total Hours**
	0	0	1	2	0.5	0	0.25	0.5	0	0	**4.25**
% of module	0%	0%	24%	47%	12%	0%	6%	12%	0%	0%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	**Total $**
Module Effort	$0	$0	$115	$190	$65	$0	$35	$50	$0	$0	**$455.00**

Module 11: Email Marketing & List Management

Summary: This module covers selecting an email distribution and list management program and retrofitting the site with the signup/registration code. Please note that this module does not include designing or creating the HTML emails.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Recommend Distribution System											
Research current market and recommend best product based on Brombe Jean Company's goals											
Solution may include monthly fees or per send fees											
Candidates include: Campaign Monitor, Constant Contact, Vertical Response, etc.											
	0	0	0	0	0	0	0	1	0	2	3
2 Implement List Management Code											
Integrate list management code into the site											
Customize templates to match new design											
	0	0	0	3	0	0	0	0.5	0.25	0	3.75
3 Create Initial Distribution Lists and Training											
Setup initial distribution lists with 3rd party tool											
Train staff on the process of managing the list who have signed up and creating campaigns											
	0	0	0	1	0	0	0	1	0	0	2

									Percentage of Total		2.71%
Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	**Total Hours**
	0	0	0	4	0	0	0	2.5	0.25	2	**8.75**
% of module	0%	0%	0%	46%	0%	0%	0%	29%	3%	23%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	**Total $**
Module Effort	$0	$0	$0	$380	$0	$0	$0	$250	$24	$180	**$833.75**

Module 12: Training and Support

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1	Two hour training session on all admin tools										
	Limited 4 hours of support for any post launch questions and issues that may arise										
	0	0	0	0	0	0	6	0	0	0	6

									Percentage of Total		1.86%
Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	**Total Hours**
	0	0	0	0	0	0	6	0	0	0	**6**
% of module	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	**Total $**
Module Effort	$0	$0	$0	$0	$0	$0	$840	$0	$0	$0	**$840.00**

Module 13: Hosting Analysis, Recommendation & FTP Server for file uploads

Summary: This module includes reviewing the current hosting situation to make sure it is optimal and setting up an FTP server for large file uploads and downloads.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Review traffic and goals											
Analyze server load needs											
Analyze application efficiency and hardware requirements											
Make recommendation on current vs. long term hosting needs											
	0	0	0	0	0	0	0	1	0	1	2

	SS	AD	D	P	E	SY	DB	PM	QA	R	
2 FTP Server											
Setup FTP server with hosting company											
Train staff on how to manage FTP files and users											
There may be a minor increase in monthly hosting costs											
Assumption: one FTP server can be used by all accounts (no need for tiering off what specific users have access to)											
	0	0	0	0	0	0	0	1	0	1	2

Percentage of Total   1.24%

Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	Total Hours
	0	0	0	0	0	0	0	2	0	2	4
% of module	0%	0%	0%	0%	0%	0%	0%	9%	0%	9%	18%

	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	Total $
Module Effort	$0	$0	$0	$0	$0	$0	$0	$200	$0	$180	**$380.00**

Module 14: Deployment, Launch and Debugging

Summary: This module includes the features needed to bring the new site live. This includes porting over old data, launching and debugging the site, and archiving the current site.

Features	SS	AD	D	P	E	SY	DB	PM	QA	R	
1 Go from Production Server to Live											
Build database on live server											
Move code to live server											
Final Quality Assurance Testing & Debugging											
Iron out any configuration problems											
	0	0	0	0	2	2	1	1	4	0	10

	SS	AD	D	P	E	SY	DB	PM	QA	R	
2 Port Data from current live site to new site											
Write scripts to port over as much data as possible (store data, metrics, users, wholesalers, etc.)											
	0	0	0	0	8	0	2	0	2	0	12

									Percentage of Total		6.81%
Hours	SS	AD	D	P	E	SY	DB	PM	QA	R	**Total Hours**
	0	0	0	0	10	2	3	1	6	0	**22**
% of module	0%	0%	0%	0%	45%	9%	14%	5%	27%	0%	100%

	SS	AD	D	P	E	SY	DB	PM	QA	R	
Rate	$120	$100	$115	$95	$130	$150	$140	$100	$95	$90	**Total $**
Module Effort	$0	$0	$0	$0	$1,300	$300	$420	$100	$570	$0	**$2,690.00**

Grand Total

Hours	SS	AD	D	P	E	SY	DB	PM	QA	R		Total Hours
	8	24.875	39	87.75	93.5	5.5	14.75	25.75	18	6		323.125
% of module	2%	8%	12%	27%	29%	2%	5%	8%	6%	2%		100%
	SS	AD	D	P	E	SY	DB	PM	QA	R		
Rate	$108	$90	$104	$86	$117	$135	$126	$90	$86	$81		Total $
Module Effort	$864	$2,239	$4,037	$7,503	$10,940	$743	$1,859	$2,318	$1,539	$486		**$32,524.88**

Module Breakdown		$	% Total
Module 1	Site Strategy	$2,360.00	6.53%
Module 2	Visual Design	$6,170.00	17.07%
Module 3	HTML Production	$6,667.50	18.45%
Module 4	Content Management	$7,153.75	19.80%
Module 5	Product Management	$2,330.63	6.45%
Module 6	Store Management	$3,624.38	10.03%
Module 7	Wholesaler Application & Queue Management	$1,170.00	3.24%
Module 8	Site Administrator Management	$271.88	0.75%
Module 9	Custom Metrics / Reporting	$1,191.88	3.30%
Module 10	Simple Site Search	$455.00	1.26%
Module 11	Email Marketing & List Management	$833.75	2.31%
Module 12	Training and Support	$840.00	2.32%
Module 13	Hosting Analysis, Recommendation, FTP Server	$380.00	1.05%
Module 14	Deployment, Launch and Debugging	$2,690.00	7.44%
		$36,138.75	100%

Total Hours	**323.13**	**Hourly Discount**	10%
Grand Total	**$32,524.88**	**Avg. Hourly Rate**	$100.66
		Total Discount	$3,613.88
Minus 15%	27,646.14		
Plus 15%	37,403.61		

Payment Schedule

Payment Number	Payment Description	Payment Date	Payment Amount
Payment 1	Initial Payment & Contract Acceptance (1/4)	4/24/07	$8,131.22
Payment 2	Design Completion (2/4)	6/5/07	$8,131.22
Payment 3	HTML Templates Complete (3/4)	6/30/07	$8,131.22
Final Payment*	Soft Launch (4/4)	8/4/07	$8,131.22

		Total	$32,524.88

*Including any overages is due upon receipt of final deliverables.

*This contract does not include a guarantee to complete work by Final Site Deliverable date. Actual contract duration may vary.

**By signing below you agree to the payment schedule, scope of work outlined in the module breakdown above and contract terms and acceptance described in the following pages.

Brombe Jean Company
105 Kalorama
Ventura, CA 93001

Pelago Corporation
810 East Montecito Street, Suite C
Santa Barbara, CA 93103

Signature:_____   **   Signature:_____

Print Name: _____   Print Name: _____

Date: _____   Date: _____

1.1 Copyrights and Trademarks

A. Use of photo/graphics programs, web site shopping cart programs, and web site development, Database and programs utilized by PELAGO CORPORATION in creating the Web Application Project under this Agreement, but not owned by PELAGO CORPORATION, is limited to the PELAGO CORPORATION's use only; the products themselves remain the property of their respective owners. CLIENT acknowledges that PELAGO CORPORATION owns or holds a license to use various preexisting development tools, routines, subroutines, techniques and other programs, data and materials that PELAGO CORPORATION may include in the Web Application Project developed under this Agreement. PELAGO CORPORATION (a) shall retain all right, title and interest, including all copyright, patent rights and trade secret rights in the Background Technology, and (b) hereby grants to CLIENT, to the extent it is legally able to do so, a nonexclusive, perpetual, worldwide license to use the Background Technology in the Web Application Project developed for and delivered to CLIENT under this Agreement, including all updates and revisions thereto. Such license is transferable as part of any sale, assignment, or other transfer of the entire Web Application Project being delivered by PELAGO CORPORATION pursuant to this Agreement. CLIENT shall not grant to any other person any licenses to use any Background Technology unique to this Web Application Project without PELAGO CORPORATION's written consent.

B. PELAGO CORPORATION represents and warrants to CLIENT that (i) PELAGO CORPORATION has full right and every lawful power and authority, without the consent of any other party, to create the Web Application Project and to transfer title to the same to CLIENT and to grant the licenses in the Background Technology as contemplated by this section, and (ii) except to the extent of any matter for which CLIENT is providing to PELAGO CORPORATION a representation, Web Application Project does not and shall not infringe the rights of any other party, except for such rights as are covered by licenses granted to CLIENT pursuant to this Section C. PELAGO CORPORATION shall indemnify, defend, and hold CLIENT free and harmless from and against all claims, costs, damages, and expenses arising from or relating to any breach of the foregoing representation or warranty.

1.2 Domain Names, Site Hosting, and Search Engines

In the event that PELAGO CORPORATION coordinates domain name registration for CLIENT, upon confirmation of registration of the Domain Name with third party REGISTRAR, PELAGO CORPORATION will provide REGISTRAR'S confirmation documentation. PELAGO CORPORATION does not warrant registration of Domain Names. In the event that PELAGO CORPORATION coordinates and/or recommends web site hosting services, other companies will provide these services. (CLIENT) understands that PELAGO CORPORATION does not provide on site hosting services. PELAGO CORPORATION shall not be liable to CLIENT or any of its customers for any claims or losses or damages of any and every nature, resulting from inability to register domain names, the loss of data, inability to access Internet, or inability to transmit or receive information, caused by, or resulting from, delays, failed servers, nondeliveries, or service interruptions whether or not caused by the fault or negligence of PELAGO CORPORATION. PELAGO CORPORATION cannot guarantee the ranking position of any URL submission to Search Engines.

In the event that CLIENT wishes for the PELAGO CORPORATION to set-up the hosting account, PELAGO CORPORATION will provide CLIENT with a worksheet detailing the required information. PELAGO CORPORATION will not setup the account without receiving this information from CLIENT.

1.3 Web Browser, Monitor Resolution Default

CLIENT understands and agrees that all web site pages will be designed for the largest online viewing audience at default of 1024 x 768 pixel resolution unless otherwise stated. Production will be WC3 compliant and optimized and quality tested for the following browsers unless otherwise stated; Mac - (Firefox 3.x), PC (IE 7.x, IE 8.x, Firefox 3.x) These defaults may be altered in writing and signed by both parties BEFORE web site production has begun. In the event the CLIENT requests modifications after production has begun, PELAGO CORPORATION will bill at an additional hourly rate above and beyond original contracted fees.

1.4 Scope of Service

Fees for production of CLIENT's web site are based on the original project description only, as shown in the PROJECT PROPOSAL. Written requests for modifications to graphics, editorial content, and database content after CLIENT approval will be charged at PELAGO CORPORATIONS's current hourly rate in addition to the agreed-upon contracted amount. Copyrighting and/or copy-editing are not considered as part of the design process and are billed in addition to the agreed-upon design fees. CLIENT is encouraged to write copy for any and all web site pages and other online promotional pieces. In the event that CLIENT decides to write copy for the CLIENT web site, all text will be provided to PELAGO CORPORATION in "Microsoft Word" format and spell checked, for incorporation into the HTML coding of the CLIENT web site. All photos/graphics, database and editorial content will be provided on CDs.

1.5 No Warranty

The developer content furnished under this agreement is provided on an "as is" basis, without any warranties or representations expressed, implied, or statutory; including, without limitation, warranties of quality, performance, noninfringement, merchantability, or fitness for a particular purpose. Nor are there any warranties created by a course of dealing, course of performance, or trade usage. PELAGO CORPORATION does not warrant that the operation of the web site will be continual, uninterrupted, or error free.

1.6 Payment of Fees

CLIENT agrees to pay total fees as described in the PAYMENT SCHEDULE.

1.7 Late Payment of Fees

Payment is due and payable upon presentation of an invoice. Delinquent bills will be assessed a $100 charge if payment is not received within 30 days of the due date. If an amount remains delinquent 30 days after its due date, an additional 1.5% penalty will be added for each month of delinquency. The grant of any license or right of copyright is conditioned on receipt of full payment. In case collection proves necessary, the CLIENT agrees to pay all fees incurred by PELAGO CORPORATION in that process. PELAGO CORPORATION may discontinue or suspend service to CLIENT until payment is made. This Agreement becomes effective only when signed by PELAGO CORPORATION. Regardless of the place of signing of this Agreement, CLIENT agrees that for purposes of venue, this contract was entered into in Santa Barbara, California, and any dispute will be litigated, arbitrated, or mediated in Santa Barbara, California.

1.8 Mediation

If any dispute arises under this Agreement and the amount in controversy exceeds $5,000.00, then such dispute shall be submitted to non-binding mediation in Santa Barbara, California. CLIENT and PELAGO CORPORATION will each select a mediator. The two so selected mediators shall select a third mediator, and that third mediator shall hear and determine the controversy and render his or her decision. If any action or proceeding is commenced to construe this Agreement or to enforce the rights and duties created hereunder, then the party prevailing in that action or proceeding shall be entitled to recover its costs and fees in that action, as well as the costs and fees of appealing and enforcing any judgment entered therein.

1.9 Termination

Either party may cancel this contract. If CLIENT cancels, fees paid to date are non refundable. If either party breaches its obligations under this contract, and such breach is not cured within ten (10) days following the date on which the other party (the "non-breaching party") delivers to the breaching party written notice specifying the breach, then at the election of the non-breaching party this Agreement shall terminate at the expiration of that 10-day period. Such election shall be made by the non-breaching party's delivering to the breaching party, within five (5) days after the end of that 10-day period, written notice of termination. Notwithstanding any termination hereunder, (a) CLIENT shall remain liable to pay PELAGO CORPORATION the costs and fees that have accrued under this Agreement prior to the effective date of termination, and (b) all rights and duties of the parties shall survive the termination of this Agreement.

1.10 Association Rights

CLIENT authorizes PELAGO CORPORATION to use CLIENT's name, web site, web site logos and CLIENT testimonials for any and all advertising and promotional purposes in PELAGO CORPORATION'S brochures, newspapers and magazine advertisements, and on PELAGO CORPORATION'S web site as part of a design portfolio presentation.

1.11 Miscellany

This Agreement constitutes the entire understanding between the parties. Only an instrument in writing signed by both parties can modify the terms of this agreement. A waiver of a breach of any of the provisions of this Agreement shall not be construed as a continuing waiver of other breaches of the same or other provisions hereof. It is intended that each paragraph of this Agreement shall be viewed as separate and divisible, and in the event that any paragraph shall be held to be invalid, the remaining paragraphs shall continue to be in full force and effect.

This Agreement shall be binding on, and inure to the benefit of, the parties' heirs, successors, assigns, and personal representatives. This Agreement shall be governed by the laws of the State of California.

Definitions

Abstract Design (AD) is taking Site Strategy and communicating it in visual form. This includes wire frames, site maps, flow diagrams, and other forms of documentation.

Advanced Production (AP) aka "DHTML" typically involves JavaScript and client side technologies to handle forms, form validation, dynamic mouseovers, menu navigation, etc.

Design (D) is the utilization of a graphic designer of for the development of visual direction or visual design. This includes color theory, use of lines, use of texture, and other means necessary for maximum visual impact. Design for the web is derived from editorial design commonly used in print publications (newspapers, magazines, etc).

Database Administration (DB) involves information level and physical level database design, UML, Entity Relationship Diagrams (ERD), SQL tuning, data definition language & data manipulation language.

Engineering (E) is the use of a programmer using server-side scripting languages to add advanced features and functionality to a web project, building on the templates created during production. Included within this category are: PHP, ASP, .NET, and CGI programming.

Hosting (H) involves activities such as analyzing web stats, domain name registration, domain name transfers, or recommending hosting companies.

Meeting (M) face-to-face or phone time that is organized and structured and typically includes an agenda.

Motion Production (MP) is the use of a web programmer to produce browser-based templates and collateral elements which meet project goals and guidelines. This includes Macromedia Flash, QuickTime, QTVR and other motion related web technologies.

Production (P) is the use of a web programmer to produce browser-based templates and collateral elements which meet project goals and guidelines. This includes HTML , XHTML, cascading style sheets and JavaScript.

Project Management (PM) is the defining, planning, scheduling, and controlling of the tasks that must be completed to reach your goal and the allocation of the resources to perform those tasks. Project Management involves balancing the tradeoffs between time, cost & scope to create the best possible end product.

Quality Assurance (QA) is ensuring that expected outcomes match actual outcomes. Testing may include ad-hoc testing, creating test cases, OS compatibility, browser compatibility, and load testing. Testing also includes end-user scenario testing for site architecture and W3C compliancy when applicable.

Research (R) occasionally clients request integration with existing technologies or third party applications, but aren't sure about the ramifications to their current web site. This billable type is used to investigate solutions, install demo programs, and analyze software to make the best possible solution.

Site Strategy (SS) involves analyzing business goals for a site and coming up with an effective plan to achieve those goals. Site Strategy is the thinking and planning that all other aspects of the site follow.

System Administration (SY) involves activities performed by a system administrator (or "admin", "sysadmin", "site admin") such as configuring servers, installing Operating Systems or modules, implementing redundancy schemes, monitoring security configuration, monitoring disk space and other resource use, performing backups, and setting up new hardware and software.