PulpWeave

Monetized open cloud development methodology

An Intellectual Capital Digital Domain

Monetized open cloud development: an intellectual capital digital domain to redefine intellectual pseudo property into a frictionless, transaction-less, many to many domain, with the object of network effect capital formation.

Executive Summary

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Executive Summary

Monetized open cloud development: an intellectual capital digital domain to redefine intellectual pseudo property into a frictionless transaction-less many to many domain with the object of network effect capital formation. Monetized intellectual capital formation is the preferred methodology.

Property rights foster economic coordination, knowledge capital encapsulation fosters integration of specialized software knowledge. It supports a clear division of knowledge and a greater understandability of evolving systems by letting us understand the evolving complexity in meaningful chunks. By allowing objects to be market determined, evolution is traction determined. Instead of making fixed systems, who's brief is obsoleted before it is brought to market, a capital market for knowledge raises the prototyping paradigm center stage. Once a prototype can be proven in a market determined commercial activity, a business case can be made. And only when that happens can an enterprise grade solution be specified.

The market for cloud deployments is enormous but has yet to be monetized. It is entirely open source. While a lack of IP protections affords the ability to incrementally build on other's contributions, it does not offer a serious business case for profitable investment. Short of monetization, the larger well funded enterprises will derive most of the revenue, while not compensating the contributors for their know how or invention.

Pulpweave seeks to tear apart the divide between producer and consumer. In the modern social age, consumption requires the extrapolation of value and its recreation into new value. To consume is to create.

The first question to ask is: "what is the itch?." The itch is the failure of the current arsenal of intellectual property tools to address the digital age generally, software code specifically and allow for profits to cover for the risk premium that technological innovation requires.

What is PulpWeave? It's a private contract for the aggregation of code, its distribution and the proper financial compensation of its contributors. It's a private domain- an intellectual capital digital domain, based on contract law. In short an intellectual capital contractual domain.

The basic premise is that within the contractual domain a contributor is free to modify any code to his liking and include it in his code provided the original contributor is compensated for his work. Since Pulpweave acts as the distributor the process of compensating both upstream and downstream innovators is automatic. The innovator will have no control over his contributions but will have control over the price of his contribution within the distribution. More to the point, Pulpweave seeks to broaden the reach of protectable contributions to ideas not just processes, thus guaranteeing protection to what patent and copyright purposefully does not protect. In short it creates through contract law a sui generis protection to what is not currently protected: code.

In a market for ideas and knowledge constructs the sales dynamic is disintermediated. In a sales environment with information asymmetry, the person with the information has the power. The resistance to consummating the transaction comes from the resistance to the power play. In the absence of any information asymmetry, the purchaser is not interested in a sales process with high transactional costs. Rather, what drives the process is the determination to transact based on the information available. That information is the code needed to execute the transformative vision on the part of the initiator. Thus the purchaser of yesteryear is in fact a seller of the "goods" transacted. The distribution occurs when the final value gets either consumed or re-purposed. Consequently in the

Private and confidential- not to be shared or distributed, ideas, expression and actionable items are property of the legitimate contributor.

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market for digital goods, one fulfills one's "bill of materials" one millisecond after the goods are transacted. Digital assemblies are purchased instantaneously after the sale and thus absent are inventory risk, logistics, assemblies obsolescence and the need to finance the channel. In the digital domain COGS is posted post Invoice, absent is the pro-forma. In accounting terms the PO follows the Invoice instead of anteceding it.

The fundamental benefit of a contractual domain is the intersection between advanced business engineering and the specialized technical knowledge necessary to make it work in code.

Entrepreneurship rests on taking risks by combining capital, ideas and people in new ways. Business people eliminate all risk by financially engineering inputs into outputs. The "sunk costs" model of software innovation is incompatible with financial engineering for there is only a low probability of profitable output. The advantage of PulpWeave intellectual capital formation is that the entrepreneur can access the specialized technical knowhow without having to re-invent the wheel. The advantage to financial engineering is that it can distribute its sunk costs beyond the immediate investment. The advantage to the technically proficient is that they are not bound by having to transact the entrepreneurial activities, the marketing and sales, the financial engineering or having to adapt their creative process to corporate organization.

In short Pulpweave is the marketplace of the Digital Age, capable of monetizing intellectual capital assets that currently are denied title, denied a clear settlement process with low transactional costs, and where ideas are given protections, not just process. Pulpweave offers an inexpensive method of conflict resolution. It allows for digital goods to be transacted without the burdensome process of one to one negotiations top heavy on control, and lacking the respect for reciprocal profit. But mostly it's a distribution that allows business and entrepreneurship to find the specialized knowledge necessary for advanced processes without having to be wed to the talent.

Defining the problem: Patents protect an industrial process, and copyrights protect verbal expression in literary language. They are 19th century legal constructs. These protections are predicated on Original Ideas, Expression, attitudes against Monopoly Power and the Preservation of the Commons. Where it is stated that in order to avoid monopoly, which will damage the commons, the law will avoid protecting the creation of new ideas and only protect the expression thereof. Code is not poetry, its business, and PulpWeave is in the business of code monetization.

To make a commercially viable end run around patent (business process or industrial process) & copyright, intellectual property is predicated on the ability to contractually enforce trade secret provisions through a technology license. This end run was married to the literary concept of moral rights where the author has complete control over the use of his creation: this has de facto curtailed any reuse of code, and stymied downstream innovation. It denies the monetization of code in alternative industries and applications. And it prohibits the creation of novel code outside of the creation of competing ecosystems.

The Digital Millennium Copyright Act makes decompilation illegal. Nothing is to be learnt from that. The America Invents Act ties all software protections to process, mostly business process. That ties innovation to existing capital formations. Worse yet, it ties innovation to a hardware process, fifty year old IBM 8 bit plus parity technology and the current defacto processor mask monopolies. AIA seeks to limit an idea to a single process not realizing that ideas can be utilized across multiple processes. Patents are limited in scope, Pulpweave Intellectual Capital is purposefully wide in scope.

The fundamental underlying premise of scientific progress since the invention of the printing press has been that monopolies were granted only for limited times provided that the information was

shared with the community, so the cumulative gain to society would be greater than the sum of its parts, one layer of knowledge building on the foundation of other layers. IP goes against this basic evolutionary principle of commercial technological progress.

The current infatuation with giving away intellectual work through the General Public License is in response to this basic need/problem. But giving away property should be considered blasphemous. Open source initiatives defy rational action by denying the profit motive. The economic premise of GPL is flawed. And provided that collaborative, or better, incremental knowledge and contribution to cloud computing is predicated on free software, the model is bound to fail, or rest solely on servicing the liabilities (installation and support).

What PulpWeave proposes is to grant protection to original ideas extended to include process, principle, application, hierarchy, structure, standards and visual representation of actionable commands. In short to grant protection to original ideas and expression provided that monopoly is limited strictly to the determination of economic incentive necessary for the innovator to profitably contribute.

Moral rights are detrimental to science and technology and for that reason the US did not subscribe to the Berne Convention until 1989.

Once you have determined what you want to charge for a line of code, what others do with that code is entirely up to them. It's thus not free software, but software free of control, commoditized and commercialized with automated rights management free of negotiation. PulpWeave is a distribution channel for code based on known rules and known ownership. It's a multifaceted licensing regime that reflects the needs of contributors through a set of licenses that reflect the different needs of different users. PulpWeave wants to provide a distribution channel for all existing code assets already out there that are not generating income because of the inability of their owners to monetize their investments. We propose to take a cut of every line of code released in the intellectual capital contractual domain. We set the rules, industry provides the code and standards, and the house takes a cut of every transaction. Charge for code submittal, review, allocation of protections and dispute resolutions. Charge for distribution and user licensing. The code is already out there, its simply needs to be profitably brought to market under known rules, in a financially and legally efficient manner.

Considering the prohibitively high cost of legal protections for intellectual work, the fact that no sui generis patent protection for software exists, and the inability to contribute to closed monopolies hiding behind trade secret provisions, the value proposition that PulpWeave offers in granting protection to intellectual capital makes this a sure bet. It solves the issue of under used assets, and feeds the human desire to contribute to something larger than its parts. If government will not protect intellectual capital, private contractual domains should.

Essential Business Model

PREMISE:
PulpWeave is an intellectual capital contractual domain with automated rights management for the distribution of contributor's software assets.

Grant protection for Original Ideas to include:
Process
Principle
Application
Expression

Hierarchy
Structure
Standards
Visual Representations

Where the above is granted where the contributor's exercise of power is strictly limited to the determination of economic incentive necessary to profitably produce code. **Contributor only sets price.**

CURRENT LEGAL PRACTICE
In contrast to Copyright and Patent, where under federal law, protection is given to:
Expression, Business & Industrial Process
Where in order to avoid monopoly power, protection is not given to original ideas, but only to expression.

And in contrast to Intellectual Property, where in order to circumvent anti monopoly provisions, ideas and process are held secret, under the trade secret provisions in common law under state law.

It must be stated that the ability of the single and corporate contributor, under patent and copyright, and under IP regimes is limited to the creation of competing software ecosystems. It is also prohibitively expensive to acquire such protections, and entirely unjustified economically to sue for such rights in court when said legal rights are violated (unless industry defining).

PulpWeave seeks to eliminate as much as possible such legal costs, and reduce the transactional costs associated with the deployment of a known rule based system.

PULPWEAVE LEGAL PRINCIPLES:
Elimination of Moral Rights
Elimination of 1-1 negotiations
Elimination of trade secrets
Elimination of transactional costs
Contributor controls price alone
Contributors have the ability to aggregate, modify and create
Cumulative technology growth is distributed
Allow for the re-use and re-engineering of existing contributions
Commoditization of code, software blocks, code structure and libraries
Known application programming interfaces
Translation is a competitive function
Prior art in legal domain can be brought into contractual domain by their legitimate owners
Ideas not protected by copyright and patent can be monetized
Peer review of known contributions can be monetized especially errata de-bugging
Price stability
There is no restriction under a General Purpose License on using said code

In short: A structured rule based system within a privately contracted legal domain under contract law, with a legal resolution process based on established rules and established procedures outside the court system.

Basis:
Legal definitions of intellectual capital (IC)
Legal resolution process based on established rules

A contractually defined database of code
An accounting backbone
       Contribution
       Review of IC
       Assembly of Product
       Distribution
       Multiple license types
              General Purpose Consumer License
              Transformative Licenses
              Educational License

Contributor BUSINESS PROPOSITION:
Monetize open source and linux assets as code
Monetize orphan code
Protect ideas not covered by copyright and patent
Reduce costs of said protection
Provide timely dispute resolution at limited costs because of known rules
Individual contribution incrementally adds to asset base and knowledge base
Monetized code free of negotiation
Stable investment platform for knowledge based organizations
Allows existing code to be used in ways not envisaged by creating party
Elimination of re-invention, quick time to market for new business concepts

Investor BUSINESS PROPOSITION:
Take a cut of every transaction.
Contributor makes code investment not PulpWeave (no sunk costs)
Leverage existing investments in code by principals
Control of ecosystem's rules and policies
Multiple Revenue Streams:
       Submissions
       Legal review to internal rules
       Legal review external- patent, copyright and IP challenges
       Publishing of code & standards
       Legal Challenges
       Arbitration and dispute resolution
       Database maintenance and access
       Distribution of Licensable Product
       End user license fees and administration
       Contributor or sophisticated license administration
       Accounting function between contributor & end user
       Statistical monitoring
Every incremental addition of code incrementally adds to trademark equity

INTELLECTUAL CAPITAL PROTECTION:
Consumer License:
For the consumer – where colloquially a sale takes place 'at retail' – your typical shrink wrap license applies. While this is an intellectual capital play, there is no reason not to use your standard IP licensing scheme.
License should be compatible wih UCC
       Consumer rights etc
License should be compatible with DMCA

No fair use
No decompilation
No recompilation
No adaptation
No rentals or resale

Consumers 'consume' the value add they paid for, and are not entitled to modify or alter the code, whether it resides on the PC or on the server or on the network. A pure cloud play can further reduce the ability to make use of code without paying for it.

If you join PulpWeave and violate its terms, there is a contract in place to guarantee compliance. DMCA disallows de-compilation.

Sophisticated Contracts
Or, Essential Modification and Contributor Agreements
Since the contributor intends to use the code for the purpose of creating new code, he is a sophisticated agent, and consequently UCC and DMCA will not apply.

PulpWeave is strictly speaking a contract between members of the coding community, as administered by PulpWeave. This is a private contract, with rights and obligations.

Contributors gets to choose the license type:
Consumer License
Cloud Consumer License
Sophisticated Transformative License
Sophisticated Transformative License Cloud
Educational

Those that chose to use code as code for the production of new code: *transformative licenses*
Must sign trade secret agreements
Must be members of the PulpWeave contractual domain
Must contractually meet all the requirements to join
Must contractually meet all the requirements of use
Must contractually meet all the requirements of contribution
Must contractually meet all the rules regarding arbitration
Must contractually accept the legal principles
Must distribute through PulpWeave

Patents and copyrights are not diminished by the granting of new intellectual capital protections under contract law.

The PulpWeave domain protects what is not protected by patent and copyright. Joining a contractual domain is like joining a joint venture software project protected by a standard non disclosure and trade secret agreement in respect to the outside world. But internally the rules are different.
Contributor to contributor is open -free of control- under PulpWeave rules.
PulpWeave to consumer is closed under UCC and DMCA

Distribution Contracts:
PulpWeave will be the distributor
Control of revenue ensures contractual compliance
Control of consumer license type guarantees protection of the contributor
Control of the operating system protects PulpWeave

MARKETING:
Once infrastructure is deployed and the terms of joining the PulpWeave contractual domain are met, **the contributor will market his contributions to his customers.** PulpWeave will simply act as the distributor and licensor.

MARKETING OF PULPWEAVE:
Marketing to the academic community
Marketing to known code clusters not monetized under current management
      All Cloud Based Initiatives are currently open source
      IBM open source initiatives
      "SUN" (Oracle) open source initiatives
      LINUX open source initiatives
      GPL open source initiatives
      Google Chrome OS, Browser and Google Apps based on open source.
Market to existing software organizations
Market to business software solutions providers (OS and platform agnostic)
Market to companies that currently exclusively sell product through portable phone operating systems.
Market to educational community a non monopolist open access community based play
Market to European, Indian and Chinese software development community without access to American and European markets
Market concept of local execution of global assets

The above is a bullet point summary of the Pulpweave distribution. A fully fleshed out paper is available for review. Use of funds are sought to build out infrastructure, ie databases and legal contracts and basic marketing to existing code assets.

Also available at www.pulpweave.com is :
PulpWeave PowerPoint presentation & flowchart view: PW-PPFC
PulpWeave Intellectual Capital concepts White Paper: PW-WP
Cloud "Size of Market"- some considerations: PW-SOM
PulpWeave- execution: Risk Mitigating Milestones (execution variables and process) : PW-RMM

Should you have further questions please do not hesitate to contact:
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