

## **The Premise**

Ever looked closely at a Limited Social Adaptation Chip? It's bursting at the seams with high-end minerals, and it's routinely selling below its mineral cost.

Burned by recent low-end price spikes? Dark Shikari wasn't; he bought hundreds of Ravens and reprocessed them into minerals for tier-2 BC and tier-3 BS production.

Hurting for low-ends in your 0.0 abode, or crushed under the weight of a surplus while you starve for the middle minerals that are scarce in your region? Not BoB! They use freighters and carriers to bring in Small Tractor Beams and Heavy Shield Maintenance Bots in quantities that boggle the mind.

So, why isn't someone making a profit off all of this yet?

Welcome to (De)Compression, the coolest company in the uncoolest business in Eve.

## **Typical Daily Activities**

1. Evaluate the mineral market and determine par prices for all minerals for that day.
2. Adjust buy orders accordingly; we buy region-wide using the "minimum quantity" constraint and lower prices, and in our home system and station at 80% or less of full price for that day.
3. Evaluate new stocks of refinable goods in distant systems and dispatch haulers, freighters, or courier missions as necessary.
4. Refine everything (Scrapmetal V and perfect standings, of course).
5. Compare the day's output of minerals with the quantity of minerals needed to complete pending orders. At the discretion of the executor, release remaining minerals onto the market directly or compress them for release on the market in that form.
6. Start or deliver factory jobs, as needed.

## **Huh? Compression?**

Your average 0.0 miner wants little to do with Veldspar and Scordite. She wants to mine Crokite, Bistot, Arkonor, Mercoxit—the money ores! This makes sense for corp mining ops, too—after all, if you can mine 60 mil/hr. of highends, but only 5 mil/hr. of lowends, it makes sense to mine the 60 mil and just BUY the lowends you need.

But many corporations and alliances don't.

The reality is, the logistics of moving even 90 million Tritanium are quite literally on the same scale as moving a Capital Ship Assembly Array. Instead, enter the Passive Targeter! At the cost of a brief spin through a factory (and a loss of a couple trit to the waste factor), that same 90 mil Trit that previously took a high-skills Freighter to move now takes up just 36,000 m<sup>3</sup> and can be moved in a couple t1 industrials or a carrier, with room to spare. At the extreme end of things, a single DDD contains over 213,000 m<sup>3</sup> of minerals compressed into a mere 1,000 m<sup>3</sup>. Need fewer high-ends than you get from a DDD? Small Tractor Beams give you over 135-to-1 compression ratio. Moving that

around in a carrier? Why not fill your drone bay with 3,200 heavy logistics drones? That's like moving over 362,000 m<sup>3</sup> of low- and mid-grade minerals, and it doesn't take up a single m<sup>3</sup> of your standard cargo bay!

Of course, all of this compression craziness is a two-way street. Often, a producer will calculate the cost to produce his stock when he puts it in the factory. This is an accurate way to compute his profits, but it can result in module and ship prices that reflect week-old mineral prices. A recent example of this would be the rush for warp disrupt probes; with strontium clathrates in the 5k range, there were some silly profits to be had buying warp disrupt probes and melting them down for their stront.

Also, on the subject of the market, newbies (and even some mid-range miners) mine lots of ore, but lack the standings and skills to refine it without waste. Even after taking market fees and our profit margin into account, it will often be better for them to sell to our standing buy orders for the ore than it would be for them to refine it themselves.

Obviously, moving these sorts of quantities of minerals around, there will be factory downtime. Two solutions for this—one, there will be some people who want in on the action, be they producers or miners. We say, “No problem!” Using our large mineral flux, we can fulfill most buy orders during downtime with “idle” minerals, or plan our own buy orders accordingly if a client needs regular delivery. Similarly, we will have sufficient cash on hand to buy minerals (or mineral-producing modules) in very large quantities at a bulk discount, and we can pass the savings on to customers and investors. The second solution is compression BPC's. Our compression BPO's will be some of the best in the industry, with material efficiency high enough to result in fractional-percentage input material loss per unit. For those looking to move their minerals out of 0.0 or distant low-security space, high-efficiency compression BPC's are just what the doctor ordered.

Of course, we'll be running POS to do the ME, PE, and copy research. When those slots are idle, we can take on BPO's of any description for research, and our size, global reach, and well-known name will allow us to do so with a minimum of collateral, if any. Obviously, as the starbase(s) are a sunk cost, any revenue from this stream would be pure, direct-to-shareholders profit.

Finally, the last remaining source of income will be the skill progression of the characters used to run the company, which will be company assets. While it is not generally practical to record this progression on a balance sheet, I will include SP totals for each company-owned character in monthly shareholder reports.

### **The Share Structure**

A fundamental problem arises when building this business—when BPO's need to be tied up for a month or more in research, the funds supporting that research are not receiving any real benefit for their investment. As such, the share issue for (De)Compression is a two-stage event:

January 15, 2007: Initial investment period opens. Par value per share 1,000,000 isk, sell price 950,000 isk. A maximum of 10,000 shares will be made available during this period. This share issue funds deployment of starbase(s), purchase of BPO's, and finding and purchasing characters with the skills to run the labs, production facilities, markets, and reprocessing centers with maximum efficiency. If at least 2,000 shares are reserved by January 15, I will inject my own isk as needed to purchase BPO's and starbase equipment while the rest of the share issue sells out. If sufficient shares are not reserved, which I do not foresee as very likely, the schedule is moved back as appropriate.

February 15, 2007: Main investment period opens. Par value per share 1,000,000 isk, sell price 1,000,000 isk or equivalent in minerals or reprocess-able items.

The corporation will always hold 50% + 1 of its own shares. As demand for our services grows, additional share issues are part and parcel of the business structure. Should demand then shrink, par value per share will be recalculated, outstanding EGSE and RESX orders will be modified by the appropriate multiplier, and a dividend for the difference will be issued. In order to ensure that each share receives proper compensation, an intended dividend,  $d$ , to  $s$  shares of which  $c$  are in the corporation wallet will be paid as follows:

$$\text{Dividend} = \frac{dc}{s} + d$$

So, for instance, with 750 shares in the corporation wallet and 250 shares outstanding, a 5,000 isk dividend is paid as  $\frac{3,750,000}{250} + 5,000 = 20,000$  isk, resulting in 15,000 isk instantly re-deposited into the corporation account, and the proper 5,000 isk dividend being distributed amongst all outstanding shares. If  $c/s$  is unusually high, cash reserves are unusually short, or the dividend is exceedingly large, a cascading system of exponentially smaller dividends can be used until the remaining unpaid dividends can be handled by the system outlined above.