User Cooperative: The People's Tech Company

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1.Introduction

User Cooperative is a user-owned web browser startup that's uniquely structured as a consumer cooperative, a member-owned and -governed company.

We exist to put tech power and profits into "the people's" hands through membership, which is free and open to anyone, and our business activities.

Here's our approach:

1. We build our membership and raise voluntary contributions from our members to cover our startup costs.
2. We develop, release, and profit from our web browser, which will be free to use, members-only, and available on all major platforms.
3. We use our profits to make other tech services, like a search engine, and pay dividends to our members in proportion to their activity, or "**clicks**," on our services.

2. Why we're a consumer co-op

Tech businesses, like those comprising Big Tech, are built on people's information and content, or "**data**," which is conveyed through people's clicks, and it exposes people to some kind of risk. That makes people's data risk-capital and their clicks risk-capital transactions that, in our market system, entitle people to a sizable ownership stake in every tech business that profits from their clicks.

So, we believe it's time for a tech business to share all its wealth with people on the basis of their clicks on its services, and we believe the best way to do that is through a consumer cooperative ownership structure, like REI's, which distributes all profits and corporate control to its members on the basis of their patronage.

3. How we distribute profits to our members

As a cooperative, we distribute all profits to our members in the form of patronage dividends, which can be distributed to each member in cash, in kind, or both in proportion to their clicks on our services. Here's how we calculate member dividends:

Member dividend = calendar-year profit x (member's calendar-year clicks ÷ all members' calendar-year clicks)

Calendar-year profit equals net earnings for the 12-month period ending December 31st minus any cash reserves that we retain to reinvest in our business. Our board of directors, which our members elect, determines the amount of cash reserves that we retain.

Here's how we count a member's clicks:

Member's clicks = outgoing service calls + incoming service calls

An outgoing service call is a member-initiated interaction with our services, like a mouse click or a screen tap to input a search query or reload a web page. An incoming service call is an interaction we initiate to, for example, retrieve cookie, device, location, and stored usage data.

Service calls convey member data to us so that we can provide, secure, and improve our services. We collect and use member data in accordance with our members' individual privacy settings and our privacy policy, which our members control.

Lastly, any money we make in a sale of our company, which is decided by our members, goes to each member in proportion to all clicks they've made on our services.

4. How we're governed by our members

As a cooperative, we are governed by our members on a "one member, one vote" basis, and we conduct member governance electronically.

Member voting rights include one (1) vote for each elected seat on our board of directors, which oversees all our business affairs, and one (1) vote on any business item submitted to a member vote by our board of directors, CEO, or members. A business item can relate to anything we do, like business acquisitions, hiring/firing key personnel, lines of code in an algorithm, product features, privacy policies, terms and conditions, and a company sale. However, members don't manage our day-to-day operations; our staff does.

The affirmative vote of more than fifty percent (50%) of members who vote, subject to a quorum in some cases, is enough to elect a board director or approve a business item.

Certain membership features protect our *de facto* governance by individuals on a "one member, one vote" basis. For example:

- Members can only be natural people. This ensures that our members are human beings. We do not admit into our membership corporations or any other entity that may be deemed a legal "person."

- One membership per person. This prevents anyone from having more than one (1) vote in governing us.

- No voting proxies or designees. This offers reasonable assurance that our members vote according to their interests.

- The right to call special meetings. This enables our members to organize and conduct any matter of business they want through a majority vote.

- Only members can alter their rights. Members' rights are declared in our articles of incorporation, and the only way to change them is through a majority vote of our members.

We believe that our model of free and open membership and democratic member governance exposes us to significant takeover risk at our earliest stage. When we have the fewest members, it only takes a relative few to confound our efforts and divert us from serving our purpose.

As a measure of protection against this, we have a temporary provision in our bylaws that makes the founder (that's me) the sole voting member and board director until no later than six (6) months after we reach 1,500,000 members and have collected in cash $15,000,000 in cumulative revenue, which includes voluntary financial contributions from our members. This coincides with our first member vote to elect directors to our board.

Members are eligible to receive their member dividends while this provision is in effect.

5. Why our first service is a web browser

Our first service is a web browser because web browsers are widely used, major sources of data, relatively inexpensive to develop and deploy, easily switchable, and they can be very profitable, while being free to use.

Our browser will have two revenue streams, each of which could net billions in annual profit:

- Search engine royalties. Search engines pay us a percentage of the ad revenue they make on searches conducted through our browser. Examples: (1) Google pays Apple about $20 billion per year in royalties from Safari, which has an 18% market share, and (2) Google pays Mozilla about $500 million per year in royalties from Firefox, which has a 3% market share

- <u>Targeted ads</u>. Advertisers pay us when members see or click on ads that we present in app notifications, new tabs, sponsored content, etc.

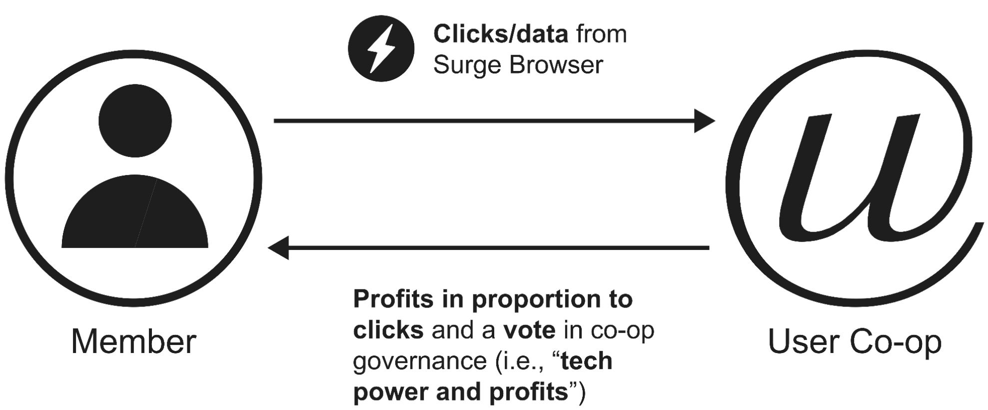
We believe that profits from these revenue streams will be enough to pay member dividends and make other best-in-class tech services, like a search engine or an “agentic” web browser, so that we can put more tech power and profits into the people’s hands.

6. Browser experience

Our browser, the “**Surge Browser**,” will be free to use, members-only, and available on all major devices, and it’ll look and feel a lot like Chrome.

Indeed, Surge Browser will be an ordinary browser that doesn’t introduce a bunch of new features. It’s meant to be familiar so that people can capitalize on their clicks with ease, as we think they should.

Almost every click on Surge Browser will increase the dividends a member is entitled to, as explained above. For example, clicks that access a hyperlink, enter a search query, go to a specific URL, go back a page, reload a page, change browser settings, update the browser, and view an ad will all increase dividends. Members will need to be signed in to the browser to get credit for their clicks.



When we determine that member dividends are due, we’ll pay them electronically to each member.

Transitioning to Surge Browser will be easy. During setup, members will be able to transfer their bookmarks, cookies, passwords, payment methods, form-fills, extensions, browsing history, settings, etc. from their current browser to Surge Browser in a few clicks.

7. What we’re up to now

A cooperative typically starts by forming an association of members, who pool their money so that their cooperative can cover its startup costs and go on to provide its services.

On that front, we are (1) building our membership and (2) raising voluntary contributions of money from our members so that we can recruit more members, raise more contributions, and develop and monetize our web browser.

On the browser development front, we are building a MacOS version of Surge Browser, and we are going to release it this Fall. We will release Surge Browser for Windows, iOS, and Android platforms soon after that.

8. Call to action

If you support our endeavor to put tech power and profits into the people’s hands, please become a member and chip in at www.usercooperative.com.