



Internet Consultant

BUSINESS PLAN

ALLEN CONSULTING

8201 Annapolis Drive, Suite 60
Taylor, Michigan 48180

This business plan for a web consulting firm contains interesting information regarding the possibilities available for businesses through the internet. Look for a discussion in the executive summary regarding the current state of business on the Internet

- EXECUTIVE SUMMARY
- BACKGROUND
- ALLEN BUSINESS CONCEPT
- MARKETING STRATEGY
- COMPETITIVE STRATEGY
- SELLING STRATEGY
- STRATEGIC PLANNING
- ORGANIZATION
- FINANCIAL DATA

EXECUTIVE SUMMARY

The World Wide Web as an advertising medium for the business community has experienced phenomenal growth. Since its inception, the Web has expanded to contain sites for over 17,000 businesses. The popularity of the Web has led corporate firms to include their World Wide Web site address on commercials, newspapers and magazine ads. This trend is understandable; of the 18 million users of the Web, 2.5 million users make purchases from the vendors who have Web home pages. The World Wide Web will form the foundation of the Virtual Economy, which is anticipated to be an increasingly popular way for savvy consumers to make purchases.

The Web's global presence allows companies to offer their products to consumers worldwide as well as build a corporate identity through their Web sites. Companies such as Marx and Babcock have taken the potential of the Web seriously enough to contract small, cutting edge Web site developing firms to create their Web sites. Often times, Web developing firms have stolen contracts from multi-million dollar ad agencies simply because they know the Web better than their huge, and somewhat staid, competitors. The mantra now is jump aboard or be left behind. Since the average Web browser earns close to \$80,000 and has a college degree, those companies dragging their heels will be missing out on the new era of consumer commerce.

However, those businesses wishing to develop a professional web site are being forced to swallow considerable costs. While the cost of developing a site over the long run is considerably less than traditional media strategy, they are often still prohibitive to small and medium-sized businesses. On Jump, a Web site developer for Babcock International, charges fees from \$10,000 to \$15,000 to create a Web site, and from \$5,000 to



\$150,000 per month to maintain it. While Babcock and Marx consider these numbers to be affordable, the local wedding photographer down the street would find these numbers slightly out of his/her price range. As the World Wide Web grows, small businesses that have Web pages are finding that they are generating few sales because their site is getting grouped with 700,000 other sites. Many of these other sites aren't even business related, as the baby's first picture and the favorite family pet are frequently finding their way onto the Web.

Furthermore, the ease of finding the site desired is becoming increasingly more burdensome. Browsing software programs that simplify "surfing" on the Web are making searches much easier, but the sheer volume of Web pages still ensures a lengthy on-line session to find the information needed. For a user wishing to make a purchase, the delays can be infuriating. Large companies use their financial strength to market their site, so a person wanting to visit Marx's site need only find their address on the bottom of their advertisement and jump on-line. The local dressmaker doesn't have this advantage.

Allen Consulting has been founded to address the issues of cost and visibility for the small to medium-sized business. Allen will enable the small business to create a Web presence that is exciting, affordable, and easy to find. By utilizing geography and combining it with easy-to-recognize topographical clues, a Web user will be able to make purchases from a local business easily and conveniently. In addition, Allen's fees are considerably lower than other competitors. Our innovative geographical/topographical search strategies, low fees, and hands-on customer support will set the standard for providing Web services. This document is the business plan for Allen Consulting.

BACKGROUND

The convergence of several factors created the opportunity for Allen Consulting to enter and dominate Web service providing for the small to medium business market. These factors include:

- The phenomenal growth of the World Wide Web as a center for commerce
- Increased usage of the Internet and the World Wide Web
- Increased familiarity with the benefits of the Web by businesses and individuals
- Continued improvement in providing secure on-line transactions
- Continued development of user-friendly Web Navigation Aides by Microsoft and Netscape
- Escalating sales of personal computers with on-line capabilities

These factors provide a clear picture of Allen's market. Currently, the average consumer appears to have a rapidly increasing knowledge of the Internet and the World Wide Web. This consumer understands the benefits of shopping from the home and has recognized the increased ease of navigating and making purchases on the Web. Similarly, companies are increasingly making their computers an essential business tool. The need to develop competitive advantages is motivating owners to investigate how they can use their computers to better respond to their customers, as well as increasing their market.

Allen Consulting will step into this scenario and provide services that will benefit consumers by making it considerably easier for them to find the products they desire. We will also aid small businesses in developing sites that will entice on-line users to purchase their products. While it is possible for businesses to develop their own Web pages, they typically cannot spend the significant time needed to constantly update and market their site to the public.

Allen Consulting will offer the following services to our clients:

THE ALLEN BUSINESS CONCEPT

Pix will be our main service offering. Pix directly answers the needs of the small business wishing to develop a Web Site. Pix will be a virtual commerce avenue that will have sites developed around a central categories. An example of this concept would be WeddingPix. This site will be exclusively devoted to the advertising of local



wedding services. Since subscribers will be located in the greater Detroit area, a Web user can retain their services and, if need be, jump in the car and visit their business when time allows. WeddingPix will allow the bride-to-be to plan her wedding from her computer. In addition to WeddingPix, we will be building the following sites on Pix:

- **PetPix** - Lists everything from the perfect pet to the perfect vet.
- **CarPix** - Find the ideal vehicle and services to keep it running and looking great.
- **HealthPix** - Identifies health care providers including doctors, dentists, hospitals, HMOs, pharmacies, and medical supplies that are across the street, not across the country.
- **AttorneyPix** - Directory of convenient legal counsel with specializations such as malpractice, accidents, and business.
- **HomePix** - Not only can we find a prospective buyer the perfect place to live, we can locate someone to furnish it, landscape it, and maintain it as well!

Allen Consulting will market Pix to the greater Detroit area as an essential resource to the community. Our goal is to generate sales for our clients. We will be adding new sites on a steady basis. Compensation incentives will be offered to our employees for the development and successful marketing of new sites.

In addition to marketing Pix, we will develop the Web sites that will be listed on each Pix site. We will create the site, maintain it, and provide our clients with monthly Marketing Reports that will provide statistics on how their site is performing.

Premium Services

Allen Consulting will provide standard business Web consulting at a reasonable price. We will offer our Premium Services with graduated levels of service to help our clients better target their consulting needs. Based on their budget, businesses can retain our services for a single consultation, or negotiate an on-going service contract, essentially hiring our Web developing team.

MARKETING STRATEGY

Objective

Develop a recognizable and respected corporate identity within our target market while aggressively marketing Pix and our Premium Services.

Our Business

Allen Consulting will be headquartered at 8201 Annapolis Drive, Suite 60, Taylor, Michigan 48180.

Our Target Market

Our potential clients are business' employing 1-100 employees. We have not set a criteria for revenue expectations for our target market. Our clients will be initially located in the Detroit metropolitan area. However, due to lack of specific data for this area, our numbers will reflect our long-term strategy of marketing our services to the entire state of Michigan.

We will initially target businesses that have a unique service that they are providing to the community. These businesses will have the largest need of an interactive Web site to further promote their service or product to the residents of the Detroit metropolitan area. In addition, Pix will be a promotion tool for businesses in easily defined service/product categories, such as Wedding Services, Attorneys, and Health Care Providers. Therefore, our Marketing Strategy will encompass our efforts to gain the business of the general market of



small companies, with specific targeting of those that fit the marketing criteria for Pix.

Target Market Statistics

Number of potential clients in metropolitan Detroit: 7,371 businesses

Average size of businesses by employment: 18 employees

Number of potential clients in state of Michigan: 134,296 businesses

Major business concentrations: Detroit, Grand Rapids, Lansing, Ann Arbor

Web User Demographics

According to a study conducted by the Nielsen Corporation, the average Web user has obtained a college degree and earns approximately \$80,000. Along with our research of our potential client base, we have included statistics that reflect the number of potential users of our Pix service. These numbers show that our initial promotion of the Pix service in the greater Detroit area takes advantage of the exceptional demographic characteristics of this area.

Number of consumers earning \$35,000 - 50,000: (metro Detroit): 22,906

Number of consumers earning \$35,000-50,000: (Michigan): 1,246,162

Number of affluent professionals (Michigan): 34,015

COMPETITIVE STRATEGY

Our Competitors

Due to our specific target market focus and business concept, Allen doesn't have any direct competitors. However, there are two consulting firms in the Detroit area that provide Web development services to the corporate community similar to our Premium Service offering. However, these firms are pursuing these clients according to standard consulting marketing practices, namely informal networking and referrals. These competitors are Maxwell, Inc. and Caravan Consulting. Lynn Strom is the President of Maxwell, Inc. Maxwell's services include:

- Comprehensive planning to identify all appropriate Internet audiences and channels
- Design and implementation of a World Wide Web site, including graphical and interactive elements
- Registration of the Internet site with appropriate pointer and index sites
- Coordination of Internet activities with existing marketing programs
- Promotion of Internet presence to on-line and traditional media
- Periodic reports documenting the number of visits to the Internet site
- Ongoing maintenance and updates

Maxwell's fees are \$3750 for a ten page site and \$200 per month for maintenance. Maxwell's strategic alliances are Caravan Associates in information research and Connections, Inc. in web design. Strom states, "Our approach combines the best of traditional marketing with the global reach and advances communication capabilities of the Internet."

Caravan Consulting's President, Donald Alexander provides clients with mission development for Web sites, audience and content analysis and the design of interactive Web site elements that ease Web site navigation. Caravan's fees are negotiated based upon each project. Caravan's strategic alliances are with Maxwell, Inc. for integrated marketing utilizing Internet tools, Connection for web site design and Web Concepts for editorial design and production. According to Alexander, "Caravan specializes in specializes in strategy consulting and information architecture design for complex Web sites."

Источник бизнес-плана: <http://www.referenceforbusiness.com>



Competitor Analysis

Strengths

- Established businesses in their market niche
- Financial resources

Weaknesses

- Focus on large corporate customers
- Lack of strong traditional media marketing strategy
- Lack of business concept to capitalize on World Wide Web weaknesses (topography, Web site development costs for small businesses)

The key to any competitive strategy is to capitalize on our competitors weaknesses while matching and eventually surpassing their strengths. Allen Consulting will immediately work to protect our market niche by rapidly developing our proficiency in the areas where our competition is weak. At the same time, we will strive to keep these sleeping giants resting soundly. We plan to operate our business under their nose by sticking to the small-to-medium-sized market. We anticipate that this strategy will allow us to strengthen our market presence while our competitors considers us a non-player.

Our business concept takes into account the weaknesses inherent in our competitors target market focuses. The addition of a marketing department allows us to create a strong presence which we anticipate will stall new entrants until we are able to develop our identity and financial resources. The execution of our strategic plan will integrate the functional areas of Allen Consulting into one functional unit. We believe our focus and our small size will allow us to innovate faster than any potential competitors.

Also, by being first on the block, our business concept will prevent new players from jumping on board. By aggressively marketing our services to our target market, we will effectively freeze out competitors. A small business owner who has already paid \$400 to get on the Web is less likely to go with a competitor who provides a similar service. If a competitor wants to go head to head with us, they will need to develop alternative services, hire a sales staff, and convince business owners that their present service isn't meeting their needs. We are anticipating that the cost of breaking into our market will be prohibitive, therefore barring their entry.

Competitor's Selling Strategies

Our indirect competitors primarily sell through networking strategies such as referrals and executive selling. Each has an ad in the Yellow Pages. Due to their focus on large corporate customers, their need for print-media advertising is minimal.

Both of our competitors, Maxwell, Inc. and Caravan Consulting have benefited from articles written about their services in the Detroit Times. Each of these articles focused on their service offerings. Due to the detail of each article, we have speculated that these articles were written as a result of press releases.

Competitive Statistics

In order to provide perspective, we have included statistics that will describe the general characteristics of the computer consulting industry in the greater Detroit area. This data will be used to provide a benchmark by which to gauge our size and growth. The data compiled here was taken from the Dun Consulting Directory.

- Avg. size by employees: 15
- Avg. sales: \$1,287,500



- Most common business focus: Commercial and governmental concerns
- Number of firms listed in directory from metropolitan Detroit: 6

SELLING STRATEGY

The growth of the Internet and its commercial commerce component, the World Wide Web, has been astronomical. The World Wide Web has 17 million users from all over the world. Over 17,000 businesses have rushed to the Web to set up Web home pages to advertise and sell a myriad of products and services. Overall, the Internet is expected to double in size, and the Web is expected to match the Internet's growth rate. Already the Internet and the World Wide Web have attracted more browsers than America Online or CompuServe.

Currently the majority of businesses on the Web are corporations who have spent thousands of dollars to develop and market their sites. While individual users and small businesses have participated on the Web, they are quickly pushed out of the mainstream, and their sites are largely ignored. This occurs because of the large volume of Web sites (700,000 by last count) that may or may not have any practical use. Therefore, unless the business has spent a substantial amount of money to hire experts to market their sites, they are simply left out.

Allen Consulting has focused its selling strategy on reaching small businesses. They represent the largest growth sector of Web participants. Providing these businesses with an effective presence on the Web is the essence of our selling strategy. Our selling approach will be motivated by four principles:

- Meet the client's needs
- Show the client the benefits of a Web site
- Paint a picture of the clients investment
- Simplify the complex

All of our promotional literature will incorporate these principles. The success of each sale will be judged by our ability to perform each principle flawlessly and convincingly.

Short-term Tactics

Print Advertising

Print advertising is the most effective way to reach the population of greater Detroit. While many consulting firms rely solely on networking, the nature of our business differs substantially enough from the standard to merit a consistent a print-media presence. We intend this advertising to: 1) Alert small businesses of our ability to put them on the Web, and 2) Create price and name recognition. We want to convince the community that we are a cost-effective choice.

Executive Selling

The Sales Director will be responsible for all sales calls. This arrangement is based upon need and has strategic advantages. Executive selling will allow the company to stay very close to the market and enable us to set reasonable objectives and sales goals.

Once the firm has a client base that will support a full-time sales person, one will be hired to initiate and close selling contacts. Our strategic plan calls for a substantial sales department. Our hiring will reflect our execution of that strategy. Once a sales force is hired the Sales Director will concentrate on management and operational areas of the firm.



Long-Term Tactics

Direct Mail

We will increasingly use more targeted direct mail campaigns. These mailings will be followed up by sales calls by our sales personnel. We will extensively use mailing lists targeted to small- to medium-sized businesses (1-100) employees. With Pix advertising, our mailings will be designed exclusively for each category to add a sense of personalization, so that a customer will receive a hard-copy demo of what their site may potentially look like.

Promotional Props and Literature

We will be developing materials that will constantly advertise our services. For example, we will leave counter signs that advertise a company's Web address as well as the phrase "created by Allen Consulting." These materials will build name recognition and a presence in our niche. Inside Sales

Our in-house sales team will handle the execution of the sales strategy. Executive sells will be concentrated on negotiated contract agreements for Premium Services. Our sales people will have the title of Account Executives. Training of the full-time Account Executives will be an on-going concern focusing on such topics as product knowledge, Web marketing, and sales techniques. Supervision and training will be the responsibility of the Sales Director. Account Executive Compensation

Each Account Executive will be compensated according to a base salary plus commission. Account Executives will also be eligible for bonuses based on sales performance. In order to create a performance based compensation strategy an Account Executive will be paid a small base salary and given proportionately larger commissions for each completed sales call.

Client Support

Each client will have continual access to their Web site. If clients wish to modify their sites after initial activation, we will promptly provide an estimate of the time needed to design the change. In addition, monthly site Activity Reports will be sent to each client. Twice a year, the Marketing Team will distribute a newsletter keeping our clients up-to-date on the latest advances and company offerings that will improve their site. Finally, the Marketing Team will routinely distribute press releases announcing new clients and will be conducting client surveys to ensure that we are meeting customer needs.

Client Support will serve as our primary way of solidifying our relationship and securing our market influence. Responsibility for our client support initiatives will fall to the Marketing Team.

STRATEGIC PLANNING

Objectives

Be the leader in the providing of Web support services to small- and medium-sized businesses. Our niche will be the small to medium sized business market. We will not try to take on corporate customers until we have achieved the remainder of our objectives. This niche will allow us the time to grow and mature without having to go head-to-head with larger firms. While there are several competitors that provide Web support services, none are exclusively focused on our market niche. Our goal is to keep it that way.

Allen Consulting plans to attain leadership in our market niche with a double edged strategy. The advantages we will develop to dominate our market will also provide us with the competitive muscle needed to assault the market niche of our competitors.



Be technologically self-sufficient. In the computer industry, competitiveness is often gauged according to a company's ability to assimilate new technological advances and the subsequent marketing of these advances to its clients. We must be able to develop technological competence in-house and market our research and development successfully without the need to rely on out-of-house resources. This strategy will yield a competitive advantage throughout every functional area of the company.

Pioneer Web competitive strategies that will continually expand our market penetration and depth. Allen understands the highly competitive nature of Internet services. In order to attain and keep our competitive advantage it will be crucial for us to be pioneers within our market niche. We will actively cultivate and enhance our ability to develop new service offerings.

In each of the functional areas of the firm, we will encourage and compensate initiatives that expose and take advantage of competitive weaknesses. Our focus will be to defend our market by maintaining our ability to threaten the market of other Internet consultants. This strategy of defending by attacking will be the foundation of our competitive strategy.

Objective Implementation

Outlined below are our action plans for implementing these objectives throughout the firm's functional teams.

Sales

The key to our market dominance will be our sales force. The Sales Team will be responsible for hiring and developing top-notch, proficient sales professionals who will act as the firm's representatives to our clients. Our sales goals are to achieve solid name and reputation recognition among area businesses and market saturation - all potential clients have been approached and offered our consulting services.

Sales Goal Measurement

From start-up through December 1998 we will have achieved the following goals:

- In the second fiscal year, Allen Consulting will commission a market research study to gauge name recognition and market penetration.
- Quarterly review of sales figures in comparison with Business Plan benchmarks, will be done.
- Weekly sales meetings focused on individual performance and goal attainment will be held.

Between December 1998 - December 2001, these goals will be accomplished:

- Continuation of initial evaluation procedures
- Improvement of compensation and benefits package for sales staff
- Headhunting key personnel to develop long-range capability of Sales Department.

Financial

The financial strength of Allen Consulting will be the most carefully scrutinized functional area. The ability of the company to increase its technological and human resource muscle will be important for the continued dominance of our market.

Financial Goals

- Increase funds for technological research and development
- Increase funds for compensation and benefits packaging



Financial Goals Measurement

From Start-Up - December 2001

- Weekly financial auditing of business receipts
- Monthly evaluation of key business ratios
- Quarterly drafting of income statement, changes in financial position and balance sheet
- Six-month technological and human resource review with the goal of continually improving the firm's capability and depth in these areas

Marketing

Promotion of Pix and Allen's Premium Services will be undertaken by our Marketing Team. In addition, positioning our firm as a leader in our market niche will encompass the vision of the team. Our strategy will be to aggressively saturate our niche by successfully integrating our firm's competitive strengths according to our strategic plan.

Marketing Goals

- Development of comprehensive company identity through traditional media
- Design nationally recognized Web site through Pix

Marketing Goals Measurement

Start-Up - December 2001

- Revise promotional materials every six months
- Cross-train the Marketing Team with technicians from Technology Team
- Develop on-going marketing plan in print and broadcast media

Technology

The ability of the Technology team to reinvent itself and expand its service offering will be crucial to our competitiveness. The Technology Team will be our front-line to the Internet community. Their expertise must continually be refined and they must research innovative methods to market the Internet to business customers.

Technology Goals

- Develop five new service offerings in the next five years
- Develop two new technological advances by December 2001

Technology Goal Measurement

Start-Up - December 2001

- A qualifiable new service offering must net the company \$25,000 in revenues for the fiscal year introduced
- A new technological advance must be patentable and/or net the company \$25,000 in revenues for the fiscal year introduced



ORGANIZATION

Allen will maintain a relatively flat hierarchical management structure. The organization's operating units: Operations, Technology, Marketing, and Sales will be centered on team units. Each team unit will fall under the supervision of the Team Director. The Team Directors will form the Executive Council. The Executive Council will be responsible for planning company policies and developing long range plans for company growth. The Chairperson of the Executive Council will be elected for two year terms by anonymous vote by the Executive Council membership. This organizational structure was selected because it provides an informal team atmosphere where creativity and efficiency can be cultivated. We will strive to keep the company's hierarchy as flat as possible to encourage direct communication between company personnel and members of the Executive Council.

Executive Council and Management Teams

Operations Team

Connie Harris is the Director of Operations. The operations team is responsible for the administrative tasks needed to keep the company operating smoothly. The Operations Team will include the VP of Finance, VP of Human Resources, and the Office Manager. Together these team members will provide support services to the rest of the company. The Director of Operations will be directly responsible for ensuring compliance with Executive Council directives throughout the company.

Marketing Team

Dan Bell is the Director of the Marketing team. This team is responsible for the execution of Allen Consulting's marketing strategy. They will design and distribute all company literature, handle all public relations contacts, and handle print and broadcast media advertisements. As part of the Strategic Plan, this team will be cross-trained with the Technology team to develop their knowledge of the Web and its applications for our business clients. The Marketing Director will recruit and hire the Marketing team as well as design their cross-training schedule with the Technology Team.

Technology Team

Linda Roten is the Director of the Technology team. This team will design the Web sites for our clients as well as handle monthly maintenance duties on each of our accounts. This team will be responsible for increasing the firm's hardware capabilities and accomplishing the goals set out in our Strategic Plan. In accordance with the Strategic Plan, the Technology Team will be cross-trained with the Marketing Team. The Technology Director is responsible for the recruiting and hiring of the technicians for the Technology team, as well as coordinating cross-training with the Marketing Team.

Sales Team

Steve Smith is the Director of the Sales team. The Sales team will initiate and close all sales contacts with the business community. They will also handle all contacts with the firm's clients in an effort to present a consistent professional image to the community. The Director is responsible for ongoing training and hiring of the Account Executives. Also, the Sales Director will organize the Sales Team to effectively service the Account Units existing on Pix.

Management Needs

Within the first six months of operation we will seek to fill the position of VP of Finance. This position will be



responsible for insuring compliance with our strategic initiatives as well as administering the company's finances. In addition to the VP, we will be searching for an additional Web Master for the Technology Team to increase our Web design capabilities and improve our profitability. The compensation package for these positions shall be salaried and set at a later point by the Executive Committee.

After these two vacancies are filled we will begin to recruit our Sales Team in order to saturate our target market. The Sales Team will be formed in accordance with the Sales Strategy outlined in this Business Plan. Our Sales Team will add a member with each new increment of \$ 100,000 in sales. This allows for a minimum \$10,000 base salary. This compensation/recruitment package is in agreement with our sales strategy.

Personnel Review and Evaluation

Evaluation and review reports will be conducted by each Team Director on a six month cycle. The criteria for these reviews will be drafted by each Team Director and submitted to the Executive Council for review and final consideration. This procedure will be followed to insure consistency and compliance with long-term strategic considerations. The Director of Operations will develop a grievance procedure to be explained to each new hire. All compensation increases will be tied to these evaluations.

Legal Organization

Allen Consulting is a Limited Liability Company (LLC) organized in Ohio and registered in Ohio and Michigan. This legal entity was identified as the best way to provide options for capital infusions in the future by the addition of partners, while protecting those partners from liability beyond their initial investment. The LLC is considered the most sophisticated method of taking advantage of the benefits of a partnership while restricting unnecessary risks. We anticipate that our form of organization will provide us with better capitalization options in the future.

Financial Benchmarks

Web page development as a business service has only recently begun to be offered by computer consultants specializing in Internet service. Due to the relative infancy of the service, financial benchmarks are still being set. As a result, Allen Consulting financial calculations will be made using standard benchmarks for the consulting industry. Where appropriate, we have adjusted our calculations to take into account the unique nature of the World Wide Web's business service climate.

The Web itself is setting record numbers for growth, and its popularity is spreading rapidly throughout the business community. While we would be justified in assuming optimistic growth number, we have used conservative numbers in every segment of our financial statements.

Service Pricing

Allen Consulting has two service categories that it will extend to its clients. Accordingly each of these categories has its own pricing scale.

Pix - Web Real Estate

Standard Cybersite:

- Site Activation Fee: \$200.00
- Site storage charge: \$35.00/month
- Includes storage fees and linking

Custom Cybersite Development:



- Site Activation Fee: \$300.00
- Site Service Charge: \$35.00/month
- Includes storage fees and linking
- Hourly Fee: \$50.00

Pix Linking:

- \$20.00/month (Pix Link)
- Site Activation: \$50.00

Premium Services

Silver:

- Activation Fee: \$50.00
- Hourly Billing: \$50.00
- Monthly Storage Charge: \$30.00

Gold:

- Flat Retainer Fee: \$200.00
- Includes 5 hours consultation per month
- Monthly Storage Charge: \$30.00

Platinum:

- Site Design and Activation: Fee set upon Consultation
- Includes on-going site design and modification
- Includes training and on-going consultation of Web developments

FINANCIAL DATA

Preliminary Assumptions for Income Statement and Balance Sheet

The monthly income figure was calculated using an estimate of how many Web sites could be developed and implemented on a monthly basis by our Technical Director. The calculation is very conservative due to our marketing strategy of producing a quality product rather than compromising our standards for sales volume.

A Web site will be marketed for the price of \$200 plus a monthly fee. This is our baseline for all calculation. The activation fee of \$200.00 will be due upon signing of the business contract. Pay scale for full time employees is \$14.00 per hour. Part-Time employees will earn a wage commensurate with their experience and duties. The business plan does not include plans for hiring part-time employees.

Internet domain registration and storage space charges are calculated using figures negotiated with Salvador College who will be our Internet service provider.

Hardware upgrade costs incorporate our plans to upgrade our computing ability and speed on a yearly basis. The figure assumes performance upgrades that will equal the cost of one new computer system a year.

Prepaid expense will consist of advance charges for computer server storage.

Accounts Payable will be paid within 30 days. We will take advantage of any discounts offered.

Accounts Receivable represent monthly service charges.



Financial Assumptions for Monthly Statement of Income

Revenues will flow evenly throughout the year because 70% of revenues are obtained through monthly service charges.

Operating expenses are incurred uniformly on a monthly basis.

Breakdown Revenues were calculated using the following equation:

$(\text{Actual Revenues} \times \text{Fixed Costs}) / (\text{Actual Revenues} - \text{Direct Costs})$.

Income taxes will be paid according to IRS regulation for the taxation of partnership income. Each partner will be responsible for their individual reporting of partnership income.

Forecasted Statement of Income Forecasted

	<u>Year1</u>	<u>Year2</u>	<u>Year3</u>	<u>Year4</u>	<u>Year5</u>
Revenues					
Sales	88,400.00	153,600.00	165,888.00	179,159.04	193,491.76
Billables					
Total Income	88,400.00	153,600.00	165,888.00	179,159.04	193,491.76
Direct Expenses					
Salaries	50,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Domain Registration	300.00		-		150.00
	150.00		150.00		
Storage Space	600.00		600.00		600.00
	600.00		600.00		
Computer Hardware Upgrade	2200.00	2200.00	2200.00	2,200.00	2,200.00

For the years ending December 15th

	Year1	Year2	Year3	Year4	Year5
Revenues					
Sales	88,400.00	153,600.00	165,888.00	179,159.04	193,491.76
Billables	—		—		—
	—		—		—
Total Income	88,400.00	153,600.00	165,888.00	179,159.04	193,491.76
Direct Expenses					
Salaries	50,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Domain Registration	300.00		—		150.00
	150.00		150.00		
Storage Space	600.00		600.00		600.00
	600.00		600.00		
Computer Hardware Upgrade	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00



Personnel				
1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
Cash Balance Beginning of Year				
800.00	800.00	800.00	800.00	800.00
General & Administrative				
1,152.00	1,152.00	1,152.00	1,152.00	1,152.00
Total Direct Expenses				
56,252.00	105,952.00	106,102.00	106,102.00	106,102.00
Income Before Indirect Expenses and Fixed Charges				
32,148.00	47,648.00	59,766.00	73,057.04	87,389.76

Indirect Expenses				
Internet Connect Time				
900.00	972.00	1,049.76	1,133.74	1,224.44
Communications Charges				
350.00	378.28	408.24	440.90	473.17
Total Indirect Expenses				
1,250.00	1,350.00	1,458.00	1,574.64	1,700.61

Income Before Fixed Charges				
30,898.00	46,298.00	58,328.00	71,482.40	85,689.15

Fixed Charges				
Business and Property Insurance				
10,000.00	10,800.00	11,644.00	12,597.12	13,604.89
Total Fixed Charges				
10,000.00	10,800.00	11,644.00	12,597.12	13,604.89
Income Before Interest, Depreciation and Taxes				
20,898.00	35,498.00	46,664.00	58,885.28	72,084.26
Net Income				
20,898.00	35,498.00	46,664.00	58,885.28	72,084.26

Personnel	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
Cash Balance Beginning of Year	800.00	800.00	800.00	800.00	800.00
General & Administrative	1,152.00	1,152.00	1,152.00	1,152.00	1,152.00
Total Direct Expenses	56,252.00	105,952.00	106,102.00	106,102.00	106,102.00
Income Before Indirect Expenses and Fixed Charges	32,148.00	47,648.00	59,766.00	73,057.04	87,389.76
Indirect Expenses					
Internet Connect Time	900.00	972.00	1,049.76	1,133.74	1,224.44
Communications Charges	350.00	378.28	408.24	440.90	473.17
Total Indirect Expenses	1,250.00	1,350.00	1,458.00	1,574.64	1,700.61
Income Before Fixed Charges	30,898.00	46,298.00	58,328.00	71,482.40	85,689.15
Fixed Charges					
Business and Property Insurance	10,000.00	10,800.00	11,644.00	12,597.12	13,604.89
Total Fixed Charges	10,000.00	10,800.00	11,644.00	12,597.12	13,604.89
Income Before Interest, Depreciation and Taxes	20,898.00	35,498.00	46,664.00	58,885.28	72,084.26
Net Income	20,898.00	35,498.00	46,664.00	58,885.28	72,084.26

Statement of Changes in Financial Position

<u>Year1</u>	<u>Year2</u>	<u>Year3</u>	<u>Year4</u>	<u>Year5</u>
Cash Provided				
Net Income (Loss)				
20,898.00	35,496.00	46,664.00	58,885.28	72,084.26
Depreciation				
Changes in Working Capital Components				
Accounts Receivable				
Prepaid Expenses				
(900.00)	(600.00)	(750.00)	(750.00)	(750.00)
Net Cash Provided by Operations				
19,998.00	34,896.00	45,914.00	58,135.28	71,334.26



For Years ending December 15th

	Year1	Year2	Year3	Year4	Year5
Cash Provided					
Net Income (Loss)	20,898.00	35,496.00	46,664.00	58,885.28	72,084.26
Depreciation	—	—	—	—	—
Changes in Working Capital Components					
Accounts Receivable	—	—	—	—	—
Prepaid Expenses	(900.00)	(600.00)	(750.00)	(750.00)	(750.00)
Net Cash Provided by Operations	19,998.00	34,898.00	45,914.00	58,135.28	71,334.26
Net Increase (Decrease) in Cash					
19,998.00	34,898.00	45,914.00	58,135.28	71,334.26	
Cash Balance Beginning of Year	19,998.00	54,896.00	100,810.00	158,945.28	—
Cash Balance End of Year	19,998.00	54,896.00	100,810.00	158,945.28	230,279.54
Net Increase (Decrease) in Cash	19,998.00	34,898.00	45,914.00	58,135.28	71,334.26
Cash Balance Beginning of Year	19,998.00	54,896.00	100,810.00	158,945.28	—
Cash Balance End of Year	19,998.00	54,896.00	100,810.00	158,945.28	230,279.54

Projected Net Income Breakeven Analysis

	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Revenues	88,400.00	153,600.00	165,888.00	179,159.04	193,491.76
Direct Costs	0	0	0	0	0
Salaries	50,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Domain Registration	300.00		150.00	150.00	150.00
Storage Space	600.00	600.00	600.00	600.00	600.00
Computer Hardware Upgrade	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
Personnel	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
Printing	800.00	800.00	800.00	800.00	800.00
Total Direct Costs	55,100.00	104,800.00	104,950.00	104,950.00	104,950.00
Cash Balance Beginning of Year					
General Administrative	1,152.00	1,152.00	1,152.00	1,152.00	1,152.00
Business & Property Insurance	10,000.00	10,800.00	11,664.00	12,597.12	13,604.89
Interest					
Depreciation					
Total Fixed Costs	11,152.00	11,952.00	12,816.00	13,749.12	14,756.89
Breakeven Revenues	66,252.00	116,752.00	117,766.00	118,699.12	119,706.89

For the Year Ending December 15th

	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Revenues	88,400.00	153,600.00	165,888.00	179,159.04	193,491.76
Direct Costs	0	0	0	0	0
Salaries	50,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Domain Registration	300.00	—	150.00	150.00	150.00
Storage Space	600.00	600.00	600.00	600.00	600.00
Computer Hardware Upgrade	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00



For the Year Ending December 15th

Personnel	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
Printing	800.00	800.00	800.00	800.00	800.00
Total Direct Costs	55,100.00	104,800.00	104,950.00	104,950.00	104,950.00

Cash Balance Beginning of Year

General Administrative	1,152.00	1,152.00	1,152.00	1,152.00	1,152.00
Business & Property Insurance	10,000.00	10,800.00	11,664.00	12,597.12	13,604.89
Interest	—	—	—	—	—
Depreciation	—	—	—	—	—
Total Fixed Costs	11,152.00	11,952.00	12,816.00	13,749.12	14,756.89
Breakeven Revenues	66,252.00	116,752.00	117,766.00	118,699.12	119,706.89

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Cash Provided										
Net Income (Loss)						5,200.00	12,800.00	12,800.00	12,800.00	43,600.00
Depreciation	36.67	36.67	36.67	36.67	36.67	36.67	36.67	36.67	36.67	330.03
Changes in Working Capital Components										
Accounts Receivable						(2,400.00)	(2,400.00)	(2,400.00)	(2,400.00)	(7,200.00)
Prepaid Expenses	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(675.00)
Net Cash Provided by Operations	(38.33)	(38.33)	(38.33)	(38.33)	(38.33)	5,161.67	10,361.67	10,361.67	10,361.67	36,055.03
Net Increase (Decrease) in Cash	(38.33)	(38.33)	(38.33)	(38.33)	(38.33)	5,161.67	10,361.67	10,361.67	10,361.67	36,055.03
Cash Balance Beginning of Year	(38.33)	(38.33)	(38.33)	(38.33)	(38.33)	5,161.67	10,361.67	10,361.67	10,361.67	
Cash Balance End of Year	(38.33)	(76.66)	(114.99)	(153.32)	(191.65)	4,931.69	15,293.36	25,655.03	19,998.00	

Forecasted Monthly Statement of Changes in Financial Position 1995-1996

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Cash Provided										
Net Income (Loss)	—	—	—	—	—	5,200.00	12,800.00	12,800.00	12,800.00	43,600.00
Depreciation	36.67	36.67	36.67	36.67	36.67	36.67	36.67	36.67	36.67	330.03
Changes in Working Capital Components										
Accounts Receivable	—	—	—	—	—	—	(2,400.00)	(2,400.00)	(2,400.00)	(7,200.00)
Prepaid Expenses	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(75.00)	(675.00)
Net Cash Provided by Operations	(38.33)	(38.33)	(38.33)	(38.33)	(38.33)	5,161.67	10,361.67	10,361.67	10,361.67	36,055.03
Net Increase (Decrease) in Cash	(38.33)	(38.33)	(38.33)	(38.33)	(38.33)	5,161.67	10,361.67	10,361.67	10,361.67	36,055.03
Cash Balance Beginning of Year	—	(38.33)	(38.33)	(38.33)	(38.33)	(38.33)	5,161.67	10,361.67	10,361.67	—
Cash Balance End of Year	(38.33)	(76.66)	(114.99)	(153.32)	(191.65)	(229.98)	4,931.69	15,293.36	25,655.03	19,998.00



	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Current Assets					
Cash	19,998.00	54,896.00	100,810.00	158,945.28	230,279.54
Receivables	-	-	-	-	-
Prepaid Expenses	900.00	600.00	750.00	750.00	750.00
Total Current Assets	20,898.00	55,496.00	101,560.00	159,695.28	231,029.54
Fixed Assets					
Equipment	-	-	-	-	-
Less Acc. Depreciation	-	-	-	-	-
Total Assets	20,898.00	55,496.00	101,560.00	159,695.28	231,029.54
Liabilities					
Current Liabilities	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-
Long Term Debt	-	-	-	-	-
Retained Earnings	20,898.00	55,496.00	101,560.00	159,695.28	231,029.54
Total Liabilities & Net Worth	20,898.00	55,496.00	101,560.00	159,695.28	231,029.54

Forecasted Balance Sheet

1995-1996 1996-1997 1997-1998 1998-1999 1999-2000

Current Assets

Cash	19,998.00	54,896.00	100,810.00	158,945.28	230,279.54
Receivables	-	-	-	-	-
Prepaid Expenses	900.00	600.00	750.00	750.00	750.00
Total Current Assets	20,898.00	55,496.00	101,560.00	159,695.28	231,029.54

Fixed Assets

Equipment	-	-	-	-	-
Less Acc. Depreciation	-	-	-	-	-
Total Assets	20,898.00	55,496.00	101,560.00	159,695.28	231,029.54

Liabilities

Current Liabilities	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-
Long Term Debt	-	-	-	-	-
Retained Earnings	20,898.00	55,496.00	101,560.00	159,695.28	231,029.54
Total Liabilities & Net Worth	20,898.00	55,496.00	101,560.00	159,695.28	231,029.54

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Revenues	10,400	10,400	10,400	10,400	10,400	5,200	10,400	10,400	10,400	88,400
Billables	-	-	-	-	-	-	2,400	2,400	2,400	7,200
Total Income	10,400	10,400	10,400	10,400	10,400	5,200	12,800	12,800	12,800	95,600
Direct Expenses										
Salaries	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	37,500
Domain Registration	300	-	-	-	-	-	-	-	-	300
Storage Space	300	-	-	-	-	-	300	-	-	600
Computer Hardware Upgrade	2,200	-	-	-	-	-	-	-	-	2,200
Personnel	100	100	100	100	100	100	100	100	100	1,200
Printing	60.00	-	60.00	-	60.00	-	60.00	-	60.00	800.00
General & Administrative	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	1,152.00
Total Direct Expenses	7,223	4,363	4,423	4,363	4,423	4,363	4,723	4,363	4,423	43,752
Income Before Indirect Expenses & Fixed Charges	3,177	6,037	5,977	6,037	5,977	837	8,077	8,437	8,377	52,935
Indirect Expenses										
Internet Connect Time	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	900.00
Communications Charges	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	350.00
Total Indirect Expenses	104	104	104	104	104	104	104	104	104	1,250
Income Before Fixed Charges	3,073	5,933	5,873	5,933	5,873	733	7,973	8,333	8,273	51,686
Fixed Charges										
Business & Property Insurance	833	833	833	833	833	833	833	833	833	10,000
Total Fixed Charges	833	833	833	833	833	833	833	833	833	10,000
Income Before Interest, Depreciation and Taxes	2,240	5,100	5,040	5,040	(100)	7,140	7,500	7,500	7,440	41,686
Depreciation	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	330.00
Income Before Taxes	2,203	5,063	5,003	5,063	5,003	(137)	7,103	4,463	4,403	41,356
Net Income	2,203	5,063	5,003	5,063	5,003	(137)	7,103	4,463	4,403	41,356

**Forecasted Monthly Statement of Changes in Financial Position 1995-1996**

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Revenues	10,400	10,400	10,400	10,400	10,400	5,200	10,400	10,400	10,400	88,400
Billables	—	—	—	—	—	—	2,400	2,400	2,400	7,200
Total Income	10,400	10,400	10,400	10,400	10,400	5,200	12,800	12,800	12,800	95,600
Direct Expenses										
Salaries	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	37,500
Domain Registration	300	—	—	—	—	—	—	—	—	300
Storage Space	300	—	—	—	—	—	300	—	—	600
Computer Hardware Upgrade	2,200	—	—	—	—	—	—	—	—	2,200
Personnel	100	100	100	100	100	100	100	100	100	1,200
Printing	60.00	—	60.00	—	60.00	—	60.00	—	60.00	800.00
General & Administrative	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	1,152.00
Total Direct Expenses	7,223	4,363	4,423	4,363	4,423	4,363	4,723	4,363	4,423	43,752
Income Before Indirect Expenses & Fixed Charges										
3,177	6,037	5,977	6,037	5,977	837	8,077	8,437	8,377	52,935	
Indirect Expenses										
Internet Connect Time	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	900.00
Communications Charges	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	350.00
Total Indirect Expenses	104	104	104	104	104	104	104	104	104	1,250
Income Before Fixed Charges										
3,073	5,933	5,873	5,933	5,873	733	7,973	8,333	8,273	51,686	
Fixed Charges										
Business & Property Insurance	833	833	833	833	833	833	833	833	833	10,000
Total Fixed Charges	833	833	833	833	833	833	833	833	833	10,000
Income Before Interest, Depreciation and Taxes	2,240	5,100	5,040	5,040	(100)	7,140	7,500	7,500	7,440	41,686
Depreciation	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	330.00
Income Before Taxes	2,203	5,063	5,003	5,063	5,003	(137)	7,103	4,463	4,403	41,356
Net Income	2,203	5,063	5,003	5,063	5,003	(137)	7,103	4,463	4,403	41,356