Tapnet Business Plan Essay, Research Paper

TAPNET.COM

Business Plan

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TapNet Executive Summary

TapNet.com (Trade Association Portal) represents a tremendous opportunity for it’s directors, partners and potential stockholders.

1.1 The Opportunity

The Internet and specifically business-to business applications are expanding at a tremendous rate. Many companies and associations are entering this portal area to provide valuable products services to the industry and generate economic profit at the same time. TapNet’s Board of Directors saw this opportunity about year ago and has been fine tuning their concept and approach. Since this time, TapNet has moved forward and further developed the concept, gathered content and interacted with hundreds of potential customers around the world and gained their support.

1.2 The Application

TapNet is more than a website or portal, it is an Internet based application that supports the trade association’s business operations, offers buyers and sellers the chance to find each other, interact and eventually purchase products and services on-line. TapNet provides these core competencies and capabilities to trade association, many of which could not afford these required business capabilities without TapNet as their provider. TapNet provides the foundation for a dominating site that drives the industry rather than just responding to it.

TapNet plans to continue development of both its technology and the information resources it offers. This will be accomplished by developing buyer guide matrixes for associations to list their information, developing TapNet enabling features and functions, and by providing content and interaction that truly bring the trade association community closer together. TapNet will also provide a strong marketing program to generate awareness that explains the advantages of TapNet to its potential customers.

1.3 The Need for Additional Capital

Currently TapNet has been funded by the resources from it Board of Director’s. In order to truly develop a leading application site for the trade association, TapNet will require a tremendous infusion of additional operating capital. This capital will allow the development of new software technology, and provide the extensive promotional campaign that will be needed to accompany the site. Although the site could continue to be funded by the directors, there is tremendous opportunity for risk and profit sharing. Both the financial markets, as well as the American economy recognize the value of being able to build and service an “eCommunity” based on industry focus. Therefore, TapNet proposes to reform itself into a publicly held corporation, and reach out to these financial markets for capital required to become the leading online Resource for the Trade Association.

2. The Industry and TapNet’s Product(s) and Service(s)

2.1 The Trade Association Industry

Trade associations are organizations of businesspeople engaged in furthering or protecting their mutual interests. Associations include professional, business, technical, and civic societies.

Trade associations are believed to have existed in ancient Egypt and China. In Europe they came to prominence during the Renaissance when Venetian and other traders formed organizations for solving mutual political and financial problems. Present-day associations are derived chiefly from the merchant guilds of 16th-century England.

The oldest extant association in the U.S. is the Chamber of Commerce of the State of New York, which was established by 20 merchants in 1768. Almost as old is the New York Stock Exchange, which was formed in 1792. Early American trade associations were local or regional in extent, with national associations emerging only after the American Civil War. By 1890 they had been formed in most well established industries, and by 1900 they had spread throughout the industrial community. In more recent years there has been a rapid growth of trade associations of employers in the U.S. formed to deal with mutual problems.

A trade association may serve commercial, industrial, or protective functions. Among its main activities are the surveillance of important trade influences, such as legislation, transportation rates, tariffs, laws affecting labor, and the quality, method of sale, or inspection of goods. Associations may also seek to keep their members informed of new processes or inventions and of market conditions. Other functions include insurance arrangements, encouragement of trade schools, and establishment of selling agencies. Trade associations also maintain bureaus of employment.

There are a large number of trade associations in the U.S. Of these, approximately 2000 have an online presence which runs the gamut between simple information based web pages to full service association web sites.

2.2 TapNet Company and the Concept

Vortals, vertical portals and online hubs, as they’re known, are a focus of the Internet. Some estimates predict the number of these sites will reach 25,000 by 2,001. Others estimate the business-to-business segment of the Internet to reach $1.3 trillion by 2003.

These business-to-business web sites are creating online communities focused on individual industries or professions. The effectiveness of these sites and usefulness demands that eventually each industry will end up with one predominant portal. TapNet seeks to help professional trade associations create these portals.

The convenience, speed and timeliness of the Internet is going to make it the pre-imminent vehicle for networking, news and information, commerce, and association meetings.

2.2.1 Networking

The Internet provides the means for the ultimate networking – reaching everyone, anytime, anywhere. Members can communicate instantly to seek help, ask the question, or just chat. Staying informed on issues, problems, or matters they might not have even been aware of. Enabling networking applications include:

• Email & List Serve functionality

• Bulletin Boards and Live Chat

• Member Profiles

• Product Listings

• Lead Generation

2.2.2 News & Information

An association portal provides a centralized location where members can receive the most recent news and information. News and information applications include:

• Help Wanted and Classifieds

• Links to related web sites

• On-line Calendar

• New Products

• Press Releases

• Industry Events

• Industry Profiles

2.2.3 Ecommerce

An eCommerce enabled portal allows association members to sell their products and services no other association members as well as to the association customers. Ecommerce applications include:

• Online Storefront programs

• Promotion of Member Business

• Product Listings

• Lead Generation

2.2.4 Meetings

Online portals allow associations to extend the physical meeting place beyond the actual brick and mortar confines of the meeting place. Such access promotes increased attendance and associated member input and accountability. Meeting applications include:

• Meeting Pre-registration

• Exhibit Information and Registration

• Program Descriptions

• Course/Events and Schedules

• Course Registration Directory

• On-line Courses

• Company Profiles

• Customer Relationship Management (CRM)

• Banner Advertising

• Sponsorships

• eManufactureing

• RFP’s and RFQ’s

2.3 TapNet Product(s) or Service(s)

TapNet is going to provide all of the portal services listed above, but we are going to differentiate our product offering by taking advantage of the broadband network to offer services that leverage the high-speed capacities. Specifically, TapNet is going to focus on three key application offerings: eManufacturing, Customer Relationship Management (CRM), and Distance Education.

2.3.1 eManufacturing

Production is beginning to use it to synchronize manufacturing rhythms and efficiencies with those of the supply chain. The scheme ranged from raw electrical power and distribution through device sensors and actuators, programmable logic controllers, and network and integration services. It is a way to potential link the millions of devices on plant floors that run on software yet are not capable of being connected to Ethernet, the emerging lingua franca of factory networks.

“The need for an eManufacturing response begins as soon as a company decides to accept an order from the Internet,” says Lanny Metcalf, Schneider’s Transparent Factory product manager. “By doing that, you’ve initiated the process of totally changing your whole philosophy of doing business. And to succeed, the entire business process needs to be reevaluated-including manufacturing.

“Overlaying some Internet technology is not enough. Strategic errors are being made if the presumption is that the business impact of the Internet stops with buying raw materials, collaborating with business partners, and delivering customer products and services,” adds Metcalf.

2.3.1.1 Serving the customer

eManufacturing is driven by the new prominence of the customer, says analyst Leif Erikson, research director, manufacturing/e-business, AMR Research Inc., Boston. “The customer is still king, but manufacturers need to realize that in e-business the king has far more power and [providing satisfaction] requires much greater responsiveness from the production floor. For example, there’s got to be some way of determining instantaneously, in real time, the ability to fulfill an order profitably. In eManufacturing, capacity and inventories need to be visible to the supply chain.

Manufacturers need systems that can reveal available capacity, status of orders, and quality of a product — not just after it comes off the line, but while it is in process.” “Since e-business is really about connecting more closely with customers, operations across the enterprise, including the plant floor, must be synchronized,” says Dick Hill, vice president of ARC Advisory Group, Dedham, Mass. “Due to the collaborative nature of e-business strategies, the plant floor has to be a full collaborative partner in the entire e-business architecture. Otherwise, ineffective plant controls quickly become the visible bottleneck,” he adds.

Metcalf emphasizes eManufacturing’s competitive significance: “An e-enabled plant has as much or more strategic potential to cut costs and improve efficiencies as any innovation in purchasing or sales. Making that possible is a new generation of Internet-compatible equipment, including everything from PLCs with embedded Web servers to power-monitoring systems that can identify cost-effectiveManufacturing locations for big orders.”

He recommends beginning the eManufacturing journey by recognizing the need for creating a seamless flow of information from the factory floor. He suggests an opening question: “What are the number of interfaces that exist between your business systems-such as planning and inventory systems? If the answer is one, the enterprise is well on its way to the kind of integration that’s needed. If there are five different systems with five different interfaces, then you’re just beginning. Each interface represents potential for data corruption mistakes to occur.”

Metcalf suggests emulating the cost-cutting justification used when purchasing departments adopted electronic procurement. “Plants have an equally strong cost-saving story to tell, particularly in terms of predictive maintenance, remote diagnostics, and utility cost savings.” He explains that many devices with an embedded Web server are able to communicate proactively. That means that if it breaks-or reaches certain preset parameters that indicate it is about to break-it can ask for help.” His examples: LVDO circuit breakers from Schneider Electric’s Square D brand include a contact-wear indicator that alerts operators before the breaker fails; and the company’s motor starters keep track of bearing wear, temperature fluctuations, and vibration levels.

2.3.1.2 Valuable Capabilities

What’s possible today, says Metcalf, goes beyond sounding an alarm or an indicator light. The possibilities include initiating e-mail or signaling a pager at the OEM, the maintenance department, or contractor to describe the specific problem and request service and parts. Still, manufacturers either are not aware of these capabilities or they haven’t been sold on their value. For example, consider the experience of Cincinnati Machine, Cincinnati, a unit of UNOVA Inc. The company, a manufacturer of CNC machine tools, has had a remote access feature on its Cincron cell controller since 1998, yet only four or five customers have specified the option, says Ken Wichman, product manager for cell and small horizontal machining centers. The beta site for the feature was Winterville Machine Works, Winterville, N.C., a subcontractor for Caterpillar and similar companies. Aerospace companies also are using the feature.

Called JACK, an acronym for Java Access to Cincron Knowledge, the remote access feature is used by Winterville to eliminate the need for running down to the plant floor every time information is needed from the cell controller.

“Without leaving their respective offices, the plant manager can generate a utilization report, a foreman can check the status of a hot job, and a maintenance technician can check a machine fault,” says Wichman. Users can have access to a wide range of process information and report functions. These include graphical, dynamic cell-status display; graphical in-cycle time display; and Cincron reports on fixtures, NC programs, source routes, stations, tools, and workloads. JACK also allows users to import/export NC programs, tool data, workloads, and routes. Operator-to-operator messaging also is possible. Up to five PCs can be “talking” to a Cincron cell simultaneously with the JACK feature. Although the option can be used for Internet/intranet access to a machine tool from outside the plant, Wichman knows of no implementations. JACK operates off Microsoft Internet Explorer. The browser is the gateway to the Cincron cell controller, adds Wichman.

The machine tool company also has a telephone-based maintenance service called Interactive Techsupport. At the request of the machine tool user, it allows the Cincinnati technical support specialist to connect with the CNC unit via a standard modem. Video, voice, and data are transferred bidirectionally to allow a fully interactive session between the machine-tool user and the technical-support specialist, says Wichman.

How much is e-enabled maintenance worth? Consider chip making and the cost implications of downtime. By one estimate these facilities, which cost in the billions of dollars, are down 30% of the time. For all manufacturers, the average is said to be 10%, says Metcalf. When breakdowns do occur, Web-enabled equipment also allows OEMs to remotely monitor and repair their machines, reducing response time and travel expenses.

2.3.1.3 Management tools

While electronic management of manufacturing functions such as maintenance offers big cost and time savings, the greater strategic value may lie in the new options electronic information provides to executives. For example, collecting plant data centrally also facilitates the ability of managers to assign work based on which plant can deliver the quickest response time or the lowest cost of production at a particular point in time. Consider how you could improve the handling of the increasing turbulence in electrical utility rate structures, says Metcalf. By pushing data from circuit monitors and PLCs scattered across multiple plant sites to a central location, companies now can do a better job of assigning energy expenses to individual cost centers, analyzing energy usage trend data, and assigning orders to plants to take advantage of hourly fluctuations in utility rates.

Metcalf cites the example of a major consumer products manufacturer that expects 10% to 15% annual energy savings viaWeb-enabled information gathering. A side benefit is the improved allocation of energy costs among individual process lines. Another Metcalf example is a major tier-one automotive supplier that is using the Internet to automatically collect and log all utility data-including water, air, gas, electricity, and steam-in a single integrated database. Data is collected in 15-minute intervals and automatically uploaded to a centralized data warehouse where it is manipulated and analyzed by the local utility as a value-added service. Among the reports the manufacturer now receives from the utility are statistical energy-usage reports, totalized flow analysis, costs by energy source, aggregation of multiple meters, and a monthly report on total energy costs per facility.

eManufacturing calls relentless attention to connectivity challenges and it should come as no surprise that automation vendors translate this into opportunity. Two vendors, GE Industrial Systems and Cisco Systems Inc., were inspired by their respective factory-automation and Internet-networking prowess to form GE Cisco Industrial Networks. Their rationale was neatly captured in the June announcement by Lloyd G. Trotter, president and CEO, GE Industrial Systems: “While companies have connected their office systems, partners, and customers, the factory floor-the heart of manufacturing -is disconnected from the rest of the enterprise.” GE Cisco’s operating presumption is that “all the proprietary protocols that are out there will ultimately one day be gone and be replaced with Ethernet-based, open standards architecture based on TapNet that will enable everything to talk to everything else.”

2.3.1.4 Culture change

Success in Web enabling the factory also hinges on the work culture’s familiarity with e-business, adds Metcalf. A company that isn’t using the Web for purchasing, for example, is unlikely to embrace the idea of e-enabling its plants. Manufacturers should start small and build the success that will bring support. GE Cisco thinks the greatest culture challenge will be in closing the cultural chasm between IT and the production floor. Don’t downplay this challenge, advises Norrington. “They don’t speak the same language, they’ve got different budget dollars, and they have different agendas.”

Metcalf suggests building the strategy on IT’s need to demonstrate that what they do supports the corporation’s business objectives. Security is the issue highlighted by ARC’s Hill: “Many plant managers and engineers believe the plant floor must be kept ultra secure. The thought of an e-business implementation bringing instructions from outside the plant via the Internet can seem very foreign.”

2.3.1.5 eManufacturing Summary

The challenges of e-enabling manufacturing also are changing automation vendors. One example is Rockwell Automation, Milwaukee. “Ten years ago we would have been categorized as a product company, but today the products happen more as a result of solving a business problem,” says Joe Kann, vice president, global business development. “By accelerating control and information integration projects, our manufacturing customers are requiring more and more consulting services,” says Randy Freeman, vice president, global marketing. “With the emergence of e-business we’re having to relate technology and products to enterprise-wide strategies. We’re in boardrooms explaining how we can solve business problems as much as we find ourselves sitting in the plant manager’s office just talking about manufacturing.”

2.3.2 CRM

Today the availability of econometric, demographic, lifestyle and psychographic data, decision support systems, the Internet, and other customer access techniques are helping marketing and senior management make customer care a reality rather than just a vision. Companies no longer want to treat their customer base as a homogeneous collection of revenue generating units; they want to get up close and personal with each of them individually.

Providing exceptional customer service through effective CRM is essential to business success. Quality CRM systems ensure rapid responses to all customer inquiries and are designed to boost sales and demonstrate your active concern for customer satisfaction. CRM is a comprehensive sales and marketing approach to building long-term customer relationships and improving business performance. The best CRM systems include:

• Comprehensive account management functions

• Contact profile, history and n-tiered relationships

• Automated quotes and correspondence

• Forecast, order and contract generation

• Instant access to historical account summary

• Marketing encyclopedia and Internet communication

Today’s technology has reached a price/performance point where it is possible to acquire, consolidate, analyze, and manage the volumes of information that make this concept possible.

First of all, it must be understood that at its core, CRM is more than just a set of technologies: it is a process. This fact will be of significant importance to Information Technology (IT) professionals who will be asked to support CRM with information and applications. Furthermore, it is intended to be a repeatable process to ensure ongoing, continually improving, and consistent results. Simply stated, CRM comprises the acquisition and deployment of knowledge about customers to enable a company to sell more of their product or service more efficiently.

The role of enabling IT in all three of these areas–deriving knowledge, enabling intelligent customer channels, and capturing and analyzing feedback–cannot be over emphasized. IT professionals have a tremendous opportunity to become enablers of a customer-centric business strategy and to have an impact on the organization’s bottom line.

2.3.2.1 Evolution of CRM

In the past, customers were served by the corner store and door-to-door sales forces. The corner stores were small, intimate, and provided one-on-one service to their clientele. The door-to-door salesperson was the other face of the company and the personal relationship established by the salesperson was the key to success. This model provided, through personal interactions, an intimacy and knowledge about the customer and developed customer loyalty and trust. The age of mass marketing replaced the intimacy of a direct sales force in many organizations. Centralized large-scale production, wide-geographic distribution, and one-way communication on a grand scale created a tremendous variety of easily available, affordable goods. This put pressure on the relatively inefficient corner store and door-to-door models. Over time, the local corner store gave way to the supermarkets, malls, and megastores of today. While society has benefited from the cost efficiencies of these arrangements, something was lost in the bargain. That loss was the sense of connection customers had with the local storekeeper–personalized service.

Mass marketing was enabled through technological improvements in TV, radio, and the printed press, all of which created simple and powerful means to communicate a company’s message to millions of people at once. Marketing’s major goal was to push product and create brand recognition. The main measure of success for this business strategy was market share. The Internet allows for a customized consumer experience. But how does TapNet enhance this equation?

2.3.2.2 Target Marketing

In the mid 1980s, with the advances of technology and refinement in direct mail and telemarketing, another approach to communicate directly with the customer evolved. The use of Information System technology allowed the selection of specific (”targeted”) customers via mail or telephone. Unlike mass marketing, targeted marketing had the advantage of potentially receiving a direct response from a customer. The general strategy was to unearth potential customers by canvassing large numbers. Response rates became the central metric in gauging success, with response rates of two to three percent being considered successful. Market share still remained the primary measure of business success. Target marketing recognized the need to interact more with customers, albeit at a very superficial level, but did not go far enough. There was a lack of specific data as it relates to responses from the targeting means resorting to “averages” for response rates, customer purchases, and other data. Nonetheless, target marketing was a significant step in the evolution to today’s CRM in that it moved the relationship between producer and consumer one more step towards a personal interaction.

2.3.3 Customer Relationship Management

CRM is the next step in the evolution, and it moves us back towards developing an intimacy with today’s customers, using today’s tools, and maintaining our mass production and distribution systems. It recognizes that the equation that yields trust and loyalty from a customer has two variables. The first variable is information and analysis (knowledge): one has to know what the customer wants, needs, and values. The second variable is the need for interactivity and personal contact and the way in which the customer wants to be contacted. TapNet can better enhance this experience with more real-time communication, voice over IP, video over IP, transmission of more graphically, multimedia–oriented messages. The success of a customer-centric business strategy is measured not only by “share-of-market” but by “share-of-customer.”

In the following model, the four quadrants represent approaches that combine relative measures of knowledge about a customer and interactivity with that customer.

• The knowledge scale is a measure of what is known about the customer’s behavior and values. This is the informational and analytical part of equation.

• Interactivity is the measure of dialogue with a target customer, from one way communications at the low end to full interactivity at the upper end. This represents the personal contact and interaction part of the equation.

2.3.3.1 The Customer Relationship Management Cycle

Because the process is intended to be repeatable, it is only natural that a cycle is associated with the implementation of CRM. This cycle consists of an assessment phase, a planning phase, and an execution phase. In this cycle, assessment is made up of the knowledge acquisition portions of the process, planning comprises the creative part of the marketing process, while the execution phase maps to the customer interaction elements.

2.3.3.2 Execute

The execution phase of the cycle is where an organization puts all this knowledge to work, using all of the customer touch points available. Effective customer interaction, which has two dimensions, is the key here. The first dimension is the execution and management of marketing campaigns and customer treatment strategies through these interaction touch points. Customer touch points using TapNet and all the broadband capabilities (communication, multimedia, etc.) expand and conclude here.

2.3.3.3 Customer Relationship Management Summary

Businesses are reducing staff and at the same time searching for ways to arm employees with information to make better decisions and innovate.

The concept of “Customer Relationship Management” as a strategy reflects the business processes and technology enablers that can be combined to optimize revenue, profitability, and customer loyalty.

By implementing a CRM strategy, an organization can improve the business processes and technology solutions around selling, marketing and servicing functions across all customer touch-points (for example, Web, e-mail, phone, fax, in-person, and the touch points enabled by TapNet.

CRM applications address the following business functions:

• Sales Automation

• Marketing Automation

• Customer Service and Support

• Channel Management/partner Relationship Management

• Internal Helpdesk

The rapid acceptance and integration of the Internet has caused the most significant change in CRM applications – morphing of categories as CRM applications increasingly use Internet-based architectures. CRM and e-commerce are converging into a customer-centric solution, which allows organizations to interact with, sell to, and service customers through all channels.

2.3.3.4 Business Drivers

The major driver of growth in CRM is the Internet, which is enabling many new activities and business processes that were never before possible. For example: 1:1 marketing and “Mass-customization” of marketing programs, Web store-fronts with online purchase capabilities, and Web self-service for customers.

2.3.4 Distance Education

The Association Web Site will feature, as one of its most important sections, an online education area. In this part of the site Association members will be able to sign up for classes they need to improve their operations, learn about regulations and how to comply with them, and any other type of training that the member associations will request. We will have set up real-time as well as stored classes so that students can interact with others in the class who may be spread around the country, as well as the instructor who could be anywhere in the world. The stored classes will be made available for those who can not attend a regularly scheduled class but who would still like to take advantage of the learning opportunities we will offer. All real-time classes will be recorded and we will create special online training opportunities where appropriate.

2.3.4.1 What is the Process?

As Trade Associations join our site, we will work them to figure out what sort of training their members need and whether they would be able to do real-time or stored classes. People in some sorts of associations that are spread around the country (or the world, for that matter) may not have the ability to set a specific time when their members can be available for real-time training. I that case we would make more stored courses available. Regional associations, however, may be able to set aside specific times and dates and have enough members available where it would make real-time classes feasible.

Once we have the requests from the associations outlining their educational needs, we will contract out with universities, training institutes, and others to create the content. Real-time professors will need the infrastructure put in place to teach the classes, computers, cameras, electronic whiteboards, e-mail accounts, and whatever else is needed.

Association members will then be asked to sign up for classes on our website where they will be given login and password for their account. Their account will include demographic information as well as keep track of grades, professional certifications, classes taken, and other information. The association will have access to this information to keep track of how their members are progressing in any required training.

2.3.4.2 What do the Associations need to do?

When Trade Associations sign up with our service, we will offer them the opportunity to request specific training based on their special needs or to view whatever online content we currently offer. Any specialized training will require that they get a certain number of their members to sign up and, consequently, pay. Once a class has either been requested or picked from the available, it will be up to the Association to ensure that their members have the correct technology in place, computers, e-mail, web access, and internet streaming video cameras that they will need to participate. We will be available for technical advice and testing of their connections, but will not physically install anything.

The associations will also have to advertise their new partnership with our web site in their trade magazines, meetings, and newsletters. They will be paying for content beforehand, so it will be on them to get their members to actually sign up for it and “attend” classes.

2.3.4.3 What needs to be put in place?

We will need to make a large investment in equipment, software, and people to run it at the outset, but with correct resource management and planning there should not be a huge need for continued large capital expense once the initial infrastructure is in place.

The first things that will need to be ordered are servers with enough hard drive capacity, processing power, and bandwidth. These servers will have to handle the task of streaming many classes at one time to potentially dozens of students as well as single connections to one student at a time when they are view stored classes. Using IPv6’s ability to multicast will save bandwidth at our end and reduce network traffic.

The software and hardware will be the heart of our site. It will need to be user friendly, easy to maintain, and powerful enough to handle the behind-the-scenes work that will be needed. Many of the smaller association’s members may not have any or very little computer experience. Making the site visit as easy as possible for these members will be our most important task. If no one shows up for the online education that we will be offering, then the Associations affiliated with our site will not be happy and will cancel. We will need to buy, install, and maintain easy to use collaboration and education software. This will include pieces such as Microsoft’s NetMeeting software and Blackboard.com’s educational portal software, as well as e-mail, and instant messaging packages.

Behind the scenes we will need redundancy for our serves in the form of High Availability (HA) systems from Sun or other vendors. Uptime is the most important part of offering an online service. If you have bad uptime then people will refuse to revisit your site and you will fail.

Almost as important as uptime are backups. If one side of your HA system is going to crash, you need to be able to load a correct, up-to-date backup of the environment as soon as possible then synchronize your system such that users are never affected and notice as little interruption in service as possible.

Finally, we will need to have redundant network architecture based on IPv6 with systems in place to alert of us of any potential traffic problems. Additionally, both redundant network connections as well as backup switches, routers and hubs need to be in place to handle any potential network hardware issues. Concurrently we need to be assessing the health of the network at all times to forestall any problems with bandwidth either inside our own system or with our connection to Internet 2. Since we will be in the business of streaming real-time video and audio we can not afford for there to be either latency in the streaming packets or loss of packets due to faulty hardware.

2.3.4.4 Distance Education Summary

After the initial investment in hardware and software, the cost of the classes will be covered by the Association’s dues charged when they join the site. Tuition from students will also go towards class content creation. Once the classes have been created the first time, they will be edited, cleaned up and offered on the website for others to take at later dates. This will incur minimal expense (hard drive, backup tapes, etc) on our part and let us generated revenue in future periods. Association members will be charged tuition for classes they take online with either the student’s themselves paying or the Associations covering the cost for required classes.

3. Market Research and Analysis

3.1 Customers

Our customers are all the professional trade associations in the US. It is our believe that every association can benefit in some shape or form from having a Web presence. Our initial focus will be on those associations, regardless of whether they are currently on-line, that can benefit the most from our broadband offerings: eManufacturing, CRM, and Distance Education. Along these lines, we are targeting associations whose professional subject matter has one or more of the following characteristics: manufacturing based, customer based, dynamic and changing knowledge base. The associations that display these characteristics will have the most to gain from our offering: expediting the manufacturing process, maintaining a organized and dynamic customer approach, and keeping abreast of all the latest industry regulations through distance learning.

Adhering to the strategy of identifying associations that stand to gain the most from our broadband offerings, we have targeted the following association categories and sub-categories.

3.1.1 Computers & Internet

The machines, their connections, and their capabilities.

• Computer Hardware, Computer Science, Computer Software, Cyberculture, Internet, Platforms, Programming, System Administration, Computers & Internet News.

3.1.2 Education

Schooling and instruction; the provision of knowledge or training in a particular area or for a particular purpose.

• Early Childhood and Pre-school, K-12, Alternative, Special, Higher Education, Adult, Vocational, Teachers & Administrators, Education News.

3.1.3 Health & Medical Sciences

Dealing with the condition of an organism — its freedom from disease or the diagnosing and treating of disease or other damage to body or mind.

• Alcohol, Drugs & Tobacco, Alternative Medicine, Consumer Information | Disabilities | Diseases, Disorders & Syndromes | Donors and Transplants, Exercise & Fitness, First Aid, General Medicine, Geriatrics, Health Care Management & Policy, History of Medicine, Injuries, Medical Technology, Men’s Health, Mental Health, Medications & Pharmaceuticals, Nursing, Nutrition & Diet, Occupational Health & Safety, Oral Health & Dentistry, Pain Treatment & Management, Pediatrics, Preventive Medicine, Sexuality Specialization, Surgery, Veterinary Medicine, Women’s Health, Professional Resources, Health & Medical Sciences News.

3.1.4 Law, Government & Political Science

Rules and principles governing a community and enforced by a political authority; matters having to do with the control and administration of public policy in a political unit; the study of the processes, principles, and structure of government and of political institutions.

• Law, Law Enforcement, Government, Political Science.

3.1.5 Science & Technology

The natural and physical sciences and their practical applications.

• Agriculture, Astronomy, Chemical Sciences (Chemistry), Communications, Controversial, Earth Sciences, Electronics, Energy, Engineering, Environmental Sciences & Ecology, Horology (Time Measurement, Clocks, Calendars), Life Sciences, Mathematics, Paleontology, Physics, Transportation, Science & Technology News.

3.2 Market Size and Trends

There are approximately 200 US-based associations, both on and off line, that exist in our target areas outlined above.

As with everything in this ever increasing wired world, deliver your message 24 hours a day 7 days a week to anyone, anywhere is becoming key to success. An online portal allows such access and supports the following market trends:

3.2.1 Increase Revenues

Associations don’t want just a simple web site. Rather it is important to have a web site that create a multi-media presence that builds on itself – each component benefiting the other. Use web sites to build revenues for association meetings – using the meeting to create the essential web site. Association portals offer the following revenue enhancements:

• Member profiles – with pictures, reply forms, email and web links – searchable by name, location, product or key word. Offer expanded access to on-line registrations.

• Product listings – allow members to include images and free form text descriptions of their services or products.

• Banner Advertising – an additional way that members can attract attention to both their on-line displays.

• Sponsorships – of specific areas of the Internet community allowing members to tighten user identification between them and a product or service.

• Lead generation – with statistics on impressions and ‘click throughs’ – offer your members access to the database of Internet Community registrants.

3.2.2 Be your industry’s portal

Capitalize on your assets: name recognition, membership and your established lines of communication to create the essential presence on the web. These assets are the means and tools that insure that your web site will become the portal. One that all others will want to participate in – and benefit from.

3.2.3 Provide e-commerce sites

Offer your members complete e-commerce enabled storefronts.

For the member your Internet community can take the prospect from your site directly to their on-line storefront to close the deal. This can be another value-added member benefit – and an additional revenue source for your organization.

3.2.4 Create an Internet Community

Complete an on-line Internet Community presence with:

• Virtual Exhibit Hall

• New Products

• Classified Ads

• Community Discussion Forum

• Live Chat

• Current Features

• Industry Profiles

• Industry Events

• Featured Articles

• What’s New

• Member information and registration

• Program descriptions,

• Exhibit Hall registration

3.3 Competition

There are approximately 240 ISPs operating in the U.S. Of these, approximately 10% offer broadband capabilities and less than 5% offer the type of community and business building applications we provide. There are currently no broadband ISP dedicated to the creation of profession trade associations.

Clearly we have the opportunity to be the market leader by gaining, among other things, first mover advantage.

4. Marketing Plan

4.1 Overall Marketing Strategy

In order for TapNet to be successful it must generate a series of repeat users and establish its community. This is tremendously import for the success of TapNet. The TapNet site is targeting a very select group of users, the trade association community. The following features are designed to be offered as free or fee services to this community in return for generating interest, repeat use and loyalty to the site as active participants of this community.

4.2 Pricing

Pricing will be established based on leading Internet Pricing Models. TapNet will offer banner adds to all its trade association’s members. This will be based on a flat fee and a yearly contract.

4.3 Sales Tactics and Promotion

Sales tactics include only using on-line capability. No direct sales force will be deployed to assist in marketing activities. Major promotions include the following:

• Trade Show Site – On the TapNet.com front page, there is a series of links to microsites that provide information and services for the tradeshow visitor and exhibitors in the form of a virtual trade show. This virtual trade shows are a link to trade association websites that offer product and services to other trade associations. These microsites will be a great draw for TapNet site.

• Daily Trade Association Headlines – This feature is a daily e-mail posted and pushed automatically to all subscribers. The daily headlines are short: two to three sentence blurbs about events and issues affecting the trade association industry as they happen. The email newsletter is free and easily downloadable.

• Discussion Forums – This feature I a bulletin board style posted discussion.

• Stock Listing – This feature provides stocks traded in US. The delay is 15 minutes and is used as a draw.

• Calendar of Events – This feature provides a listing of the events of relevance to the trade association. Events are organized by the month in which they occur.

4.4 Advertising

Our goal is to advertise on the leading Internet portal and search engines. We will also participate in print ads of leading trade association magazines.

5. Design and Development Plans

The design of the system will have to include several factors. From the client’s point of view they will want security, responsiveness, cost and availability. Our needs will include maintainability, disaster recovery, and cost.

5.1 Development Status and Tasks

Current development status is in the planning stage. From this point on we need to address the following issues: network connectivity, server purchase, build and install, software install, security, and user testing.

Network connectivity depends on whether we decide to host our servers in our own facility or contract out with a hosting company to handle it. If we do it in-house we will need to budget for power, air conditioning, security, and connectivity. Hosting with another company will reduce our setup times but will lower our “sense of ownership”.

Purchasing the servers is actually the end-state of a process that will include requirement writing, application availability per platform, initial cost, setup cost, and maintenance costs, and performance over several different usability models. We need to have a good sense of how hard and in what way the servers will be used before we can make a final purchase decision.

There are only a limited number of software packages that will do what we need, so it should be fairly quick and easy to get representatives in to give us demonstrations of their products and make a final selection.

Security will be a major selling point for our customers. They will want to be able to see their data without too many hassles while at the same time not allow others access to it. We will need to plan for security that keeps unwanted internet hackers off our system as well as keep clients who are allowed on the system to see only the data that they are supposed to have access to.

5.2 Difficulties and Risks

The most difficult part of setting up the whole environment will be making sure that all the parts work together. Integrating all the various software components will require extensive testing in both functionality and performance. The system will have to be flexible enough to handle all the software we plan on plugging into it as well as be robust enough to handle the load of a large number of concurrent users hitting the system and straining available resources.

The biggest risk we face is having the hardware and software in place but disappointing our users through non-availability, slow response, or offering functionality that they either do not want or do not need. It should be possible to sing up clients because of the promise of user friendliness and innovative product offerings. Keeping them as clients will require that we keep them happy providing a level of service that we have promised.

5.3 Proprietary Issues

Propriety issues include the content that we will be providing to our clients, data about our clients that we store on our servers, and our business “best practices” that will allow us to server our clients.

Client issues can be handled through appropriate segregation of customer data. We will do this by setting up separate databases, Virtual Private Networks, and logins for each client. This should ease any fears of data contamination as well as allow us to better manage our proprietary data by marking it specific to each customer.

6. The Financial Plan

6.1 Actual Income Statements and Balance Sheets

6.1.1 Expenses

2001 2002 2003 2004

Staffing 494,992 791,339 2,302,619 6,227,837

Technology 729,523 904,251 1,198,932 1,620,195

Projects 1,920,000 71,533 60,000 136,023

Other 70,000 70,000 70,000 70,000

TOTAL $3,214,514 $1,837,124 $3,631,552 $8,054,056

6.1.2 Revenue

2001 2002 2003 2004

Revenue $689,456.06 $2,625,286.25 $11,202,679.85 $25,011,536.56

Expenses $3,349,089.19 $2,044,441.62 $4,241,547.64 $9,634,079.27

Net Profits/(loss) ($2,659,633.13) $580,844.63 $6,961,132.21 $15,377,457.28

Profit Margin -385.8% 22.1% 62.1% 61.5%

Earnings per Common Share -0.30 0.06 0.78 1.72

6.1.3 Staffing

2001 2002 2003 2004 Total

Exec. & Staff Salary 448,583 691,060 1,933,320 5,166,745 8,239,709

Office Space and Furniture 36,033 78,569 291,888 845,295 1,251,785

Travel and Expense 10,375 21,711 77,412 215,797 325,294

Number of staff 5 27 139 416 587

Cost of staff per quarter 40,604 42,253 43,968 45,754 43,145

Number of staff 5 27 139 416 587

Square feet per staff 900 900 900 900 900

Cost per square foot 123 128 133 139 131

Hours per quarter 2,000 2,000 2,000 2,000 2,000

Cost per hour 203 211 220 229 216

6.1.4 Technology

2001 2002 2003 2004

PCs $28,013 $58,620 $209,011 $582,652

Web Hosting includes Bandwidth $480,000 $600,000 $720,000 $720,000

Application Package Software $120,000 $140,000 $160,000 $160,000

Application Maintenance $101,510 $105,632 $109,921 $114,384

Telecommunication $2,075 $4,342 $15,482 $43,159

Number of staff 5 27 139 416

Cost of PCs per staff per quarter $5,400 $5,400 $5,400 $5,400

Hours per quarter $2,000 2,000 2,000 2,000

Cost per hour $203 $211 $220 $229

7. Proposed Company Offering

7.1 Proposed Company Offering

The objective of this section is to indicate the amount of money that is being sought for TapNet.

7.2 Desired Financing

Based on real-time cash flow projects we need $19,350,000.00 over the next three years.

The breakdown is: Shares IPO price

Secured from Offering 3,850,000 $5.00 19,250,000

Loans from Directors 100,000

Total Cash Flow from Offering 19,350,000

Offering Shares

Type of Stock Common

Percent of Company that investors will hold after Offering 50,000 5%

Securities sold through private placement Preferred

7.3 Capitalization

Current Outstanding Shares 0

Proposed Outstanding Shares 3,850,000

Available to Public 4,000,000 40%

Retained by Directors/Executives/Board 5,100,000 51%

Remained authorized but unissued 200,000 2%

Reserved for Stock Options for future employees 200,000 2%

Total Shares Authorized 10,000,000 100%

Use of Funds

The capital raised during this offering will be used in the following ways:

On-going Operations 12,288,701

Implement Technology Platform 2,187,556

Marketing Costs 260,000

Networks & Assets 4,474,800

Legal 20,000

Total Use of Funds 19,231,057

7.4 Investors Return

Rate of Return over 4 years 226%

7.5 Exit Strategy

Directors propose an outright sale of TapNet with in 48 months of launching offering. (1/2005)