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# SAMPLE EXECUTIVE SUMMARY

## **PipeDream.com**

*Retail Application Services*

This document was prepared by:

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# Pipedream.com - Retail Application Services

## Executive Summary

### Opportunity

Competition between online retailers for customers is at an all time high. However, most retailers mirror traditional brick-and-mortar business models: open a store, drive traffic to it, and hope for sales, while failing to take advantage of the Web's ability to create networks of consumers through online communities, content, and partnerships.

### The Concept

Pipedream.com has created a new weapon in the retailer's arsenal of strategic partnerships turning single consumers into networks of consumers. Recognizing this market need, Pipedream.com has developed a service that will greatly improve how Internet retailers entertain and service its customers. Integrating services and content will enable retailers to tap into new networks of consumers and save on web site development and maintenance. Our unique approach of providing applications and content will transform online marketing in our effort to build a synergistic global community of business partners and consumers. Pipedream.com revenues will be generated directly from our retailer partners in the following areas: (1) setup fees (2) maintenance fees (3) sale of data (4) and advertising.

### Milestones

The Company has raised \$\_\_\_\_\_ seed capital as of January 2000 to fund company operations. Pipedream.com (Version I) was launched successfully in October of 1999, achieving its objective of \_\_\_\_\_ users and \_\_\_\_\_ retailers, averaging \_\_\_\_\_ pages views per month and at a \_\_\_\_\_ conversion rate of visitors to new accounts through March of 2000.

### Strategic Advantages

- **Brand Identity** - This URL and brand awareness has generated over 5,000,000 page views on our site since our launch.
- **Proprietary Technology** - The Pipedream.com Engine and Database, written in Cold Fusion™. (Patents Pending)
- **Service marks and Domain Names** - The Company has obtained the rights to "My Pipe List" with the preemptive rights to "Pipe List." The Company owns Pipedream.com, Pipedreams.com, myPipedream.com, and a number of other related domain names.
- **Strategic Partnerships** - Our strategic relationships will take the form of content syndication, data sharing and sponsorships to build barriers of entry for our competition.
- **High Switching Costs** - Once retailers become comfortable using Pipedream.com's services, it is unlikely that they will move to a competitive service because their consumer data and business practices will be linked into Pipedream.com, making it difficult to switch.

### Competition

Presently, there are numerous "second rate" stand alone gift registry services in the Internet marketplace and three formidable competitors, such as: BigPipes.com, RustyPipe.com, CoolPipe.com. The Company believes the competition's penetration into the Internet marketplace will be limited due to: (1) their lack of depth and breadth of service offerings to retailers; and (2) primary focus of operating a destination site for consumers versus providing application services directly for retailers. Pipedream.com believes that it can continue to build strategic relationships in the online retail space and capture a large market share in industry before other companies can achieve a similar presence.

### Sources of Revenue

- **Setup Fees** - Pipedream.com will charge a one time setup fee to our retail partners for the use of our application services.
- **Commissions (Option 1)** - Pipedream.com will receive commissions after consumers purchase products from our retail partners. Pipedream.com will track all consumer purchases and will receive a pre-determined percentage of the final sale from the retail partner.

- **Maintenance Fees (Option 2)** - Pipedream.com will charge monthly recurring maintenance fees that will entitle our retail partners to premium registry and application upgrades.
- **Content / Data Syndication** - The Company also will generate additional revenue streams by providing aggregated consumer data retail partners. Premium content and data will be sold directly to our affiliate partners for republishing and co-branding exposure.
- **Sponsorship and Advertising** - Finally, The Company will generate revenue through retailers and product manufacturers paying for placement in our content and advertising in exchange for access to our highly focused target audiences.

### Services Description

- **Networked Registry Services** - Pipedream.com services will provide retailers with services for their online customers.
- **Data Tracking, Reporting, & Auditing** - Our enhanced community data aggregation & statistical information on consumer behavior will serve as valuable data to our business partners' strategic marketing and inventory management efforts.
- **Sponsorship and Advertising** - Leveraging our enhanced data and customer base, Pipedream.com provides retailers with unique opportunities to reach their target audience.

### Market Overview

- **Total Online Retailers** - Estimated to be 500,000 in 1999. 750,000 expected by 2000.
- **E-mail Marketing Spending** - Amounted to \$898 million in 1999, and is expected to increase 417% to reach the \$4.6 billion level by 2004.
- **Percent of Revenue Reinvested in Marketing** - 65% of the revenues generated by online retailers are reinvested in marketing and advertising compared with 4% for most traditional stores. (Anderson Consulting)
- **Online Spending Over Holiday Season** - Consumers spent \$7 billion shopping online the 1999 holiday season (Jupiter Communications) of which 19% of online shoppers purchased at least half of their holiday gifts via the Internet (American Express)
- **Average Online Stores Purchased Per Person** - Consumers averaged purchases from six different online stores during the 1999 holiday shopping season. (American Express)
- **Internet Retailer Brand Recognition** - 81% went directly to a retailer's website to purchase (American Express)
- **Price Points** - 72% of all online purchases fall between \$10-\$500 price range.
- **Turning Visitors into Customers** - Only 5% of unique visitors to retail sites become customers, while only 1.6% of total visits result in a purchase.
- **Consumers Abandoning Online Shopping Carts** - 88% of experienced Web buyers abandoned their online carts at some point during the 1999 holiday season leaving products unsold (Anderson Consulting)

### Marketing & Strategic Alliances

Pipedream.com's marketing efforts will be directed toward executing the company strategy of building a network of complementary strategic partnerships that will drive usership of our services. The Company will develop strong alliances with key organizations to help bring credibility, content and transactions through our service. These alliances will typically result in extensive co-marketing by both organizations with the goal of each company driving traffic and awareness of the other company's products and services. This is a strong element of Pipedream.com's strategy because it builds revenues and creates barriers for other companies working with these accounts. The Company expects to spend little on direct consumer advertising and will rely heavily on direct sales efforts, viral marketing, publicity, word of mouth, and strategic alliances to drive user ship and transactions.

## Financial Overview

A complete set of financials is found in this Business Plan but key metrics include:

	2000	2001	2002
Annual Unique Visitors	1,500,000	10,000,000	40,000,000
Active Customer Accounts	20,000	250,000	1,000,000
Transactions Per Year	200,000	2,000,000	10,000,000
Retail Clients	500	2,500	6,000
Avg. Revenue / Account	\$1.00	\$2.25	\$6.67
Revenues (\$)	\$400,000	\$5,000,000	\$30,000,000
Expenses (\$)	\$1,200,000	\$30,000,000	\$30,000,000
Operating profit/loss (\$)	\$(800,000)	\$(25,000,000)	\$0

## Funding and Use of Proceeds

In order to accelerate this growth, the Company is looking to secure funding via an equity placement to accomplish the following primary goals: (1) acquire \_\_ retail customers and (2) obtain \_\_\_\_ registered users. The Company is seeking \$ equity financing to be used as follows:

Payroll (8 Employees)	\$ 400,000
Marketing and Strategic Alliances	\$ 100,000
Tech/Equipment/Start-Up	\$ 650,000
G & A	\$ <u>50,000</u>
<b>Total</b>	<b>\$ 1,200,000</b>

## Benchmarks for Growth

	April 2000	May 2000	June 2000	July 2000	Aug. 2000	Sept. 2000	Oct. 2000	Nov. 2000
Product	V1					V2		
Shipping								
Number of Employees	3	3	8	10	12	20	25	30
Strategic Alliances	2	5	7	10	12	15	17	18
Expenses / Burn Rate	15k / 25k	25k / 50k	100k / 75k	200k / 100k	200k / 150k	500k / 200k	1MM / 300k	2MM / 400k
Capital Raised	200k		1.2MM			8MM		

## Management Team

Our management team combines the experiences of executives and an advisory board with extensive backgrounds in managing and developing successful businesses within the Internet industry. Pipedream.com currently has two executives and is in the process of identifying and hiring additional support staff, which will be involved in business development, technical implementation and administration. Upon obtaining its first round of funding, the Company will hire a full time staff to fully implement the business as outlined in this plan. The Company's executive staff and operations will be in Inglewood, California.

## Management, Board of Directors, Advisory Board, and Other Partners

**For further information please contact:**