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I B C, Inc.

Business Plan

by Lee Jay Lorenzen

Proprietary and Confidential

November 30, 1995

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Executive Summary

Internet Buyer's Clubs, Inc. (IBC) is a newly formed company that will exploit the Internet's communication power to create and operate the most comprehensive and successful buyer's clubs in the world.

Each Internet Buyer's Club is characterized by:

- a continuously updated free WWW site (and potentially low-cost CD-ROM, newspaper, and/or catalog) in which all the relevant pre-sales information relating to a particular type of product category is available and organized in a compelling and easily searchable manner,
- an on-line active Buyer's Club President who is an expert in the particular product area, is responsible for maintaining the quality of the information at the site, and knows how to get visitors to the site comfortable with making a purchase,
- a Buyer's Club Volume Purchase Board which describes the currently forming volume purchase groups for any given product, the group's closing date, the group's current size, and the likely purchase price and savings advantage of the group members will enjoy given a range of possible group sizes,
- a simple and efficient method for customers to join a particular Buyer's Club that maintains the anonymity of the buyer, verifies the validity of the buyer, securely holds the buyer's funds in escrow, binds the buyer to a sales agreement providing a fair commission to IBC, and,
- an alliance of reputable product providers that can acquire, deliver, service, and stand behind the goods that are being purchased.

By being the leader in this new market category, IBC will own the virtual real-estate and a large number of the stores in the grandest gathering of buyers and sellers since the time of the first farmer's market.

IBC will break even at the end of its first year of operation and be profitable in its second year. Within five years, IBC will be generating profits in excess of \$50 million per year from transactions involving volume purchases of over \$1 billion dollars in goods and services.

IBC is being founded by Lee Jay Lorenzen and John Meyer, both successful software industry entrepreneurs. Lee Jay Lorenzen will provide the initial round of investment capital to fund the creation of the first seven buyer's clubs. Lee will also arrange for access to the technology and engineering resources of several of the companies that he currently owns at reduced rates. John Meyer will be the President and CEO. As such, he will be responsible for implementing the business plan, growing the business, and taking the company public.

The current plan is to seek funding partners for each of the buyer's clubs beyond the first seven. These funding partners will receive a portion of the proceeds that their funded buyer's club generates along with a small stake in IBC itself. The details of this offering are <TBD>.

Company Description

Internet Buyer's Clubs, Inc. (IBC) is a California "S" corporation founded in December, 1995. The founders include two successful software entrepreneurs with extensive backgrounds in personal computer software including desktop publishing, image editing, video-conferencing, user interface, system software, and developer tools. It's offices are located at 510 Lighthouse Avenue, Suite #7, Pacific Grove, California. The primary contact is Lee Jay Lorenzen at (408) 655-8005.

The Company's Mission

IBC's mission is to provide the premier family of group-purchase buying clubs on the Internet. IBC goal is to open and successfully manage 20 profitable Internet Buyer's Clubs in its first year of operation.

Key Success Factors

To be successful, IBC must develop and maintain the following characteristics:

- a passion for getting our customers the best buys on the planet,
- a fully researched analysis and compelling presentation of sales information,
- a multi-faceted approach for advertising the existence of our buying clubs,
- an appreciation for the power and awareness of the pitfalls of volume purchasing,
- a risk-sharing and success-rewarding method of managing our Buyer's Club Presidents,
- a fast-paced development partner that leverages increasingly powerful tools,
- an accurate sense of the market conditions and timing that lead to success,
- a bottom-line perspective that ensures both near and long term profitability.

IBC's success in the development of buying clubs that leverage the Internet's ability to bring buyers together to make volume purchases will open the door to other types of business opportunities relating to connecting buyer and seller. These opportunities include Internet Sellers Clubs, and Internet Flea Markets.

The People's Background

John Meyer is a proven company leader with a track record as the President and CEO of several successful high technology companies including Ventura Software (with product sales of over \$50 million in 1988), and ShareVision (which was turned around by John on behalf of a Venture Fund and sold for a profit). John brings a wealth of experience in managing complex and fast changing businesses that will be essential for IBC's initial launch and long term growth.

Lee Jay Lorenzen is a proven software developer and entrepreneur with a track record of founding several successful software companies including Ventura Software (with distributed profits of \$36 million over 5 years), Altura Software (with distributed profits of 1.8 million in 1995), Fractal Design Corporation (with a current market capitalization of \$120 million), and Jump! Music Software (with the leading position in the growing consumer music software market).

Some of the companies that Lee currently owns a portion of, including Altura Software, InfoHut, The Internet Factory, WTN, and Aptos Post, will provide services to IBC to minimize the need to initially staff up the engineering and publishing functions that will be required.

Each member of IBC's team brings a wealth of experience in addition to a demonstrated pattern of achievement and success both as an individual and as a partner in various collaborations over the past 15 years.

Internet Software Industry Trends

The growth and popularity of the Internet opens the door for many new types of companies. Most of the first wave of successful Internet companies are building the tools and infra-structure that will ultimately make possible new and more efficient forms of commerce. The second wave of Internet companies will be those that focus on the Internet's strengths in the area of providing product information and connecting buyers with buyers, buyers with sellers, and sellers with sellers. IBC intends to be the among the first and ultimately the dominate second wave Internet company.

Target Market and Competition

IBC's target market is the volume-purchase buying club market. The direct competition are existing individual buying clubs that advertise either on-line or using traditional mass media. The indirect competition are all the layers of retail product distribution between the large volume wholesaler and the consumer that lose out when people buy from a wholesaler.

The primary competitors are as follows:

Competitor 1

Competitor 1 is...

Competitor 2

Competitor 2 is...

Tool Descriptions

IBC's products are built using proprietary software tools from Altura Software which include QuickView, QuickSite, and QuickOrder. These three technologies make up the foundation upon which IBC plans to rapidly build and maintain its initial 20 Buyer's Clubs. These tools are as follows:

- QuickView, <TBD>.
- Quick Site, <TBD>
- QuickOrder, <TBD>

These tools will give IBC a competitive advantage in its ability to develop, advertise, and maintain the best buyer's clubs in the world.

QuickView

QuickView provides <TBD>

QuickSite

QuickView provides <TBD>

QuickOrder

QuickView provides <TBD>

The First Seven Buyer's Clubs

The initial seven buyer's clubs will focus on the following product categories:

- Cars, <TBD>
- Computer Equipment, <TBD>
- Computer Software, <TBD>
- Consumer Electronics, <TBD>
- Home Appliances, <TBD>
- Jewelry, <TBD>
- Insurance, <TBD>

These product categories have been chosen based on the dollar volume of the purchases, the commodity nature of the products, and their likely appeal given the demographics of the current Internet audience. Buyers clubs for Real Estate, Bulk Commodities and Travel products are currently not included because of the existing business plans of InfoHut, WTN, and InfoTravel.

Cars

The Car Buyer's Club ...

Computer Equipment

The Computer Equipment Buyer's Club is...

Computer Software

The Computer Software Buyer's Club is...

Consumer Electronics

The Consumer Electronics Buyer's Club is...

Home Appliances

The Home Appliances Buyer's Club is...

Jewelry

The Jewelry Buyer's Club is...

Insurance

The Insurance Buyer's Club is...

Sales and Distribution

IBC's sales and distribution strategy is based on the use of electronic distribution of product information over the Internet. Sales will be organized around product category specific buying clubs. Distribution will be part of the seller's responsibility and factored into the prices that our customers are quoted.

Management and Organization

At this point, IBC is a very small start-up with only one full-time employee, a part-time Chairman of the Board, and access to the tools and services of Altura Software, InfoHut, The Internet Factory, WTN, and Aptos Post. However, this team represents a seasoned group of successful software entrepreneurs. The team includes:

- John Meyer President, CEO of IBC
- Lee Jay Lorenzen Chairman of the Board
- Altura Software Online and CD-ROM Production Tools
- InfoHut Online Design Expertise and Web Site Hosting
- The Internet Factory Secure Web Server
- WTN Escrow Expertise
- Aptos Post Typesetting and Publishing

Each member of the team has extensive experience in the development and/or marketing of numerous system software and application software products. The two individuals met over 10 years ago at Digital Research and have since worked together in a variety of companies on many different projects.

Management Team

Lee Jay Lorenzen serves as IBC's Chairman of the Board and interim CEO, along with providing user interface design assistance and product idea development. Mr. Lorenzen is also a founder and current board member of Altura Software Inc., Fractal Design Corporation, and Jump! Software Inc., InfoHut Inc., Internet Factory Inc., Aptos Post Inc., WTN Inc., and Hotz Corporation.

- From 1990 to present, Mr. Lorenzen has devoted the majority of his full time efforts to developing Altura Software's Mac2Win Porting Technology and growing its business.
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- From 1985 to 1990, Mr. Lorenzen founded and served as Vice President of Research and Development for Ventura Software Inc., a leading provider of desktop publishing products.
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- From 1983 to 1985, Mr. Lorenzen worked at Digital Research in the development of operating system and user interface software.

Prior to 1983, Mr. Lorenzen worked at Xerox Corporation developing user interface technology.

John Meyer is a President, CEO candidate for IBC Inc.. From xxx....

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Organizational Plans

IBC's current plans are to stay as small as possible until its first five buyer's clubs are established and profitability has been achieved. For this reason, IBC will be relying on outsourcing as many development tasks as possible to other companies. Some of these companies include:

- Altura Software - on-line, CD-ROM and traditional catalog publishing tools
- InfoHut - on-line design services
- Internet Factory - WWW server
- Aptos Post - typesetting services
- WTN - escrow expertise
- ??? - public relations
- Tom Mallett - incorporation
- Bill Finn - accounting
- Venture Law Group - legal matters
- Paychex

In addition to help from outside companies, IBC has established a Board of Advisors to provide for part-time involvement of friends of the company who have a unique perspective on and financial interest in the success of IBC. This Board of Advisors is currently planned to include <TBD>.

Technical support and customer relations are <TBD>.

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