

BreedBay.Net

TECHNOLOGY BUSINESS PLAN

Technology Business Plan Prepared By

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Table of Contents

EXECUTIVE SUMMARY.....	4
MANAGEMENT AND ORGANIZATION	6
<i>Management Team</i>	<i>6</i>
<i>Compensation and Ownership</i>	<i>7</i>
<i>Location of the Business.....</i>	<i>7</i>
<i>Contracts and Agreements</i>	<i>8</i>
<i>Board of directors/advisory council.....</i>	<i>8</i>
<i>Organization Charts.....</i>	<i>9</i>
PRODUCT AND SERVICE PLAN.....	10
<i>Purpose of the service</i>	<i>10</i>
<i>Originality of the Technology.....</i>	<i>10</i>
<i>Unique Features of the Technology</i>	<i>10</i>
<i>Stage of Development.....</i>	<i>11</i>
<i>Future Research and Development</i>	<i>11</i>
<i>Better insight in the world of breeding</i>	<i>11</i>
<i>Better technology.....</i>	<i>11</i>
<i>My-BreedBay.Net.....</i>	<i>12</i>
<i>Ownership of Intellectual Property Rights.....</i>	<i>12</i>
<i>Patents</i>	<i>12</i>
<i>Trademarks and copyrights.....</i>	<i>12</i>
<i>Barriers to Re-engineering.....</i>	<i>12</i>
<i>Government Approvals.....</i>	<i>12</i>
<i>Technology Limitations</i>	<i>13</i>
<i>Technology Legal Liability.....</i>	<i>13</i>
<i>Related Services and Spin-offs</i>	<i>13</i>
MARKETING PLAN	14
<i>Industry Profile</i>	<i>14</i>
<i>Current Size.....</i>	<i>14</i>
<i>Growth Potential.....</i>	<i>14</i>
<i>Geographic Location</i>	<i>14</i>
<i>Industry Trends.....</i>	<i>15</i>
<i>Seasonality Factors.....</i>	<i>15</i>
<i>Distribution Networks</i>	<i>15</i>
<i>Basis of Competition</i>	<i>16</i>
<i>Competition Profile</i>	<i>16</i>
<i>Business Model and Pricing Profile.....</i>	<i>16</i>
<i>Customer Profile</i>	<i>16</i>
<i>Peer Reception</i>	<i>17</i>
<i>Target Market Profile.....</i>	<i>17</i>
<i>Gross Margin on Products</i>	<i>18</i>
<i>Market Penetration</i>	<i>18</i>
<i>Direct Sales Force.....</i>	<i>18</i>
<i>Interview in Magazines</i>	<i>18</i>
<i>Flyers.....</i>	<i>18</i>
<i>Direct Mail/Telemarketing</i>	<i>18</i>
<i>Internet</i>	<i>19</i>
<i>Advertising and Promotion</i>	<i>19</i>

Advertising in magazines	19
Advertising on internet	20
<i>Packaging and Labeling</i>	21
<i>Service and Warranties</i>	21
<i>Trade Shows</i>	21
OPERATING AND CONTROL SYSTEMS	22
<i>Administrative Policies, Procedures and Controls</i>	22
Integrity of the database/ Handling Warranties and Returns	22
Billing Customers	22
Paying Suppliers	22
Reporting to Management	22
Monitoring the Company Budgets	22
Security Systems	23
<i>Planning Chart</i>	23
Product Development	23
Financial Requirements	23
Marketing Stages	24
<i>Risk Analysis</i>	24
GROWTH PLAN	25
<i>New Offerings to Market</i>	25
Webpage	25
Spin-offs	25
<i>Capital Requirements</i>	25
<i>Personnel Requirements</i>	26
<i>Increase in Value</i>	26
<i>Exit Strategy</i>	28
<i>Mediation support</i>	28
FINANCIAL PLAN	29
<i>Start-up costs</i>	30
<i>Income statement</i>	32
<i>Start-up Balance Sheet</i>	39
<i>Balance sheet end year 1</i>	40
<i>Balance Sheet end year 2</i>	41
<i>Balance sheet end year 3</i>	42
<i>Statement of cash flows</i>	43
<i>Possible dividends</i>	46
APPENDIX A: COMPANY LOCATION	48
APPENDIX B: AGREEMENTS	49
<i>Buy/sell agreement</i>	49
<i>BreedBay.Net</i>	49
<i>Non-Disclosure/Non-Compete Agreement (Start-Up Phase)</i>	54
APPENDIX C: TECHNOLOGY	55
APPENDIX D: COMPETITIVE MATRIX CHART	57
APPENDIX E: PLANNING CHART	59
APPENDIX F: LOGOS	60

Executive Summary

August 2, 2005

Mr. Abrahams
P/O Box 123
Waco, TX, USA

Dear Mr. Abrahams,

Venture history

BreedBay.Net is formed from an exchange program between Baylor University, Waco, Texas, USA and Maastricht University, Maastricht, Netherlands. During five week students in groups of four have to set up their own business in a course named FastTrac.

BreedBay.Net is an online breeding exchange market for dogs. Breeders can search for a dog to let their own dog breed with. When they find a dog, they can get the contact information of the owner of that dog. A second thing BreedBay.Net does is to let breeders offer dogs to buyers. People that want to have a dog than can search in the database. We have chosen this topic because there is no online global database available yet. We want to offer easy searching and get a large database so the possibilities to find a good dog to breed with are better.

Venture description

The industry in which BreedBay.Net will operate is Pet care services (812910). This business is still growing. There are two reasons for that, both published in a recent survey of Small Business Development Center. First of all is the fact that world population is getting older and children are leaving their parents' houses earlier. As an exchange for these children the older people want to have a dog. Second reason for the growing dog breeding business is that dogs are being seen more and more as humans. Therefore people want to have the best breed dog they can find and are prepared to spend a lot of money on that.

That is where we come in, we will provide the community with a global database in which customers can look-up dogs and search for them with advanced search criteria for free, then contact their owners for further negotiating a deal. Breeders will pay a small monthly fee to advertise their dogs on our website and keep it in the database. Also, the huge amount of dog owners that visits our website will provide an interesting advertising opportunity for anyone in the pet care industry, which will be a secondary source of income.

Venture organization

BreedBay.Net will be a Private Limited Company with Frans van Egdom as President and Chief Executive Officer, Stephan Jansen as Executive President: Sales and Marketing, Maarten Poeth as Chief Finance Officer and Quintin Siebers as Chief Development and

Quality Control and Chief Technical Officer. Every member of the management team possesses the skills needed to fulfill the responsibilities of their prospective position. We all four will have 17% of the shares in the company. That is a total of 68% for the four of us. The other 32% will be owned by a venture capitalist. We will not need much money for our production and control of the product, but we need a lot of venture capitalist money, because marketing is the most important thing to survive in this business. Other low costs are web hosting and domain name. We think that an investment of \$100,000 will do, together with an investment of \$10,000 from each of us. That will sum up to \$140,000.

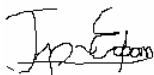
Venture market

Our target group exists of two parts. The first part is dog breeders around the world who offer dogs for sale and/or for breeding. The second part is dog owners or prospective dog owners who are looking for dogs to buy or breed with. BreedBay.Net offers them information about the dogs for sale and breeding, bringing breeders into contact with each other and giving site visitors the opportunity to buy or sell dogs. Our market penetration strategy will be to offer the service for free the first period of time. That means that you can subscribe, search and add a dog for free. With this strategy we hope to get a lot of people who want to use our service and a lot of breeders that enter their data in the database. Another way to fill the database is to write a letter to some large and well known dog breeders and ask them to add their dogs into the database. What will consume the most of our budget is advertising. Since dog breeding is not that interesting to all people over the world, we want to advertise BreedBay.Net on special places. We will do this on dog specific websites, dog breed magazines and going to fares and tradeshows about dogs.

Venture operations and financing

At first BreedBay.Net needs \$40,000 for start-up costs. The larger part of this amount is going to be spent in marketing and office/business supplies. The first year our costs are expected to be \$150,000 and our gross profit \$40,000. We will start with advertisements on the internet and in magazines and visit some trade shows. In the second year we expect to pass break-even and after that we will quickly generate substantial profits. To cover our expenses in the first year we will need around \$140,000, we will put in \$40,000 ourselves which means we are still looking for a private investor to cover the remaining \$100,000. This venture capitalist would have 32% of the shares of the company and will get his part of the profit money in the second and next years. Our estimated profits implicate that the returns over the 7 years that we will run the business until we sell it, the business will yield this venture capitalist slightly less than \$400,000.

Respectfully submitted,



F.J.S. van Egdom, Chief Executive Officer

Management and Organization

Management Team

The following four individuals of the management team comprise the original members of BreedBay.Net, and will continue to take an active role in the leadership of the organization as additional management staff persons are added.

Frans J. S. van Egdom was born in Zutphen, The Netherlands on May 11, 1985. He graduated from High School at the Isendoorn College in Warnsveld in 2003, having majors in Science and Technology. He started studying Knowledge Engineering and Computer Science at the University of Maastricht in Maastricht, the Netherlands and has just finished the second year there. He is looking toward receiving his Bachelor of Science degree in 2006. He is also president of de Maastricht Federation of Fraternities and Sororities 'In Concordis Liberi' and general member of the board of 'Incognito', the study association for Knowledge Engineering.

Frans van Egdom will be the Chief Executive Officer, being the primary spokesman and coordinating day-to-day operations of BreedBay.Net.

Stephan M. H. Jansen was born in Kerkrade in The Netherlands in 1985. In 2003 he finished high school at College Rolduc in Kerkrade with majors in Science & Technology and Science & Health Care. After high school he went to the University in Maastricht to study Knowledge Engineering and Computer Science. During his studies he had a job at the Economic Administrative Service in the cares clinic in Heerlen.

He is now a third year student and will receive the Bachelor of Science title next year. At this moment he is general member of the board of the study association of Knowledge Engineering and Computer Science. He is also a general member of the board of the study commission of Knowledge Engineering and Computer Science.

He is currently Executive President: Sales and Marketing, distributing advertising funds BreedBay.Net and contacting clients (breeders) and relations directly. He visits tradeshow and distributes folders and flyers.

Maarten R. R. W. Poeth grew up in the province Limburg in The Netherlands and graduated from Groenewald high school in 2001. He then started to study veterinary in Belgium but soon discovered his roots were more in Computer Science. That is why he started studying Knowledge Engineering and Computer Science at the University of Maastricht in 2003. He is now a third year student and will receive his bachelor degree at the end of the year. During his study he has a job as bartender in Maastricht and he is part of several student organizations, where he is member of the financial staff.

He is currently the Chief Financial Officer, making payments and maintaining the books.

Quintin H. J. F. Siebers was born in Deurne in The Netherlands. After high school at the Bouwens van der Boije College he started his bachelor study in informatics at Hogeschool Zuyd in Heerlen. After two years he received his bachelor's degree and decided

to continue studying. He went to the University of Maastricht to start his bachelor study in Knowledge Engineering. Next year he'll receive his bachelor degree there, and will continue with the Master Artificial Intelligence at the University of Maastricht. As a hobby he is in the board of the Heldense Reddingsbrigade, where his main function is website management. He is currently Chief Development and Quality Control and Chief Technical Officer. He designs and maintains our web application and database.

Compensation and Ownership

BreedBay.Net is a B.V: the Dutch equivalent of a private limited company and will be registered as BreedBay.Net B.V. at the Dutch chamber of commerce. Each of the above mentioned members of the management team will own 17% of shares of BreedBay.Net, summing up to 68%. We will do this, because if one of us does not agree a decision, it is still possible to force this decision by the other three. These three have 51% of the shares. For the remaining 32% we are seeking a venture capitalist that will provide initial finances. Each of the members of the board will receive an initial \$15,000 annual salary.

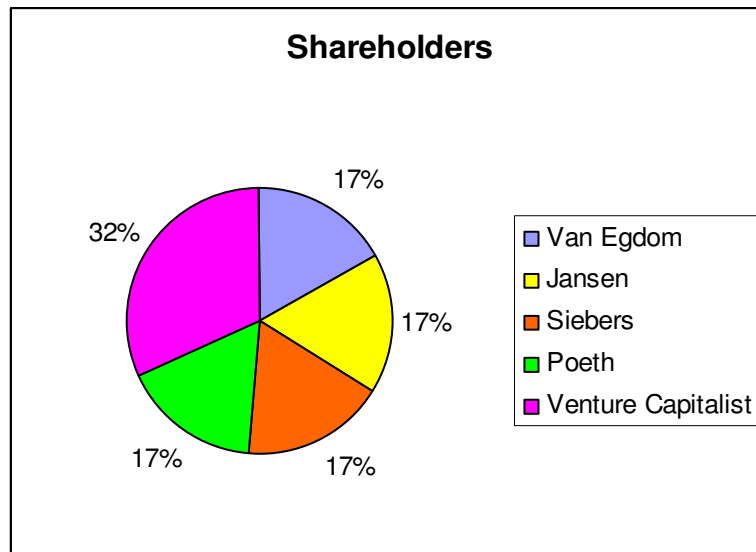


Figure 1: Percentages of the shareholders

Location of the Business

The company will be established in Maastricht in The Netherlands, because all four of us live in The Netherlands. With BreedBay.Net we want to reach the whole world, which is possible with the internet and international magazines. For the geographic location see *Appendix A: Company location*.

Contracts and Agreements

Between the owners there are three types of agreements

Buy/Sell agreement:

When one of the owners for any reason cannot retain ownership of the company the other owners have the primary rights to buy his shares.

Non-compete-agreement:

All the owners will agree not to engage in the same line of business for a period of 5 years starting July 20, 2005

Non-disclosure agreement:

All the owners and future employees will agree not disclose any internal and sensitive information about the company to any outsiders.

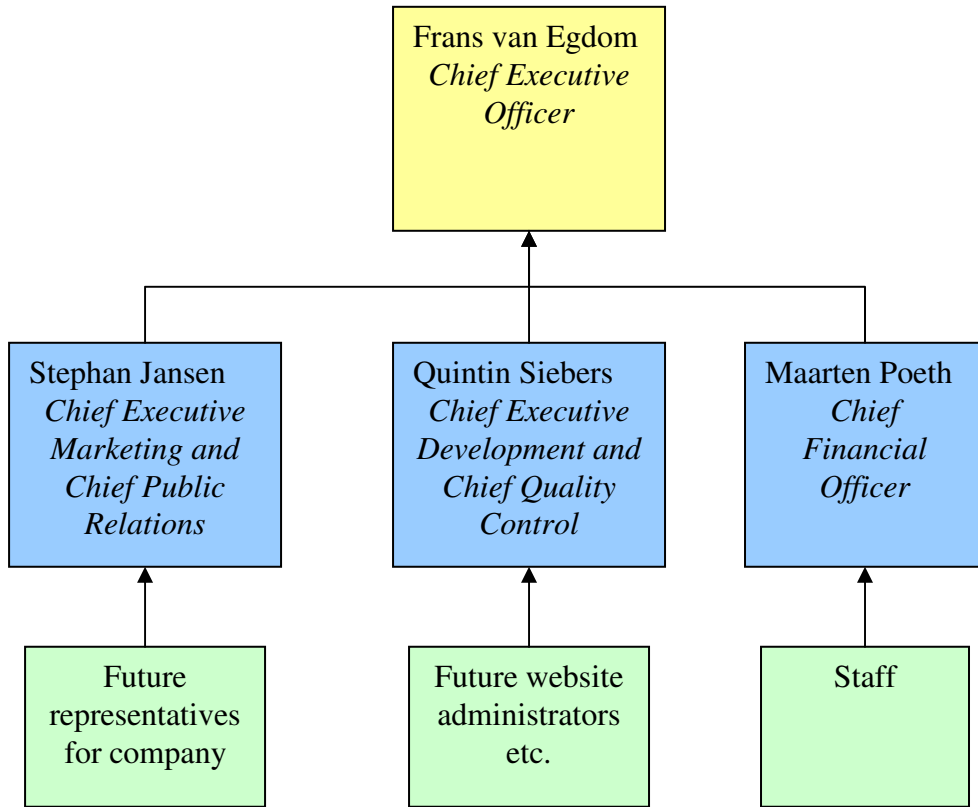
These agreements will be set up in a contract at the start of our business. They can be found in *Appendix B: Agreements*.

Board of directors/advisory council

BreedBay.Net has not yet compiled an advisory board, but has received input from several people who could make up that board, should one be deemed necessary in the future. We can use the advice of following people:

Lonnie Abrahams	Business and banking experience
Kasper Boon	Business experience
Peter Swelsen	Master in economics and writes for newspapers
Michiel Dekker	Professional boxer dog breeder
Monique van Beuningen	Marketing at National Trade Academy in The Netherlands
Jacco van Egdom	Creditability and banking at Rabobank Deventer, The Netherlands

Organization Charts



Product and Service Plan

Purpose of the service

The main purpose of BreedBay.Net is to connect dog owners, dog breeders, dog sellers and dog buyers. By offering contact information given by breeders and sellers, people looking to buy a dog or breed a dog can easily search for the best possible dog. People do not have to look for specific breed-breeders in their region anymore; with a few clicks they can see all the breeders that have a specific breed in the region. People that already own a dog can register on the site to find a mate for their dog, or to sell the dog.

Besides the contact part of our service, we also offer companies the opportunity to advertise on our website. With this advertisement they can reach a very specific part of the market. This would be ideal for businesses in the dog market.

Originality of the Technology

The idea of getting breeders, sellers and buyers at a central point is not new, but there is no website which includes all the parts of the service we offer our customers. We have not found a site which offers all dog breeds with regards to selling, buying and breeding.

Our technology is set up to be expandable so we can add more pets besides dogs (see Growth Plan).

Offering advertisements on websites is not a new thing, but it is a good way for advertisers to reach their market directly.

Unique Features of the Technology

The uniqueness of our technology is located in the gathering of all breeds of dogs on one site, offering the possibility to sell, buy and breed dogs. No other competitor has combined all these services into one product. People will find a breeder and contact him to buy a dog with a few clicks with this technology. Moreover, they will be able to evaluate the services they got from the breeder, so that other people will have an indication of how dependable a breeder is.

The uniqueness of offering advertisement on the website is located in the fact that more people will visit BreedBay than our competitors because we combine all there services at one place. Our website will also contain a forum for dog users to visit and ask questions about their dogs to other users. It will contain perhaps a column about dogs, tips for new dog users, news about dogs, etc. To be brief, Breedbay.net will feature a complete dog-lover community website.

Stage of Development

The main line of the product will be visible in the prototype. The database needed to run our service will basically be ready with the prototype. The possibility to sell, buy and breed will be available in the prototype, but the security and validation of all the supplied data will not be complete yet. Furthermore, the administration part of the product will also not be included in the prototype.

While the structure of the database is clear in the prototype. There are not many possible search criteria available yet. Of course, these will be featured in the final version of our product.

Search criteria and other available information which we will include are:

- Pet type(dog, cat or fish etc. at the start only dog will be possible)
- Size(small or large dog)
- Breed(what type of breed is the animal)
- Coat,(the color and structure of the animal's coat)
- Length and Weight
- Behavior, including children friendliness, activity, intelligence and trainability.
- Grooming needs
- Medical record, including shots and wormings, how genetic diseases have been avoided, etc.
- Dams and Sire, and most of these characteristics for the dams and sire.
- Address of the Breeder
- Reputation of the breeder(see unique features)
- The price of the dog
- A picture of the dog

Future Research and Development

It is critical that our product will always stay on top: Both in performance and convenience. Therefore we will continue to develop our product in several ways. These are some things to focus on.

Better insight in the world of breeding

To be able to better serve our customers we will need to dive into their needs. This general concept of marketing applies to us as well. We will need to know what people want to know about their new dog that we can include in our database. We think the best way to do this is just ask our customers and listen to their suggestions.

Better technology

When our database, expands certain performance issues may arise. Therefore it is necessary to keep our eyes open and see which new technologies emerge that we can use to enhance the performance of our databases and search engines. For the current technology, see *Appendix C: Technology*.

My-BreedBay.Net

To enable users to find dogs and gain an overview of the offerings even faster we will develop the concept of automated customization into our product. It will be possible for users to configure our website for themselves on their own computer. So that they will immediately get to the screens they want to see, without having to click through half the website. They will also be able to follow what dogs they are interested in and see when they are sold for instance.

Ownership of Intellectual Property Rights

Patents

Filing a patent on the idea of a global breeding database has been considered but deemed probably impossible and unnecessary. When the database expands quickly there will be no market for a competitor to start up another one, unless it is so much different and better than our own that a patent would not apply to it anyway.

Trademarks and copyrights

BreedBay.Net and the logo are a registered trademark and we will routinely include the copyright notice on our website and other publishing. Also we will register the domain name BreedBay.Net so it is reserved to us.

Before we used the name BreedBay.net, we did research on the trademark eBay. We found that BreedBay.Net is no problem, because it does not directly refer to it. Only names which sounds like eBay but are spelled different are not allowed, for example "Ebay", "eeBay" or "e-Bay." It is also not allowed to use names with eBay in it, like ebaymotors.com. It is also illegal to copy the idea to sell and buy stuff like eBay does and it is not allowed to copy their logo of some parts of it. Names like BreedBay or RedBay are allowed, because bay is a normal English word.

Barriers to Re-engineering

Once the database has been filled it will be hard to change the notation of the data in it. This will either require a lot of labor from our side, which is expensive, or may require customers to repost their pets, which is highly undesirable and risky. Therefore we will have to carefully design and think through our database and only add to it, not change it.

Government Approvals

We have not yet had to address this issue. We understand, of course, that we must be truthful in our advertising and not mislead any customer be it dog owner or breeder. We do not expect any government interference otherwise.

Technology Limitations

It will be hard to implement a chance for users to determine what dogs are for instance within 50 km. from their home, it will however be possible to determine the dogs in their state or postal code area.

Technology Legal Liability

There are neither lives nor money at stake when our website goes offline for any reason. The only thing that can go wrong is that the people using the website are untrustworthy. Bad deals between breeders and dog owners might be a source of liability, but sufficient disclaimers will disarm anyone who thinks of suing us for such a reason.

It is possible that some people want to misuse our service. It may be the fact that someone buys a puppy, pays for it and afterwards it turns out that the puppy does not even exist. The 'seller' is gone with the money then. That is the reason why we will explicitly show on our site that you better should not pay in advance, or that you keep some copies of your bank note with you.

Related Services and Spin-offs

The afore mentioned advertising opportunities are in a way a spin-off, but are considered to important to us to be named so. In the future it is possible to offer the service for other pets, for instance cats and birds.

Marketing Plan

Industry Profile

Current Size

The only information on the size of our industry, 812910 pet care services, is a number of the year 2001. In this year there were 7436 firms in the United States. There are no more recent numbers of the size this industry on the resources that are available to us. The size standard in millions of dollars is \$6,0 on June 21, 2004, preferred to NAICS code

(<http://www.sba.gov/size/kist/sizetable-1997.html>).

Pet spending was projected to be \$34,3 billion dollar for 2004. According to the American Pet Products Manufactures Association, this is a 100% growth over the last 10 years. Average household spending on pet services per year is \$24,58

(<http://sbdnet.utsa.edu/PetCareSnapshot.pdf>)

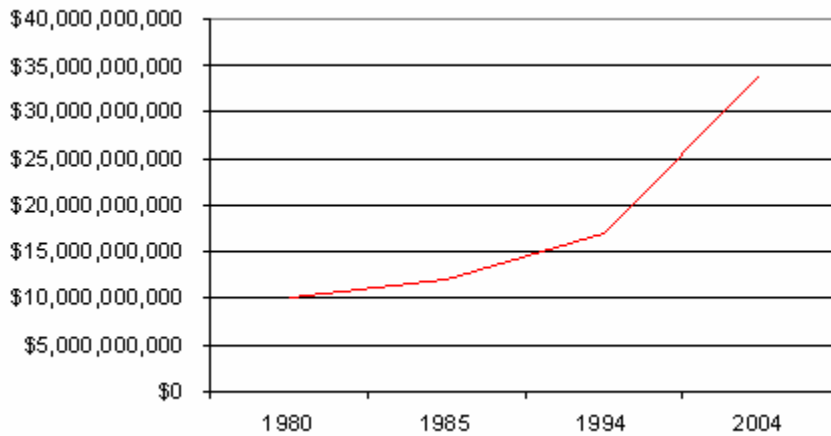


Figure 2: Pet spending

Growth Potential

In 2000 the size standard in millions of dollars was 5,0.

(<http://www.fedgovcontracts.com/fedregs/65f30836.htm>). That is one million dollars less then in 2004, which means the business is growing. Dogs are seen more and more like humans and people want the best breed dog they can find.

Geographic Location

Dog owners and dog breeders are all around the world.

Industry Trends

This business is still growing. There are two reasons for that. Those reasons can be found in an article prepared by Jessica Bybee-Dziedzic on SBDCNet (<http://sbdcnets.utsa.edu/PetCareSnapshot.pdf>). First of all, the world population is getting older and children are leaving their parents house earlier. As an exchange for these children the older people want to have a dog. Second reason for the growing dog breeding business is that dogs are being seen more and more as humans, especially in the United States. People buy more goodies for their dogs, even clothes and sunglasses, and go to a grooming. Therefore people want to have the best breed dog they can find and are prepared to spend a lot of money on that.

Extra Amenities to be Offered	% Of Survey Respondents Preferring the Extra Amenity
Radio or TV in Room	33%
Massage or Water Therapy	14%
Onsite Veterinary Check-Ups During Stay	30%
Daily Playgroup with Other Dogs	50%
Full Grooming Services During Stay	70%
Obedience or Agility Training During Stay	35%

Figure 3: Dogs are being seen more and more as humans

(source: "Kennels of the Future Survey," Best Friends Pet Resort & Salon, 2003)

Seasonality Factors

While Christmas is for some people a time they feel lonely, some of them think that a dog would help them trough that time of the year. Also a lot of people buy animals for their family as a present for Christmas. So, more dogs are sold during December.

There is also a seasonality factor determined by nature. This natural breeding season is every year in spring. It starts in March and ends in May. In this period we can expect more breeders come to our site and add a dog to the database then during the rest of the year. We make more money then on breeders that add a dog.

Distribution Networks

Pets are sold most of the time directly at the breeders place. The best way to get in contact with them is to contact a breeder association. According to a recent research of the Centraal Bureau for Statistics in The Netherlands pets are sold in pet shops sometimes and nowadays more and more on the internet.

Basis of Competition

The basis of competition for the industry we are in, is all that is on the internet on dog breeders and dog selling. In the pet care industry there is not a lot of competition between the breeders. The only kind of competition is status; which breeder has the best quality dog. The competition between our competitors on the internet is having the largest database and giving the best information of the dogs. It is also important that you have a clear and beautiful site, so customers like it to visit the site and will come back.

Competition Profile

BreedBay.Net has a few competitors. They are located in the competitor chart which you can find in *Appendix D: Competitive Matrix Chart*. The quality of the competitors are colored, red means a possible danger for us, green means that the competitor is no problem.

Business Model and Pricing Profile

The way to make money in this industry is to ask money from the persons that want to put their dog on the web. We also ask money for the people that place a request on the site for a certain dog. People will pay this amount, because it is an easy way to find a buyer for their dog. In the first three months this service will be free, because we need a lot of dogs in the database to have something to offer for the potential buyers. Once there are enough dogs in the database, the site is interesting for persons that are searching for dogs and the visitor average of our site will grow. From this point, we will ask \$10 per month for putting your dog on the internet and \$3 for the persons that place a request. The registration, that is needed to make your own profile and putting dogs on the website, stays free for everyone.

The other way to make money is with advertising on our site. We have two types of advertisements, large ones on the bottom in the center of each page (except the log-in and registration page) and the small ones on the bottom of the right on the screen of each page. In the beginning of our business, the large ones will cost \$55 per month and \$40 for the small ones. If the amount of visitors will grow, the prices will be grown too.

Customer Profile

BreedBay.Net has several types of customers. First of all we have the dog breeders that will place their puppies they want to sale on the site. This will be persons between 20 and 80 of age. These customers will also be the ones that can offer dogs for breeding or searching other dogs for breeding on our site. These persons are prepared to pay for our service for more then one reason. First of all they know that they can easily find a buyer, just with a few clicks. The second reason is that they do not have any risks to put animals on the site. The third reason is that the amount of money is just a little bit compared to the amount of money they will earn by selling the dog.

The second type of customers are the large professional dog breeders, dog breed associations, dog breed magazines and other dog and pet services that want to advertise on our site. These

companies could be small, because the price we offer for advertising is very low compared to newspapers, magazines and other internet sites. For large companies this is also a good place for advertisement, because it is for sure the right target group for them will also visit our site. The third and last types of customers are the persons that search for a dog or have a dog they do not want anymore. These persons can place a request on our site for just \$3. This is much cheaper than a request in a local paper and the request on BreedBay.Net will be read by more persons, and for sure more dog owners and breeders, than a local paper. These customers can have every age and are people that love dogs or want to have companionship.

Peer Reception

We spoke with a lot of people that have dogs or want to have a dog. These people were very enthusiastic about our service and idea. Nowadays they need to do a lot of research to find a dog. Most of the times it is hard to find a dog breeder and a good dog. The persons we spoke told us that they receive addresses of breeders from friends and family. They have not much choice between dogs. People that want to have a special dog are prepared to travel a lot of miles and pay much to get them. A service of BreedBay.Net will give them the opportunity to find the best dog on the planet. The dog breeders said that advertising on our site will be fantastic for their company and they told us that they will do it. The part of our service that they like the most is the option to search on every specification. Sometimes people need a dog that is child friendly, has long hair and is white of color. Nowadays it is very hard to find such dogs and it will cost a lot of money to call much people and travel to breeders. Breeders told us that they are mainly interested in pedigrees of dogs and genetic specifications. BreedBay.Net will be the only service where it is possible to see that kind of information.

Target Market Profile

Comparing to our competitors, an average value of 100,000 visitors per day can easily be reached with good marketing. The most competitors have bad marketing, but almost 50,000 visitors or more. That surprises us a little bit, but it says something about the need of our service. There are much people around the world searching or want to sell a dog. If there is one good site, which is not still there, they will easy find a dog and use this service. With an average value of 100,000 visitors per day we expect, recording to the numbers of database entries of our competitors, that there will be 70 entries a day, worldwide. This will only work if the service is already running very well. In the beginning of our service this number will be smaller. In the first part of the first year we expect to have 1 entry in a few days. In the last part of year one that will be 5 till 10 entries per day. In the second year we expect an average of 35 entries per day. From then, the service is running and we will reach the 70 entries per day in the years that follow.

If we look at the number of advertisements by our competitors, we conclude that a well running site, like BreedBay.Net will be, has around 25 customers that place an advertisement per month. At the beginning this will be much lower, because the number of visitors is lower and companies do not want to advertise on sites that have not many visitors. In year 1 we expect that around 8 customers per month will place an advertisement.

Gross Margin on Products

Since there is little competition between breeders in the industry the allowances for gross margins on dogs are still very large. We expect that breeders in the same area may have to compete more when our website becomes more important and these gross margins may have to go down.

Of course since we have no costs per item our gross margin will always be 100%

Market Penetration

Direct Sales Force

In the initial stages of our business it is vital that we fill our database with a large amount of data. Therefore we will directly contact a number of large breeders and cooperate with them to put their dogs on our website at no charge to them.

Interview in Magazines

We will contact some dog/breeding magazines so that they can interview us. The magazines can tell something about BreedBay.Net and this new idea. Magazines and newspapers will publicize an interview like this, because the service we offer is in benefit of all dog breeders and people who are interested in dogs. For the interviews we will use the best and largest magazines. These are City Dog, Dog World, Dog News, and Dog and Kennel.

Flyers

To get names acquaintance it is necessary to print brochures or flyers. We will print 5000 flyers at the beginning of our business. The flyers are A5 Double sided printed in full color. The price for this is \$250 and will be done by DesignConsult Drukwerk in the Netherlands. These flyers will be distributed in pet stores, by trades and other places were possible visitors of our website will come. The logos that we will use in flyers, printing paper, websites, banners etcetera are shown in *Appendix F: Logos*.

Direct Mail/Telemarketing

BreedBay.Net contacts professional breeders and breed associations with direct mail. We will offer them a special price for putting their dogs on our website or we give them some free posts. It is also possible to get cheaper advertisement on our website if they place some dogs in the database. With this plan we will get more data in the database, we earn more money with the advertisements and new visitors get more confidence in BreedBay.Net if they see that professional breeders already placed dogs in the database.

The most of the e-mail addresses can be found on the internet. For some e-mail addresses we have to pay a small amount to get them.

Internet

Since our technology is based on a website we already have a website to market our product on. We will of course try to promote our product on our own website.

Furthermore we will try to advertise on other websites that are related to the pet care industry and we will pay money to get a good position in search engines.

Advertising and Promotion

Advertising in magazines

We will advertise in dog magazines, breed magazines, and pet magazines. Therefore we will use our logo, which contains the name and address of our website, and slogan. There also will be short information about the site. In the following magazines we will start with advertising, after this period, we will evaluate the current situation and the satisfaction about the magazines publications, so we can decide in witch magazines we will advertise again:

Name magazine	Description	How large	Color / Black & White	Times	Costs per Time	Total Costs
Basenji Magazine	Devoted to Basenjis worldwide.	1/2 page	Full Color	6 times	\$80	\$480
City Dog	Canadian magazine providing urban dog people with vital information and advice in all areas of canine care.	1/4 page 3 4/5" x 5" 7 5/8" x 2 1/2"	Color	4 times	\$405	\$1620
Dog and Kennel	Articles about dog breeds, dogs at work, health care and environmental issues, training, and more.	1/4 page	Black and White	6 times	-	\$975
Dog News	Weekly source for dog judges, breeders, handlers and fanciers.	Full page	Black and White	6 times	\$250	*\$1500
Dog World	Advice on health, breeding and genetics, nutrition and grooming.	Quarter page	Color	6 times	£ 99 (\$173)	*£ 594 (\$1038)
Filatalk Dog Magazine	Includes articles, photos, dog profiles, kennel links, and more.	The cover page	Color	4 times	\$200	*\$800

Our Dogs	Guide to pedigree dog shows, dog news, breed notes, books, results, and reports.	Eight page	Mono	4 times	£ 81 (\$141)	*£324 (\$564)
Ozdog	Online pure breed dog community of Australia and New Zealand.	Quarter page	Mono	6 times	\$98	*\$588
Sheltie Pacesetter	Devoted to the development and promotion of the Shetland Sheepdog, known as "Shelties".	1/4 page	Black and White	4 times	\$99	*\$396
Total						\$7,916

Advertising on internet

We will advertise on several well known sites that handle in dog breeding, dogs, animals and more related things to dog breeding. Therefore we will use a banner, which contains the name and address of our website, slogan and brief information. On the following web pages we will start with advertising. After this period, we will evaluate the current situation and the satisfaction about the internet banners, so we can decide on which sites we will advertise again.

Name	Website	Description	Type of add	Time	Costs per month	Total Costs
Dog-Friendly	http://www.dogfriendly.com	Contains all information for making things friendly for dogs	190 wide x 160 high pixels	12 months	\$50	\$600
Info Dogs	http://www.infodogs.com	The most comprehensive and reliable web resource available for information on AKC Dog Show statistics and schedules, and quality dog products and	Top page	2 months	\$750	\$1,500

		services.				
Travel Dog	http://www.traveldog.com	Useful resource, advice and products that makes traveling with your dog more comfortable	A picture and a 50-word description and access to the site.	Unlimited, till site exist	\$150	\$150
PuppyDogWeb.com	http://www.PuppyDogWeb.com	Great deals on supplies for your dogs or puppy	Full package/ Photo's	12 months	\$29	\$348
Total						\$2,598

Packaging and Labeling

All design decisions about the website itself and any advertising or promotional materials will be made by BreedBay.Net and with help from our marketing advisor Monique van Beuningen. One goal is to make BreedBay.Net a well known brand name with a good status in the whole world. The other goal is to make the logo recognizable for everyone and will automatically be identified with BreedBay.Net.

Service and Warranties

We offer no warranty to anyone who searches for a dog on our website that this dog exists and that a deal can be made with the owner. That we do not offer warranty does not mean we do not care about the integrity of our database and put no effort into controlling the number of bad records in it. We will run a customer service for people that have trouble using our website or that have complaints about breeders. For more information on this see the control systems section of this business plan.

Trade Shows

We will offer information to anyone who is interested in our website on a number of large tradeshows and fairs. And will distribute flyers or folders there. People that visit such tradeshows and see our stand may at least wonder what it is about and may be inclined to visit our website at least once.

Operating and Control Systems

Administrative Policies, Procedures and Controls

Integrity of the database/ Handling Warranties and Returns

Breeders who want to place their dogs on the database need to fill in some data about themselves too and will also be included in the database. Since it costs money to add a dog to the database there will not be many people misusing it. To even further minimize misuse of the database we will have a complaint system. So that when a website user feels he is mistreated in any way by a certain advertiser he can sent his/her complaint to a specifically assigned email address so that we can put the integrity of the advertiser to question.

Billing Customers

Whenever a breeder wants to advertise a dog on our database, he must pay directly by credit card. A user can specify for how many months he wants to advertise his dog and will be billed for \$10 per month to be paid in advance.

This way we will have no need to collect accounts receivable because we will have none.

Paying Suppliers

We do not have any suppliers, but we do have costs like phone bills, and costs for the web space we occupy. The Chief Financial Director will be responsible for paying these bills and every once in a while the Chief Executive Officer and the accountant will check for mistakes.

Reporting to Management

Our company will remain small enough for at least the first few years of its development to require a special control system to report to management. Any employee or staff member will answer to his/her direct superior directly as indicated in the organizational chart. Whenever an employee feels he does not know how he should respond to a situation he can ask his/her superior. This should not take up too much of the management teams' time since there are not that many employees.

Monitoring the Company Budgets

The only ones who will be spending company money will be the management team. The Chief Financial Officer will keep an eye on the other directors' spending and the Chief Executive Officer will keep an eye on him. Every year there will be an evaluation of last

years spendings and we will see what spendings could or should be reduced in next year's budget.

Security Systems

The database will be run on a secure web server and access to alter the website and database structure will be limited to only the Chief Technical Officer and maybe his moderator team. We will ensure that the content of the database is secure by tape streaming the entire content at the end of each day and storing it at a special location. That is one of the management homes.

Planning Chart

See *Appendix E: The Planning Chart*.

Product Development

As mentioned before the website is already in development and a prototype has already been completed. Some additional research into the world of breeding is needed to adequately cover every detail a prospective dog owner needs to know about his new dog. This research will mainly be carried out by our Executive and Financial Officer and will have to proceed in close harmony with the actual development of the website. Our estimate is that this research will take between two and three months.

In the meanwhile a completely operational website with content has to be built, which is the main responsibility of our technical officer.

While we are pushing our database closer to operation it will be vital to contact potential customers to fill the database with a substantial amount of data so that the site will be attractive to dog-owners. Finding these breeders will be the prime responsibility of our Marketing and Sales Director.

Financial Requirements

During the first stages of the operation of our website money will be needed to make it healthy. For a website to be healthy means for it to have many visitors and for it to have many visitors requires two things: It should be useful and it should be well known.

How to make our website useful we already know, that is what our database is for. But to guarantee full utility of the website it is necessary to operate and maintain it from a professional environment. We should be reachable to customers, we should secure our data and for this we will need an office space, computers for development and that requires money.

To make our website known requires advertising in the world of breeding. We will need to advertise in magazines and on the web itself which will both cost us money.

For a complete overview of our financial requirements in the first stages of our business I would refer to our financial plan below.

Marketing Stages

To generate revenues it will be necessary to attract as many customers as possible. Therefore we need create a well-known website, and to do that we need to capture the interest of the dog breeding community and to maintain it long enough to let it attach itself to our website. This is what our marketing plan will focus itself on.

Before the official launch of our website we will contact a number of breeders to add their dogs to the site at no charge to create a substantial database from the beginning on..

In the first free months this service will continue to be free and this should quickly expand the database to make it really interesting to dog owners.

In the meanwhile, we will contact magazines about dogs to gain publicity. These magazines may want to tell their readers of this new opportunity. And we will also advertise in these kinds of magazines to attract dog owners to the website which is by then fully operational and ready to provide service to them.

We will then focus on improving the service to satisfy the dog owners so they will tell other dog owners about our site and thus become the standard website to go to if you are looking for a dog.

In the meanwhile we will put our attention into attracting advertisers, in order to create sufficient revenues to sustain ourselves and attain the second year break-even goal.

By the third year, these revenues should have risen enough so that we can afford more expensive and effective marketing investments, such as TV-commercials so that we can become the global standard.

We will also expand our service to other types of pets, such as cats, birds, fish and maybe even horses.

When that has been achieved nothing stands in our way and we will just have to watch no-one steals our position, which will be almost impossible.

Risk Analysis

The largest uncertain factors in this business will be the customers themselves, being the breeders and the dog-owners. There is no way to be entirely sure that breeders will be interested in posting their dogs on our database and there is no way to be sure that people will take the step to look for a dog on the internet. Fortunately, our risk is minimized by the fact that it will be possible to abandon the project before great spendings are made. When it appears that absolutely no cooperation from dog breeders is available to fill the database we can decide to not make investments in marketing and office equipment. We will not have to make big costs before we have sufficient confirmation that people are really interested in our product.

Growth Plan

New Offerings to Market

Webpage

BreedBay.Net is a website that is now made in the internet programming language PHP. This is a dynamic language which takes lots of its information from the database with dogs and breeders. The site is easy to use for today's standards. But internet is growing and changing a lot. We have to be aware of trends on internet and in internet business. For example, when new search methods come along, we have to decide whether we may use them or not. The webpage has to be constantly up to date.

Spin-offs

With BreedBay.Net there is a possibility to make several spin-offs after a couple of years. When BreedBay.Net works well for dogs, why should it not work for other animals, such as cats and birds. One of our competitors, TerrificPets.com, does the same service for horses as well. We decided not to make a spin-off for horses, because horse breeding is a really different business. We are not trustworthy anymore when we make it look easy and make the service available to all kinds of animals. It seems like we are not dedicated to one kind of pets anymore, but only want to make money. That is not good for our image.

Making spin-offs for cats and birds for example will not cost as much money as it costs to start BreedBay.Net. The most money we have to spend on for making a spin-off is on marketing. By starting a spin-off we are already an established company and people know us as BreedBay.Net. Cat breeders may be recognizing the name and than it is easier to penetrate a market when you are well known. The penetration into the market will be at the same way as we do it for dog breeding: advertise in the specific magazines, internet sites and asking big breeders to help us fill the database.

Capital Requirements

Maintaining the site and keep it up to date with the latest trends on the internet will only cost time which is spent by one of us. Maybe we have to buy new software, but the costs of that are already in our budget plan, because we maybe need more software for BreedBay.Net on dogs.

The marketing for a spin-off costs money. We assume that advertising in cat magazines and internet sites will cost as much as it costs for dog magazines and internet sites. So, the marketing for our spin-off in cats will cost about \$15,000 then. For other spin-offs it will cost the same or less, because there are not more magazines and internet sites we can advertise on for other kinds of animals.

Personnel Requirements

The four of us will start the company and we expect that we can run the company ourselves for the first years. When the company is getting bigger, expected in the third year, we might have to hire other personnel. After the third year we can maybe use a specialist in marketing. This employee can help us getting the marketing more structural and effective. By effectiveness we mean that the advertisements are at once at the right places, so we have not to spend money anymore on too many advertisements. Also the employee can help us making TV advertisements and bring them to the right place. We need an experienced marketing employee.

Another employee we might need is a secretary employee. Because we now have to deal with, say, three different kinds of animals, there is a chance that we can not handle everything in the company. We now have a sort of three different companies we have to run. Incoming mail and phone calls have to be separated and answered. We expect the secretary tasks will be doubled, maybe more. As we could handle all secretary tasks ourselves before, we can do that anymore when we are growing. A secretary employee would be useful then.

Increase in Value

By enlarging the company and make several spin-offs, it is clear that income will increase. We now have, say, three different companies with the same concept, that all make a lot of money. First of all we have BreedBay.Net for dogs, which will still be our main company after three years. We already make a lot of money with it. As you can see in our financial plan, from the third year on our net profit will be about \$130,000. By making two other spin-offs, say cats and birds, we can make more money. In the first period we have to invest a lot of money in marketing, the same as we did for dogs. That money comes from our own profit or maybe from a venture capitalist again. After a good marketing start and a database that is getting filled, we can start the same procedure for those spin-offs. Our income will be asking money when people add a cat or bird, the same as we do for dogs. We expect this income will be smaller, because the cats and birds markets are not as large as the dog market and they are less expensive. People sell cats for an average of \$400 per cat, where dogs are sold for \$700 on average. So you can not charge breeders who want to add a cat as much as you do for adding a dog. We will get \$250,000 from breeders that add a dog from the third year on (as can be seen in our financial plan). This way, we expect to get \$100,000 from our cats section. For birds the income will be less than for cats, because of the same reason as that cats will make less money than dogs. But it will still be worth to make this spin-off, because it still increases profit and we give an extra service to our customers.

By making spin-offs we will make more money from advertising. We get more advertisers because we now not only have a dog section, but also one for cats and birds. This way cat oriented advertisements can be placed in the cat section, and bird advertisements in its own section. Advertising on the main page, BreedBay.Net, will be more expensive. Not only people who are interested in dog breeding will come to our site, but now also people that are

interested in cat breeding and bird breeding. From the main site, BreedBay.Net, you can navigate to the section you want, but it is clear that every visitor will start at BreedBay.Net. There are more visitors then, and that means that we can charge more money for advertisements on the main page. So, income by advertisements will raise a lot and we expect it to be \$50,000 per year.

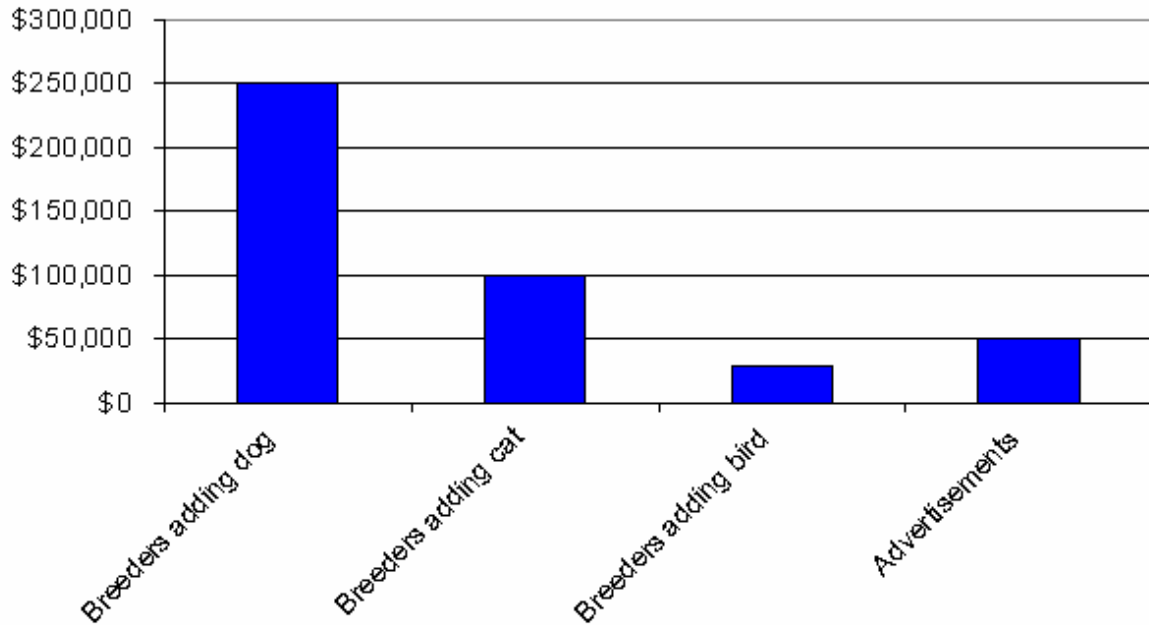


Figure 4: Expected income per months after setting up the spin-offs for BreedBay.Net

Exit Strategy

After 7 years our company will be a good running business. BreedBay.Net for dogs, with probably its spin-offs for cats and birds and all will have a good profit. At this time it is worth to sell our company to some investor who wants to go further with it. The reason that we want to sell it is our own motivation. The four of us are academic educated men who want to discover new things and new markets. We do not want to spend our whole lifetime by only running the business. A second reason is that maybe after 7 years the company has to refresh. It needs new people with new ideas. Although new people can have great ideas, there must be made a contract that says that the goal of the company, its service and its meaning will be held forever.

The question is now in what way we want to sell the company. The best way to sell our business is to get cash for it. At this way we are not the owners of the company anymore and the buyer can do with it what he wants (holding to the contract of the goal of the company mentioned before). The amount of money will be separated and everyone gets his own part. That is, the four of us will get 17% each and the Venture Capitalist will get 32% of the money we get from the buyer. The worth of the business can not be predicted at this moment. It is an adding of the market value of net assets, the value of future earnings, the off balance sheet valuations and the replacement cost.

But let us maintain our estimated profit of \$ 150.000 a year and let us assume that the business will sell for 4 times that net profit. Then the business would yield \$600.000. To see the yields in these seven years for each investor, see the financial plan.

Mediation support

When people met each other through our site they can set up a buy/sell relationship or a breeding relationship. It is possible that some people feel disadvantaged the way they were treated by their partner in the relationship or maybe coned. When there is a lot of money or emotion involved with this, there is a possibility that those people get an argument about it. If this happens they maybe say that they would not have this argument if they never visited BreedBay.Net. They say BreedBay.Net is guilty to their argument and we get a bad name. Therefore it is helpful for us to have some mediation support, so that we can help the people that are arguing solve their problems. To do this from the start of the business is way too expensive, but when we are a big company it will help us and the users of our service. We can hire some people to handle this mediation support and help our users to find a way out

Financial Plan

The costs in the start-up costs are a summation of what we think will be needed when starting-up BreedBay.Net and an indication of our initial investments. However, the amount that appears at the bottom is rather misleading.

Since we will not generate significant revenues and break-even before we are halfway in the second year (see Income statement and chart) our initial money needs will have to cover the total of costs until the point that we do.

We have calculated the amount of liquid assets that we will need and from the projected balance sheets over the first three years it becomes clear that this amount is eaten-up through the first two years and then our assets recover rapidly.

It becomes clear even better, and that is also how we calculated the needed investments, when we look at our cash flows and the chart that results from them. We can see that our financial needs are the most in the 4th quarter of year 1. And that, with an initial investment of 140.000 dollars, we can get around with only a small bank loan that will not last more than a couple of months. So how will we finance these \$140.000?

We will each invest an amount of \$10.000, summing up to \$40,000 and for the remaining \$100.000 we are looking for a fifth investor. In the table “possible dividends”, an indication appears of what the projected yields are for such an investor and for ourselves.

Start-up costs

Start-Up Costs	Price per item	Subtotal
Research and Development Investments		
Buying magazines to know where and how to advertise	50	
Going to a dog fare to know how other companies advertise	50	
		100
Legal and Accounting Costs		
Subscribe at official instances (in The Netherlands: Kamer van Koophandel)	300	
Other official instances	100	
Lawyer to help us with disclaimer and license agreement	1000	
An accountant to check our balance sheets (takes approximately 2 hours of work)	200	
Federal Tax ID	10	
		1610
Inventory		
Hardware: internal server, routers, computer screens	2000	
Software: Microsoft Windows XP (4 x 408,99 at dutch Bol.com)	1635.96	
Software: Microsoft Office 2003 (4 x 500)	2000	
Software: Macromedia Dreamweaver MX (4 x 39.90)	159.6	
Software: Macromedia Fireworks MX (4 x 39.90)	159.6	
Staplers, perforators, post-it papers and other desk utilities	120	
Furniture: Chairs, Tables, File cabinets (we can put in a lot of our own stuff)	500	
Coffee Machine	70	
Fire alarms	50	
Alarm against thieves	300	
Secure locks on doors	150	
		7145.16
Supplies		
Buying paper and cartridges for printing by ourselves	150	
Paper with logo (2500 pieces)	325	
Business cards (250 pieces)	60	
Flyers	250	
		785
Pre-Opening Marketing Expectations		
Advertising in magazines	6136	
Full color double sided print flyers (to hand over to people on dog fares, 5000 pieces)	985	
Advertising on the internet (banners)	3000	
Advertising trough direct mail	65	
Advertising on dog fares	1400	
Advertising in trade publications	400	
Subscribing at dog associations	500	
		12486
Accomodation		
Acquiring accomodation	200	
Rent for the first quarter	3000	
		3200
Infrastructure		
Telephone line (ISDN from dutch company KPN)	25	
Fast internet connection	230	
2 Telephones	150	
Domain name	15	
Webspace	250	

Corporation tax prepayment		
In The Netherlands 0.55% calculated on the value contributed (assets less liabilities), or on the nominal value of the shares, whichever is higher.	200	200
Cash		
Cash needed for unexpected spendings	10000	10000
Total:		36196.16

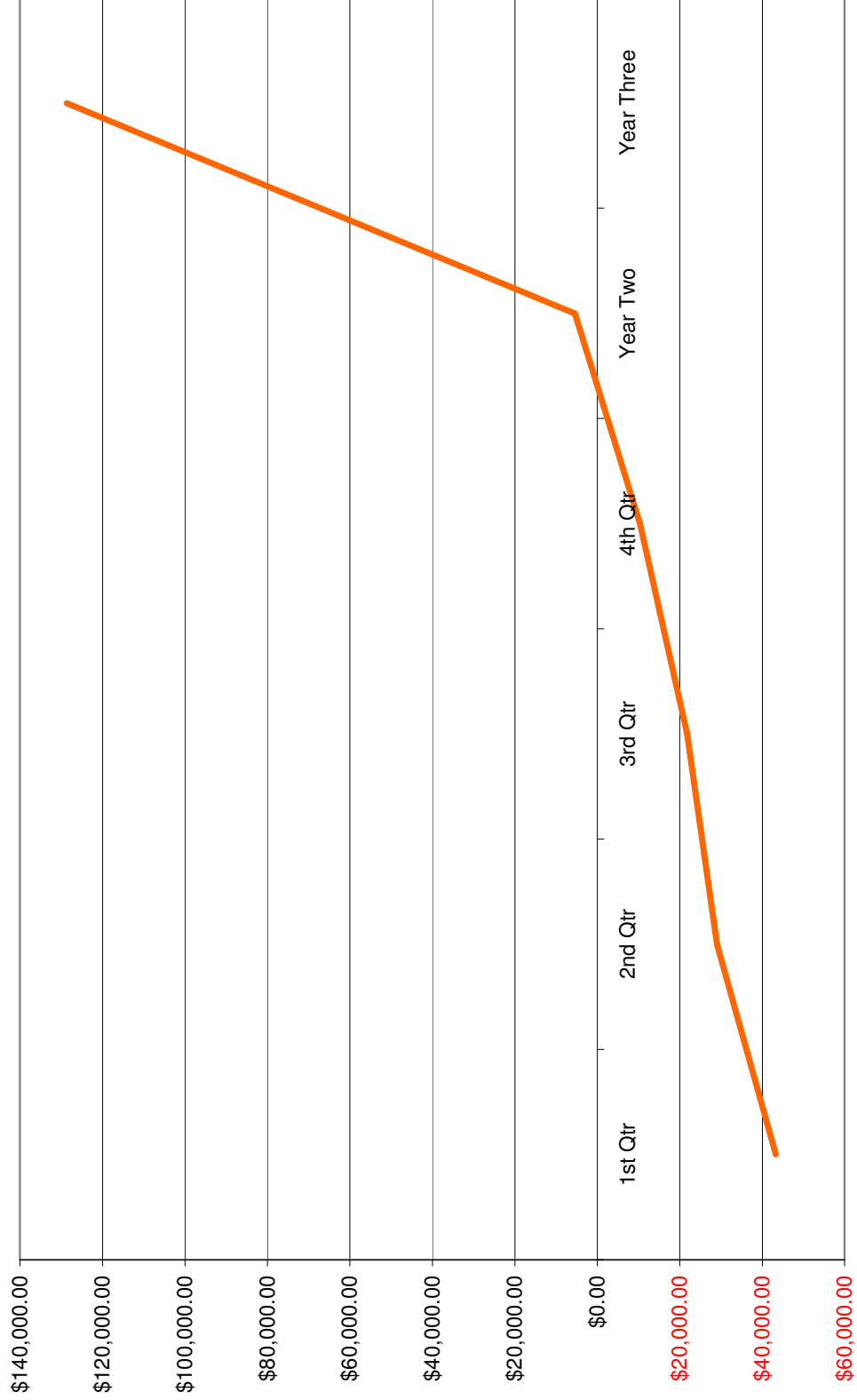
BreedBuy.Net Technology Business Plan

Income statement

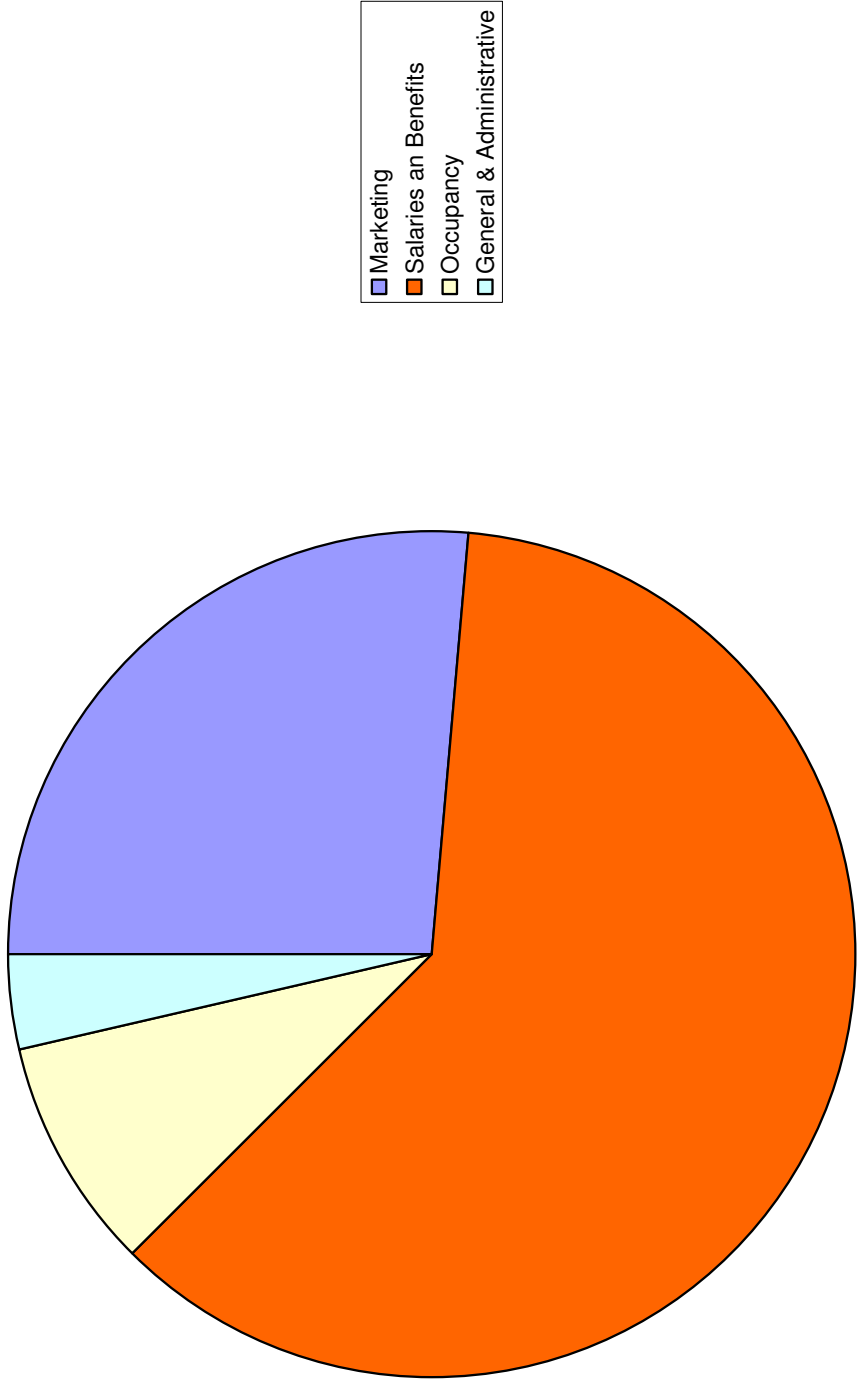
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year One	Year Two	Year Three	
Statement of Income								
Sales (adding dogs)	0.00	5,000.00	10,000.00	20,000.00	35,000.00	125,000.00	250,000.00	Dog breeders can submit their dogs at no in the beginning. After that everyone that adds a dog has to pay 10 dollars per dog. Later on we may ask more money per dog and there are more people using the website so income will increase.
Sales (advertising)	200.00	400.00	1,500.00	3,000.00	5,100.00	20,000.00	20,000.00	In the first quarters almost nobody wants an advertisement on the site, because the site is rather empty and there are not much visitors. When the site is used a lot, advertising is more interesting and we can raise the price.
COGS								
Gross Profit	200.00	5,400.00	11,500.00	23,000.00	40,100.00	145,000.00	270,000.00	
Expenses								
Salaries & Benefits								
Salaries	15,015.00	15,015.00	15,015.00	15,015.00	60,060.00	60,060.00	60,060.00	Because we are going to work in the company full time, we need a salary to stay alive, buy food etc. We get a net salary of 1251.25 per month
Health Insurance	120.00	120.00	120.00	120.00	480.00	480.00	480.00	In most countries you must have a health insurance when you have a job. If this is not, it is still better to have one.
Life Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	It is better to let everyone have its own life insurance, because it is a small company and everyone can have his own properties
Payroll Taxes	6,435.00	6,435.00	6,435.00	6,435.00	25,740.00	25,740.00	25,740.00	We pay ourselves a salary of 1787.50 euros per month. That will be 5362.50 per quarter and a total of 21,450 for four workers. By a payroll tax of 30% this tax is 6,435 euros
Employee Bonuses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Because we are the only workers in the company and we own the company, we don't have to deal with bonuses.
Commissions Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Because we are the only workers in the company and we own the company, we don't have to deal with commissions
Other Employee Exps	0.00	0.00	0.00	0.00	0.00	0.00	0.00	We don't have other employees
Corporation Tax Prepayment	200.00				200.00			In The Netherlands 0.55% calculated on the value contributed

Marketing Expenses											(assets less liabilities), or on the nominal value of the shares,
Advertising- Direct Mail	65.00	15.00	5.00	0.00	0.00	85.00	5.00	5.00	5.00	5.00	whichever is higher.
Advertising- Internet	3,000.00	2,500.00	2,500.00	2,500.00	2,500.00	10,500.00	10,000.00	10,000.00	10,000.00	10,000.00	
Advertising- Newspaper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	We don't want to advertise in newspapers, because we want to advertise more precisely to the people that already be aware of having a dog or to breeders.
Advertising- T. V.	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00	5,000.00	5,000.00	5,000.00	In the beginning we don't advertise on T. V., because we first want to have a filled database before we want the big public to use our product.
Advertising- Trade Publications	400.00	100.00	100.00	100.00	100.00	700.00	600.00	600.00	400.00	400.00	
Business Promotion	385.00	300.00	400.00	400.00	400.00	1,485.00	1,000.00	1,000.00	1,000.00	1,000.00	
Advertising Printing	985.00	310.00	310.00	310.00	310.00	1,915.00	1,240.00	1,240.00	1,240.00	1,240.00	This will be the cost to print things in our own company, like letters to breeders, to instances and some things we just have to print for ourselves.
Flyers	250.00	250.00	250.00	250.00	250.00	1,000.00	500.00	500.00	500.00	500.00	To hand out on dog fares and trades
Subscribing to dog associations	500.00	250.00	250.00	250.00	250.00	1,250.00	1,000.00	1,000.00	1,000.00	1,000.00	
Trade Shows	1,400.00	1,000.00	1,000.00	1,000.00	1,000.00	4,400.00	4,000.00	4,000.00	4,000.00	4,000.00	Hsving a stand at a dog fare or dog trade costs a lot of money. We think it cost 1,000 euros per time. We will go to a dog fare or trade once in three months to let people know our name. In this cost is also a decoration for the stand, like banners, papers etc.
Advertising in Magazines	6,136.00	3,200.00	2,000.00	2,000.00	2,000.00	13,336.00	10,000.00	10,000.00	12,000.00	12,000.00	In our marketing plan we exactly define in which magazines we want to advertise. We know the costs for each ad and here are total costs.
Travel & Entertainment	500.00	500.00	500.00	500.00	500.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	These costs are especially for travelling to dog fares and trades.
Research & Development	100.00	10.00	10.00	10.00	10.00	130.00	40.00	40.00	40.00	40.00	See start-up costs table

Projected Net Income



Costs



Start-up Balance Sheet

Assets

Current Assets	
Cash	10,000.00
Money Market	101,789.84
Accounts Receivable	
Prepaid Accounts	3,000.00
Inventory	0.00
Total Current Assets	114,789.84

Long Term Assets

Equipment	3,190.00
Software	3,955.16
Intellectual Property	10,000.00
other	785.00
(Less) Accumulated Depreciation	
Total Long Term Assets	17,930.16

Liabilities

Current Liabilities	
Accounts Payable	0.00
Notes Payable	0.00
Curr. Portion LTD	0.00
Other Debt	0.00
Total Curr. Liabilities	0.00

Long Term Liabilities

Notes Payable	0.00
(Less) Curr. Portion LTD	
Bank Loan	0.00
Total Long Term Liabilities	0.00
Total Liabilities	0.00

Equity

Paid In Capital	140000
Owner's contribution	10,000.00
Retained Earnings	(17,280.00)
Total Equity	132,720.00

Total Assets

\$ 132,720.00

Total Liabilities & Equity

\$ 132,720.00

Balance sheet end year 1

Assets

Current Assets	
Cash	10,000.00
Money Market	0.00
Accounts Receivable	
Prepaid Accounts	3,000.00
Inventory	0.00
Total Current Assets	13,000.00

Long Term Assets	
Equipment	3,190.00
Software	3,955.16
Intellectual Property	10,000.00
other	785.00
(Less) Accumulated Depreciation	
Total Long Term Assets	17,930.16

Liabilities

Current Liabilities	
Accounts Payable	0.00
Notes Payable	0.00
Curr. Portion LTD	0.00
Other Debt	0.00
Total Curr. Liabilities	0.00

Long Term Liabilities	
Notes Payable	0.00
(Less) Curr. Portion LTD	
Bank Loan	2,706.16
Total Long Term Liabilities	2,706.16

Total Liabilities	
Total Long Term Liabilities	2,706.16
Total Liabilities	2,706.16

Equity	
Paid In Capital	140000
Owner's contribution	10,000.00
Retained Earnings	(121,776.00)
Total Equity	28,224.00

Total Liabilities & Equity	
Total Liabilities & Equity	\$ 30,930.16

Balance Sheet end year 2

Assets

Current Assets		
Cash	10,000.00	
Money Market	2,743.84	
Accounts Receivable		
Prepaid Accounts	3,000.00	
Inventory	0.00	
Total Current Assets		15,743.84
Long Term Assets		
Equipment	3,190.00	
Software	3,955.16	
Intellectual Property	10,000.00	
other	785.00	
(Less) Accumulated Depreciation		
Total Long Term Assets		17,930.16

Liabilities

Current Liabilities		
Accounts Payable	0.00	
Notes Payable	0.00	
Curr. Portion LTD	0.00	
Other Debt	0.00	
Total Curr. Liabilities		0.00
Long Term Liabilities		
Notes Payable	0.00	
(Less) Curr. Portion LTD		
Bank Loan	0.00	
Total Long Term Liabilities		0.00
Total Liabilities		0.00
Equity		
Paid In Capital	14000	
Owner's contribution	10,000.00	
Retained Earnings	(116,326.00)	
Total Equity		33,674.00
Total Liabilities & Equity		\$ 33,674.00

Balance sheet end year 3

Assets			Liabilities	
Current Assets			Current Liabilities	
Cash	10,000.00		Accounts Payable	0.00
Money Market	131,393.84		Notes Payable	0.00
Accounts Receivable			Curr. Portion LTD	0.00
Perpaid Accounts	3,000.00		Other Debt	0.00
Inventory	0.00		Total Curr. Liabilities	0.00
Total Current Assets	144,393.84			
Long Term Assets			Long Term Liabilities	
Equipment	3,190.00		Notes Payable	0.00
Software	3,955.16		(Less) Curr. Portion LTD	
Intellectual Property	10,000.00		Bank Loan	
other	785.00			
(Less) Accumulated Depreciation				
Total Long Term Assets	17,930.16		Total Long Term Liabilities	0.00
			Total Liabilities	0.00
			Equity	
			Paid In Capital	140000.00
			Owner's contribution	10,000.00
			Retained Earnings	12,324.00
			Total Equity	162,324.00
Total Assets	\$ 162,324.00		Total Liabilities & Equity	\$ 162,324.00

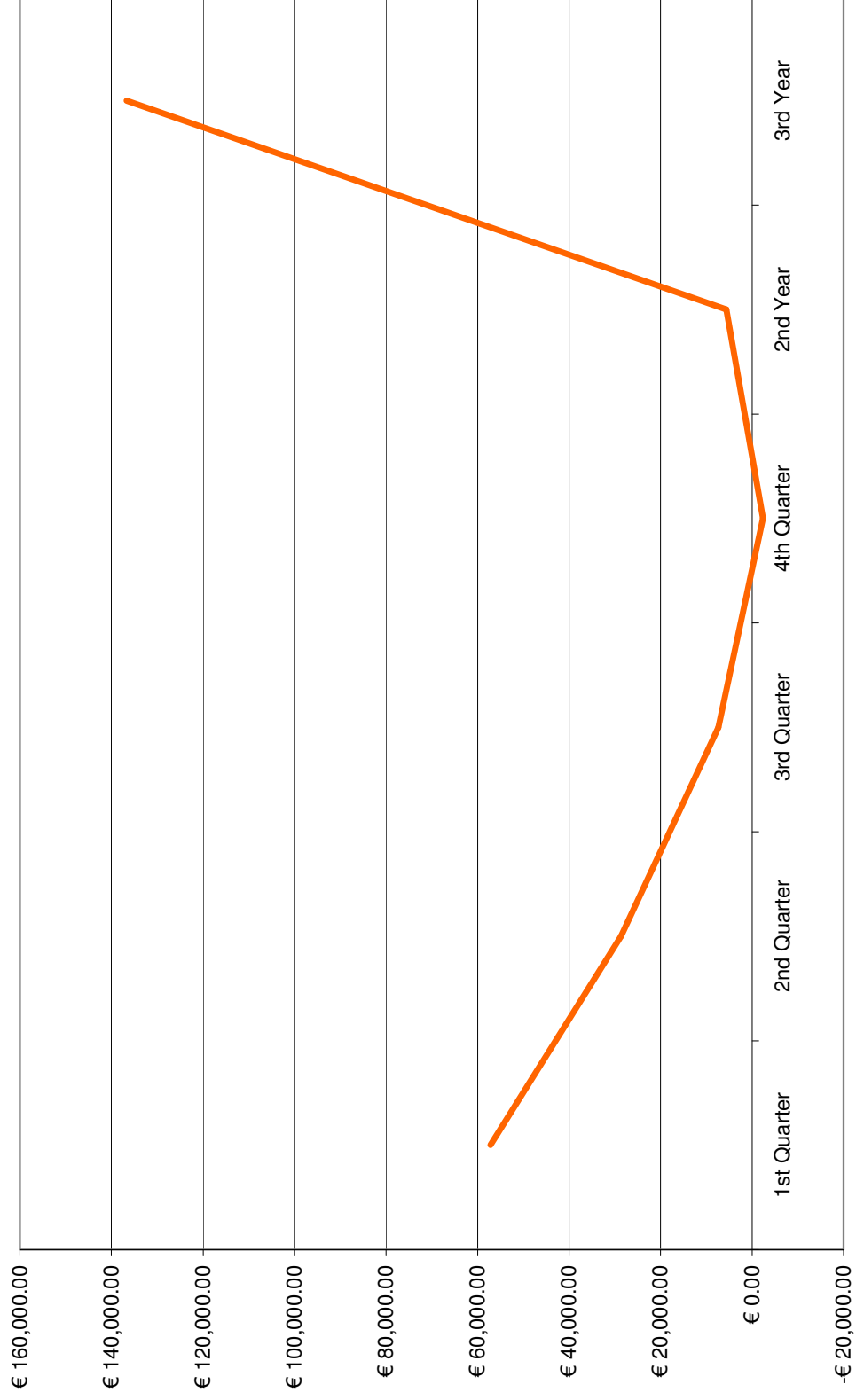
Statement of cash flows

Income	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Year	2nd Year	3rd Year
Investments from owners	\$ 120,000.00				\$ 120,000.00		
Money from bank	\$ 0.00				\$ 0.00		
Sales from adding dogs	\$ 0.00	\$ 5,000.00	\$ 10,000.00	\$ 20,000.00	\$ 35,000.00	\$ 125,000.00	\$ 250,000.00
Sales from advertising	\$ 200.00	\$ 400.00	\$ 1,500.00	\$ 3,000.00	\$ 5,100.00	\$ 20,000.00	\$ 20,000.00
total	\$ 120,200.00	\$ 5,400.00	\$ 11,500.00	\$ 23,000.00	\$ 160,100.00	\$ 145,000.00	\$ 270,000.00
Outgo							
Research and Development investments	\$ 100.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 130.00	\$ 40.00	\$ 40.00
Legal and Accounting Costs	\$ 1,610.00				\$ 1,610.00		
Bought Equipment and Inventory	\$ 7,145.16	\$ 0.00	\$ 0.00	\$ 0.00	\$ 7,145.16	\$ 50.00	\$ 50.00
Initial Supplies Bought	\$ 785.00				\$ 785.00		
Marketing Investments	\$ 12,486.00				\$ 12,486.00		
Rent paid	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
Infrastructural deposits	\$ 200.00	\$ 402.50	\$ 352.50	\$ 352.50	\$ 1,790.00	\$ 1,210.00	\$ 1,210.00
Corporation Tax	\$ 200.00				\$ 200.00		
Repayment							
Salaries Paid + Taxes	\$ 21,450.00	\$ 21,450.00	\$ 21,450.00	\$ 21,450.00	\$ 85,800.00	\$ 85,800.00	\$ 85,800.00
Insurances	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 480.00	\$ 480.00	\$ 480.00
Advertising	\$ 13,621.00	\$ 8,425.00	\$ 7,315.00	\$ 7,310.00	\$ 36,671.00	\$ 35,345.00	\$ 37,145.00
Security	\$ 500.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 500.00	\$ 50.00	\$ 50.00
Repairs & Maintenance	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 400.00	\$ 400.00	\$ 400.00
Rent Deposit	\$ 200.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 200.00	\$ 0.00	\$ 0.00
Internet Domain name	\$ 15.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 15.00	\$ 15.00	\$ 15.00
Web space	\$ 250.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 250.00	\$ 250.00	\$ 250.00
Postage & Freight	\$ 600.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 1,500.00	\$ 1,000.00	\$ 1,000.00
Bank Service Charges	\$ 90.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 180.00	\$ 120.00	\$ 120.00

BreedBuy.Net Technology Business Plan

	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 300.00	\$ 300.00	\$ 300.00
Travel & Entertainment											
total	\$ 63,029.66	\$ 33,912.50	\$ 32,752.50	\$ 32,747.50	\$ 32,747.50	\$ 162,442.16	\$ 137,060.00	\$ 138,860.00			
Income less outgo	\$ 57,170.34	-\$ 28,512.50	-\$ 21,252.50	-\$ 9,747.50	-\$ 9,747.50	-\$ 2,342.16	\$ 7,940.00	\$ 131,140.00			
Current cash	\$ 0.00	\$ 57,170.34	\$ 7,405.34	-\$ 2,342.16	-\$ 2,342.16	-\$ 2,342.16	\$ 5,597.84	\$ 136,737.84			

Cash



Possible dividends

Retained profit after year:	3	4	5	6	7	Estimated selling price for business(4x net profit)	Total yield in 7 years(excl salaries)
100.00%	\$12,324.00	\$150,000.00	\$150,000.00	\$150,000.00	\$150,000.00	\$600,000.00	\$1,212,324.00
17.00%	\$2,095.08	\$25,500.00	\$25,500.00	\$25,500.00	\$25,500.00	\$102,000.00	\$206,095.08
32.00%	\$3,943.68	\$48,000.00	\$48,000.00	\$48,000.00	\$48,000.00	\$192,000.00	\$387,943.68

Constitution of Stockholders Equity

Constitution of Stockholders Equity	%	Investment
Van Egdome	17%	10000
Jansen	17%	10000
Poeth	17%	10000
Siebers	17%	10000
Venture Capitalist	32%	100000

Appendix A: Company location



Appendix B: Agreements

Buy/sell agreement

BreedBay.Net

BUY-SELL AGREEMENT

THIS BUY-SELL AGREEMENT ("Agreement") is entered into as of _____, 2005 between F.J.S. van Egdom ("Van Egdom"), S.M.H. Jansen ("Jansen"), M.R.R.W. Poeth ("Poeth") and Q.H.J.F. Siebers ("Siebers").

RECITALS

The holders of Class A Common Stock in BreedBay.Net. (the "Company") have created a voting trust (the "Trust") pursuant to the Voting Trust Agreement of even date herewith (the "Voting Trust Agreement"). Van Egdom, Jansen, Poeth and Siebers (individually, a "Shareholder" and collectively, the "Shareholders"), who are both trustees and beneficiaries of the Trust, seek to articulate, in the form of this Agreement, procedures for the transfer of their Certificates (as defined in the Voting Trust Agreement) in respect of shares of the Company should such transfer become necessary or desirable.

NOW, THEREFORE, incorporating the foregoing Recitals and in consideration of the mutual agreements and covenants contained herein, the parties hereby agree as follows:

1.

APPLICABILITY

1.1 Applicability. The terms and procedures set forth in this Agreement shall apply to the transfer of Certificates either during life ("intervivos"), as set forth in Section 3, or at death, as set forth in Section 4.

2.

ENFORCEMENT

2.1 Restriction on Transfer. To accomplish the purposes of this Agreement and the Voting Trust Agreement, any transfer, sale, assignment, hypothecation, encumbrance, or alienation, regardless of the manner, circumstances, timing, or nature or such transfer, whether intervivos or at death (collectively, "Transfer"), of any Certificate(s) is void and transfers no right, title, or interest in or to those shares to the purported transferee, buyer, assignee, pledgee, or encumbrance holder, except as specifically provided herein.

2.2 Legend on Certificates. Each Certificate shall have the following statement conspicuously printed on its face and each party shall cooperate in the process of printing such statements:

"The transfer, sale, assignment, hypothecation, encumbrance, or alienation of this certificate is restricted by a Buy-Sell Agreement dated _____, which may be inspected at the offices of the Company during normal business hours. All of the terms and provisions of the Buy-Sell Agreement are incorporated by this reference and made a part of this certificate."

3.

INTERVIVOS TRANSFER

3.1 Generally. The Articles of Incorporation of the Company provide that certain Transfers shall cause Class A Common Stock to be converted to Class B Common Stock (a "Conversion").

3.1.1 No Conversion. A Transfer of a Certificate that would not result in a Conversion shall be permitted, with the terms of the Transfer to be determined by the transferor and the transferee, in their sole discretion.

3.1.2 Conversion. An intervivos Transfer of a Certificate that would result in Conversion shall be prohibited for 5 years from the date hereof. After the expiration of 5 years from the date hereof, such a Transfer would be permitted, subject to the right of first refusal discussed in Section 3.2 hereof.

3.1.3 Remain Subject. Any transferred Certificate shall remain subject to this Agreement.

3.2 Right of First Refusal. Before either Shareholder makes an intervivos Transfer of a Certificate which would result in Conversion, the other shall have the opportunity to purchase the Certificate under the terms of this Section 3.2. The party desiring to Transfer his Certificate (the "Transferring Party") shall inform the other party (the "Non-Transferring Party") of his intent to Transfer. The Non-Transferring Party shall have two (2) days to decide whether to purchase the Certificate. If the Non-Transferring Party decides not to purchase the Certificate, or fails to respond to the Transferring Party's notice, then the Transferring Party may make an intervivos Transfer of his Certificate subject to the terms of the Voting Trust Agreement. If the Non-Transferring Party decides to purchase the Certificate, the terms of the purchase shall be as provided in Sections 3.2.1 and 3.2.2.

3.2.1 Price. The purchase price for the Transfer described in Section 3.2, stated on a per share of Class A Common Stock basis, shall be equal to the market value of a share of Class B Common Stock of the Company on the date that the Transferring Party notifies the Non-Transferring Party of his intent to Transfer (pursuant to Section 3.2 hereof). The market value of the Class B share shall be equal to the average of opening and closing values on the day of the aforementioned notice. No premium or discount shall be taken for differences in voting power between the Class A and Class B shares.

3.2.2 Payment. Payment for the Transfer described in Section 3.2 shall be made within thirty (30) days of such Transfer, either in cash or with a number of Class B Common Stock shares equal to the number of Class A Common Stock shares represented by the transferred Certificate.

4.

TRANSFER AT DEATH

4.1 Obligation to Purchase. Upon the death of either Shareholder, the other (the "Survivor") shall have a fully recourse obligation to purchase the Certificate of the deceased (the "Deceased"), under the terms set forth in this Section 4.

4.2 Price. The purchase price for the Transfer described in Section 4.1, stated on a per share of Class A Common Stock basis, shall be equal to the market value of a share of Class B Common Stock of the Company on the date of the Deceased's death. The market value of the Class B share shall be equal to the average of opening and closing values on the day of the aforementioned notice. No premium or discount shall be taken for differences in voting power between the Class A and Class B shares.

4.3 Payment. Payment for the Transfer described in Section 4.1 shall be made as follows: As much of the purchase price as possible shall be paid in cash, using solely the proceeds of the insurance policy described in Section 4.4 below. The remainder shall be paid within one hundred twenty (120) days of death. The remainder may be paid (i) in cash; or (ii) with one share of Class B Common Stock for each Class A Common Stock share represented by the transferred Certificate, or any proportion of (i) and (ii).

4.4 Insurance. Each Shareholder shall obtain a 10-year level term life insurance policy on the life of the other, in the amount of \$5 million, for the purpose of making the payment contemplated in Section 4.3 (individually, a "Policy" and collectively, the "Policies"). Each Shareholder hereby consents to the acquisition of such policies and agrees to cooperate in the acquisition and administration of the policies. The details of the policies are set forth in Exhibit A attached hereto.

4.5 Implementation. The following procedures shall apply to this Section 4.

4.5.1 Beneficiary and Payment. Each Shareholder shall be the named beneficiary and beneficial owner of the Policy on the life of the other Shareholder, and shall make premium payments on such Policy to the appropriate insurance company.

4.5.2 Transfers. The Shareholders agree that as long as this Agreement is in effect, they will maintain the Policies and will not exercise any of the rights, privileges, and benefits accruing under any policy they own subject to this Agreement, nor will they Transfer any such policy.

4.5.3 Delinquent Payment. The beneficial owner of each Policy shall file with each insurance company insuring the life of a Shareholder under this Agreement a request that copies of all delinquent payment notices be sent to the insured Shareholder. If any premium is not paid in full on or before 10 days before it is due, the insured may pay the premium on behalf of the other Shareholder. Payment by the insured shall be considered a loan to the other Shareholder to be repaid on demand of the insured, with interest from the date of payment at an annual rate equal to the maximum rate established by applicable law as of such date.

4.5.4 Proceeds. On the death of either Shareholder, the Survivor shall collect the proceeds of the Policy on the life of the Deceased and pay those proceeds over to the authorized legal representative of the Deceased for the purpose of the payment contemplated in Section 4.3. Any proceeds in excess of the purchase price provided in Section 4.2 shall be paid to the estate of the Deceased.

4.5.5 Release of Certificate. Once the full payment contemplated by Section 4.3 has been made, the authorized legal representative of the Deceased shall transfer the Certificate of the Deceased to the Survivor.

4.6 Death of Both Parties. Upon the death of the second to die of Bildner and Barton, the Trust terminates and so shall any obligations under this Agreement terminate.

5.

GENERAL PROVISIONS

5.1 Notice. Any notice required by this Agreement shall be faxed or mailed to the other party at the address shown, which notice shall, where the party required to provide notice is deceased, be emailed or mailed by the party's authorized legal representative.

F.J.S. van Egdome CEO	S.M.H. Jansen Executive President: Sales and Marketing	M.R.R.W. Poeth Chief Financial Officer	Q.H.J.F. Siebers Chief Technical Officer
BreedBay.Net Stationsstraat 48b 6221 BR Maastricht The Netherlands	BreedBay.Net Brikkebekker 87 6372 DW Landgraaf The Netherlands	BreedBay.Net Orleansstraat 39 d34 6217 LD Maastricht The Netherlands	BreedBay.Net Bekkerweg 52 6417 BW Heerlen The Netherlands
Fransvanegdom @hotmail.com	smh.jansen @student.unimaas.nl	m.poeth @student.unimaas.nl	quintinsiebers @hotmail.com

5.2 Assurances. Each party will execute all certificates and other documents and will do all such filing, recording, publishing and other acts as the parties deem appropriate to comply with the requirements of law for the execution and application of this Agreement.

5.3 Specific Performance. The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other remedies which may be available to that party) will be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach.

5.4 Complete Agreement. This Agreement supersedes all prior written and oral statements by the parties with respect to the subject matter hereof, including any prior representation, statement, condition or warranty. Any modification of this Agreement must be in writing and be signed by all of the parties.

5.5 Applicable Law. All questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement will be governed by the laws of The Kingdom of The Netherlands.

5.6 Section Titles. The headings herein are inserted as a matter of convenience only and do not define, limit or describe the scope of this Agreement or the intent of the provisions hereof.

5.7 Binding Provisions. This Agreement is binding upon, and to the limited extent specifically provided herein, inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors and assigns.

5.8 Terms. Common nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person may in the context require.

5.9 Separability of Provisions. Each provision of this Agreement will be considered separable. If, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity will not impair the operation of or affect those portions of this Agreement which are valid.

5.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party

to any counterpart will be deemed a signature to, and may be appended to, any other counterpart.

5.11 Termination. Any obligations under this Agreement shall terminate upon the termination of the Trust.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

SHAREHOLDERS:

F.J.S. van Egdome

S.M.H. Jansen

M.R.R.W. Poeth

Q.H.J.F. Siebers

Non-Disclosure/Non-Compete Agreement (Start-Up Phase)

I, _____ (full name), have been invited to review extremely confidential and valuable information. I realize this information has been gathered at considerable expense to others and has been shared with me due to my possible involvement. I agree not to share or use this information with any parties without written consent from _____ (name of company or owner), or use it for myself to enter into a competitive venture.

Employee signature

Date

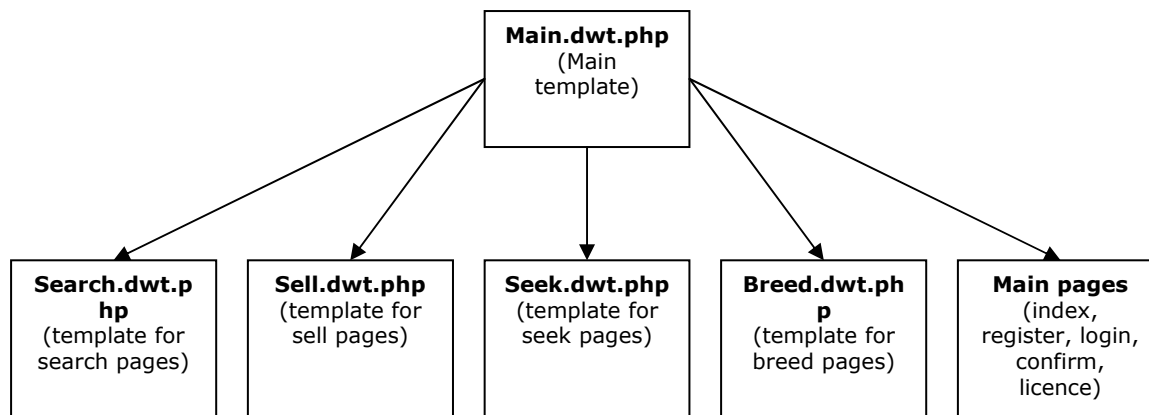
Signature subscribed and affirmed, or sworn to me before me in the county of _____
_____ State

Date

Appendix C: Technology

Main design

The main layout of the website is created in Macromedia™ Dreamweaver™. Within Dreamweaver™ we created a main template which contains the basic layout of the title, the menu and the 3 columns of the site. To create the menus per subject on the site we created templates based on the main template in which we specified the specific menus. Throughout the site we used CSS to ensure the design is the same at all times. The CSS and the templates also give us the advantage to change a specific layout property without needing to redo all pages. This gives the following diagram:



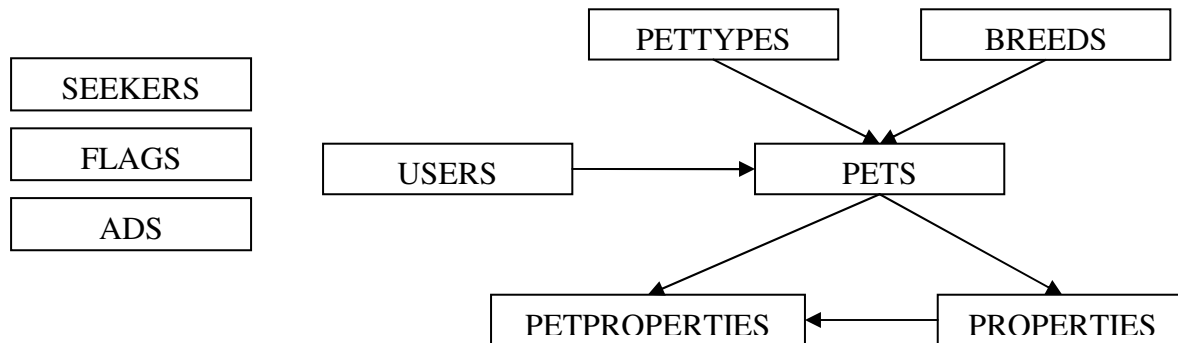
Server side programming

All the pages are PHP-pages. That means they are parsed at the server before the HTML code is returned to the client. The PHP-pages also offer the possibility to create modules that can be used throughout the site. Examples of this in our site are the advertisements and the main functionality. Both are separate files that get included in every page. This also makes it easy to change a database connection or a widely used functionality.

Within the search, sell and breed sections, the add pages are dynamically created by getting the important fields from the database. This gives us the possibility to expand the website by adding a record to the database. To completely ensure this process can be done with all possible fields, we also added dynamic valuator to the site, which are also stored in the database. Validation of the fields is done by taking the validation rules and converting them from a string to a real statement by writing them to a php file, which then gets included.

Database

To save all the information given on the website, we use a MySQL™ database. In this database a number of tables are created in such a way that enables us to get and save data without any abundance data. The main layout of the database is depicted below:



The PETPROPERTIES and PROPERTIES tables do the following. All the possible properties a pet can have (name, length, height, weight, etc) are listed in the PROPERTIES table. This also includes field types and the validation for the dynamic validations. The PETPROPERTIES are the values of the properties that a single pet actually has. All the fields that are not filled in, will not be in the database. This reduces the amount of redundancy in the database.

Payment

To make payments over the web, we'll need to offer a secure connection to our server via HTTPS. The prototype does not include this, but it will be a must for the end product. Also, the database will have to be expanded with payment records in order to be able to manage our finances. In the prototype a demo of a paying system is implemented.

Generic structure

The user's comments and the ads are generated in one php file. This file gets included at the places where it is needed. A change to this one page will immediately effect the complete website, so it is very easy to change anything in the site.

Appendix D: Competitive Matrix Chart

	Website	Product or service	Quality	Price	Unique Features	Distribution System
BreedBay.Net	http://www.breedbay.net	Find breeders and breed dogs or persons that sell a dog on your specifications. Place a request on the site of the dog that you want.	Perfect		You can find dogs on all specifications you want. A global database with a lot of dogs around the world	Internet
TerrificPets.com	http://www.terrificpets.com	Find breeders on alphabet and let breeders show ads at the site. You can find puppies for sale. They also do cats and horses.	Good quality, but to crowded for new users.	Free registration. To add a dog will cost \$20 a month. The direct ads on the side cost also \$15 a month.	You can find a lot of breeders on alphabet. There are also several discussion forums	Internet
Dog Breed Info Center	http://www.dogbreedinfo.com	Gives a lot of information on breeding, breeders and for puppies on sale.	Low, amateur, ugly and not clear.	Advertisements of dogs cost \$20 a month.	Gives good and a lot of information about breeding	Internet
Quality Dogs	http://www.qualitydogs.com	Breeders can offer their dogs on the internet. Other people can search the dogs breeders offer.	Medium, site not very clear, service is good	Free trial, adds not working on the moment	You can place an advertisement of your stolen or lost dog	Internet
UK Breeders	http://www.dog-breeds.co.uk/	Searching for dog breeders in the UK	Low, you can only search breeders by region and send a message to them by use of a form. You don't see a contact address, but have to wait till the breeder reacts back to you.	\$1 for each breeder and \$10 for each dog the breeder will place on the site	No unique futures	Internet

BreedBay.Net Technology Business Plan

	Marketing & Advertising	Sponsors	Geographic Location	Strengths & Weaknesses	Market Share	Visitors per day
BreedBay.Net	Magazines, Tradeshows,	None	Maastricht, The Netherlands	Strengths: A Global and large database. You can search on all specifications. A Lot of information about the dogs. Cheap. Immediately result. Nice Site.	Unknown	After 5 years: Above 100,000
TerrificPets.com	They advertise on Google, http://www.cartoonjazz.com , http://www.petperspectives.com	None	New Bern, NC	Strengths: Quick search on breeders names. A lot of breeders are on the site. High visitors percentage. Weaknesses: Everywhere registrations,	Unknown	Around 40,000
Dog Breed Info Center	International newspapers, magazines, American TV, American radio	None	USA	Strengths: Good information about breeding and dogs. Good marketing and advertising. A lot of visitors. Weaknesses: Bad site, not clear. Too much adds on site. Not easy to find a dog	Unknown	Average: 88,240
Quality Dogs	Pure festival, National magazines	Dog's Choice	Burlington, NC	Strengths: Site features, good service. Weaknesses: Some parts are not working. Bad advertising	Unknown	Not visible
UK Breeders	None	E&L Insurance	Thorpe Underwood Hall, York, UK	Strengths: Search for breeders in a region. Clear Site. Weaknesses: Only UK. Not many dogs on site, no advertising.	Unknown	Not visible

Appendix E: Planning Chart

	Month -2	Month -1	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 2	Year 3	Year 4 and beyond	Year 7	
Research on dogs, completion of final website structure																				
Contacting breeders to cooperate in filling the database																				
Adding content to the website, and filling the database																				
Providing free posting to breeders																				
Advertising in Magazines and on the internet, etc.																				
Focus on improving the service																				
Focus on attracting advertisers																				
Focus on expanding the database and reducing costs,																				
Start with expensive marketing, going global																				
Expansion to other types of pets, securing our position																				
Going public, Exit																				

Appendix F: Logos

BreedBay.Net

BreedBay.Net

find the best dog on the planet

