



# Business Plan

Current Revision: 01/09/06

It's time the technology train  
picked up women, too

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All inquiries and communications, including requests for additional information should be directed to one of the following individuals:

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# The Big Idea

Trendspot.com will make every other high-end content and shopping site irrelevant. At Trendspot, affluent, fashion savvy female consumers will be presented with high-end clothing, accessories, and content from across the web.

## Example: A consumer needs a black cocktail dress for the holiday season.

In the current shopping landscape, she can read about the season's cocktail dresses on popular women's sites such as Vogue, In Style, Elle, or Glamour before she shops. She can ask friends and strike up conversations around "the water cooler" in order to get ideas about the perfect dress. She can

Trendspot.com is a one-stop, high-end retail and content aggregator where a shopper can both read about this season's cocktail dresses (and the matching pumps, jewelry, hose, coat, and scarf to match), discuss them with friends, shop across high-end sites, comparison shop and ultimately make a purchase; all in one upscale, easy-to-use location.

search NeimanMarcus.com, Nordstrom.com, and Intermix.com etc. to find the dress, and then search a comparison shopping engine such as Froogle, Shopping.com and Nextag to find the best deal on the dress. After all this legwork this consumer may possibly make a purchase. Trendspot will make this arduous process obsolete. By aggregating information from across the Web, Trendspot adds value to the end user by saving her both Time and Money.

Trendspot.com is a one-stop, high-end retail and content aggregator where a shopper can both read about this season's cocktail dresses (and the matching pumps, jewelry, hose, coat, and scarf to match), discuss them with friends, shop across high-end sites, comparison shop and ultimately make a purchase; all in one upscale, easy to use location.

Trendspot will not sell any clothing or accessories itself, rather it will collect and present items sold on other e-commerce sites. Furthermore, Trendspot does not plan to generate original content at launch rather, it will aggregate syndicated content feeds from the top beauty, fashion, and shopping editorial sites.

To become this one-stop destination, Trendspot will leverage RSS and XML technology, social networking elements, cutting edge design and user interface across website, downloadable application, mobile as well as emerging technology platforms to cater the growing population of online women consumers.

Trendspot's upscale content, "look and feel" and position in the consumer buy cycle will render it extremely attractive to the rapidly growing number of online advertisers.

# Current Market Status

The company has already assembled its board of directors, web development and design teams and advertising agency that will lead the company from a start-up to a leading fashion and commerce brand.

The company is seeking \$1,000,000 in seed capital to develop the destination web site, downloadable application, install the management team and begin promotional and marketing efforts.

## Inevitable Success

Over the last few years, there has been a fundamental shift in the way users consume media. This shift towards on demand content has fueled the growth of Search Engines, Digital Video Recorders (i.e. TiVo), MP3 players (iPod) and RSS (Really Simple Syndication). RSS is one of the fastest growing components of the consumer controlled media landscape. In the past 2-3 years, RSS delivery has largely focused on technology information; however, it is now being used by the mainstream media such as Forbes, Tribune Company, the New York Times and other media companies in order to deliver syndicated content. 27% of Internet users consume RSS syndicated content on personalized start pages (e.g., My Yahoo!, My MSN) without knowing that RSS is the enabling technology. Major Technology companies such as Microsoft, Google and Yahoo have all adopted RSS technology. Microsoft has shown their belief that RSS will be the next "killer app" by integrating this technology into its popular email client; Outlook

The widespread adoption of technologies such as Tivo and RSS and signify a new era in which consumers have the ability to control the media they consume, as well as when (and in some cases where) they consume it. As a result, content producers and marketers alike have been forced to find new ways to reach consumers in a relevant manner. Trendspot leverages the new media landscape to provide women with a personalized fashion experience.

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7% of Internet users consume RSS syndicated content on personalized start pages (e.g., My Yahoo!, My MSN) without knowing that RSS is the enabling technology. Major Technology companies such as Microsoft, Google and Yahoo have all adopted RSS technology. Microsoft has shown their belief that RSS will be the next "killer app" by integrating this technology into its popular email client; Outlook

# Trendspot Solution

TrendSpot has positioned itself at the intersection of four powerful market trends:

## Online Women's Retail:

Women are increasingly accepting the online channel and contributed to a forecast \$172.4 billion in online sales in 2005. Today, females make up 52% of the online population, mirroring their percentage in the population at large. By 2008, there will be roughly 10 million more females online than males and, just as women influence 75% of household expenditures, they are poised to do the same online. With women increasing online expenditures year over year, the biggest online retail sales growth categories will include cosmetics, fragrances, jewelry and luxury goods in 2006.

## Online Comparison Shopping:

Comparison shopping is a multibillion dollar industry. Traffic increases from 2004 to 2005 to the most popular comparison shopping engines were above 30% (this is based on aggregate traffic numbers from Nextag, Shopping.com, Froogle, Shopzilla and Pricegrabber). Corporations such as Yahoo Inc., eBay Inc., E.W. Scripps Co. and Experian collectively have spent over \$2 billion over the past year, buying comparison shopping engines such as Shopping.com, Shopzilla and PriceGrabber. None of the major comparison shopping engines have leveraged RSS technology nor have they packaged themselves around a shopping philosophy that speaks specifically to affluent and fashionable female consumers. Because Trendspot makes use of RSS technology and speaks to a very specific audience, we are confident it will be even more successful than the sites mentioned above.

Trendspot will only aggregate product feeds from fashion-forward stores. Unlike today's online comparison shopping engine user, our fashion-savvy consumer will not have to sift through cheap products from down-market retailers before she can find the high-end designers she seeks. As a result of Trendspot keeping the site somewhat exclusive, the user will not be overwhelmed by the volume of her choices and will be able to quickly and easily find the item(s) and/or article(s) she seeks. Furthermore this exclusivity and contextual relevance will attract more premium advertisers and ad rates.

## Social Networking:

The internet has entered into an era of participation. This is exemplified in the 1.5 million loyal members of Flickr as well as MySpace.com's 7.5 billion page views in May 2005 (making it the 5th most popular web domain in the US) and was acquired by Rupert Murdoch for over 500 million dollars. Flickr's 1.5 million users made it very attractive to Yahoo and was acquired for an estimated 30 million dollars. Social Media has exploded. Trendspot will leverage social networking by fostering communication between its members with the end goal of creating a vast social network of like-minded consumers. We will begin the social network by encouraging members to share their favorite pieces, new designers, stores, and finds with each other. TrendSpot will also facilitate user forums for topics such as fashion etiquette and polls including: 'Is it tacky to wear open toed shoes with pantyhose?' or 'Can I wear black to a summer wedding?' As with any community, the social networking component of Trendspot will take on a life and direction of its own. At launch TrendSpot will merely set up springboards to get women talking; encouraging viral growth and community building.

## Women's Fashion Content:

Women's fashion content online has exploded. Page views more than doubled between 2004 and 2005 for sites such as Elle, Style and InStyle. Trendspot will enable users to receive RSS feeds about specific subjects and products as well as feeds from favorite content providers. For example, if an individual user's favorite designer is BCBG, all content articles about this designer will be dropped into a folder she can access when she logs onto the Trendspot website. This information will be waiting for her whenever she has the time and inclination to read it. Content will range from sales at department stores that carry her designer to news about fashion shows, editorial reviews, and etc. Furthermore, she can receive RSS feeds from sites she normally checks on a regular basis such as DailyCandy.com and Style.com. Our consumer will have no reason to visit several sites when all the content she wants is available and waiting for her on TrendSpot.

Although RSS is becoming increasingly popular, it is still not being fully leveraged by the fashion sector. Part of the reason for this is that there are no RSS readers that speak directly to the female audience. If major fashion properties were able to grow revenue streams through RSS advertising, they would build more feeds and there would be more content syndicated to Trendspot. This relationship would result in exponential growth in the use of RSS feed in the online fashion world. Trendspot is prepared to partner with major retailers and content providers in order to stimulate the RSS fashion world and create mutually beneficial relationships.

# Building the Brand

As a brand Trendspot will appeal to female luxury retail shoppers with an overall look that is clean, modern, and sophisticated yet fun and playful. The architecture of the site will be extremely simple, helping users who are not tech-savvy to access and make full use of all the features included on the site. Throughout all phases of TrendSpot launch, functionality will cater to the lowest common denominator in terms of technical skill. Furthermore, the Trendspot marketing and branding team will work very closely with the web programmers in order to ensure that Trendspot's brand is not only built into the look and feel of the site, but it is interwoven into the site architecture. In addition, customer support will be robust.

The overall ease of use will help to create an overarching brand experience of simplicity and trustworthiness.

## **Trendspot Phase One**

The web is the perfect place to introduce users to the Trendspot brand. We plan to launch the Beta version of Trendspot Online 1.0 at the end of Q2 2006.

*At launch, Trendspot.com will offer the following core features:*

1. Shopping engine that searches across pre-designated ecommerce sites such as NeimanMarcus.com, Saks.com, InterMix.com, GirlShop.com, Anthropologie.com, BananaRepublic.com, BergdorfGoodman.com, Nordstrom.com, and more.
2. Opt-in RSS content feeds from relevant content sites such as Style.com, InStyle.com, Elle.com, TopButton.com and DailyCandy.com.
3. User-specific login and password function to allow users to access shopping history and previously viewed items.
4. User forums, send to friend recommendations, user polls and featured content links.

## **Trendspot Phase Two: The Downloadable Desktop Application**

Phase two will bring TrendSpot.com users a downloadable desktop application that will mimic the web application in many ways in order to facilitate an easy transition from one interface to another. After downloading the application, Trendspot users will no longer have to open an internet browser to access their TrendSpot content. Instead, TrendSpot will run in real-time within the user's background, accessible on-demand. The user will have the ability to customize alerts similar to the ones spawned by Microsoft Outlook in order to stay on top of the trends, all the time.

*Additional core features of the desktop application:*

1. Always on/on demand functionality
2. Ability to integrate with other popular software applications (i.e. Microsoft Outlook, AOL instant messenger)

## **Trendspot Phase Three: The Mobile Application**

We anticipate the launch of TrendSpot for Mobile in Q3 of 2007. As the mobile web grows and WAP (Wireless Application Protocol) applications become more prevalent, we feel that mobile content syndication is a natural progression.

*Additional features of the mobile application:*

A user's personalized content settings will be available wherever she may be. This will facilitate many lucrative opportunities including in-store bargain alerts via mobile. A consumer will also be able to comparison shop in-store goods versus online goods.

# Online Advertising

The U.S. online ad market is surging and online ad spending has increased from \$3.5 billion in 1999 to \$8.4 billion in 2004, and is projected to grow to \$16.1 billion in 2009. During the past year, online ad growth has significantly outpaced other media. Spending on Internet advertising increased 27% from 2003 to 2004, while cable advertising increased 14.1%, broadcast TV advertising was up 8.2%, radio advertising was up 7.0%, magazine advertising increased 5.0%, newspaper advertising increased 4.8%, and Yellow Pages advertising was up 3.2%. Lastly, the average online marketing budget increased from \$3.9 million in 2003 to \$4.6 million in 2004. TrendSpot's unique focus places it in prime position to capture significant advertising revenue.

# Anticipated Revenue

The Company recognizes the importance of diversified revenue streams and will:

- Sell several types of sponsorship to marketers including banner, email, newsletter, roadblock and skin opportunities on the web property
- Partner with a major Search Engine to share in paid click revenue
- Partner with major advertisers and affiliate networks to generate revenue from sponsored product feeds

Internet ad revenues are forecasted to grow by 10% per year through 2010 (Jupiter). Because TrendSpot visitors are looking for product information or fashion trends this qualified audience represents an ideal target for a wide range of advertisers. Online retailers such as Neiman Marcus, Nordstroms, and Saks Fifth Avenue and companies, online pure plays such as BlueFly and Blue Nile, and major online fashion brands such as David Yurman, Gucci and Giorgio Armani will all be attracted to TrendSpot's audience of affluent women shoppers.

*TrendSpot will offer advertisers a variety of ways to connect with users:*

## **Banner Sponsorships:**

The TrendSpot front page and other pages will have a Leaderboard (728 x 90) (or Badge unit) and a Vertical Rectangle (240x400) . These units have become widely accepted and are endorsed by the Internet Ad Bureau (IAB). Leaderboard and Vertical Rectangle CPMs on upscale content websites average between \$10-\$20. For an additional fee, premium advertisers will be offered Roadblock opportunities in which all ad units on the page for a specific duration of time belong to one advertiser only. Roadblocks and command anywhere from a 5%-25% premium over typical CPMs. In year 1 we anticipate a 30-50% sell through rate as well as several advertiser Roadblocks.

The TrendSpot team may work with an Advertising Rep. Firm in Year 1 in order to reach out to a broad range advertisers and agencies.

## **Branding Sponsorships:**

In order to reach out to Consumer Packaged Goods companies, as well as other non-ecommerce enabled advertisers, TrendSpot will encourage advertisers to sponsor specific sections of TrendSpot, and logo sponsorships of content will be offered at a \$3-\$5 CPM level. By the end of Year 1, the Company expects 50% of the site to be logo-sponsored.

*(continued)*

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## Email Sponsorships:

TrendSpot will offer advertisers sponsorship of its weekly Email Newsletter that advises users about fashion trends and updates online retailers. Sponsorship will include, Text messages from advertisers, a Banner unit (468 x 60) at the top of the email and a Skyscraper (160x600) at the right of the email. TrendSpot will accept 3 Text ad units per Newsletter. Because these messages have few advertisers the ad units will command a premium CPM of \$7-\$12 per unit at an estimated sell-through of 50% for Year 1.

In addition to the newsletter sponsorship, TrendSpot will offer premium advertisers stand-alone (opt-in only) emails the will feature one advertiser's product/message per drop. To discourage users from feeling spammed and opting out, only advertisers that truly speak to the TrendSpot lifestyle will be allowed to rent TrendSpot's list and the frequency of solo emails will be capped at one per week. Such premium solo email lists regularly sell at a \$50+ CPM and we anticipate a 50% sell-through in Year 1.

## Sponsored Feeds:

Advertisers and feed providers will be offered "Sponsored Feeds" in the column next to or below the TrendSpot RSS feeds. These feeds will be contextual to the RSS topics. For example if a TrendSpot user has requested RSS feeds on wedding attire, Sponsored links from wedding-related retailers or marketers might appear in the Sponsored list column. Sponsored links will be sold by categories such as footwear, weddings, swimwear, handbags, etc. and several positions (placements 1-10) will be sold in a Cost Per Click bidding model. This model has become widely accepted with the Search formats of Google, MSN and Yahoo. These links will be identified at the top as advertisements with the heading "Sponsored Links". In Year 1 the Company expects to have an average of 12 companies bidding in several different categories at an average CPC of \$0.13.

## Sponsored Feed Revenue Share Deals:

TrendSpot may accept a limited number of sponsored feeds from retail advertisers or affiliate marketers that pay only when a product is purchased. For example, an affiliate marketer such as Performics may provide XML product feeds of its clients on TrendSpot with TrendSpot receiving 20% of all revenue generated from a sale. Similar to CPC ad buys, a revenue share basis is less desirable than a CPM based ad buy where TrendSpot takes no risk that the user will "click" or buy the product. This model may make sense for TrendSpot if a highly visible Badge or Banner is inserted on the Front Page for maximum exposure but is not factored into the revenue model at this time.

## CPC Search Partnerships:

TrendSpot will partner with a major search engine to power TrendSpot's search functionality. In selecting a partner, the TrendSpot Business Development team will select a company that provides relevant paid and unpaid listings and that offers TrendSpot a high percentage of Pay Per Click revenue share. This model can generate significant revenue from direct response marketers and major Search Engines offer partners up to 50% of all revenue from paid search clicks. In Year 1, the company expects a revenue share deal of 30% and a minimum average of 20,000 paid clicks per month.

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# Competitive Analysis

Given the unique combination of market positioning, luxury/fashion focus, shopping components and marketing/advertiser friendliness of TrendSpot, we are confident in our assessment that there exists no comparable site or product on the market today. Thus, we feel strongly that TrendSpot can achieve its goals notwithstanding the other media choices confronting consumers.

Although no exact competitors to TrendSpot exist, TrendSpot does face general competition for a user audience. This general, but imprecise, competition to TrendSpot falls into three broad categories: Online Shopping Engines, RSS Aggregators, and Blogs. However, as more fully set forth below, these categories of shopping/news/info related media each have their own characteristics and deficiencies that not only distinguish them from TrendSpot, but underscore their deficiencies.

## Shopping Engines

*Significant players: Shopping.com, Nextag, Froogle, Shopzilla, Pricegrabber*

**Industry Status:** This is a rather mature industry, dating back into the late '90s. There are few potential revolutionary innovations left in this space. New developments in this sector will come from consolidation, as is common in an industry of this maturity; expansion to mobile and/or other platforms; integration into common appliances and applications (Refrigerators, Cars, Automobile Nav systems, etc.); and better marketing of an engine as brand or special destination w/ unique offerings.

### Strengths

- Fast results
- Accepted marketing and user paradigm.
- User familiarity with interfaces and methodology
- High Valuation

### Weaknesses

- Not focused on particular verticals
- Flavorless –a generic compilation of data.
- No Voice – doesn't speak to users, nor create brand equity.
- Data presented is fungible and generic.  
Little actual difference between individual shopping engines. Thus, little user loyalty.

### Provides

- Price comparisons
- Purchase links
- Strong brands achieved through large ad budgets
- Some provide product user and editorial reviews

### Does Not Provide

- Pleasant or compelling "browsing" experience
- Focused results
- Luxury feel
- Differentiation between engines
- Editorial content
- Gender specific focus
- Community atmosphere
- Ability to reach very niche audiences

## RSS Aggregators

*Significant players: Bloglines, Sharp Reader, News Gator*

**Industry Status:** A nascent industry with uncharted areas of innovation to come. Many small, unbranded players. Will continue to expand and become more important from both a user adoption and advertiser perspective. Currently Apple has integrated RSS into their Safari browser. Microsoft claims that RSS integration will be a key feature of their upcoming Vista OS.

### Strengths

- Free distribution of information.
- Allows rapid user access to info.
- User defined filters.
- User control of info consumption.
- Based on well established and almost universally established XML standards.
- Allows marketing to be "embedded" or presented in non-commercial content/forum
- Widely adopted by publishers

### Provides

- Rapid access to user-defined info
- "TiVo" of the internet experience

### Weaknesses

- Unfocused and content agnostic, allowing all types of content to be muddled together – overall this means marketing messages often lost
- Currently targeted to and adopted mostly by technorati
- User search, selection, maintenance and pruning of feeds required brand equity.
- May be supplanted by future technology

### Does Not Provide

- Focus on luxury/fashion
- Brand affinity between aggregator and content
- Transparent, real simple usage for non-geeks
- Compelling reason for non-technocrati to use
- Easy and clear path to monetization
- Community atmosphere

## Blogs

*Significant players: Gawker Media, BoingBoing, Blogger*

**Industry Status:** A well established sector of internet media. Effective commercialization of this medium is still relatively new. This is a model of online publishing that will expand in scope and breadth in coming years. Perhaps one of the last remaining expressions of the ideals of free-flow information upon which the internet was predicated.

### Strengths

- Free distribution of information.
- Uncensored free press
- User acceptance and trust in information presented often comes from non-commercial nature of this forum
- Strong social community/networking aspect
- Based on well established and almost universally established XML standards.
- Creates strong user loyalty and repeat visitor behavior
- Growing acceptance of medium as legitimate news & info source

### Provides

- Free flow of user created content
- Testimonials, personal opinions
- Alternatives to more commercial content
- Online communities/ Social networking-like forum

### Weaknesses

- Little to no controls or filters on content
- Threatening to some advertisers
- Significant propensity for brand or industry-averse content
- Minimal technology standardization
- Minimal editorial standards
- Lacks a solid ad model due to lack of unification of millions of small publishers

### Does Not Provide

- "Safe" medium for advertiser involvement
- Safe kid/youth-friendly environment
- Content sorting, aggregation or display standards
- Compelling reasons for premier advertisers to utilize medium

## Glam.com Blog Network

Glam.com is a fashion oriented website that launched in September 2005. The basic concept of this site is to port the shopping magazine genre (Lucky, Cargo, Domino, Shop etc.) to the web while attempting to empower the consumer with "a voice". Similarly to TrendSpot, Glam recognizes and caters to the growing importance of the online female shopper. In addition to the editorial fashion shopping content on the actual website, Glam.com has partnered with a number of blogs to create the Glam.com Blog Network. As of December 2005, this list of blogs included PopGadget, She Finds, Bag Crazy, BagTrends, Thrifty Boutique and GirlaWhirl, among others.

The Glam.com Blog Network invites users to submit their own blogs and become a part of the network, leveraging consumer generated media. At its onset, TrendSpot will in no way be a content provider and will rely on syndicated content from networks like Glam. Trendspot could potentially enter into a relationship of coopetition (competitors cooperating to increase the size of the playing field and growing the overall revenue to play for), which will be beneficial both parties from a traffic standpoint. As the Fashion blog sector grows, new strategies will have to be drawn up to maintain an ongoing competitive edge. TrendSpot's desktop and mobile applications will be two pillars that will give TrendSpot this edge.

In light of the fact that Trendspot's initial stream of content will be syndicated, it will compete with Glam for users. However, if a user is reading syndicated Glam content through TrendSpot, Glam will be adding value by syndicating to TrendSpot. Conversely, as TrendSpot will aggregate a significant amount of additional content outside of Glam, users will find the TrendSpot experience more rewarding. Glam's lack of user customization means that users of Glam are still somewhat hampered by the "push" marketing methodologies of traditional web publishers. Unlike Glam, TrendSpot will empower users to select from a larger universe of fashion focused RSS content and blogs, as well as a wealth of retailer-supplied XML feed data. Since the TrendSpot user will actively select and filter her own content, she will customize her TrendSpot to match her own interests and desires. This represents a significantly more compelling and loyalty engendering experience than Glam offers. Simply put, Trendspot is not an online catalog, but a simple, customizable tool connecting users with the fashion content they are most interested in and the corresponding retailers offering the products they want.

### Glam.com Strengths

- Significant launch buzz among the fashion industry.
- Active partnerships with fashion advertisers.
- 162,000 unique visitors in November of 2005
- 62% Female
- 44% of Household income of \$100,000+

### Glam.com Weaknesses

- As of December 2005, four months after Glam.com launched, there are still significant site performance and usability issues. The website is frequently "down," and basic activity such as simply attempting to register to gain access to the site often results in server errors and time-outs. This is absolutely inexcusable in any commercial website, much less one that was so heavily hyped and caters to the somewhat mercurial and not at all tech savvy audience of fashion-conscious females. There is little to differentiate Glam.com from other pre-existing fashion-focused websites.
- No stickiness, average user session of only 1.6 minutes and 5 page views per user session.
- Glam's average user only uses Glam.com 2 times per month.

### Summary Analysis

Although, at the time of this writing, Glam.com is perhaps one of the closest competitors in terms of content and audience to TrendSpot, there are so many significant differences, in terms of focus, concept and execution, that we do not consider Glam.com to have any significant earlier-to-market advantage. In fact, the generally poor execution (including a clunky site architecture that utilizes none of the latest online web design trends or technology) and low user loyalty of the Glam.com site to date indicates that Glam will be at an overall disadvantage in the marketplace upon the launch of TrendSpot.

# Launch Strategy

## Launch Paid

The minimal paid advertising budget at launch will be carefully constructed by Morpheus Media to maximize qualified traffic from Search Engines and relevant content sites in order to drive the maximum number of users at a minimal cost.

Morpheus Media has planned and executed dozens of successful online campaigns for luxury goods marketers, driving qualified traffic and significant online revenues and hitting ROI and revenue goals simultaneously and will provide TrendSpot with the following in year 1:

- Develop and implement year 1 media strategy and online marketing plans for TrendSpot with the goal of driving qualified long-term users and email registrants at the lowest cost possible within limited budget scope
- Leverage long-standing publisher relationships and buying power to negotiate lowest possible CPM rates
- Ensure optimal click, conversion and retention rates while reaching TrendSpot's volume and ROI goals
- Plan, Buy, Manage, Optimize all paid search engine marketing efforts and paid non-search content partnerships for TrendSpot
- Consult with TrendSpot regarding all creative messaging, offer strategy for internal emails and eCRM efforts

## Post Launch Unpaid

As TrendSpot builds traffic, the TrendSpot sales team will reach out to online marketers to offer banner placements, unique roadblock opportunities, email sponsorships, stand-alone emails for CPM purchase. In the future, the TrendSpot team will also be able to offer paid "skins" on the Desktop Application, Mobile advertising opportunities, etc.

The TrendSpot Business Development team will also formalize deals with Affiliate Marketing companies, such as Performics, which will serve sponsored XML product feeds to the TrendSpot audience, resulting in revenue share deals for TrendSpot's benefit. The Business Development team will also formalize relations with a major Search Engine (Google, Yahoo or MSN) to enable TrendSpot to benefit from Pay Per Click search result revenue sharing.

## Post Launch Paid

As TrendSpot's traffic begins to increase, Morpheus Media's online advertising budget will expand to major online content site advertising placements in order to further maximize reach and to capitalize on TrendSpot buzz. TrendSpot will also hire a PR firm at this time to help include TrendSpot in relevant TV, print and online news placements.

# Company Objectives

The Companies's milestone year one objectives are to focus on the design and development of TrendSpot's brand identity, unique use of technology, website, and downloadable application as well as the implementation of partnership deals, content distribution and paid and viral marketing efforts. Additionally the company will assemble its management, administrative, support and professional sales staff.

## First Year Objectives

During year one, the Company seeks to establish the look and feel of the TrendSpot brand identity, to design and develop the TrendSpot destination website with requisite technological components, and to patent said technology for the website, downloadable application and mobile application. In addition, TrendSpot seeks to undergo extensive user Beta testing in year one while creating and implementing a comprehensive paid online marketing strategy. Furthermore, year one will also see TrendSpot reaching out to major advertisers and content distribution partners as the management team and support staff become firmly entrenched.

To meet its one year objectives the company will hire an executive team and support team to run the day-to-day operations of the company. Working with the Founders, the team will engage Vigor Graphic Design and iNELIBLE to shape the TrendSpot brand identity, to design and develop the TrendSpot website and to conduct extensive user testing and Beta testing. In addition, in year one Vigor Graphic Design and iNDELIBLE will begin development on the downloadable application. TrendSpot will engage the law firm of Ostrager Chong Flaherty & Broitman PC to secure relevant patents and trademarks. TrendSpot will also engage Morpheus Media to create a customized, ROI-focused online marketing strategy, scheduled to launch Q2 of year 1.

## Second & Third Year Objectives

During years 2 and 3, TrendSpot seeks to establish itself as the number one brand in the women's fashion shopping market through expansion of the online advertising campaign and a large mass market consumer marketing strategy on TV, print and outdoor. Years 2 and 3 will see the launch of the TrendSpot downloadable application and mobile application respectively. These years will also see the launch of TrendSpot globally, potential TV and satellite radio channels, print publication as well as the launch of complimentary verticals (such as a TrendSpot for men, home goods, etc.). By the end of Year 3, the Company expects to be investigating further capitalization through private acquisition or public offering.

To meet its long term goals the company will raise additional capital if necessary, in year 3 for the purpose of retaining an offline advertising agency, launch of substantial offline marketing campaign and potential TV, radio and print launches.

# Investment Potential

The Company wishes to emphasize to investors that its business model represents a significant departure from the norm for internet start-ups because it expects to actually achieve profitability during its second year of operations through its diversified revenue streams. As such, investment in the Company may present more possibilities for a significant return on capital than envisioned by the typical internet company that, quarter after quarter, year after year, mounts ever-increasing losses. Since the Company expects to buck the e-commerce trend and achieve profitability, it expects a maximization of its investors' returns. We feel that one measure of TrendSpot's potential are comparisons the 3 major shopping comparison sites: Shopping.com (sold to eBay in August of 2005 for \$620 million), Shopzilla (sold to Scripps in July of 2005 for \$525 million) and Pricegrabber (sold to Experian in December of 2005 for \$485 million). These sites were marked by rapid revenue increases over the past 4 years and very high valuations, selling for 4-8X sales to leading internet companies. With TrendSpot's unique combination of shopping engine, news and information source and social networking, the Company expects to ramp up quickly and to achieve a high valuation.

# Funding

## **First Round Funding Requirements**

The Company plans to raise \$1,000,000 in first round equity financing to close in March 2006.

## **First Round Funding Uses**

The Company plans to use the proceeds of the first round of equity financing to hire the management and support teams, to engage Vigor Design and iNDELIBLE to create and launch the TrendSpot website and downloadable application, to engage Morpheus Media to create, buy and track a targeted online media campaign and to engage Ostrager Chong Flaherty & Broitman PC to secure relevant patents and trademarks.

## *Website Development*

The Company will partner with iNDELIBLE to assist in designing, develop and implement its creative vision into a technologically superior online shopping site offering the user unparalleled information and ease of use. In order to realize this goal, iNDELIBLE will work with the Company to integrate proprietary custom designed software solutions as well as existing technology to create both the front-end user interface and a powerful back-end that enables the management team to operate and monetize the site.

In its initial work with iNDELIBLE, the Company has laid out the general scope, requirements and goals of the technology development project. Although these criteria are flexible and will crystallize during the life of the development project, the Company and iNDELIBLE have sufficiently conceptualized and planned this project to determine an initial development budget of \$XXX,XXX.

iNDELIBLE and other web developers have expressed interest in closely partnering with the Company by taking a small equity stake in exchange for a portion of their development fees. Thus, the final website and software development project budget will likely be less than originally projected. The exact amount of immediate capital the Company will conserve through this arrangement has not yet been determined because the negotiations with these developers as to the extent of equity investment and respective cost savings are ongoing. Nevertheless, the Company is quite pleased to announce its partnering with iNDELIBLE as both a means of fostering the relationship between the companies to work towards a common goal, and as a method of controlling its capital expenditures during this critical initial development phase.

## *Salaries and Employee Benefits*

In order to conserve cash during the initial development stage of operations, the Company will employ only those persons most critical to the Company's start-up success. These individuals include the core management team of CEO and Business Manager. Additionally, the Company will likely hire one or more support personnel to assist the executive team in managing the multitude of individual projects that comprise the start-up goals of the Company. The Company expects to begin growing rapidly after launch and will likely add a fulltime VP Sales and VP Marketing and additional sales, support and customer service staff.

TrendSpot recognizes the importance of capital conservation for the success of the Company. Thus, salaries for all personnel will initially be modest with an expectation of commensurate cash and non-cash incentive compensation as performance goals are achieved.

## *Cost of Operations*

The Company expects that the pace and cost of operations will increase throughout the development stages of TrendSpot as the Company grows, prepares for launch, plans its marketing campaign and begins compiling a sales team. Initially the cost of operations will be minimal, consisting mostly of travel and basic start-up expenses. Operations costs will increase as the Company seeks to lease office space and acquire necessary equipment. As TrendSpot ramps up to service users and advertisers, operational expenditures are expected to accelerate.

## **Second Round Financing**

The Company does not anticipate Second Round Financing until year the second half of year 2, at which time the Company anticipates raising \$5,000,000-10,000,000 for a national TV, print and online advertising campaign.

# Board of Directors

## Adam Broitman

After graduating Cum Laude with a B.A. in English from Queens College, Adam embarked on an entrepreneurial venture as a Co-Owner of Noise Floor Studio (a music recording studio). Upon leaving Noise Floor Mr. Broitman went to work in the technology sector, designing high end video conference systems. After gaining a wealth of knowledge about IP technology, Adam took a job as Director of Sales for Vigor Graphics and Design. He then joined the American Express media team at Digitas where he worked in the travel and financial sectors.

In 2005 Adam brought his online media planning experience to Morpheus Media where he currently holds the title of Senior Media Strategist. Adam is the Senior Account Executive for many national clients including The New York Times, A&E, Live 365, Beliefnet as well as a number of smaller clients.

Adam holds a Media Management Certificate from The New School University and is completing an M.A. in Media Studies.

## Jamie Driver

Jamie began his advertising career as one of the first 10 employees at @tmosphere Interactive, the online arm of BBDO, rising from Assistant Interactive Coordinator to Interactive Coordinator to Media Planner in less than two years. Jamie also helped establish @tmosphere's highly regarded online media Training Program and its proprietary media database.

He later joined Mass Transit Interactive in order to apply his expertise on a more specialized plane and develop stronger ties with his clients in a small agency environment.

As the Director of Internet Strategy for Morpheus Media, Jamie brings together his traditional training and extensive online experience to best help Morpheus Media's clients achieve their marketing goals at an effective ROI.

His clients have included CNBC.com, FT.com, Kahlua, Purdue Pharma, General Electric, Hertz, DoubleTree, CHEF'S and Horchow.

## Alex Golimbu

Alex's diverse professional background offers a bounty of client services experience, technical knowledge and analytical skills. As a practicing attorney, he has counseled and represented small businesses and Fortune 500 clients in matters of Intellectual Property and litigation in the Federal and State Courts of New York and New Jersey.

Upon transitioning to the world of online media, he has transitioned his outstanding analytical skills and tireless diligence to form the foundation upon which Morpheus Media achieves its high level of client satisfaction and media campaign performance accountability.

Alex directs the agency's analytical reporting unit and also focuses his efforts on operational management and corporate governance. His clients have included American Express, Citibank, Nissan Motor Acceptance Corporation, American Airlines, Toyota Motor Credit, BP Amoco, Borg Warner Protective Services, Upoc, Hypnotic.com, Doubletree, Hertz and The New York Times.

## William Jennings

Bill Jennings has over 15 years of media experience with A&E Television networks, CMGi, News Corp and Capital Cities/ABC. Currently he is VP of New Media & Business Development at A&E managing online ad sales for A&E.com, History.com, Biography.com and other sites. He has extensive contacts among the major ad agencies and client marketing groups.

In this role he has increased ad revenue by 200% over 4 years, focused the Company on emerging media like broadband, iTV and Wireless and built an interactive sales team. Bill has also built online ad sales teams for News Corp and Flycast and has worked closely with dozens of marketers targeting Women online. Bill's group at A&E Television Networks accounts for over \$20 million in ad revenue.

Previously, Bill was in publishing with Capital Cities/ABC and a Product Manager with The Gillette Company. Earlier in his media career, he managed ad sales teams at Fairchild Publications on several fashion trade magazines including Sportstyle and Footwear News. Bill holds an MBA from Northeastern University and a BA from Ohio Wesleyan University.

## Shenan Reed

Shenan's marketing experience began in the traditional world of the consumer packaged goods industry. In stints at both Bristol Myers-Squibb and Spectra Marketing, she developed a keen insight into consumer behavioral analysis and its importance in successful marketing initiatives.

Her traditional marketing background and data analysis experience has served her well in the field of online marketing, where she has led complex branding, registration, acquisition and conversion based online media campaigns for a variety of new economy and traditional industry clients.

As the Director of Business Development, Shenan brings to Morpheus Media a strong background in CPG client services, analytics and online media management, giving her an impressive understanding of online markets, their similarities and differences from traditional markets, and the importance of a unified marketing approach. Her clients have included Heineken, MasterCard, Bristol-Myers Squibb/Clairol, Philip Morris, Pfizer, Great Brands of Europe/Evian, AltaVista, Fodors.com, Upoc, Neiman Marcus and The New York Times.

## Joseph Szala

Joseph Szala's expertise derived from years of experience working for numerous corporations and agencies in the Pennsylvania region. During this time he had the pleasure of helping launch creative campaigns for companies like Pfaltzgraff, Avery Office Supplies as well as smaller regional corporations. This diverse set of clientele created a solid foundation on which Joseph has built a sound business ethic combined with the ability to bridge creativity and strategy.

Vigor Graphic Design was opened in early 2001 and Joseph immediately picked up a handful of clients and began creating compelling marketing initiatives that focused on the client's bottom-line, not the awards his firm may receive. As Vigor grew, so did the knowledge of how businesses benefit from creative work.

Presently Joseph continues to build Vigor's client-base while constantly pushing his team to create new, innovative solutions. The agency's focus has turned from strictly print and web, to a unique combination of the two. He's recently coined the term "e-Centric Brand Strategy" which personifies the essence of doing business in present day economy.

Joseph often lectures at regional business events on the power of branding and design. He is a published journalist on the topic in print and internet medias. He has worked with a number of charities to build their brand as pro-bono publico.

# Agencies of Record

## Branding: Vigor Graphic Design, LLC

Vigor is a leading e-Centric Brand Strategy Boutique. A collective of accomplished brand strategists, Vigor works tirelessly behind-the-scenes to make brand messages heard loud and clear. Vigor does not design for the sake of design or awards but to increase revenue, awareness and loyalty for their clients by utilizing superb, innovative brand design.

Vigor's staff boasts a diverse group of top creative and business minds whose youthful perspective is balanced with the wisdom of thirty years of traditional agency experience. Vigor has the distinction of being a firm that can bridge the gap between creativity and strategy and emerge with compelling results.

Vigor is located in Harrisburg, Pennsylvania, recently named one of the top three up-and-coming cities to live in the country. New York, D.C., Baltimore, Philadelphia and Pittsburgh sit right in Vigor's backyard while direct flights out of Harrisburg International allow Vigor to cater to their growing list of top-shelf, national clients such as Evian Water and Intellimark/Technisource.

## Online Marketing: Morpheus Media

Morpheus Media a full-service marketing agency that specializes in online media consulting, strategy, planning and execution for our clientele.

Founded in 2001 and named one of Media Post Magazine's Top 50 Online Advertising Agencies in both 2003 & 2004, no other online agency devotes itself to protecting and promoting clients online like Morpheus Media does. With over 30 years of combined experience in building brands and maximizing ROI online, Morpheus Media's team of experts performs as a highly skilled extension of our clients' marketing teams. This, in tandem with over \$20 million in billings per year across major content sites and PPC search engines, provides Morpheus Media's suite of luxury eCommerce clients including Neiman Marcus, Horchow, Bergdorf Goodman, David Yurman, Salvatore Ferragamo, Baccarat and The New York Times unparalleled ROI and brand promotion online.