

BARSENTIAL

By

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Approved by:

A handwritten signature in black ink, appearing to read "Matthew Mars", is written over a horizontal line.

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STATEMENT BY AUTHOR

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Abstract:

Being the only marketing major in my entrepreneurship group, I played the role of Marketing Director. Under this title I was responsible for completing all market research, including two focus groups, two surveys, and significant secondary research. Once the primary research was collected, I was responsible for the data analysis. Analyzing the data required deciphering over five hundred surveys and extracting real-world results from observation in our focus groups. Along with market research, I was also responsible for the development of BarSential's long term marketing strategies and short term sales strategies. This was an extremely significant role since the application world is currently so saturated, and our strategy would need to be strong to survive in today's market. In addition to marketing related responsibilities, I was also the team editor for our final business plan, along with the sole graphic designer for our images and charts. All in all, I played a significant role in the creation of BarSential's business plan and my entrepreneurship venture as a whole.



Founders

Whitney Fongemie: General Manager
Eytan Ben-Yeoshua: Chief Financial Officer
John Rushworth: Operations Manager
Mandy Walker: Marketing Director

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Executive Summary

As mobile technology continues to integrate into everyday life, now is the opportune time to introduce the BarSential mobile application: the next generation wallet. Our application enables smartphone users to conveniently pay bar and restaurant tabs from their phones and receive exclusive, real-time discounts based on their GPS location.

Business Model

Improving upon time-consuming, manual restaurant transactions, we charge customers a flat fee for each mobile payment, increasing security for patrons and customer turnover for restaurants. We utilize a percent-of-sales method to charge establishments for our promotions.

Industry Problems

Long wait times and identity theft are problems that bar and restaurant customers commonly face. Additionally, these establishments are not able to fully utilize their point-of-sales systems at optimal efficiency levels.

Competition and Our Competitive Advantage

ATX Innovation is our only direct competitor. Its smartphone application TabbedOut, similar to BarSential, allows customers to pay for their bar and restaurant tab from a smartphone. Our competitive advantage comes from our distinct marketing strategy. We target bars and restaurants near college campus communities along with students of drinking age. This allows us to reach a dense population of potential customers.

Financials

Year	1	2	3	4	5
Revenue	\$46,600	\$403,800	\$1,877,400	\$5,767,500	\$13,555,200
Expenses	\$355,400	\$499,100	\$1,123,600	\$3,194,000	\$6,965,100
Net Income	-\$308,800	-\$95,300	\$753,800	\$2,573,500	\$6,590,100

We will increase sales through expansion, while strengthening our customer base in current locations. Operating our business from a single location will cause expenses to increase at a slower rate than revenue. The additional costs will come primarily from marketing and salary expenses.

Funding

Our venture has a pre-money value of \$1.3 million. However, in order to launch, we need an outside investment of \$400,000. \$325,000 will be used for application development, branding, and marketing costs. The remaining \$75,000 will be used for business operations and working capital.

Mobile payments are the future of retail sales and are on the verge of mainstream implementation. By partnering with BarSential, investors will take the lead in accessing this undeveloped market.

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Problem

Have you ever experienced long wait times at bars and restaurants while trying to pay for your tab? Have you been a victim of identity theft or credit card fraud? These are several common problems for bar and restaurant customers. These issues also create problems for bars and restaurants, which are unable to operate at optimal efficiency levels. These problems leave room for an opportunity for BarSential. By increasing operational efficiency for bars and providing a more secure payment method for customers, we will be able to revolutionize the food service industry.

Solution

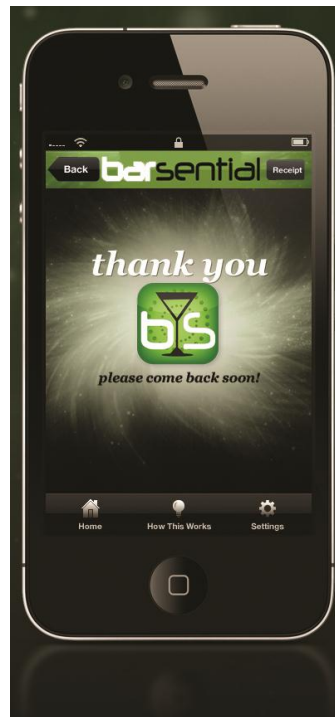
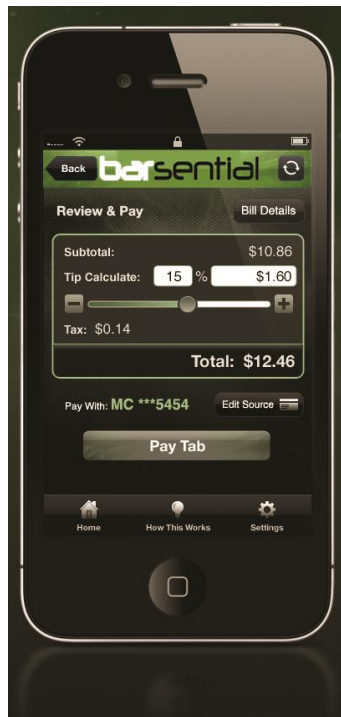
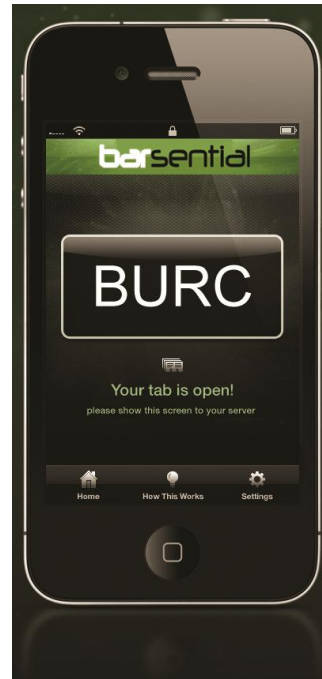
BarSential is a mobile application that provides users with a solution to their problems and increased turnover for bar and restaurant venues. Smartphone owners will experience many benefits while utilizing the application at participating bar and restaurant venues. The benefits the mobile application provides to users are discount notifications based on GPS locations, the convenience of paying tabs from their phones at any time and additional security from credit card fraud and identity theft.

How It Works—Transactions

The application wirelessly connects with each venue's Point-Of-Sales (POS) system. As a customer with the application enters a participating bar or restaurant venue, they become able to open a tab from their smartphone. The phone then displays a unique code, which also appears on the POS screen. The bar and restaurants use this code to assign purchases to customers. Once a customer decides to pay, they can close their tab from their phone, which sends a signal to the POS system.

We will integrate with the POS system, through a mutual contract that gives us access to the point of sale system's local IP address. This allows our application to send secure encrypted card data through the POS firewall and tap into the POS software, allowing for transactions to

take place after the smart phone and POS interaction. The screen shots shown below illustrate the process of generating a unique code, which is visible on the smart phone and the POS system. This code allows the waiter to know what to drag and drop into the code, charging the correct patron for the orders.



How It Works—Discount Notifications

Our discount service uses GPS technology to notify customers of promotions at their favorite participating locations. As a customer approaches an establishment that's offering a promotion, the customer will receive a discount notification on their phone. When a discount is pushed from our application to the front screen of the user's smartphone, a short description of the discount offer is seen. After the user launches the application, the discount offer shows a "redeem" button with a timer, counting down the amount of time until the offer expires. When used, the discount must be shown to the bartender who clicks "use". Once used, the coupon becomes invalid and is marked on the IP address as redeemed.

Value Proposition

Our main goal is to increase traffic and efficiency within participating establishments. The application will leverage additional people to the bars and restaurants due to the discount notifications that consumers receive based off their GPS location matches.

Users

From our research of a survey of 70 people, their average wait time at bars is 11 minutes to close their tab at bars and restaurants. Mobile payments allow BarSential users to leave at their convenience and eliminate this wait time.

Establishments

It takes an average of two minutes to process a credit card payment at bars and restaurants. If a bar has 500 customers in a night, this will save the bartenders 1000 minutes, allowing for an estimated increase in sales of 250 drinks. If the average price of a drink is \$4, this additional service will increase that night's revenue for the bar by \$1000.

Industry

The BarSential application is in the lifestyle category of mobile applications and is in the service industry. This service industry application is in a very prolific market. The iTunes Application Store shows that 10 Billion applications have been downloaded from iTunes. By 2012, smartphone users will have downloaded an average of 2.5 mobile apps and over 50% of cell

phones will be smart phones (KPCB—Kleiner Perkins Caufield & Byers). POS systems have taken the place of traditional registers and are used widely from bars to professional sporting arenas. With a premium placed on speed and efficiency, POS systems have enabled service establishments to perform at acceptable rates. However, there is still room for improvement and BarSential takes the next step in supplying this improvement.

Environmental Factors

Industry Statistics

Although there are currently 150,000 mobile payment readers installed in stores across the country, the majority of these readers simply allow customers to wave their credit card over the reader (wsj.com). The mobile payment industry has not yet experienced mainstream usage. Less than 6% of adults have used a mobile payment device. However, 15% of this same group is interested or very interested in using mobile payments (msn.com). This signifies a growing acceptance of the industry. In fact, by 2016, the market for mobile payments will grow to \$618 billion (wsj.com).

Technological Advancements

A technology that could transform the industry is Near Field Communications (NFC). This is a technology similar to a smartcard (credit card) that can be embedded into any smartphone or mobile device and can be re-programmed and adjusted like mobile applications. There are very few devices that currently use NFC technology in the U.S. However, many phone manufacturers are eager to implement this technology and by 2015, 50% of mobile phones will be capable of NFC usage (Gartner Research).

This technology will cost billions to fully implement and requires new POS hardware at participating venues. NFC requires large-scale production for implementation, but, if executed, many more competitors could enter the marketplace.

Competition

ATX Innovation

Currently ATX Innovation is our only direct competitor. Their TabbedOut application uses a mobile payment function similar to BarSential. According to its CrunchBase profile, ATX Innovation has received \$2.8 million in Series A funding and plans to hire sales associates across the United States. TabbedOut is functional in 150 businesses across 15 cities. However, there are few cities with more than two or three participating locations, according to TabbedOut.com. This demonstrates that TabbedOut is thin and its bar and restaurant customers are far apart. Customers in these limited regions are not able to use the application from place to place, minimizing their probability of using the service.

Google

Google is working with MasterCard and Citi-Group to allow consumers to make mobile payments from their phones using NFC technology. The users would swipe their phone over a reader, which would recognize the payment. The goal of this partnership is to allow Google to further develop their market research database. This will allow the company to target specific advertisements and promotions based on the purchasing patterns of the users.

Competitive Advantage

Our competitive advantage lies in the implementation of the services and connecting them seamlessly. Mobile wallets are the wave of the future and BarSential is utilizing this next-generation technology ahead of the curve. Our application eliminates the wait time associated with current transaction processes. The chart below illustrates the benefits of BarSential over competing transactional methods.

Competitive Advantage

	BarSential	TabbedOut	Credit/Debit	Cash
GPS Discount Notifications	X	No	No	No
Payment function via Smartphone	X	X	No	No
Minimum Purchase Waived	X	X	No	X

We also utilize our discount promotions service. This service is similar to Groupon but is more specific to a person’s likings and daily routine, allowing establishments to attract additional customers. Due to the timing feature that requires the coupon to be used in a specific number of hours upon notification, our service leverages impulse purchases that provide immediate results for our partnered establishments.

Market Concentration

The way we implement our service is also different from our competition. Venues that use the TabbedOut application are rarely close to each other. For example, TabbedOut is available for use in three venues in the entire state of California. Our goal is to partner with numerous establishments within a single community, allowing consumers to move from place to place. It will also increase the visibility of our application, causing an increase in our customer base. As we saturate one community, we will begin to expand into additional markets.

Software-Based Function

Most of the companies that are interested in mobile payments plan to use NFC technology. However, in order to implement this technology, participating establishments must pay for costly hardware to scan the phones. By focusing on the software connection from BarSential to the POS systems, we are able to eliminate the need for additional hardware. This will provide a more attractive option for our partnering establishments.

Expansion

We will begin our business in the University of Arizona and Arizona State University markets. After spending four years in Tucson, we feel that we could make a strong connection with these communities. By our fifth year of operations, we plan to expand into 40 cities. However, if demand for the BarSential application grows rapidly, we can potentially increase the number of markets from 40 to over 100. Since BarSential links to any electronic point of sale system that signs on with us, every store that utilizes an electronic POS has the potential to accept our application as a transaction method. Our application could potentially be used in professional sporting arenas, big box stores, and small-scale retailers.

Business Model

Tabbing Function

Our application will provide two distinct revenue streams. The first will be the mobile tabbing function that will enable bar customers to pay for drinks from their phones. We will charge consumers a flat fee of \$.50 for each tab they open. Customers will agree to this rate in order to expedite the payment process.

During our focus group (see Appendix D), we discovered that TabbedOut's fee of \$.99 was an excessive amount. We also saw on comments in the iTunes App Store that other potential customers agreed. As a result, we have decided to reduce our fee. While, fee reduction is not a substantial method of differentiation, it will provide an initial edge over our competitors while we develop our client base.

Discount Promotions

Our second revenue source will come from our discount promotions. For this service, we will follow the fee structure similar to that of Groupon and other electronic discount services. We will charge the bars a percent of the usual sales price of the drink. We have decided to charge an amount of 40%. For example, if a \$6 drink is offered at a reduced price of \$3, we would charge the establishment \$1.20, 40% of the \$3 amount.

Businesses will agree to pay this portion because of BarSential's ability to leverage customers to visit locations that offer discounts. This percent of sales method is similar to the system used by Groupon and Living Social and the widespread success of these companies' promotions validates our revenue model.

By using our discount notification service, businesses will have immediate access to users of the BarSential application. As our customer base increases, our partnered establishments will be able to reach out to a greater number of consumers. We will help develop promotions for venues during low-revenue days, bringing in additional customers that normally would not visit the venues.

Marketing

Target Market

Our company has two different customer groups for our BarSential Application: consumers and service establishments.

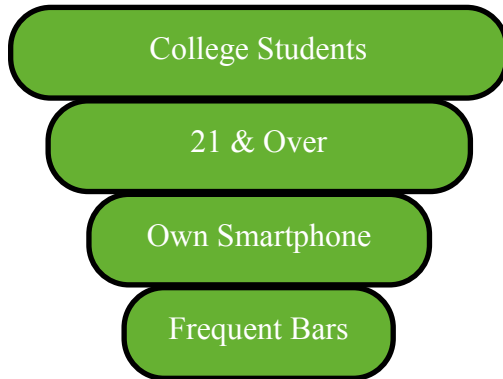
Consumers

One of our core target markets are college students over the age of twenty-one. Out of this age group, we are targeting the students who frequently visit Tucson bars within a five-mile radius from the University of Arizona. Our research shows that the most popular venues are within this age group (see Appendix D). Our target market is also narrowed down by twenty one year old students that own a smart-phone run on platforms like Blackberry, iPhone, or Android.

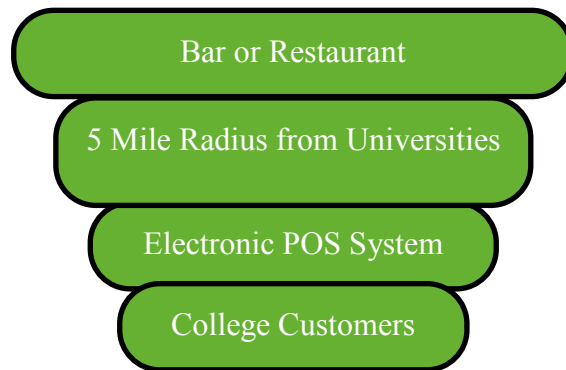
Establishments

Our second target market consists of bars that are within a five mile radius of college campuses. These establishments must be heavily populated by college students at least once a month or want to reach out to this particular market if they have not already. The following diagrams provide a clear description of our two core target markets.

Target Market 1



Target Market 2



Market Validation

Over the past eight months, our team has been conducting several forms of market research that has led us to significant results. We sent out over 1000 surveys to college students that fall within our target market and received over 375 responses (see Appendix B). From these responses, we have been able to develop the following information:

- 72% of our sample target market owns smartphones
- 16% of the students who do not have a smartphone stated they will have one within the next year
- the average bar customer spends \$15.31 each night they go out to the bars
- Undergraduate students over the age of 21 visit an average of 2.14 bars in one night
- They go out on average 1.67 times a week

After quantifying our market research, it was obvious we will be targeting a large, yet growing target market.

Strategies

Marketing Strategy

We want to saturate individual markets, allowing customers to be able to use BarSential in numerous locations near them. The reason why credit cards have become so dominant is because consumers are able to use them almost everywhere they go. We want to follow this method, but start on a smaller scale. Focusing on saturation of select communities will allow us to grow our brand and establish BarSential as the leading mobile payment method.

Sales Strategy

Since our BarSential Application does not have a download fee, our business will need an outstanding sales strategy in order to acquire a large customer base and create initial revenue. After holding a focus group and analyzing hundreds of surveys, we have learned that college students are most concerned with the price of drinks and whether or not their friends are with them at the bars (see Appendix D).

Consumers

In order to acquire new BarSential customers, our company will offer a free drink at a participating venue if they download our application and use it for a trial run. We also want to utilize word-of-mouth marketing. The abundance of advertisements on social network sites like Facebook has turned off users who are not interested in them. In order to promote word-of-mouth marketing, our company will offer an incentive program for referring friends to download our application.

Student Interns as a Sales Force

The best way to inform potential customers of BarSential is through student interactions on campus. Therefore, we will employ student interns to facilitate these interactions. Interns will be responsible for promoting our application on campus and around bar and restaurant venues. Marketing through students who are excited about BarSential, is the most direct way to spread the word of how our service works to the college market.

Establishments

In reference to our other target market, bars and restaurants near college campuses, we will use a personal selling marketing strategy. After researching the different backgrounds of each bar, we noticed the majority of college bars we are targeting are locally owned and run (see Appendix G). They are open to bar improvements and have shown that the best way to discuss things with them is to schedule an in-house meeting with the general manager or owner. Once a few bars and their customers see the dramatic improvements in their service because of our application, word-of-mouth marketing will spread to other bars, which will begin to approach us about adopting the new application.

Personal Selling Through Managers

We plan to hire regional managers to call on territories and will be paid an annual salary. They cover an average of 12 campus communities, monitoring, servicing, and implementing marketing initiatives into each participating bar and restaurant. Interns will report to the regional managers via email and periodic meetings. We make a considerable effort to contact our clients in person to provide a personal connection with our partnered establishments.

Operations

Since we are essentially a service provider for the bars and bar customers, we will not need a manufacturing plant or warehouse to stock inventory. Instead, we will work in an office environment where human resources, management, and regional directors will work. Our company will also employ a technology department responsible for customer support and the distribution of our application.

Application Programming

In order to ensure the successful development of the BarSential application, we will outsource the application development to a professional development firm. In addition, we will hire on a tech manager to oversee the application after development. Based on discussions with three application developers, the process of developing the application will take three months for all three initial platforms (iPhone, Blackberry, and Android) including a web based application

management system. Depending on which developer we hire, the total cost of our application will be between \$50,000 and \$75,000.

Timeline

Currently we are in the research and development stage of our venture. Below is an illustration of the progress we've made and our projected future schedule.



Forming Partnerships

We are establishing strategic partnerships with application development companies and tech management professionals along with POS companies. Once we develop our application, we will be able to perform demonstrations to our target establishments. To partner with the point of sale companies, we will first get bars and restaurants interested in our application. We will then speak with their POS sales representative specific to their account and work with them to

establish a partnership with their greater POS company. This will allow us to interface with the POS system, allowing transactions to occur through smartphones.

Launching Our Business

We will hold a launch party and initially offer incentives to a select group of consumers. Through rewards such as free tab-outs, we will familiarize this group with our product, hoping they tell their friends about it. After the marketing of our launch party, monthly marketing initiatives will be implemented by regional managers and their interns. This will keep our target demographic informed about BarSential updates and events.

Management Team

The BarSential team has combined experience and knowledge of the bar and restaurant industry. Each member of the BarSential team brings unique experience to the team, providing a concrete background for this venture.



General Manager, Whitney Fongemie, has worked in the restaurant industry for five years as a server and manager. She is a manager at Sauce Restaurant in Tucson, Arizona. Throughout her years in the restaurant industry, Whitney has developed the necessary skills to implement restaurant polices, monitor proper turnover and gain knowledge of various restaurant processes.



Chief Financial Officer, Eytan Ben-Yeoshua, is a Finance and Entrepreneurship major at the University of Arizona. Through his coursework he has gained experience with capital budgeting and valuation projects. He has worked as a desk assistant for UA Residence Life for three years, developing his customer service and problem solving skills.



The Operations Manager, John Rushworth, has 4 years of sales experience in the service industry and has managed three marketing teams to successful implementation of large scale marketing plans. The BarSential concept created by John in 2007 has been developed further, along with the BarSential Team, into the smart phone application concept that it is today.



As Marketing Director, Mandy Walker is a senior at the University of Arizona and is majoring in Marketing and Entrepreneurship. She has over three years of experience in the restaurant and bar industry, specifically at Trident Bar & Grill. She was in charge of training several new servers, including three of the previous server managers. Her marketing courses have taught her to analyze consumer habits, which have helped BarSential focus on providing our target market with a product they need.

Funding Proposal

Valuation and ROI

Based on our financial forecasts, we estimate that our year 5 Net Income will be close to \$7 million, with annual revenue of \$13.6 million. We can use a conservative P/E estimate of 5:1 to arrive at a possible exit value for our business of \$35 million. We expect this to be a conservative estimate because our benchmark company has a P/E ratio of 17:1.

After researching expected ROI from angel investors (go4funding.com), we have found that many will expect a return of at least 10x for seed-stage funding. However, we feel that a 20x return would provide a more realistic expectation due to the reduction in startup investing. Since angel groups and VC firms are making fewer investments than they did before the recession, they assume greater risk due to their reduced diversification.

Using the information stated above, we have estimated our pre-money value to be \$1.3 million.

Required Investment

In order to launch our venture, we need an external investment of \$400,000 and will seek this funding from angel investment groups. In addition to this external funding, each founding member will invest \$25,000, leading to a total investment amount of \$500,000.

Following this investment, our business will become sustainable and will require no additional investments. However, the amount and timing of our investments will be crucial to the success of our business.

Use of Funds

We want to ensure that investors understand how their \$400,000 investment will be used.

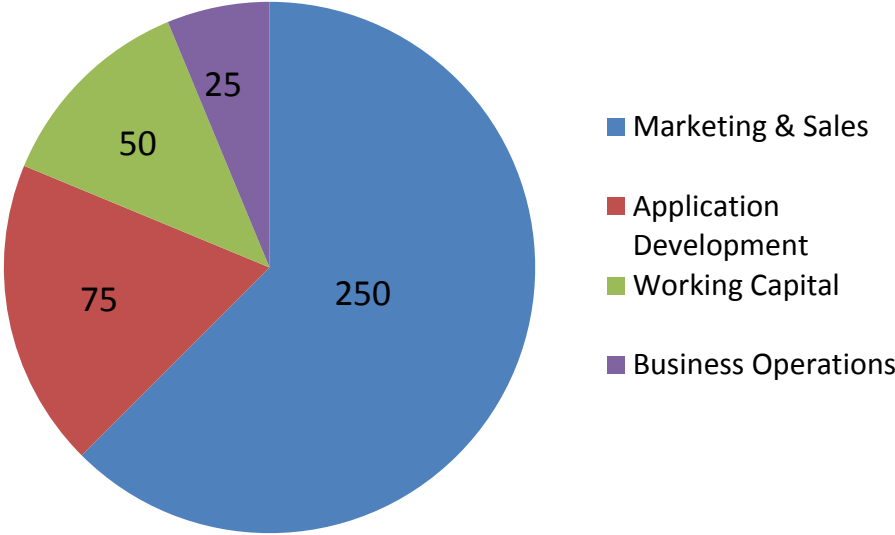
Below is a chart that helps explain our use of funds.

The largest amount of our investment will be used for sales and marketing operations. We want to establish our business as a friendly and personal organization and will employ a direct-sales approach. This will significantly raise our marketing and sales expenses.

We will work with an application developer to create the application itself. From the quotes we've received from three companies, this will amount to anywhere from \$50,000 to \$70,000.

The remaining \$75,000 will be used for working capital and other business operations. We need to ensure that we have enough cash each month to continue operating and this portion will allow us to do so.

Use of Funds Chart



Cash Burn Analysis

It is important that we closely monitor our monthly cash burn rate. We need to consistently have enough cash to cover our working capital and other business expenses. This issue is especially important during the first two years, since this is the critical period of our start-up venture. Below is a chart displaying our burn rate for the first five years of our business.

Cash Burn Rate Table

Year	Per Year	Per Month
1	\$355,000	\$29,000
2	\$500,000	\$41,000
3	\$895,000	\$75,000
4	\$1,511,000	\$126,000
5	\$2,655,000	\$221,000

Financial Statement Analysis

The following forecast is based on our financial assumptions, which we developed after conducting a survey of our target market. According to this data, we expect to have negative net income for the first two years. By month 20, our business will become profitable. The reason for this delay is the high marketing and branding costs associated with our business. Since we will employ a direct sales strategy, the majority of our expenses will be related to marketing and sales.

Profit and Loss Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales (Tabs)	54,000	470,000	2,183,000	6,706,000	15,762,000
Sales (Coupons)	16,250	140,875	655,000	2,012,000	4,729,000
Revenue	\$47,000	\$404,000	\$1,877,000	\$5,767,000	\$13,555,000
Expenses	\$355,000	\$500,000	\$1,124,000	\$3,194,000	\$6,965,000
Net Income	-\$308,000	-\$96,000	\$753,000	\$2,573,000	\$6,590,000

According to this chart, our revenue figures increase at a faster rate than our expenses. This is due to our business strategy. We will only be operating from one office, eliminating an increase in real estate costs as we expand to other markets. In fact, the only additional costs we'll face

from expansion will be increased marketing costs and salaries. As a result, we will be able to minimize our expenses as we expand to additional cities. The reason our revenue grows so rapidly is due to our expansion strategy. We plan to expand at an increasing rate over this five year period. Therefore, we will experience increased revenue from expanding to more cities as well as the increased sales in our existing locations.

Risk Analysis

BarSential faces a fairly high level of risk as a start-up company. Proof of concept has been established through the creation of TabbedOut. However, the market is new and mainstream acceptance of mobile payment devices has not occurred yet.

Vulnerability to Substitute Products and Services

While there is little competition from other mobile payment companies, BarSential must make its place in the electronic coupons market. The growth of firms like Groupon and Living Social has made this a difficult task. BarSential's real-time notifications will bring innovative techniques to this established market, raising our market share.

Cyclical

Targeting students allows BarSential to reach a highly-concentrated group of consumers. However, this makes our company susceptible to cyclical risk during the summer months. During this period BarSential will shift its focus to students who stay near campus for summer class sessions.

Leverage

BarSential's lack of debt financing greatly reduces its leverage risk.

Liquidity

BarSential's assets are mostly soft assets, consisting of our brand and intellectual property. Our firm has few hard assets, which raises our liquidity risk. If we were forced to shut down, it would be difficult to recoup our funds because of our lack of hard assets.

Exit Strategy

It is necessary that we develop a sound exit strategy because investors expect to know exactly how they will achieve their return on investment. Based on our financial projections, we will be unable to buy-out our investors following the forecasted five year period. Since the majority of our company's value comes from its continuing value, our ideal option for liquidation after five years is a private sale.

Our inclination towards acquisition will be an attractive option for investors, since they will have a better opportunity to receive an acceptable return. There are several companies that will be able to acquire our company.

ATX Innovation

If ATX Innovation becomes a stronger competitive threat, they may be eager to move into the communities serviced by BarSential. This could lead to their acquisition of our business.

Groupon

Groupon and other popular discount services might want to implement our GPS notification system. This would also eliminate BarSential from their competition.

Google

The rising interest of Google and other major technology companies in the mobile payment industry presents the strongest possibility of acquisition. These tech giants will likely pursue partnerships with large chain establishments. To gain a larger market segment, Google could be highly interested in purchasing our company to reach out to the smaller community establishments.

Summary

The BarSential mobile application is the next generation wallet, providing discounts and needed security to bar customers. BarSential is a smartphone application that allows customers to receive discounts at participating bars. Our application matches the GPS location of our

customers and their preferred venues. When customers are near a participating venue they will receive a discount notification via their phone. We also provide a mobile tabbing function that enables customers to make payments from their phones. This secure payment method will minimize the risk of identity theft. The tabbing function will also increase the efficiency of bar operations.

Mobile payments are the future of retail sales and are on the verge of mainstream implementation. By partnering with BarSential, investors will take the lead in accessing this undeveloped market.

Appendix

Appendix A: Survey of Target Market

1) Which days, if any, did you go to bars last week? (Check all that apply)

- | | | |
|----------------------------------|------------------------------------|-----------------------------------|
| <input type="checkbox"/> Sunday | <input type="checkbox"/> Wednesday | <input type="checkbox"/> Saturday |
| <input type="checkbox"/> Monday | <input type="checkbox"/> Thursday | <input type="checkbox"/> None |
| <input type="checkbox"/> Tuesday | <input type="checkbox"/> Friday | |

2) On average, how many days a week do you go to bars? (Please Circle One)

0 1 2 3 4 5 6 7

3) How much money did you spend the last time you were at a bar? (Please Circle One)

0-10	11-15	16-20	21-25	26-30
31-35	36-40	41-45	46 +	

4) On average, how much do you spend each time you go out to the bars? (Please Circle One)

0-10	11-15	16-20	21-25	26-30
31-35	36-40	41-45	46 +	

5) On average, how many bars do you go to in a single day? (Please Circle One)

0 1 2 3 4 5+

6) How do you normally pay for drinks at bars? (Please check one or all that apply)

- | | | | |
|--------------------------------|---------------------------------|-------------------------------|--------------------------------|
| <input type="checkbox"/> Debit | <input type="checkbox"/> Credit | <input type="checkbox"/> Cash | <input type="checkbox"/> Other |
|--------------------------------|---------------------------------|-------------------------------|--------------------------------|

7) Why do you prefer this method of payment?

8) Do you have a smartphone? (Please Circle One)
If you answered yes, please move to Question 9.

Yes No

a) If not, do you intend to get one in the next 6 months? (Please Circle One)

Yes No

b) What about in the next year? (Please Circle One)

Yes No

9) How likely are you to get a smartphone application that a friend recommended to you?
(1 = Not Likely, 7 = Very Likely)

1 2 3 4 5 6 7

10) How old are you? _____

11) Which of the following describes you? (Check all that apply)

Undergraduate School

Graduate School

Not in School

Employed

Unemployed

Other

Appendix B: Survey Results

The following results are based upon a total of 389 respondents, 36% male and 64% female.

- Average days of week our market goes to bars = 1.67 days
- Average amount spent in one night at bars = \$15.31 per night
- Average amount of bars visited in one night = 2.14 bars
- 72% of our sample owns a smartphone right now.
- 16% of our sample will purchase a smartphone in the next year.
- 41% of our sample uses cash to make payments at bars.
- 17% of our sample uses a credit card to make payments at bars.
- 40% of our sample uses a debit card to make payments at bars.
- 2% of our sample uses another form of payment at the bars.

Important Overall Facts:

- 1) In the next year, 88% of our sample market will own a smartphone.
- 2) 57% of our sample market currently uses a card to make payments.

Appendix C: Focus Group Questions

1. In a regular week, how often do you go out to eat?
2. How often do you go out to the local bars?
3. On an average night out, how many different venues do you tend to visit?
4. What is your normal mode of transportation when changing from one venue to another?
5. How many drinks on average do you buy when you are at the bars?
6. Would you buy more if they were cheaper?
7. Are you satisfied with the discounts the bars currently provide?
8. Which bar promotions are you most attracted to?
9. What methods of payment do you usually use while out at the bars?
10. Are you satisfied with these forms of payments?
11. Do you find any issues that arise from making payments with credit cards?
12. If there were a different method of payment would you be willing to utilize it?
13. How regularly do you utilize coupons or discounts that you receive via mail or on campus?
14. Would you utilize coupons if they were sent to your phone?
15. Do you pay attention to Facebook events advertising a bar's specials on a particular night?
16. Which forms of advertisement are you most attracted to? (Text messages, Facebook groups, Promoters, flyers, other)
17. Do you go to the same bars each week?
18. If so, would you be willing to try new bars if they were having good specials?
19. Are there any specific areas of Tucson you would be interested in going out in?
20. Any specific areas of Tucson you would be completely against going out in?
21. Which attributes do you look for in a bar? (I.E. what makes your favorite bar most desirable to go to?)
22. Would you be more attracted to a bar if it had a theme night or less attracted to it?

Appendix D: Transcript of Focus Group

Individual Responses:

1. Carly, a participant, stated that she eats at restaurants on Monday and Wednesday. Chopped and Starbucks are her most visited restaurants. When Carly goes out to bars on any given night she buys 3 to 4 drinks. She overdrafts frequently while utilizing her debit card as her method of payment.
2. Beyond Bread, Chipotle, Chopped, and Blue Willow Café are Morgan's, another participant, favorite restaurants that she frequents daily throughout the week. She likes tabs at bars, because it allows her to not have the hassle of handing over cash or cards constantly.
3. Wilko, Frog and Firkin, and Which Wich are Ally's favorite restaurants that she frequents 3 times per week.
4. Lauren dines out 3 to 4 times per week and generally chooses a location close to campus. Lauren prefers something quick to a sit down restaurant. Lauren prefers less Tucson locals, good deals, and a nice atmosphere in her bar experience.
5. When Sarah is out at the bars she usually buys 6 shots. Sarah wants the notification feature on the smart phone application that allows her to get discounts where she wants to go and not just random places (preference feature). She would like notification send-outs early in the night, if they are not based on her GPS location to a bar. Sunday or Monday once a week would also suffice for the send out.
6. Smartphone notification once a week telling her specials and new places to go would be her preferred method of notification.
7. Ryan is a newly 21 year old, who was the youngest of the group. He enjoys 2 for 1 beer options at the bars.

Focus Group Consensus:

1. Everyone in the focus group concluded that they visit 2 to 3 venues a night when out at the bars.
2. Having a cab, a designated driver, or simply just walking to each venue is preferred from driving. A free or very cheap method is preferred that is convenient and outside the bar or club.
3. The group as a whole concluded that 6 drinks purchased per night at the bars was the average.
4. All the females in the focus group concluded that they like having drinks at the bar. More discounts and cheaper drinks would mean more purchasing for them.
The group as a whole said that 2 for 1 drinks are their favorite discount option currently offered at bars.
5. Everyone in the focus group would go to a new bar if drinks were cheaper, even if it was not a typical bar.
6. Currently the group is informed of specials at these bars and new discounts via Facebook. Usually they don't read or attend Facebook invites or notifications. They don't view it as a credible source anymore, because it is too much spam.
7. They wouldn't want to drive further than Cactus Moon and Ra Sushi for a bar experience and would like to stay within a 5 mile radius.
8. They prefer a large group at bars, a crowded bar is better than a non-crowded bar.
9. They would want to go to the Foothills if it were cheaper to get there.

10. The group doesn't like theme nights. They had strong opinions of them and hated them.

11. Cash is the preferred method of payment at the bars. Credit is a pain to open a tab. Cash is nice, because it restricts you, and cash equals no tab. Debits are the devil. They like the good continence with debits.

12. Over drafts are frequent.

13. They would like Coupons accessible on their smart phones. They all think that would be cool. They view this as better than paper coupons. Everyone thinks it's cool no matter who gets the discount, the guy buying the drink for the girl or the girl receiving the drink form the guy.

14. They really want the smart-phone application.

15. They would like a smart-phone application that tells you where to go weekly. Carly stated she would rather have a manual feature as opposed to a notification feature.

Being able to set preferences which trigger impulse buys and decisions throughout the night was preferred for the group as a whole, when out at the bars.

16. They want the option at time of purchase to tip or not to tip.

17. They prefer if the cab were sitting out by the bar when they leave instead of calling a cab and waiting.

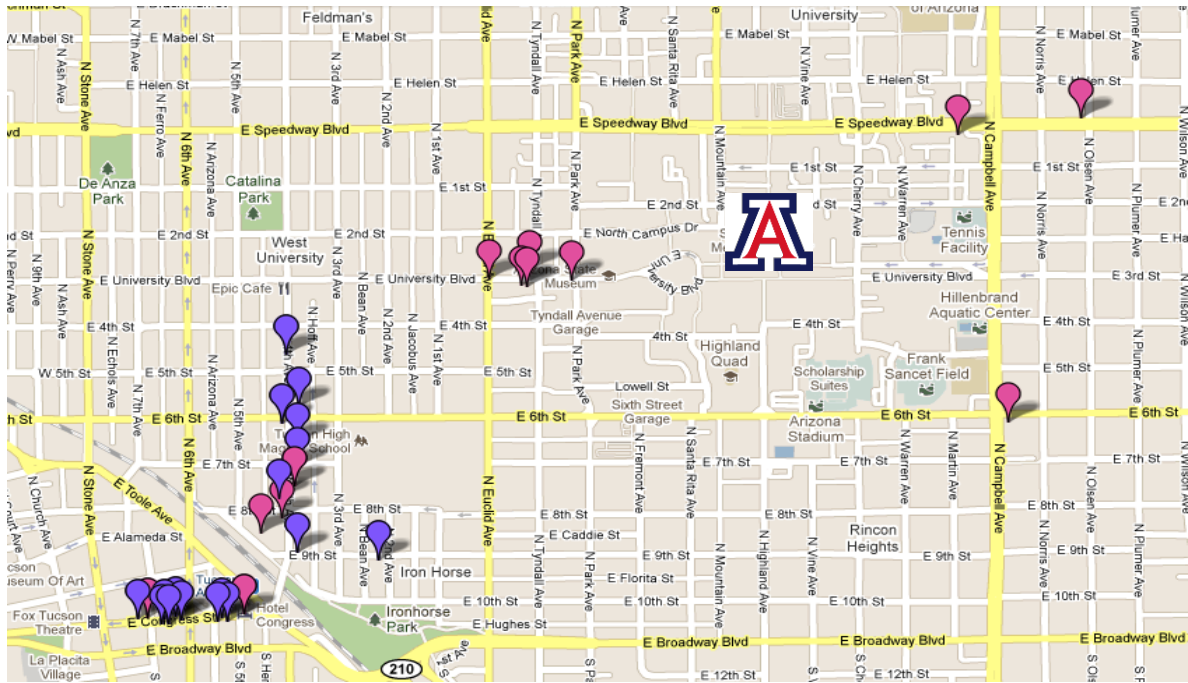
18. More drinks spent at bars equals free drinks. A reward system would be a huge hit according to the focus group.

19. They want specials on their birthdays.

Appendix E: Industry Statistics

- 150,000 contact-less readers currently (wsj.com)
- Market for mobile payments will grow to \$618 Billion by 2016 (wsj.com)
- 6% of adults have used mobile payment; 15% interested/very interested (msn.com)
- Half of mobile phones will have NFC technology by 2015 (Gartner Research)
- 47% of iPhone users support mobile payments (msn.com)
- 60% of time spent on smartphones is “new activity”--maps, games, social networking (KPCB—Kleiner Perkins Caufield & Byers)
- Android—11 million apps downloaded per day; iPhone—17 million apps downloaded per day (KPCB—Kleiner Perkins Caufield & Byers)
- 50% of population in developed markets will have smartphones by 2012 (KPCB—Kleiner Perkins Caufield & Byers)
- By 2013 200 million people redeeming mobile coupons (copiamobile.com)

Appendix F: Map of Bars Near University of Arizona Campus



Appendix G: Response To BarSential By Target Establishments

Trident: Interested, but concerned about cost of Application to them. Will implement if they will become more efficient and make more money.

Championship Dining: Interested in Beta Testing to ensure it's not inconvenient for the bars transaction purposes. If it makes the process quicker they will be interested in implementing for a long term. Also like the discount notification idea and think it will be effective in bringing more customers through their doors.

DirtBags: They want more customers and want customers through their doors early rather than later in the night. Will be interested to see if BarSential can accomplish bringing crowds in earlier.

Gentle Bens: Positive response. They would like to use BarSential to get a night to become popular that isn't already.

Frog & Firkin: Interested as long as customers are able to tip correctly. After being informed of our tipping screen, they were satisfied.

No Anchovies: They believe this will help them become more efficient and avoid customers from walking out without paying.

Auld Dubliner: Positive response. They want to draw in more customers on new nights.

O'Malley's On Fourth: Believe they already have a solid customer base but interested in the possibility of becoming more efficient with another payment method.

Maloney's On Fourth: Interested as long as the credit card database system is safe for customers; they don't want to be blamed for anything being hacked into.

Bison Witches: Currently happy with what they have but will be interested once our application has passed the beta testing stage.

Fuku Sushi: Definitely interested in any type of payment system that will ensure customers don't walk out on their bill. They have problems with impaired customers leaving their tab behind, especially on Thursday nights.

Appendix H: Financial Statements

Projected Balance Sheet: Months 1-6

Month Ending	1 Aug-11	2 Sep-11	3 Oct-11	4 Nov-11	5 Dec-11	6 Jan-12
Projected Balance Sheets (\$s)						
ASSETS						
Current Assets						
Cash	\$ 286,695	\$ 214,605	\$ 192,784	\$ 171,298	\$ 150,233	\$ 129,693
Accounts Receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Current Assets	286,695	214,605	192,784	171,298	150,233	129,693
Property and Equipment	16,000	16,000	16,000	16,000	16,000	16,000
(less accumulated depreciation)	-	(219)	(438)	(657)	(876)	(1,095)
Net Property and Equipment	16,000	15,781	15,562	15,343	15,124	14,905
Other Assets	-	-	-	-	-	-
TOTAL ASSETS	302,695	230,386	208,346	186,641	165,357	144,597
LIABILITIES AND MEMBERS' CAPITAL						
Liabilities						
Current Liabilities						
Accounts Payable	-	-	-	-	-	-
Other Current Payables	-	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Long-Term Debt	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Members' Capital						
Members' Paid-In Capital	350,000	350,000	350,000	350,000	350,000	350,000
Undistributed Members' Earnings	(47,305)	(119,614)	(141,654)	(163,359)	(184,643)	(205,403)
Less: Members' Interest Repurch:	-	-	-	-	-	-
Total Members' Capital	302,695	230,386	208,346	186,641	165,357	144,597
TOTAL LIABILITIES AND MEMBERS' CAPITAL	302,695	230,386	208,346	186,641	165,357	144,597

Projected Balance Sheet: Months 7-12

Month	7	8	9	10	11	12
Ending	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
Projected Balance Sheets (\$s)						
ASSETS						
Current Assets						
Cash	\$ 109,808	\$ 90,744	\$ 72,705	\$ 55,947	\$ 40,792	\$ 27,639
Accounts Receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Current Assets	109,808	90,744	72,705	55,947	40,792	27,639
Property and Equipment	16,000	16,000	16,000	16,000	16,000	16,000
(less accumulated depreciation)	(1,314)	(1,533)	(1,752)	(1,971)	(2,190)	(2,410)
Net Property and Equipment	14,686	14,467	14,248	14,029	13,810	13,590
Other Assets	-	-	-	-	-	-
TOTAL ASSETS	124,494	105,211	86,953	69,976	54,601	41,229
LIABILITIES AND MEMBERS' CAPITAL						
Liabilities						
Current Liabilities						
Accounts Payable	-	-	-	-	-	-
Other Current Payables	-	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Long-Term Debt	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Members' Capital						
Members' Paid-In Capital	350,000	350,000	350,000	350,000	350,000	350,000
Undistributed Members' Earnings	(225,506)	(244,789)	(263,047)	(280,024)	(295,399)	(308,771)
Less: Members' Interest Repurch:	-	-	-	-	-	-
Total Members' Capital	124,494	105,211	86,953	69,976	54,601	41,229
TOTAL LIABILITIES AND MEMBERS' CAPITAL	124,494	105,211	86,953	69,976	54,601	41,229

Projected Balance Sheet: Months 13-18

Month Ending	13 Aug-12	14 Sep-12	15 Oct-12	16 Nov-12	17 Dec-12	18 Jan-13
Projected Balance Sheets (\$s)						
ASSETS						
Current Assets						
Cash	\$ 149,067	\$ 122,545	\$ 98,412	\$ 77,067	\$ 58,979	\$ 44,698
Accounts Receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Current Assets	149,067	122,545	98,412	77,067	58,979	44,698
Property and Equipment	16,000	16,000	16,000	16,000	16,000	16,000
(less accumulated depreciation)	(2,629)	(2,848)	(3,067)	(3,286)	(3,505)	(3,724)
Net Property and Equipment	13,371	13,152	12,933	12,714	12,495	12,276
Other Assets	-	-	-	-	-	-
TOTAL ASSETS	162,438	135,697	111,346	89,782	71,474	56,975
LIABILITIES AND MEMBERS' CAPITAL						
Liabilities						
Current Liabilities						
Accounts Payable	-	-	-	-	-	-
Other Current Payables	-	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Long-Term Debt	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Members' Capital						
Members' Paid-In Capital	500,000	500,000	500,000	500,000	500,000	500,000
Undistributed Members' Earnings	(337,562)	(364,303)	(388,654)	(410,218)	(428,526)	(443,025)
Less: Members' Interest Repurch:	-	-	-	-	-	-
Total Members' Capital	162,438	135,697	111,346	89,782	71,474	56,975
TOTAL LIABILITIES AND MEMBERS' CAPITAL	162,438	135,697	111,346	89,782	71,474	56,975

Projected Balance Sheet: Months 19-24

Month Ending	19 Feb-13	20 Mar-13	21 Apr-13	22 May-13	23 Jun-13	24 Jul-13
Projected Balance Sheets (\$s)						
ASSETS						
Current Assets						
Cash	\$ 34,876	\$ 30,278	\$ 31,812	\$ 40,551	\$ 57,769	\$ 84,976
Accounts Receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Current Assets	34,876	30,278	31,812	40,551	57,769	84,976
Property and Equipment	16,000	16,000	16,000	16,000	16,000	16,000
(less accumulated depreciation)	(3,943)	(4,162)	(4,381)	(4,600)	(4,819)	(5,038)
Net Property and Equipment	12,057	11,838	11,619	11,400	11,181	10,962
Other Assets	-	-	-	-	-	-
TOTAL ASSETS	46,933	42,116	43,431	51,951	68,950	95,938
LIABILITIES AND MEMBERS' CAPITAL						
Liabilities						
Current Liabilities						
Accounts Payable	-	-	-	-	-	-
Other Current Payables	-	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Long-Term Debt	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Members' Capital						
Members' Paid-In Capital	500,000	500,000	500,000	500,000	500,000	500,000
Undistributed Members' Earnings	(453,067)	(457,884)	(456,569)	(448,049)	(431,050)	(404,062)
Less: Members' Interest Repurch:	-	-	-	-	-	-
Total Members' Capital	46,933	42,116	43,431	51,951	68,950	95,938
TOTAL LIABILITIES AND MEMBERS' CAPITAL	46,933	42,116	43,431	51,951	68,950	95,938

Projected Balance Sheet: Quarters 9-14

Qtr Ending	Year 3				13 Oct-14	Year 14 Jan-15
	9	10	11	12		
	Oct-13	Jan-14	Apr-14	Jul-14		
Projected Balance Sheets (\$s)						
ASSETS						
Current Assets						
Cash	120,286	264,201	529,002	837,089	1,187,438	1,696,327
Accounts Receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Current Assets	120,286	264,201	529,002	837,089	1,187,438	1,696,327
Property and Equipment						
(less accumulated depreciation)	21,000	21,000	21,000	21,000	27,000	27,000
	(5,814)	(6,650)	(7,486)	(8,321)	(9,357)	(10,493)
Net Property and Equipment	15,186	14,350	13,514	12,679	17,643	16,507
Other Assets						
	-	-	-	-	-	-
TOTAL ASSETS	135,472	278,551	542,516	849,767	1,205,081	1,712,834
LIABILITIES AND MEMBERS' CAPITAL						
Liabilities						
Current Liabilities						
Accounts Payable	-	-	-	-	-	-
Other Current Payables	-	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Long-Term Debt						
	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Members' Capital						
Members' Paid-In Capital	500,000	500,000	500,000	500,000	500,000	500,000
Undistributed Members' Earnings	(364,528)	(221,449)	42,516	349,767	705,081	1,212,834
Less: Members' Interest Repurch	-	-	-	-	-	-
Total Members' Capital	135,472	278,551	542,516	849,767	1,205,081	1,712,834
TOTAL LIABILITIES AND MEMBERS' CAPITAL	135,472	278,551	542,516	849,767	1,205,081	1,712,834

Projected Balance Sheet: Quarters 15-20

	4			Year 5			
	Qtr Ending	15 Apr-15	16 Jul-15	17 Oct-15	18 Jan-16	19 Apr-16	20 Jul-16
Projected Balance Sheets (\$s)							
ASSETS							
Current Assets							
Cash		2,410,854	3,409,009	4,518,718	5,922,272	7,704,859	10,003,661
Accounts Receivable		-	-	-	-	-	-
Inventory		-	-	-	-	-	-
Other		-	-	-	-	-	-
Total Current Assets		2,410,854	3,409,009	4,518,718	5,922,272	7,704,859	10,003,661
Property and Equipment		27,000	27,000	27,000	27,000	27,000	27,000
(less accumulated depreciation)		(11,629)	(12,764)	(13,900)	(15,036)	(16,171)	(17,307)
Net Property and Equipment		15,371	14,236	13,100	11,964	10,829	9,693
Other Assets		-	-	-	-	-	-
TOTAL ASSETS		2,426,225	3,423,245	4,531,818	5,934,236	7,715,688	10,013,354
LIABILITIES AND MEMBERS' CAPITAL							
Liabilities							
Current Liabilities							
Accounts Payable		-	-	-	-	-	-
Other Current Payables		-	-	-	-	-	-
Pre-Existing Debt		-	-	-	-	-	-
Current Portion of L-T Debt		-	-	-	-	-	-
Total Current Liabilities		-	-	-	-	-	-
Long-Term Debt		-	-	-	-	-	-
Total Liabilities		-	-	-	-	-	-
Members' Capital							
Members' Paid-In Capital		500,000	500,000	500,000	500,000	500,000	500,000
Undistributed Members' Earnings		1,926,225	2,923,245	4,031,818	5,434,236	7,215,688	9,513,354
Less: Members' Interest Repurch		-	-	-	-	-	-
Total Members' Capital		2,426,225	3,423,245	4,531,818	5,934,236	7,715,688	10,013,354
TOTAL LIABILITIES AND MEMBERS' CAPITAL		2,426,225	3,423,245	4,531,818	5,934,236	7,715,688	10,013,354

Projected Income Statement: Months 1-6

Month	1	2	3	4	5	6
Ending	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Projected Income Statements (\$s)						
SALES						
Gross Sales	\$ 860	\$ 1,075	\$ 1,344	\$ 1,680	\$ 2,100	\$ 2,625
Returns and Allowances	-	-	-	-	-	-
NET SALES	860	1,075	1,344	1,680	2,100	2,625
COST OF SALES						
Materials	-	-	-	-	-	-
Labor (Inc taxes & Benefits)	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL COST OF SALES	-	-	-	-	-	-
GROSS MARGIN	860	1,075	1,344	1,680	2,100	2,625
OPERATING EXPENSES						
Salaries and wages	10,000	10,000	10,000	10,000	10,000	10,000
Payroll taxes	1,000	1,000	1,000	1,000	1,000	1,000
Employee benefits	1,500	1,500	1,500	1,500	1,500	1,500
Depreciation	-	219	219	219	219	219
Bad debt expense	-	-	-	-	-	-
Additional Operating Expenses	35,665	60,665	10,665	10,665	10,665	10,665
TOTAL OPERATING EXPENSES	48,165	73,384	23,384	23,384	23,384	23,384
OPERATING PROFIT (LOSS)						
BEFORE INTEREST AND TAXES	(47,305)	(72,309)	(22,040)	(21,704)	(21,284)	(20,760)
INTEREST EXPENSE	-	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(47,305)	(72,309)	(22,040)	(21,704)	(21,284)	(20,760)
DISTRIBUTION FOR TAXES	-	-	-	-	-	-
NET PROFIT (LOSS)	(47,305)	(72,309)	(22,040)	(21,704)	(21,284)	(20,760)
EBITDA	(47,305)	(72,090)	(21,821)	(21,485)	(21,065)	(20,540)

Projected Income Statement: Months 7-12

Month	7	8	9	10	11	12
Ending	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
Projected Income Statements (\$s)						
SALES						
Gross Sales	\$ 3,281	\$ 4,101	\$ 5,126	\$ 6,407	\$ 8,009	\$ 10,012
Returns and Allowances	-	-	-	-	-	-
NET SALES	3,281	4,101	5,126	6,407	8,009	10,012
COST OF SALES						
Materials	-	-	-	-	-	-
Labor (Inc taxes & Benefits)	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL COST OF SALES	-	-	-	-	-	-
GROSS MARGIN	3,281	4,101	5,126	6,407	8,009	10,012
OPERATING EXPENSES						
Salaries and wages	10,000	10,000	10,000	10,000	10,000	10,000
Payroll taxes	1,000	1,000	1,000	1,000	1,000	1,000
Employee benefits	1,500	1,500	1,500	1,500	1,500	1,500
Depreciation	219	219	219	219	219	219
Bad debt expense	-	-	-	-	-	-
Additional Operating Expenses	10,665	10,665	10,665	10,665	10,665	10,665
TOTAL OPERATING EXPENSES	23,384	23,384	23,384	23,384	23,384	23,384
OPERATING PROFIT (LOSS)						
BEFORE INTEREST AND TAXES	(20,103)	(19,283)	(18,258)	(16,977)	(15,375)	(13,372)
INTEREST EXPENSE	-	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(20,103)	(19,283)	(18,258)	(16,977)	(15,375)	(13,372)
DISTRIBUTION FOR TAXES	-	-	-	-	-	-
NET PROFIT (LOSS)	(20,103)	(19,283)	(18,258)	(16,977)	(15,375)	(13,372)
EBITDA	(19,884)	(19,064)	(18,039)	(16,758)	(15,156)	(13,153)

Projected Income Statement: Months 13-18

Month	13	14	15	16	17	18
Ending	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Projected Income Statements (\$s)						
SALES						
Gross Sales	\$ 12,803	\$ 14,853	\$ 17,242	\$ 20,030	\$ 23,287	\$ 27,094
Returns and Allowances	-	-	-	-	-	-
NET SALES	12,803	14,853	17,242	20,030	23,287	27,094
COST OF SALES						
Materials	-	-	-	-	-	-
Labor (Inc taxes & Benefits)	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL COST OF SALES	-	-	-	-	-	-
GROSS MARGIN	12,803	14,853	17,242	20,030	23,287	27,094
OPERATING EXPENSES						
Salaries and wages	14,168	14,168	14,168	14,168	14,168	14,168
Payroll taxes	1,417	1,417	1,417	1,417	1,417	1,417
Employee benefits	2,125	2,125	2,125	2,125	2,125	2,125
Depreciation	219	219	219	219	219	219
Bad debt expense	-	-	-	-	-	-
Additional Operating Expenses	23,665	23,665	23,665	23,665	23,665	23,665
TOTAL OPERATING EXPENSES	41,594	41,594	41,594	41,594	41,594	41,594
OPERATING PROFIT (LOSS)						
BEFORE INTEREST AND TAXES	(28,791)	(26,741)	(24,352)	(21,564)	(18,307)	(14,500)
INTEREST EXPENSE	-	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(28,791)	(26,741)	(24,352)	(21,564)	(18,307)	(14,500)
DISTRIBUTION FOR TAXES	-	-	-	-	-	-
NET PROFIT (LOSS)	(28,791)	(26,741)	(24,352)	(21,564)	(18,307)	(14,500)
EBITDA	(28,572)	(26,522)	(24,133)	(21,345)	(18,088)	(14,281)

Projected Income Statement: Months 19-24

Month Ending	19 Feb-13	20 Mar-13	21 Apr-13	22 May-13	23 Jun-13	24 Jul-13
Projected Income Statements (\$s)						
SALES						
Gross Sales	\$ 31,552	\$ 36,777	\$ 42,909	\$ 50,114	\$ 58,592	\$ 68,583
Returns and Allowances	-	-	-	-	-	-
NET SALES	31,552	36,777	42,909	50,114	58,592	68,583
COST OF SALES						
Materials	-	-	-	-	-	-
Labor (Inc taxes & Benefits)	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL COST OF SALES	-	-	-	-	-	-
GROSS MARGIN	31,552	36,777	42,909	50,114	58,592	68,583
OPERATING EXPENSES						
Salaries and wages	14,168	14,168	14,168	14,168	14,168	14,168
Payroll taxes	1,417	1,417	1,417	1,417	1,417	1,417
Employee benefits	2,125	2,125	2,125	2,125	2,125	2,125
Depreciation	219	219	219	219	219	219
Bad debt expense	-	-	-	-	-	-
Additional Operating Expenses	23,665	23,665	23,665	23,665	23,665	23,665
TOTAL OPERATING EXPENSES	41,594	41,594	41,594	41,594	41,594	41,594
OPERATING PROFIT (LOSS) BEFORE INTEREST AND TAXES	(10,042)	(4,817)	1,315	8,520	16,998	26,989
INTEREST EXPENSE	-	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(10,042)	(4,817)	1,315	8,520	16,998	26,989
DISTRIBUTION FOR TAXES	-	-	-	-	-	-
NET PROFIT (LOSS)	(10,042)	(4,817)	1,315	8,520	16,998	26,989
EBITDA	(9,823)	(4,598)	1,534	8,739	17,217	27,208

Projected Income Statement: Quarters 9-14

	Year 3					Year 14	
	9	10	11	12	13	14	
	Oct-13	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	
Projected Income Statements:							
SALES							
Gross Sales	263,199	366,804	515,494	731,914	965,358	1,217,592	
Returns and Allowances	-	-	-	-	-	-	
NET SALES	263,199	366,804	515,494	731,914	965,358	1,217,592	
COST OF SALES							
Materials	-	-	-	-	-	-	
Labor (Inc Taxes & Benefits)	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
TOTAL COST OF SALES	-	-	-	-	-	-	
GROSS MARGIN	263,199	366,804	515,494	731,914	965,358	1,217,592	
OPERATING EXPENSES							
Salaries and wages	58,755	58,755	58,755	58,755	73,755	73,755	
Payroll taxes	5,876	5,876	5,876	5,876	7,376	7,376	
Employee benefits	8,813	8,813	8,813	8,813	11,063	11,063	
Depreciation	776	836	836	836	1,036	1,136	
Bad debt expense	-	-	-	-	-	-	
Additional Operating Expenses	149,445	149,445	149,445	149,445	284,445	284,445	
TOTAL OPERATING EXPENSES	223,665	223,724	223,724	223,724	377,674	377,774	
OPERATING PROFIT (LOSS)							
BEFORE INTEREST AND TAXES	39,534	143,079	291,769	508,190	587,684	839,817	
INTEREST EXPENSE	-	-	-	-	-	-	
PROFIT (LOSS) BEFORE TAXES	39,534	143,079	291,769	508,190	587,684	839,817	
DISTRIBUTION FOR TAXES	-	-	(27,805)	(200,938)	(232,370)	(332,064)	
NET PROFIT (LOSS)	39,534	143,079	263,965	307,251	355,314	507,753	
EBITDA	40,310	143,915	292,605	509,025	588,720	840,953	

Projected Income Statement: Quarters 15-20

	4		Year 5			
	15	16	17	18	19	20
	Apr-15	Jul-15	Oct-15	Jan-16	Apr-16	Jul-16
Projected Income Statements						
SALES						
Gross Sales	1,557,713	2,026,831	2,497,388	2,983,405	3,610,321	4,464,132
Returns and Allowances	-	-	-	-	-	-
NET SALES	1,557,713	2,026,831	2,497,388	2,983,405	3,610,321	4,464,132
COST OF SALES						
Materials	-	-	-	-	-	-
Labor (Inc Taxes & Benefits)	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL COST OF SALES	-	-	-	-	-	-
GROSS MARGIN	1,557,713	2,026,831	2,497,388	2,983,405	3,610,321	4,464,132
OPERATING EXPENSES						
Salaries and wages	73,755	73,755	88,755	88,755	88,755	88,755
Payroll taxes	7,376	7,376	8,876	8,876	8,876	8,876
Employee benefits	11,063	11,063	13,313	13,313	13,313	13,313
Depreciation	1,136	1,136	1,136	1,136	1,136	1,136
Bad debt expense	-	-	-	-	-	-
Additional Operating Expenses	284,445	284,445	551,745	551,745	551,745	551,745
TOTAL OPERATING EXPENSES	377,774	377,774	663,824	663,824	663,824	663,824
OPERATING PROFIT (LOSS)						
BEFORE INTEREST AND TAXES	1,179,939	1,649,057	1,833,564	2,319,580	2,946,497	3,800,308
INTEREST EXPENSE	-	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	1,179,939	1,649,057	1,833,564	2,319,580	2,946,497	3,800,308
DISTRIBUTION FOR TAXES	(466,548)	(652,037)	(724,991)	(917,162)	(1,165,045)	(1,502,642)
NET PROFIT (LOSS)	713,391	997,020	1,108,573	1,402,418	1,781,452	2,297,666
EBITDA	1,181,074	1,650,192	1,834,700	2,320,716	2,947,633	3,801,443

Projected Cash Flows: Months 1-6

Month Ending	1 Aug-11	2 Sep-11	3 Oct-11	4 Nov-11	5 Dec-11	6 Jan-12
Projected Cash Flows (\$s)						
CASH FLOWS FROM OPERATIONS						
Net income	\$ (47,305)	\$ (72,309)	\$ (22,040)	\$ (21,704)	\$ (21,284)	\$ (20,760)
Adjustments to reconcile net income to cash flows from operations						
Depreciation	-	219	219	219	219	219
Changes in certain assets and liabilities						
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(47,305)	(72,090)	(21,821)	(21,485)	(21,065)	(20,540)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of equipment	(16,000)	-	-	-	-	-
Other Assets	-	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(16,000)	-	-	-	-	-
CASH FLOW BEFORE FINANCING	(63,305)	(72,090)	(21,821)	(21,485)	(21,065)	(20,540)
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowing of long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(63,305)	(72,090)	(21,821)	(21,485)	(21,065)	(20,540)
Members' Capital Contributions	350,000	-	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	350,000	-	-	-	-	-
NET CASH FLOWS	286,695	(72,090)	(21,821)	(21,485)	(21,065)	(20,540)
CASH, BEGINNING OF PERIOD	-	286,695	214,605	192,784	171,298	150,233
CASH, END OF PERIOD	286,695	214,605	192,784	171,298	150,233	129,693

Projected Cash Flows: Months 7-12

Month	7	8	9	10	11	12
Ending	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
Projected Cash Flows (\$s)						
CASH FLOWS FROM OPERATIONS						
Net income	\$ (20,103)	\$ (19,283)	\$ (18,258)	\$ (16,977)	\$ (15,375)	\$ (13,372)
Adjustments to reconcile net income to cash flows from operations						
Depreciation	219	219	219	219	219	219
Changes in certain assets and liabilities						
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(19,884)	(19,064)	(18,039)	(16,758)	(15,156)	(13,153)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of equipment	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-	-	-
CASH FLOW BEFORE FINANCING	(19,884)	(19,064)	(18,039)	(16,758)	(15,156)	(13,153)
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowing of long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(19,884)	(19,064)	(18,039)	(16,758)	(15,156)	(13,153)
Members' Capital Contributions	-	-	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-	-	-
NET CASH FLOWS	(19,884)	(19,064)	(18,039)	(16,758)	(15,156)	(13,153)
CASH, BEGINNING OF PERIOD	129,693	109,808	90,744	72,705	55,947	40,792
CASH, END OF PERIOD	109,808	90,744	72,705	55,947	40,792	27,639

Projected Cash Flows: Months 13-18

Month Ending	13 Aug-12	14 Sep-12	15 Oct-12	16 Nov-12	17 Dec-12	18 Jan-13
Projected Cash Flows (\$s)						
CASH FLOWS FROM OPERATIONS						
Net income	\$ (28,791)	\$ (26,741)	\$ (24,352)	\$ (21,564)	\$ (18,307)	\$ (14,500)
Adjustments to reconcile net income to cash flows from operations						
Depreciation	219	219	219	219	219	219
Changes in certain assets and liabilities						
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(28,572)	(26,522)	(24,133)	(21,345)	(18,088)	(14,281)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of equipment	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-	-	-
CASH FLOW BEFORE FINANCING	(28,572)	(26,522)	(24,133)	(21,345)	(18,088)	(14,281)
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowing of long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(28,572)	(26,522)	(24,133)	(21,345)	(18,088)	(14,281)
Members' Capital Contributions	150,000	-	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	150,000	-	-	-	-	-
NET CASH FLOWS	121,428	(26,522)	(24,133)	(21,345)	(18,088)	(14,281)
CASH, BEGINNING OF PERIOD	27,639	149,067	122,545	98,412	77,067	58,979
CASH, END OF PERIOD	149,067	122,545	98,412	77,067	58,979	44,698

Projected Cash Flows: Months 19-24

Month Ending	19 Feb-13	20 Mar-13	21 Apr-13	22 May-13	23 Jun-13	24 Jul-13
Projected Cash Flows (\$s)						
CASH FLOWS FROM OPERATIONS						
Net income	\$ (10,042)	\$ (4,817)	\$ 1,315	\$ 8,520	\$ 16,998	\$ 26,989
Adjustments to reconcile net income to cash flows from operations						
Depreciation	219	219	219	219	219	219
Changes in certain assets and liabilities						
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(9,823)	(4,598)	1,534	8,739	17,217	27,208
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of equipment	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-	-	-
CASH FLOW BEFORE FINANCING	(9,823)	(4,598)	1,534	8,739	17,217	27,208
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowing of long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(9,823)	(4,598)	1,534	8,739	17,217	27,208
Members' Capital Contributions	-	-	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-	-	-
NET CASH FLOWS	(9,823)	(4,598)	1,534	8,739	17,217	27,208
CASH, BEGINNING OF PERIOD	44,698	34,876	30,278	31,812	40,551	57,769
CASH, END OF PERIOD	34,876	30,278	31,812	40,551	57,769	84,976

Projected Cash Flows: Quarters 9-14

Projected Cash Flows (\$s)	Year 3					Year
	9	10	11	12	13	14
	Oct-13	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15
CASH FLOWS FROM OPERATIONS						
Net income	39,534	143,079	263,965	307,251	355,314	507,753
Adjustments to reconcile net income to cash flows from operations						
Depreciation	776	836	836	836	1,036	1,136
Changes in certain assets and liabilities						
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	40,310	143,915	264,800	308,087	356,349	508,889
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of equipment	(5,000)	-	-	-	(6,000)	-
Other Assets	-	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(5,000)	-	-	-	(6,000)	-
CASH FLOW BEFORE FINANCING	35,310	143,915	264,800	308,087	350,349	508,889
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowing of long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	35,310	143,915	264,800	308,087	350,349	508,889
Members' Capital Contributions	-	-	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-	-	-
NET CASH FLOWS	35,310	143,915	264,800	308,087	350,349	508,889
CASH, BEGINNING OF PERIOD	84,976	120,286	264,201	529,002	837,089	1,187,438
CASH, END OF PERIOD	120,286	264,201	529,002	837,089	1,187,438	1,696,327

Projected Cash Flows: Quarters 15-20

	4			Year 5		
	15 Apr-15	16 Jul-15	17 Oct-15	18 Jan-16	19 Apr-16	20 Jul-16
Projected Cash Flows (\$s)						
CASH FLOWS FROM OPERATIONS						
Net income	713,391	997,020	1,108,573	1,402,418	1,781,452	2,297,666
Adjustments to reconcile net income to cash flows from operations						
Depreciation	1,136	1,136	1,136	1,136	1,136	1,136
Changes in certain assets and liabilities						
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	714,527	998,155	1,109,708	1,403,554	1,782,588	2,298,802
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of equipment	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-	-	-
CASH FLOW BEFORE FINANCING	714,527	998,155	1,109,708	1,403,554	1,782,588	2,298,802
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowing of long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	714,527	998,155	1,109,708	1,403,554	1,782,588	2,298,802
Members' Capital Contributions	-	-	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-	-	-
NET CASH FLOWS	714,527	998,155	1,109,708	1,403,554	1,782,588	2,298,802
CASH, BEGINNING OF PERIOD	1,696,327	2,410,854	3,409,009	4,518,718	5,922,272	7,704,859
CASH, END OF PERIOD	2,410,854	3,409,009	4,518,718	5,922,272	7,704,859	10,003,661

Appendix I: Founders' Resumes

Whitney Fongemie

EDUCATION:

The University of Arizona
Tucson, AZ
Bachelor of Science in Business Administration, May 2011
Majors: Business Management and Entrepreneurship
GPA: 3.32
Dean's List, Honorable Mention, Fall 2008

EXPERIENCE:

McGuire Center for Entrepreneurship, August 2010-May 2011
University of Arizona
Student

- Selected as one of 60 candidates from across the University to participate in the #2 ranked Entrepreneurship program in the country
- Provides entrepreneurial management experience focused on the fundamental characteristics to design economically viable solutions; assessing commercial, social and economic value; and understanding ownership and use of implications to maximize potential
- Working in a team of four to establish a business, including writing a business plan, pitching to Angel Investors, and presenting final business concept to potential investors at a Trade Show

Sauce Restaurant, August 2006-Present
Manager

Tucson and Phoenix, AZ

- Promoted to manager responsible for directing and delegating tasks to staff to provide a pleasant experience for guests and guarantee proper turnover
- Implement restaurant policies and procedures effectively holding team members accountable for their performance
- Monitor inventory to ensure adequate supply based on restaurant sales and responsible for daily cash management
- Demonstrate positive and effective role modeling for team members to promote team growth and develop a high performing team to deliver superior guest satisfaction

Mission's Café, January 2008-May 2008
Cashier/Server/Barista

San Diego, CA

- Handled cash and credit transactions in high-volume, fast-paced eatery
- Addressed and resolved concerns from customers dining in restaurant
- Served students frozen yogurt, coffee drinks and their food purchases from behind counter

ACTIVITIES:

- Marketing Staff Arizona International Film Festival; February 2011-April 2011
- Member The University of Arizona Honors College; Spring 2009-Present
- Member Eller ELITE Business Club; Fall 2008-Spring 2009
- Member Alpha Phi Omega, a Community Service Fraternity; August 2008-May 2009
- Member Alpha Delta Pi Sorority; Finance Assistant Vice President; September 2009- November 2010

SKILLS:

- Proficient in Word, Excel, PowerPoint, Access Project, Mac OS X, Adobe Photoshop
- Additional Coursework in: Finance, Accounting, Economics, Marketing, and MIS

EYTAN MONTES BEN-YEOSHUA

EDUCATION:

- 08/07—Present **The University of Arizona**, Honors College—May, 2011 Tucson, AZ
Eller College of Management, B.S. in Business Administration
McGuire Center for Entrepreneurship
Major: Finance, Entrepreneurship GPA: 3.7
Academic Accomplishments: Dean's List, Fall 2007—Spring 2010
Academic Awards: National Hispanic Scholar
- 02/07—05/07 **American Jewish University** Jerusalem, IL
Young Judeaea Year Course Program in Israel GPA: 3.4

PROFESSIONAL EXPERIENCE:

- 08/08—Present **University of Arizona Residence Life**, *Desk Assistant* Tucson, AZ
- Analyze and document 30 records of transactions daily, maintaining an orderly environment at the desk for co-workers
 - Organize and distribute mail to 200 residents, providing quality service for those in need of assistance
 - Process 10 equipment requests daily and supply residents with various additional services
- 01/09—05/09 **Grubb & Ellis Commercial Real Estate**, *Intern* Tucson, AZ
- Developed brochures and other documents of properties for lease and for sale, which were used for marketing department
 - Compiled market data to be presented to clients about potential property options
 - Processed client information into spreadsheets, which were reviewed during weekly meetings
- 06/07—08/07 **Camp Judeaea**, *Counselor* Hendersonville, NC
- Managed 40 campers during daily activities, which helped to reinforce leadership skills
 - Coordinated responsibilities with co-counselor, enhancing teamwork skills
 - Created programs to develop campers' networking skills, which enabled them to socialize more comfortably in unfamiliar settings

LEADERSHIP:

- Alpha Kappa Psi Professional Business Fraternity, *Member*: January 2008—Present
- *Alumni Committee Chair*: August 2010—December 2010
 - *Warden*: August 2009—May 2010
- GEOS 212: Introduction to Oceanography, *Preceptor*: August 2008—December 2008
Arizona Wrestling Team, *Secretary*: September 2007—December 2007

John Rushworth

CLUBS AND ORGANIZATIONS

- Eller Entrepreneurship club council member.
- Eller Entrepreneurship club Philanthropy committee member.
- Eller marketing club member.
- An Arizona Ambassador, giving tours to prospective students and athletes of the campus and informing them of all academic and social aspects the University of Arizona has to offer.
- Am on the University of Arizona, ASUA Special Events Marketing team, planning and marketing events such as a \$1,000,000 concert in the Arizona football stadium with Jay-Z. I was also the leader of my marketing group and the link between the ASUA president and my team.
- CampusTracks.com founder and CEO
- An active Pi Kappa Phi member, participating in every available event and constantly striving to fill a roll, exemplifying a man of class.
- Pi Kappa Phi social and Rush chair 2008/2009 term.
- Pi Kappa Phi brotherhood chair 2008, planning bonding brotherhood events.
- Recognized in formal chapter for academic excellence.

PROFESSIONAL EXPERIENCE

UA Student Body Executive Director

University of Arizona, Tucson AZ

2009-2010 term

- ASUA Executive Marketing and Communications Director. Managed a 6-person team.
- Successfully established the first ever ASUA marketing team. Worked as a team and individually.
- Marketed over 85 events and services like the Spring Break Safety Fair and many senator initiatives.

Walgreens Market

Photo Technician/Sales, San Rafael, CA

2008-2010

- Sold photo and film related products on a fixed pay roll and for commission.
- Learned valuable sales and customer interaction skills.

Golden Gate Golf and Tennis

Sales Associate, San Rafael, CA

2006-2007

- Sold tennis and golf supplies to customers on fixed payroll and commission.
- Responsible for in-store marketing of related tennis and golf products.
- Frequently managed the store.

EDUCATION

- The University of Arizona, Double Major, IDS and Entrepreneurship, graduating in May 2011.
- Overall grade point average of a 3.2 GPA
- Marketing Minor Cohort. Completed a tradeshow booth with a 5 person team and presented to 9 judges, received 4th of 14 teams.
- Entrepreneurship program capstone project. I am working on a 4 person team to develop two dynamic advertising products and services designed to help better drive customers into bar venues on off nights using various revolutionary technologies and techniques. Will present in front of Karl Eller and other influential individuals at year's end.

RELEVANT COURSES

- Advanced Public Speaking. Eight speeches of various forms in one semester.
- Management Information Systems. Learned Microsoft Excel, PowerPoint's, Spreadsheets
- Marketing Information and Analysis. Learned how to analyze marketing information.
- Personal Branding. Learned how to give an effective personal pitch and how to sell yourself in the workplace.
- Managerial accounting. Learned principles of managerial accounting.

AMANDA WALKER

EDUCATION:

The University of Arizona, Honors College Tucson, AZ
Bachelor of Science in Business Administration, May 2011
McGuire Center for Entrepreneurship, Nationally Ranked #2
Majors: Marketing and Entrepreneurship **GPA: 3.852**

Selected Courses: Market Research, Consumer Behavior, Advertising, Integrated Marketing Communications, Retail Marketing, Marketing Analytics, Entrepreneurial Marketing, and Entrepreneurial Finance

Anglo- American University, Spring Semester 2010 Prague, CZ

EXPERIENCE:

12/10 – 01/11
06/10 – 08/10

The Peninsula Beverly Hills Beverly Hills, CA
Private Events Intern, Paid

- Assisted in coordinating and organizing over fifty social and corporate events for companies such as Wells Fargo, City National Bank, and Sony Music with each budget estimated to be \$30,000 or more.
- Designed creative, elegant menus and place cards for all events, while simultaneously resolving any concerns about the events in a prompt manner.

03/08 – 01/10

Trident Grill Tucson, AZ
Server, Bar and Grill

- Greeted all customers and served each individual kindly and efficiently, while applying extensive menu knowledge of the menu items to optimize sales and provide quality service.
- Trained several servers, including two of the server managers.

05/09 – 08/09

Big Brothers, Big Sisters Organization Tucson, AZ
Summer Intern, Volunteer

- Communicated and collaborated with seventy Tucson Businesses to obtain prize donations for the annual silent auction, which earned over \$100,000.
- Created an Excel database to organize the twelve annual events held by BBBS.

03/08 – 01/10

Big Sister, Volunteer

- Coordinated a variety of social and educational activities, such as bowling and tutoring, to participate in with my little sister.
- Applied my positive attitude and encouraging personality to help her understand the importance of dreams and aspirations.

ACTIVITIES:

- Chi Omega Women's Fraternity, Active Member, 2007-2011
Tucson, AZ
- Chi Omega Committee Head for Recruitment, 2009
Tucson, AZ
- Tucson Team Tennis, Team Captain, 2009-2011
Tucson, AZ
- Volleyball Intramural Team, Team Captain, 2009-2010 Tucson, AZ

SKILLS/AWARDS:

- Mastery in Microsoft Windows, Snow Leopard, Microsoft Office, and iWork
- Proficient in SPSS, Visio Viewer, and Opera Reservation System
- Wildcat for Excellence Award for Academic Merit
- Travel Grant from UA Study Abroad Office for Academic Merit
- Awarded 1st Place in Annual Case Competition for Eller College of Management

Appendix J: Bibliography

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Innovation Inspiration

Taylor Hedberg

Thanh Luu

Amanda Walker

05/04/11

I. Organizational Structure

Talent. Everyone has a gift, which might or might not have been recognized. Some have the touch of music, some, the brilliance of intellect, and some, the proficiency of business. As previously mentioned, talents are hard to come by, finding the knack that will let you succeed in life, as well as aid your community. Many individuals dream of leaving their hometown, where their talent has been fostered, to expand to new horizons. This leaves their old community in a scarcity of talent, further fueling the metropolitan areas with a plethora of expertise. Tucson is a prime example of the former. Many students and individuals who either attended the University of Arizona, or were raised in Tucson, branch out to new cities and homes. As a result, Tucson lacks seemingly lacks a sense of talent. The following business model is aimed to help individuals find their special niche as well as keep a wide range of talent in Tucson.

The proposed business model will help formulate a business out of two distinct funnels. The first pool of talent will come from the intellectual property aspect, whereas the second will stem from the business aspect. By essentially acting as a dating service for the two conduits, new businesses will be formed in Tucson as well as allotting the realization of the talent of each of the individuals involved.

A. Intellectual Property Screening Process

As previously mentioned, the organizational structure has two funnels leading to the company, one being the intellectual property funnel, and the other being the business-screening panel. Various elements could potentially be including in the Intellectual Property screening which may include patents, trade secrets, and industrial design rights. The basic Intellectual Property screening funnel starts broadly with the pool of IP applicants in the Tucson Community. With such a wide array of talent as well as prospectively inadequate

conceptions, the Intellectual Property must be filtered so that not everyone in the community thinks they have a novel idea that may or may not be prospered into a business plan. With the Initial IP screening panel, three general panelists decide to either continue fostering the IP, or turn them back to the community. The three panelists consist of people from three basic disciplines: science, business, and technology. With these initial panelists, any IP that they foresee to be viable will be forwarded to the subject matter experts who will be in the directory and paid upon service for their attributions. These subject matter experts will be specialist in every field including biology, chemistry, physics, computer science, engineering, agriculture, medicine, education, optical sciences, pharmacy, and law. The subject matter experts will scrutinize the viability of the IP. If the Intellectual Property is workable and able to be turned into a business, the IP will be placed into a portfolio. With a plethora of portfolios in place, the business funnel-side candidates will be able to opt for an idea they would like to work with. As a result of the union a new business entity is formed outside of the core business of Inspiring Innovation.

B. Business Screening Process

As noted previously, the second screening process is the business screening process. This process begins when entrepreneurs around the Tucson community decide they want to start their own venture, but need Intellectual Property to do so. Once deciding this, the entrepreneurs will fill out an initial application for a small fee, given to them by our non-profit organization. This application will be reviewed by an outsourced Human Resources company, such as LexisNexis. If LexisNexis sends the application back to us as approved, an interview will be set up between the entrepreneurs and a interviewing panel from our organization. The interview panel will consist of a minimum of five business experts, all

from different backgrounds. We expect to have business experts from finance/accounting, management, marketing, information technology/information systems, and a successful entrepreneur. Two examples of business experts we hope to use in the future are Charles Leichner and Ronald Michaels. Charles Leichner is the Global Vice President of Strategy and Growth for Arcadis; Arcadis is a consulting firm for engineering, water, and building companies. Ronald Michaels is the Chief Operating Officer of the Stratford Advisory Group, which is also a consulting firm for management within a variety of fields. If the entrepreneurs make it through the interview process successfully, they will then have access to all of the Intellectual Property portfolios. This will only happen once they have signed non-disclosure agreement, in order to protect the intellectual property portfolios and our organization's initiative. The entrepreneurs will also be required to pay a monthly subscription fee if they do not choose a portfolio right away. This monthly fee will remind them they are a part of our organization and give them an incentive to actively look for a portfolio that fits their expertise. After finally selecting a portfolio, the entrepreneur will receive the contact information of the IP creators, and they will be required to have an initial meeting to ensure they want the same idea in a business. Once they have decided to create a partnership, our organization is eliminated from the process.

II. Business Model

A. Non-Profit Structure

Inspiring Innovation is best structured as a non-profit with specific compensation schemes and incentive structures for all stakeholders. As a non-profit, it will be able to attract development and innovation grants to help off-set its operating costs while still compensating the involved parties. This will also allow for a favorable tax structure and reduced pressure

on returns.

B. Program Director

The program director will be a salaried, full-time position. The program director is responsible for overseeing the non-profit and ensuring its continued success. Their responsibilities include, but are not limited to, securing funding, applying for grants, maintaining relationships with investors and the business community, running meetings, securing venues, and marketing. The program director will have a non-transferable seat on the Board of Directors (meaning that the seat is tied to the position of program director, not the individual holding the seat). With the consent of the board, the program director may hire additional employees to carry out duties and share responsibility as the organization grows.

C. Variable Meeting Locations

Inspiring Innovation will not have a dedicated meeting location. By meeting in multiple venues, the organization will be more flexible while simultaneously reducing costs. Plenty of meeting rooms are available at low prices in universities, libraries, and other public spaces in many cities. For example, the Desert Angels, a Tucson-based investment group, regularly holds their screening committee meetings in the University of Arizona's Eller College of Management.

D. Low Overhead

Low overhead is an important component of successful non-profits. By minimizing employees and physical infrastructure, Inspiring Innovation can focus on its core competencies. In order to keep our overhead low, we will rent out screening rooms within the University of Arizona's Eller College of Management, while also motivating Angel Investors to participate by offering them the right of first refusal.

E. Venture Involvement

While many models take an equity stake in new ventures formed to fund the organization, Inspiring Innovation does not follow this structure. Equity stakes can be tempting but are difficult to collect and enforce. For example, an intellectual property owner and an entrepreneur could meet through Inspiring Innovation and choose to start a business on the side. Should they be sued for equity? Is this an appropriate use of funds? Understanding and enforcing equity claims can be difficult and costly. By instead only charging fees that are easy to collect and provide clear benefit, many of these complicated issues can be avoided.

F. Tucson

Obviously, Inspiring Innovation's goal is to create new businesses in southern Arizona and to keep these companies here to maximize benefit to the community. Therefore, all applicants to the organization must sign a "Tucson" clause, guaranteeing that any businesses they form with any partners that are also a member of Inspiring Innovation. This also makes it easier for new ventures to receive investment, as it ensures that they are eligible for the Arizona investor tax credit.

G. Non-Disclosure and Non-Compete Agreements

Finally, it is important that Inspiring Innovation offers security to all of its participants and partners. Everyone will be required to sign strict non-disclosure and non-compete agreements. This allows IP owners to feel more secure and lets entrepreneurs know that they are not at risk of losing the time and money they invest into these businesses. Unlike other arrangements, these agreements will be actively and aggressively enforced by Inspiring Innovation and will represent a substantial cost of doing business. In fact, they must be enforced to offer security to participants. If they are not, people will lose incentive. Inspiring

Innovation can reduce some of these expenses by partnering with an intellectual property attorney or offering other incentives to an entrepreneurial lawyer.

III. Stakeholders

A. IP Owners

All intellectual property owners must pay an application fee when they submit their documents. This fee helps subsidize the costs of reviewing the IP and also discourages illegitimate applicants. Furthermore, it disincentives repeat applicants from individuals with non-viable IP.

B. Entrepreneurs

Entrepreneurs must also pay an application fee. This covers the cost of outsourcing initial human resources screening to LexisNexis and discourages people without a clear goal from applying. However, individuals can apply for free if they are recommended by an existing member of at the discretion of the organization. This prevents well-known, successful entrepreneurs with a proven track record from being offended by an application charge.

C. Investors

Investors are not charged to be a part of Inspiring Innovation, but they also are not allowed to apply an nauseam. Instead, Inspiring Innovation will seek strategic partnerships with angel investment groups like the Desert Angels to benefit from their expertise, experience, and connections. Angel groups will serve as a resource of experienced businesspeople for the business screening panels discussed above. To compensate the group, participating angels will receive the right of first refusal on all ventures formed by two or more people affiliated with the group. This provides the angels with pre-screened, vetted groups while simultaneously giving new businesses the ability to appear before qualified investors more

easily than they would otherwise be able to.

D. Subject Matter Experts

Subject Matter Experts are key to ensuring the intellectual property is viable and the entrepreneurs are able. In order to keep these Subject Matter Experts within our network and satisfied, Inspiring Innovation will pay each Subject Matter Expert a stipend each time they test the viability of a piece of intellectual property or interview the business prospects.

E. LexisNexis

LexisNexis will play a very important role in our application process. Inspiring Innovation will outsource LexisNexis to review each application and complete a background check on the individuals. They will be paid per application that is reviewed.