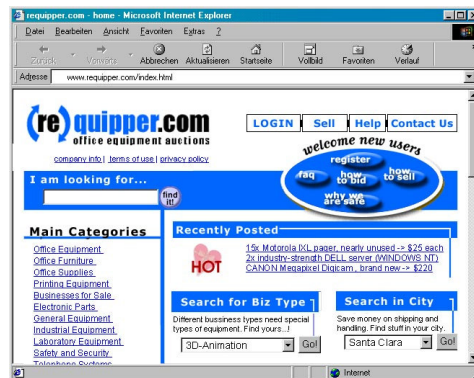


## Feasibility Study "requipper.com"

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## 1. Background

The following paper was written to prove the feasibility of a fictitious web-business called **requipper.com**. This covers definition of the target audience, their specific needs and how the service is going to fulfil those needs by describing the key features of the site. We will give an insight into the industry we work in, explain our business model and our marketing strategy. In the appendix of this study we will verify our statements by giving exact numbers.

## 2. Description of the Website

With our website **requipper.com** we want to create a business-to-business market place where companies, that quickly have to get rid of their office inventory and new founded start-ups can virtually meet and trade for the best price. Similar to B-to-C auction sites like e-Bay or yahoo auctions, we support and secure the whole process of easily finding, bidding and transacting the items and the money transactions. During the first phase of our business we will only target the California Bay Area, including areas of high business like Silicon Valley and San Francisco.

The website should be easily accessible for both groups of customers – the buyers as well as the sellers.

Easily accessible for the buyers means to have different and intuitive ways to search for items, to find things, that nearly every business needs (e.g. computer equipment, telecommunication devices, stationary) we will provide typical sections. For items that are characteristic to this specific industry, for example (special hardware and software licenses). Once you have found the right product category, you can further specify you search by looking for a specific manufacturer, a minimum amount of offered items, a starting price limit or a close location of the seller. When you have found the desired item with a suitable price you can place your bid using predefined increments set by the seller. After placing a bid you will be asked for your personal information, that will be stored in our database for future purchases. This also includes data like, address, email address and a phone number (for transaction higher than \$ 12,000).

We will use this information to quickly inform about successful bids and to confirm transactions. To ensure that a person only bids when he is really willing to buy the item we will also ask for a credit card information. Only when this is data is checked as correct, the bidder is actually taking part in the specific auction.

After a period of time, which will be set by the seller, the person who placed the highest bid will be able to purchase the items.

We will send out a confirmation to both sides, asked them to contact each other to figure out the shipping and handling.

As easy as buying equipment at **requipper.com**, will be the process of selling things there.

After registering as an authorised seller, and agreeing to our terms of use, the site will guide the seller to the best category to post their items, help them setting the initial price, defining increments and the end date of the auction.

The seller will be asked to describe the item, its condition and is given the chance to post pictures or other information material of the item to his article.

### **3. Business Model**

We are going to charge a fee from the buyers for every successful purchase (automatically added to the seller's initial bid and every increment). This fee depends on the total value of the transacted items (approx. 5%). As the identity of the other side is hidden until both sides agreed to fulfil the transaction, we will only reveal the other side's data after charging the bid

In addition we will provide topic related ad banner space on our site, so that a minor source of revenue will be advertising and sponsorship. We plan to advertise for banks, VCs, incubators, as well as lawyers who can help companies that have to file bankruptcy or other companies typically involved with the process of starting and quitting a business.

### **4. Idea Selection**

During the last couple of months a big number of online start-ups went out of business due to slow down in the economy. Although one cannot speak of an end of the new economy the most VC firms after the big e-Commerce hype of the last year are more selective in choosing promising entrepreneurs.

While starting a new business is something very exciting for the people involved, trying to close up business is something very frustrating and draining for the business owner. By providing this service we try to ease the process and try to get as much money as possible for the company so they can pay their final debts before they close. By doing that on a web-based market, where sellers and buyers directly come together, we accelerate the process as much as possible which even increases the value to our customers.

By using secure transactions and giving a safety-guarantee, we want to meet the typical fears of online customers due to online transaction (credibility -> more traffic -> higher revenue). We think now is the right time, to build a platform for those companies to quickly get rid of their inventory. As a major competitor are practically non-existent, being the first company in this market segment is one of our key success factors.

### **5. Domain Name**

The domain name **requipper.com** is a combination of the two main characteristics of our business. *Reuse/-cycle* and *equipment*. Not only are we a marketplace for office equipment, but also help to reuse or recycle those items. Although we initially planned to call our site *requip.com* or *equipment.com*, we had to change the name because those names were already taken.

As shown on the printout of register.com website (see appendix), all sub-domain names like reqipper.net are also still available, which is important to prevent other companies to interfere with our brand.

## 6. Goal of Website

The beginning goal of the site will be to start up with at least 150 transactions per month, with an average spending of around \$400.00 per transaction, assuming this happens we get 5% of the proceeds. In this case it would be \$3000.00 plus any money coming from advertising, which at the beginning is almost none existent. We are counting on reaching our target group and having the number of transactions increase from month to month.

## 7. Target Market

Our major target would be companies in the following cities: San Jose, Palo Alto, Sunnyvale, Santa Clara and San Francisco.

With two areas with immensely growth in the number of IT businesses and New Media start-ups we regard the California Bay Area as the perfect location to start our service.

As we not only need the group of buyers (new founded small businesses) to keep the service alive, but also companies that close their business (e.g. after bankruptcy) this area is even more suitable. Although the big climax of last year's Internet crisis is exceeded, many failed web start-up are going out of business after a delay of some months.

After our long and a sometimes frustrating research (city's chambers of commerce, SBDCs) we came up with an approximate number of 15,000 customers (mixture of new founded small business and failed start-ups) for a target group.

## 8. Industry Analysis

Although there are some traditional ways for businesses to turn used inventory into cash in the form of brick-and-mortar businesses, those are often much more expensive, slower, and restricted to a smaller amount of customers. Due to this fact we don't regard, all kinds of offline business not as competition.

An online service that targets our niche market and come close to what we want to do, is only **eBay.com and Yahoo auctions** with their business/office equipment category. As this is only a minor sub-section of their big B-2-C site, it is poorly promoted to the audience of small businesses. As a competitive advantage we regard that we:

- offer additionally features, like the search for special business types
- don't insist of shipping restrictions, because we only provide small area
- pinpoint our marketing to a narrowly defined niche market

## 9. Design

The front-end design of our site will be implemented as shown on the screenshots in the appendix. During our usability study we found out, that it is useful to design very minimalist and functional as the main purpose is not to entertain but help to quickly perform a task.

Therefore throughout the site we use mainly only the two colors of our logo, the special shade of blue and black (few exceptions for icons, white text and banners).

To be compatible with the most browsers and system settings we program the site using straight HTML, standard fonts (Arial, Helvetica) and with very basic Java scripts. All the pages should load very quickly and display properly on common screen resolution (800x600). We also don't use any browser-specific features or plug-ins.

As we mainly create dynamic pages using server scripting and databases, it's hard to provide a scope of the website. The number of the (relative) static pages (e.g. homepage, FAQ, contact, help, privacy statement) will be around 25 pages. The number of dynamic pages grows with each posted item. But as those pages don't need to be stored on hard drives (dynamically generated) or designed (using the same template over and over again) there is no real use in counting this number anyway.

## 10. Usability Study

To build the interface design and information structure they way our typical target customer would expect it to be, we conducted a small usability test on our first prototype. This early prototype is a series of typical screenshots compiled to a clickable demo-player with **MS PowerPoint**.

All 4 subjects of our test were male. Their professions were University art instructor (35yrs.), student of physical education (24yrs.), Artist (32yrs), and customer service representative at local company (39yrs).

Although all of them have a degree in higher education, none of them can be described as a power Internet user (no early adopters). Therefore we regard them as average web users.

While displaying the homepage, the were asked the following:

**"If you would visit this site by chance, without knowing what it is about, what would you think?"**

As the logo reveals the fact that it is about office equipment auctions all test users immediately understood, that it is something "like **eBay**, where you can buy and sell thing using the auction method". Also elements that typically appear on site like product categories, a login-button, and labels like "bid", "auction", "register", "buy" and "sell" supported this impression. Two users mentioned the consistent use of the blue color as a typical sign for a professional, business-related site.

Next they were asked to describe how they expect the next pages to be when they were searching the site for a fax/phone combination. As two users were already frequent users of e-Bay they easily figured out their way to the desired item.

Without telling them, 3 of the 4 test users mentioned one of the features, searching for a specific city or business type was very useful and that it would cut the time that they would spend on line.

3 of 4 gave negative feedback on the fact that we didn't emphasise the security of our transaction by using logos (**Verisign, TRUST**) or text information ("using secure server"). 2 users mentioned that they would hardly purchase or even bid for item without knowing their overall quality (e.g. unused, new, average).

In our final version we included features, information about secure transaction and a 5-star quality system known from other sites like **Amazon.com**.

As one user (the artist) even was an owner of a small business, he said, that this site would be a very useful place for him to look for equipment at a lower price. He asked when the web-site would be up for him to go. When he was told, that it is just a school project he was very surprised.

The only thing that he didn't like was the minimal use of color. He recommended to use more than just two colors.

The overall opinion of all four test users was that it was simple to use, because the interface is very similar to **eBay** and a lot of people have used **eBay** before.

## 11. Cash Flow Projection

We are starting our business with an initial investment of \$8000; this is to cover initial expenses. Here is a brake-down on the incoming cash flows. As stated before we do charge a 5% fee for our service, so for example on March we had 150 successful transactions, at an average of \$400 per transaction the total amount for the transactions was \$60,000 and 5% of that come up to 3000. As our customers start using the service and get the word out the number of transactions will increase from month to month.

Our monthly expenses vary any where from \$11,000 to \$2,500 depending on what we do each month. Our phone bill for the twelve month period is \$2800, marketing \$21,000, rent \$13,200, loan payment \$1000, and so on. Out total amount of expenses for the year is \$48,000.

In looking at the cash flow statement we see that we start being profitable on the seventh month, where our sales cover our expenses for that month.

## 12. Marketing Plan

To define our market was very simple. Our market is high tech companies located in the following cities: San Jose, Palo Alto, Sunnyvale, Santa Clara, and San Francisco. The hard Part was trying to get all the information from the different cities and counties was very difficult. The number that we came up with was 15,000 customers; this would include new business and businesses going out of bunnies. For our marketing we have decided to use Direct Mail and Radio ads, as they will reach our customers most effectively and relatively inexpensive.

- **Direct mail:** We plan to do 15,000 mailings that would come up to \$9000 in a twelve-month period the research we expect that we will have a 4% success rate that would be around 600 contacts.

- **Radio:** We have called several radios in the area and found out that their monthly rate is around \$3000 for a four-month period. We would mainly broadcast our short and memorable ads during the rush hours, when many of our customers are on the road.

For the first year we are spending \$18,000 in marketing. We are going to be really aggressive in the first five month because we believe that the crucial period for positioning our brand. Once we get to our target group they will come back to the web-site to purchase more items. In the long run we also plan to try to advertise on banks around the area that lend money to new companies and law firms that helps then on their final paperwork to close.

**ONLINE:** If we don't see immediate response to our offline marketing in the third month, we will also place banner ads on sites that our typical target customers visit (financial services (nyt.com), tech-related sites (CNET.com) or search engines (google.com)).

**Marketing Budget:**

<b>Radio Marketing</b>	<b>\$12,000</b>
<b>Mailings Marketing</b>	<b>\$9,000</b>

**Time Line:**

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Radio</b>	<b>X</b>			<b>X</b>		<b>X</b>					<b>X</b>	
<b>Mailing</b>	<b>X</b>				<b>X</b>			<b>X</b>				

**13.DEAL SUMMARY**

We believe that \$ 50,000 will be enough for all our start-up expenses Therefore we will need to get a business loan for \$50,000. This will cover our initial operating expenses until we are profitable. The business owners with their initial investment of \$8000 have paid all initial expenses.

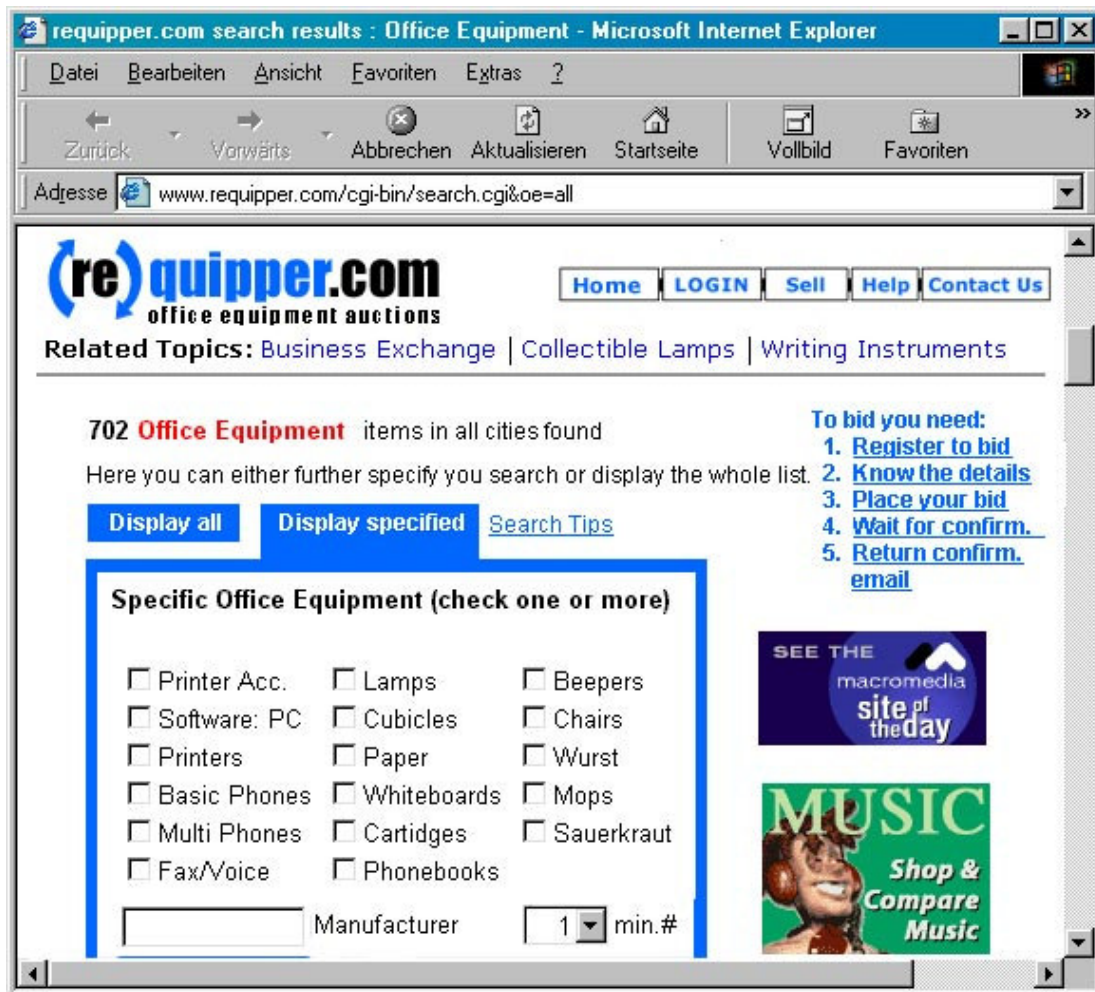
We strongly believe that as more clients use our service they will return for the convenience and the lower prices, and it would be matter of time before our number of transactions increase monthly and with that our profits will increase as well. On our first year in business we have showed that being profitable will not be a question, considering it takes most start ups at lest a year or so to be profitable, we plan to do that on the seventh month.

Looking at the market we have chosen and the geographical area we believe that we should have no problem as far as making more profits the following year. And with that we hope to expand to other fields like medical and industrial sectors.

## 14.Screenshots









re)quipper.com search results : Office Equipment - Microsoft Internet Explorer

Adresse [www.re\)quipper.com/cgi-bin/search.cgi&oe=all](http://www.re)quipper.com/cgi-bin/search.cgi&oe=all)

**re)quipper.com**  
office equipment auctions

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Related Topics: [Business Exchange](#) | [Collectible Lamps](#) | [Writing Instruments](#)

**702 Office Equipment : Voice/Fax** items in all cities found

Status	Featured Items - Current	Price	Bids	End PST
	COMCENTRAL Voice/Fax Message System FREE SHIP	\$29.99	-	02/12 19:44
	Personal Voice/Fax Messaging System For PCs	\$19.99	2	02/11 19:18
	Folder tabletop MBM305A	\$490.00	-	02/13 18:04
	50 SHEETS-INKJET HIGH GLOSSY PHOTO PAPER	\$9.95	-	02/16 07:15
	CANON DIGITAL COPIER/PRINTER 30 CBM AUTO	\$26.00	10	02/15

requipper.com search results : Office Equipment - Microsoft Internet Explorer

Datei Bearbeiten Ansicht Favoriten Extras ?

Zurück Vorwärts Abbrechen Aktualisieren Startseite Vollbild Favoriten


Adresse [www.requipper.com/cgi-bin/search.cgi&oe=all](http://www.requipper.com/cgi-bin/search.cgi&oe=all)

**(re)quipper.com**  
office equipment auctions

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Related Topics: [Business Exchange](#) | [Collectible Lamps](#) | [Writing Instruments](#)

**2x Canon Laserclass 5500 Business Fax (Item #5575)** ( ★★★ =GOOD SHAPE)



Current bid: \$250.00  
Bid increment: \$5.00  
**maximum bid:**   
(Minimum bid: \$255.00)

[via secure servers!](#)

**To bid you need:**  
1. [Register to bid](#)  
2. [Know the details](#)  
3. [Place your bid](#)  
4. [Wait for confirm.](#)  
5. [Return confirm. email](#)

**Description of item:**  
This is a Canon Laserfax Business Fax that is made for large corporations or workgroups... this is a great piece of machinery. This is made for groups of people doing several faxes. Numerous pre-programmed numbers and paper scan speed is incredible. Output looks like a 600 dpi printer...a great fax machine for the large business or the small one if you want lots of power.

**Current price \$250.00**  
**Bid minimum \$10.00**  
**Quantity 2 #** [need more](#)

**Time left** 2 days, 11 hours +  
**City:** Santa Clara  
**Started** Feb-03-01 10:40:34 PST  
**Ends** Feb-10-01 10:40:34 PST  
[send offer to friend](#)



re)quipper.com search results : Office Equipment - Microsoft Internet Explorer

Datei Bearbeiten Ansicht Favoriten Extras ?

Zurück Vorwärts Abbrechen Aktualisieren Startseite Vollbild Favoriten

Adresse [www.re\)quipper.com/cgi-bin/search.cgi&oe=all](http://www.re)quipper.com/cgi-bin/search.cgi&oe=all)

**re)quipper.com**  
office equipment auctions

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Hello Robert. If you are not Robert, [click here](#).

**Purchase Item #5575: 2x Canon Laserclass 5500 Business Fax (★★★ good shape)**

 The auction for that item has ended with your bid as highest. The current total price for the item(s) is **\$310** without shipping & handling.

**Re-enter your credit card information and click "Purchase" to get the seller's contact information now.**

You will be billed and sent a confirmation mail within the next 24h.

Unspecified  **Credit Card Type**

**Card Owner**

**Issuing Bank**

**Card Number (12 digits)**

**Card expires**   month/year

reviewed by **TRUST.e** site privacy statement

[transaction via secure servers!](#)

