

INTERNET ENTREPRENEURSHIP

VCommerce Simulation

Business Plan Example

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BUSINESS PLAN

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VCommerce Business Cycle 1



Pizza Portal

Executive Summary

It's 11pm. Do you know where your pizza is?

It is only a slight exaggeration to say that if you are American, you eat pizza. According to Parade Magazine, 94% of Americans eat pizza. Pizza restaurants are the largest category of specialty restaurants in the Standard Industrial Classification, accounting for 6.2% of all U.S. restaurants, a larger percentage than even fast food restaurants (5.5%). Furthermore, pizza restaurant growth outpaces overall restaurant growth (Dun and Bradstreet, Food Industry News). On the island of Oahu alone, there are over 125 pizza restaurants. Despite, or perhaps because of this huge market, it is difficult for consumers to make optimal choices with respect to price, features, or quality when buying a pizza. Pizza Portal will use the Internet to dramatically shift this balance of power in favor of the consumer, beginning with our target market of college-age students.

Pizza Portal will offer consumers a web-based “portal” from which they are first and foremost guaranteed to save money on pizza purchases. They accomplish this by pre-buying one or more gift certificates redeemable at specific pizza restaurants at a 10-15% discount from our site using their credit card. We then mail the certificate(s) to them. Pizza Portal will also provide a variety of services that will enable pizza buyers to obtain information that significantly improves the quality of their pizza purchasing decisions, including a geographically-oriented pizza directory, Pizza Cams, personalized pages, and auction services. Our mission is for Pizza Portal to be recognized as the premier, unbiased source of the high quality information on how to obtain the best quality pizza at the lowest price *at the moment of ordering*.

Although the potential market for Pizza Portal includes nearly the entire online community, we will initially focus on the college-age student market, since this market segment combines high price sensitivity, high preference for pizza as a cost-effective food item, and high levels of net access. We will use on-campus posters, web sites, and Pizza Portal user referrals to reach this market segment.

Pizza Portal will derive some revenue from margin on the discount certificates, but the bulk of the revenue will come from site advertising. Pizza Portal will not accept advertising from pizza-related businesses in order to maintain its neutrality in this industry. However, we expect to derive substantial revenues from other businesses who wish to reach this lucrative market segment at the moment when they are considering making a food purchase. We project profits of \$213,400 on revenues of \$2,877,000 during the first seven months of operation.

Pizza Portal's growth model is simple, due to the geographically local nature of its business model. Pizza Portal will establish new sites servicing other regions with substantial numbers of students and pizza restaurants. Once our business model and operational structure is refined in the Honolulu market, we will quickly expand into 50-100 additional markets of the same or larger size than Honolulu within 2-3 years, primarily by licensing our software and business model to other entrepreneurs. We call this growth model *iFranchising*.

Pizza Portal will be managed by Mette Moffett and Philip Johnson. Mette Moffett is currently CEO of Moffett Consulting, and has extensive experience in e-commerce technologies. Philip Johnson is currently an Associate Professor of Information and Computer Sciences at the University of Hawaii, and has extensive experience in software engineering.

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Description of business

How many times a month do you eat pizza? Once or twice? Or once a week? You're not alone—93% of Americans eat pizza *at least* once a month (Bolla Wines). Now, when was the last time you bought a pizza and felt assured that you were paying the best possible price for that pizza? When was the last time you bought, say, a cheese and pepperoni pizza, and felt assured that it was the highest quality cheese and pepperoni pizza available to you at that price at that moment? If you are like most people, you would probably answer “Never” to both of these questions—your pizza options are usually so large, and the discount coupons so varied, that you never know with any confidence if a better deal or higher quality alternative might be out there.

Pizza Portal is an online presence for people who eat pizza that will provide information and services intended to reduce or eliminate this consumer uncertainty. Our initial target market segment is college-age students in the state of Hawaii. Pizza Portal will be a trusted, reputable online presence whose core service is providing discount pizza gift certificates—for example, a \$10 certificate for Boston Pizza might cost the consumer only \$9.00. To obtain the certificate, consumers provide credit card and postal address information at pizza-portal.com, and we will mail the gift certificates to them and charge their credit card. Our target market is already accustomed to pre-buying services at a discount through the widespread acceptance of Consolidated Movie Theater coupons.

In addition to our core service of discount pre-paid certificates, customers will benefit from Pizza Portal in the following additional ways:

- *Local pizza business directory information.* We will provide a catalog of information about local pizza businesses that provide our target market segment with better information about their pizza purchasing choices. Such information includes: the storefront address; voice and fax numbers; hours of operation; the delivery area (if delivery is provided); available toppings; standard prices; and any special services. There are currently over 110 pizza parlors on Oahu alone, so the compilation and availability of an unbiased, third-party directory will provide significant value to consumers. It will also place the smaller, independent pizza parlors on equal footing with the large chains.
- *DeliveryMap.* A simple but useful service provided by Pizza Portal is a clickable, zoomable map which shows all of the pizza parlors providing delivery services within a certain geographic area. The user zooms in to their current location, and the map reveals which parlors deliver in that area. Mouse over windows show the Pizza Parlor and phone number for quick ordering.
- *Real-time information.* To encourage frequent visits, Pizza Portal will provide dynamically updated information about some subset of parlors, which could include: the number of hours left until they close for the day, the daily or weekly specials, daily discount coupons (that can be used in conjunction with the pay-in-advance certificates for additional savings), and PizzaCams to provide a real-time view of the parlor and its business level.
- *my.Pizza-portal.com.* After registering with our site, a consumer can create a customized home page similar to myYahoo and other navigation providers. my.Pizza-Portal.com will store information about the consumer's home location, pizza preferences, and prior buying habits. This information can be used to

alert the consumer (either via the consumer's home page, email, fax, pager, or phone text mail) when events of interest occur, including: the opening or closing of a pizza parlor in the user's neighborhood; the expansion or contraction of delivery services affecting the consumer's home (or work) address; and the posting of daily or weekly specials of pizzas of types preferred by the consumer. myPizza-portal.com users will also be rewarded with "frequent pizza points" that can be redeemed for certificates, similar to frequent flyer programs. Pizza points will also be awarded for referrals, so that early adopters of Pizza Portal will be incentivized to attract their friends to the site.

- *Consumer Pizza Reports.* To increase its value as an unbiased, impartial source of pizza information, Pizza Portal will provide a "consumer reports" area containing evaluations and reviews of local pizza parlors based upon price, size, slices, weight, subjective quality, and so forth. This area will also include an unmoderated "consumer review" section, in which users are free to post their own review of a parlor's pizzas, service, and price. This section is similar to the review section at Amazon.com.
- *PizzaPriceline.* One problem for pizza parlors is spoilage. Pizza Portal can provide a mechanism for pizza parlors to sell the last pizzas of the night by offering pizzas made with soon-to-be-discarded ingredients to the highest bidder (with a floor price equivalent to their costs). This offer is posted using a standard web browser at the pizza parlor to the Pizza Portal site. Immediately, a message is sent via email, pager, or phone text mail to myPizza-portal.com users to let them know of the presence of a discount pizza that they can bid on. PizzaPriceline can also be used by new pizza parlors to create business and awareness of their product to this market segment.

These combination of services creates a robust, multi-faceted business model. Pizza Portal can use its discount coupon product as a lure for first time visitors to the site—it provides an unambiguous, guaranteed savings. However, the profits to Pizza Portal from discount coupons will never be large, because the margin on this service will be very low—we estimate a 5% gross profit margin from this service. Indeed, once our non-coupon services and market base get established, we will not longer need to derive any profit from this service, and could potentially even operate this side of the business at a loss and view it as a marketing expense.

In the longer term, the business model facet with more profit and growth potential comes from establishing Pizza Portal as the premier source of (1) unbiased, comprehensive, localized third-party information on pizza price and quality, and (2) access to real-time "late breaking" discounts direct from suppliers to consumers via email, pager, or some other telecommunications medium. These facilities will create a very desirable location for non-pizza advertisers, since the site will attract both high volume, high repeat business, and defined demographics and even psychographics (depending upon the part of the site visited, advertisers will know that the visitor is, at this moment, hungry.)

One strength of the Pizza Portal business model is the simplicity of its growth strategy. Pizza Portal is an intrinsically "localized" business; its attractiveness to consumers depends upon providing information about the immediate pizza environment, and its revenues will all derive from that local market. In our test market of Honolulu, we project a profit of \$213,000 during our first seven months of operation. To grow the business, we will establish small marketing offices in 20-50 other mid-size urban areas with colleges and expand the site with localized information on these other markets, with a linear increase in sales and profit. We look forward to a constellation of dozens of Pizza Portal servers (honolulu.pizza-portal.com, seattle.pizza-portal.com, sandiego.pizza-portal.com, etc.)

Industry analysis

Pizza Portal is influenced by trends in two primary industries: the pizza industry and the college student industry. In general, both industries are very large and growing. Pizza Portal is also influenced by Internet trends on local usage and advertising, which is also growing sharply.

Pizza industry trends

Pizza is a large and growing industry, currently estimated at 32+ billion per year. Pizza restaurants represent 17% of all restaurants, and pizza restaurant growth outpaces overall restaurant growth (Food Industry News). 93% of all Americans eat at least one pizza per month, and 66% of Americans order pizza for a casual evening with friends (Bolla Wines). A healthy, sustainable growth rate of from 5% to 6% per annum is expected for the pizza industry (Pizza Today Magazine).

College student trends

Nation-wide, there were approximately 14.3 million enrolled college students in 1995, representing a 16% increase during the previous decade. (from the National Center for Education Statistics (NCES)). The number of older students (over age 25) has risen 22% between 1985 and 1995, while the number of younger students (under age 25) has risen by only 13% (NCES). From 1995 to 2007, NCES projects a rise of 20 percent in enrollments of persons under 25 and an increase of 4 percent in the number 25 and over. An estimated 95 percent of university-age students will be online by the time the class of '03 graduates, spending more than \$4 billion a year (Jupiter Communications).

Local Internet usage trends

Local users tend to use the internet more (39% of local users, compared with 27% of non-local information users are in the 10 or more hours/week camp). A clear majority (65%) of local site users are on the web more than 5 hours/week. (Find/SVP's Local Information on the Net (Sept. 1997)). Local online advertising is expected to grow from \$40 million to more than \$500 million by the end of 2000.

Customer analysis

Overall market size and demographics

Our initial market consists of the student populations of the University of Hawaii, Hawaii Pacific University, and Chaminade University. Taken together, the college student population of Hawaii totals approximately 60,000.

The University of Hawaii consists of 10 independent campuses and community colleges that serve a total of 45,000 students. The UH Manoa campus serves 18,000 students, the UH Hilo campus serves 2,000 students, and the remaining 25,000 students are served by one of the seven community colleges. UH students are 20 percent Caucasian, 20 percent Japanese, 15 percent Filipino, 13 percent Hawaiian or part Hawaiian, and 32 percent other ethnicities. Two-thirds of Manoa students are undergraduates, 56 percent are women, and 71 percent attend school full-time. The mean age of students is 26. (University of Hawaii web site)

Hawaii Pacific University has two campuses, one located in downtown Honolulu and one located on the Windward side of Oahu. HPU serves more than 7,300 undergraduate and 1,200 graduate students from all 50 states and more than 90 countries. To serve the military population, HPU provides seven satellite campuses on the island of Oahu at Pearl Harbor, Hickam Air Force Base, Schofield Barracks, Fort Shafter, Tripler Army Medical Center, Kaneohe Marine Corps Base Hawaii, and Camp Smith.

Chaminade University serves approximately 2,200-2,700 students enrolled in a range of daytime and evening classes. Of this number, approximately 700 are full-time undergraduates; 1,500 are part-time undergraduates; and 380 are graduate students. In addition to its main campus, the university operates 10 off-campus sites, primarily at military installations on the Island of Oahu. Approximately 43% of the full-time undergraduates are from Hawaii; 47% are from the U.S. Mainland; and 10% are from countries other than the United States. Thirty-eight states and 20 countries are represented in the student body. Approximately one third of Chaminade's undergraduates do not enter the university directly after high school graduation, and thus a sizable segment of the student population is over age 22.

Primary market data

We believe that our target market segment of college-age students in Hawaii constitutes an almost ideal initial market for Pizza Portal, since we believe that they are:

- price sensitive;
- net-savvy, with unlimited net access through their respective colleges;
- heavy pizza eaters;

To partially test these assumptions, we performed an informal market survey of 50 male and 50 female students at the UH Manoa, HPU, and Chaminade campuses during the first week of January, 2000. We stopped students at random on the grounds of the campus, told them we were doing market research for a hot new internet startup, and asked if they could spare 30 seconds to answer four questions concerning pizza. We asked them:

1. When was the last time you ate pizza? How many times a month do you eat it?

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2. When was the last time you logged on to the Internet? How many times a week do you do so?
3. If you could guarantee a savings of 10 to 20% on pizza by buying coupons online, would you do it?
4. How old are you?

The results of this informal market survey are displayed below:

	N		Pizza Latency		Pizzas/month		Net Latency		Net/week		Portal-ready?	
	M	F	M	F	M	F	M	F	M	F	M	F
16-18	15	13	4.2	6.7	3.6	2.7	1.1	1	4.3	4.4	65%	68%
19-21	17	24	3.7	12.2	3.6	2.6	1	1.3	5.7	5.3	78%	68%
22-24	12	9	5.6	10.3	4.1	2.4	1.3	1.3	5.2	5.6	83%	75%
25-27	3	2	7.8	7.5	3.8	2.2	2.1	1.7	6.3	6.1	78%	67%
>27	3	2	4.6	8.3	3.2	1.9	2	1.6	5.2	5.8	73%	72%
Group			4.1	6.5	3.6	2.4	1.4	1.3	5.4	5.5	74%	70%

Our results indicate that both college males and females of virtually all age groups ate pizza within the past week, and that most eat it three to four times a month. Furthermore, we found very high Internet usage among the students: most had been online within the past two days, and most log in at least four to five days out of the week. Finally, we found that approximately 3 out of 4 college students indicated an interest in our core service of discount coupons.

This survey was conducted informally and we do not have any assurance that the sample accurately reflects the college student population. Also, we did not gather other demographic data, such as marital status, ethnicity, citizenship, income level, or on-campus vs. off-campus residency. It is possible that an analysis sensitive to these demographics would yield different outcomes—for example, an off-campus resident might be expected to eat more pizza than an on-campus resident. Another limitation of this study is that it was conducted at campuses in the Honolulu area. It is possible that students in other locations might respond differently. However, these results do provide some informal data in support of our hypothesis that our target market segment is price sensitive, net-savvy, and heavy pizza eaters.

Market share and buying behavior

Based upon our market research, we estimate the Pizza Portal market segment as 70% of the total college student population in Hawaii, or 42,000 students. From this market segment, we believe that we can obtain 20% market share (8,400 students) in sales during the first two months of operation, 40% market share (16,800 students) in sales during the second two months of operation, and 80% market share (33,600 students) in sales during the final three months of our initial seven month startup phase.

We project buying behavior as follows. Our market research shows that students buy pizza around 3 times per month. We will assume that, on average, our market share will buy certificates equivalent to 1 pizza (\$15) per month per customer during the first two months, and 2 pizzas per month (\$30) per customer during the second two months, dropping back to 1 pizza per month per customer during the final three months. We expect the average sales in certificate per customer to drop during the final three months due to greater market penetration.

Competitor analysis

We face competition from two major sources: internet pizza services and internet student portal sites.

Internet pizza services

Several Internet pizza ordering services currently exist, including: www.pizzachicago.net and www.greatclubs.com/pizzaclub.html. In addition, the major pizza chains have Internet presences, such as www.pizzahut.com, www.littlecaesars.com, and www.papajohns.com.

Unlike sites which market a single product or brand, or sites that mail order pizzas, Pizza Portal will provide local, ultimately real-time information and services for obtaining fresh pizzas, from both independent and franchise-based stores. Our independence is a virtue in the online world; according to The Standard, the youth market (16-22) is not particularly loyal to brand name sites. For example, Pizza Hut scores extremely high among brand loyalty but gets extremely little site traffic among this population (October 25, 1999).

The major competitive disadvantage of Pizza Portal relative to the large pizza chain web sites is the smaller amount of resources available for marketing. Pizza Hut can use national television campaigns to drive traffic to its site. It has a well-established, globally recognized brand.

The major competitive advantage of Pizza Portal is its focus on providing detailed, unbiased, real-time information and discount services and access to both pizza franchises and small, local, independently owned and operated companies.

Internet student portal sites

There are a growing number of sites focussed on college student services, from narrowly focussed providers such as online campus bookstores (varsitybooks.com) to portal sites (such as snowball.com). Snowball.com offers access to news and information regarding sports, fashion, movies, games, financial aid, and other issues of interest to students.

The competitive advantages and disadvantages of Pizza Portal with respect to Internet student portal sites are much the same as with Internet pizza services. In addition, Pizza Portal requires at least small, part-time staff located in the areas that it serves in order to ensure that local, small pizza operators are represented in the web site. Internet student portal sites do not appear to be structured for such localized operations.

Marketing strategy

There are two basic services provided by Pizza Portal. The first service is the discount pizza coupons. The second service is the collection of information services related to the current best pizza prices or changes in the local pizza restaurant industry.

We will price our first service, discount pizza coupons, at a level sufficient only to cover the costs of materials (envelopes, postage) associated with this service plus a small margin (5%). Discount pizza coupons are primarily a mechanism to attract users to our site, not generate revenues.

Our second service, real-time, localized pizza information services, will be free to users. The cost of this service will be covered by advertising revenues. We believe that advertisers will be interested in our site because it offers them access to (a) visitors from a particular regional market, (b) regular users (myPizza Portal) who have released buying preference data, and (c) visitors who are accessing our site because they are hungry and about to choose a place to eat.

We will promote the site through online sources, user referrals, and leaflets on the campuses of Hawaii. Leaflets will be an economical and efficient way to get the word out initially about our site. We plan to do one major leafleting per semester, typically near the beginning of the semester. Second, we will provide incentives to current users of myPizza Portal in the form of pizza points to disseminate information about the site to their friends. Finally, we may use certain online sources to post information about Pizza Portal. Our company is philosophically opposed to spam email and will not buy lists of email addresses for direct mail purposes. From a business point of view, we believe that sending unsolicited emails to the college student population will be a poor marketing strategy regardless of our philosophical stance.

Management

Name	Age	Position
Mette L. Moffett	24	President and CEO
Philip M. Johnson	41	Vice President of Sales and Marketing

Mette L. Moffett is a senior majoring in Information and Computer Sciences at the University of Hawaii at Manoa. Ms. Moffett is CEO of Moffett Consulting, a company she founded in 1999 to provide ecommerce and database solutions locally and nationally. Moffett Consulting currently focusses on the retail and medical markets. Her technical skills include: Windows/NT administration and software development; Microsoft Visual Basic, Active Server Pages, Database development including Access and SQL Server. Ms. Moffett will be primarily responsible for the implementation of the Pizza Portal web presence.

Philip Johnson is an Associate Professor of Information and Computer Sciences at the University of Hawaii at Manoa. He has worked professionally in the software industry for over 20 years. He founded the Collaborative Software Development Laboratory in 1991 and has directed the development of over a dozen software systems numbering over 120,000 lines of code. He is currently on the Board of Directors of the Hawaii Strategic Development Corporation, a local non-profit company whose mission is to further the venture capital industry in Hawaii. Dr. Johnson will be primarily responsible for development of the Pizza Portal business model and plan.

Financial data

Following standard VCommerce procedure, initial site development will cost \$10,000. Ongoing network costs will total \$1,000/month. Page maintenance charges will total \$100/month per page. We anticipate the web site will require 20 pages, for a total monthly page maintenance charge of \$2,000.

Also following standard VCommerce procedure, our projected advertising revenues are based upon a combination of page hits and market share on a monthly basis. If we reach a market share of 10% during a given month (in other words, if 10% of the total college student market of 60,000 buys a coupon from us) then we will obtain revenues of 1 cent for every page hit by a unique consumer during that month. If we reach a market share of 20% during a given month, then we obtain revenues of 2 cents per page hit per unique consumer. And so forth, up to a maximum of 10 cents per page hit per unique consumer if we reach 100% market share during a given month.

The printing and mailing of the coupons will be automated from the web site, which will minimize our costs for printing and distribution. Once Pizza Portal establishes its reputation, we expect to be able to negotiate deeper discounts on bulk purchases of certificates. For the present, we anticipate only a 5% gross profit margin on sales of gift certificates. The following table breaks down our revenue projections on a month by month basis:

Revenue Projections	Month						
	1	2	3	4	5	6	7
Market Share in sales (%)	14%	14%	28%	28%	56%	56%	56%
Market Share in sales (customers)	8,400	8,400	16,800	16,800	33,600	33,600	33,600
Sales/Consumer	\$15	\$15	\$30	\$30	\$15	\$15	\$15
Net Sales Revenue	\$126,000	\$126,000	\$504,000	\$504,000	\$504,000	\$504,000	\$504,000
Gross Profit Margin	5%	5%	5%	5%	5%	5%	5%
Market Share in site visits (%)	30%	30%	60%	60%	80%	80%	80%
Average page hits/visitor	10	10	10	10	10	10	10
Advertising Revenue/page hit	\$0.014	\$0.014	\$0.028	\$0.028	\$0.056	\$0.056	\$0.056
Estimated Page Hits	180,000	180,000	360,000	360,000	480,000	480,000	480,000
Net Advertising Revenue	\$2,520	\$2,520	\$10,080	\$10,080	\$26,880	\$26,880	\$26,880

The top half of the revenue projection table shows that we anticipate 14% market share of 60,000 students during the first two months of operation, increasing to 28% during the second two months, and increasing again to 56% market share during the last three months of the initial seven month startup period. (This corresponds to 20%, 40%, and 60% market share of our market segment, which we estimated to be 70% of the overall student market.)

The top half of the revenue table also shows that we estimate sales per customer to average \$15 per month during the first two months, rising to \$30 per month during the second two months, and falling back to \$15 per month for the final two months. We anticipate a drop in average sales per consumer as our market share becomes substantial and we start to obtain sales by “occasional” pizza eaters.

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The bottom half of the revenue table presents our advertising revenue projections. We believe we can establish substantial penetration into the college student market over the course of the seven months, starting from 30% in the first two months and increasing to 80% during the final three months. We expect page hits per unique consumer per month to remain relatively steady at 10, or about 50% of the pages in the site.

Note that revenue from pizza certificate sales will remain flat for the final five months, because we anticipate that the increase in market share will be offset by a decrease in sales/customer. However, due to increases in both market share and page hits, our advertising revenues will increase substantially during the final three months.

The next table presents our pro forma income statement for the first seven months of operation:

Pizza Portal, Inc.								
Pro forma income statement: Seven Month Summary								
Month	1	2	3	4	5	6	7	Total
Net sales revenue	\$126,000	\$126,000	\$504,000	\$504,000	\$504,000	\$504,000	\$504,000	\$2,772,000
Cost of Goods Sold	\$119,700	\$119,700	\$478,800	\$478,800	\$478,800	\$478,800	\$478,800	\$2,633,400
Gross Profit Margin	\$6,300	\$6,300	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200	\$138,600
Net advertising revenue	\$2,520	\$2,520	\$10,080	\$10,080	\$26,880	\$26,880	\$26,880	\$105,840
Expenses								
Web site initial setup	\$10,000							
Network costs	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$7,000
Page maintenance costs	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$14,000
Total expenses	\$13,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$31,000
Net income (loss)	(\$4,180)	\$5,820	\$32,280	\$32,280	\$49,080	\$49,080	\$49,080	\$213,440

This table shows a total income of \$244,440 based upon certificate sales and advertising revenue. Although our startup costs will lead to negative cash flow for the first month of operation, we will break-even during the second month, and show profits of \$213,440 by the end of the seventh month.

Growth potential

The Pizza Portal business model is designed to support 20 to 50 fold growth in the business over the next 24-36 months. In essence, the current plan describes a business that, for effective operation, requires a “local point of presence.” An essential value proposition from the consumer point of view is that Pizza Portal will provide them with information and access about both chains and local, independently owned and operated pizza businesses, and real-time information about pizza costs and availability in their *local* market. This requires a small, locally based staff. However, it gives Pizza Portal an opportunity to scale by replicating the business model into other college town markets. This replication will not require complete duplication of business infrastructure, however. We can centralize the Internet services in one location, and locate only the coupon order fulfillment, content provision, and advertising sales force within each local market. Note that the ubiquity of pizza in the modern American diet means that any population center with a substantial student presence will also contain a sufficient number of pizza providers to make Pizza Portal a viable business.

Thus, one dimension of growth for Pizza Portal is locational in nature. Take the business model as refined by our experience in the Hawaii market, and replicate it into new locations nationwide. This replication can be accomplished either by expansion of the Pizza Portal company, or by licensing the Pizza Portal software and business model to entrepreneurs. In effect, Pizza Portal defines a “Internet franchise” business model—an *iFranchise*. This franchise-based model serves as a barrier to competition from other Internet businesses (who do not attempt regionally-specific content, presence, advertising, and services), while enabling the Pizza Portal brand to expand much more quickly through the market than competitors who have neither software nor business model to license.

A second dimension for growth is demographic. Currently, Pizza Portal focuses on the college student market. While it will service customers with other demographic characteristics, it will not market explicitly to them. This is somewhat of a resource issue: we believe that the college student market is a particularly cost-effective market into which to sell our services. However, pizzas are eaten by everyone, not just college students, and once our business has reached a sufficient size, we plan to begin targeting other market segments. One interesting market segment are high end consumers with Internet-enabled navigational systems in their cars. Pizza Portal could provide a service to them involving directions to the nearest pizza restaurant, or real-time, in-car notifications of pizza deals (and menus) in the immediate neighborhood.

