

Executive Summary

- Purpose of the Plan
- The Company
- Market Analysis
- Marketing and Sales Activities
- Product or Service Research
- Organisation and Personnel
- Financial Data

Contents

EXECUTIVE SUMMARY	1
CONTENTS	2
COMPANY DESCRIPTION.....	4
INTRODUCTION.....	4
THEORY OF BUSINESS	4
COMPETENCIES	5
OBJECTIVES.....	5
MARKET ANALYSIS.....	6
INDUSTRY DESCRIPTION AND OUTLOOK	6
COMPETITION.....	11
REACTION FROM SPECIFIC AND PROSPECTIVE CUSTOMERS	13
MARKETING AND SALES ACTIVITIES.....	14
MARKETING STRATEGY	14
SELLING STRATEGIES	16
PRODUCT OR SERVICE RESEARCH AND DEVELOPMENT	17
STATUS OF CURRENT TECHNOLOGY	17
PRODUCT LIFE CYCLE	18
INTELLECTUAL PROPERTY PROTECTION.....	18
KEY FUTURE RESEARCH	19
NEW DERIVED PRODUCTS	19
GOVERNMENTAL APPROVAL PROCESS.....	20
MANUFACTURING OPERATIONS	21
PRODUCTION PLAN	21
OPERATING ADVANTAGES	22
CRITICAL PARTS.....	22
STANDARD COSTS	22
MANAGEMENT AND OWNERSHIP.....	23
KEY PEOPLE.....	23
COMPENSATION	23
EXPERIENCE OF KEY PEOPLE	24
TRACK RECORD	24
STAFF ADDITIONS	24
RESTRAINT OF TRADE CONTRACTS	24
BOARD OF DIRECTORS	25
LEGAL STRUCTURE/SHAREHOLDING.....	25
ORGANISATION AND PERSONNEL	26
NUMBERS OF PEOPLE	26
COMPENSATION METHOD	26
RECRUITING AND TRAINING.....	26
ORGANISATIONAL STRUCTURE	26
FUNDS REQUIRED AND THEIR USES.....	27

New Business Venture Plan - Info-Brokers & Logistics Limited

FINANCIAL DATA	28
PROFIT AND LOSS STATEMENT.....	28
BALANCE SHEETS	28
CAPITAL BUDGETS	28
CASH BUDGETS	28
MANUFACTURING/SHIPPING PLAN	28
ADMINISTRATIVE CONSIDERATIONS.....	29
COMPANY NAME.....	29
APPENDICES OR EXHIBITS	30
APPENDIX 1 - CV: ROBERT SOUTH.....	30
APPENDIX 2 - CV: MARK OBREN.....	40
APPENDIX 3 - CV: PETER DE VOCHT	46
APPENDIX 4 - CV: MARK PRINCE	54
APPENDIX 5 - CV: MAURICE SHIRLEY	58
APPENDIX 6.....	64
APPENDIX 7.....	64

Company Description

Introduction

“Info-Brokers & Logistics” (IBL) is the working name for the world's first information utility, an organisation with the objective of providing information services upon demand to people anywhere. The organisation will transform the information industry into a commodity, taking the value-chain position of an information conduit.

The company utilises proprietary software and communications technology developed over the past decade, which in turn is based upon basic research begun in 1986. This technology is fundamentally different from the technology in use by the current computer industry, providing a temporary competitive advantage and enabling the use of information systems in areas that are not currently feasible for technical or economic reasons.

The role of the organisation in society can be best compared with an electricity utility, where a consumer has access to services everywhere through a simple and consistent system.

Theory of Business

The underlying theory of business for this organisation is that:

- An independent information utility can collect data and on-sell information for a lower marginal cost than any individual company can collect and use its own information.
- The information service is required to be accessible by any person, at any place, at any time.
- The information services must be easily tailorable to be presented in the manner the person desires, including any range of complexity and in any language.
- The information service is for the benefit of each individual and not for the hidden benefit of third parties.
- An absolute guarantee of privacy is required to ensure confidence in the service.
- The information service must be able to rapidly react to the needs of any person.
- The information service must be able to survive and grow in perpetuity.

Competencies

The role of the Info-Brokers & Logistics organisational structure is to enhance existing core competencies, in order to create a permanent competitive advantage. The following core competencies enhance the status of the information utility across a global market.

- Superior strategic understanding of information commodity marketplace
- Information Service Delivery using advanced corporate concept
- Technical Skills of People
- Alternative Information Technologies
- Flexibility

The assumption underlying these core competencies is the creation of an economic advantage, reducing competitive threats. Historically a 30% economic differential creates an overwhelming advantage. Info-Brokers & Logistics currently has a 95% economic advantage, greatly exceeding the 30% barrier.

Secondly, an information utility has the form of a natural monopoly, with the data becoming the key resource. Hence, the growth of an information utility can spur improved economies of scale, spurring further growth.

If this business plan fails and a competitive market develops, then Info-Brokers & Logistics will need to adapt and to enhance its competencies with an additional competency:

- Account Management focus, with a superior understanding of the relationships and decision-making within client organisations.

Objectives

It is intended to launch Info-Brokers & Logistics services by June 2000 to three selected clients. It is intended to develop the New Zealand base as rapidly as possible, focusing on small business and consumer markets. At the earliest opportunity, franchises will be established upon the Australian eastern seaboard and the American western seaboard, penetrating markets where it is anticipated that threats will arise. The objective is to throw threatening parties off-balance and to create a market discontinuity in their own key markets, allowing Info-Brokers & Logistics the opportunity to place seeds in all major cultural areas. This position will be the platform to learn how to operate in different areas, enabling the long-term growth required to achieve the corporate vision.

Market Analysis

Industry Description and Outlook

Industry

Info-Brokers & Logistics is the world's first information utility. The market is the collection of data and selling of information, in the format and at the time required by a customer. This is a virgin market, and hence, estimates of market size can only be generalised until practical experience provides better market information.

The customer base is the entire economy, though focus will be on small business, not-for-profit organisations and the consumer market.

Target Markets

Market Potential

However, as the services are designed for the mass market and to be effectively by a wide range of people, from the least educated to the most sophisticated, it is expected that the market potential is the entire global community old enough to make use of services.

One effect of a global information economy will be that only people able to access information services will be able to survive in the future society. The absolute basics of society, such as food, water, warmth and shelter will depend upon being able to access information services. Therefore, access to information services is an absolute necessity for all people. It is estimated that the market potential in New Zealand is approximately 3.5 million and globally around 4 billion people, excluding those people too young or incapable of comprehending information.

Market Size

It is difficult to estimate the usage patterns of an information utility. It is feasible for a single person to initiate anything from a few transactions to a few hundred transactions per day, depending upon the person's role in society. However, as each transaction costs only a few cents, it is expected that the information utility should generate average revenues of approximately NZ\$1 per day per customer. Therefore the value of the New Zealand market potential is approximately NZ\$1.3 billion per annum while the global market potential is approximately NZ\$1460 billion per annum.

It is uncertain how many devices an average person may use. Xerox's Palo Alto labs estimates that people would probably use approximately ten devices each to access information in the future. This estimate is probably low, as embedded devices could surround each person in daily life. However, as each person will share devices with other people, such as people share light switches today, an average of ten devices per person may be a reasonable estimate. Therefore, there is an estimate

Market Penetration

The New Zealand market is likely to become dominated by the first company to achieve significant marketshare. It is expected that it will require competition two years to recognise the threat posed by Info-Brokers & Logistics and to react with some form of product. As there are no other contenders for the New Zealand market, it is reasonable to assume that Info-Brokers & Logistics can achieve dominance through strategic surprise within two years.

New Business Venture Plan - Info-Brokers & Logistics Limited

However, the international computer industry today will be able to react to Info-Brokers & Logistics before the firm can succeed in establishing itself globally. It is expected that some new services companies will appear, based upon the existing computer services suppliers, such as IBM and EDS, telecommunications companies and several innovative individuals. These organisations may be able to copy technology but they will have difficulty competing with Information Broker's *theory of business* and organisational design, ensuring that Info-Brokers & Logistics can achieve significant marketshare. Furthermore, Info-Brokers & Logistics has an overwhelming economic advantage based upon its *theory of business* that will create a virtuous cycle and can lead to global market dominance.

Information Broker's market potential can only be realised if it can absorb the reaction from the computer industry once they realise the extent of the threat to them. Therefore, in order to maximise the business opportunity and to minimise the long-term threat to firm, it is planned to quickly build an entrenched position in the New Zealand test market and then to progressively move into the international market at the earliest opportunity. It is estimated that it will require eighteen months from the beginning of operations to prepare for international expansion. The initial international moves will be focused upon the areas of threat, to reduce the existing computer industry's ability to compete, and upon areas of opportunity, to learn how to deploy services into other cultures.

Finally, the introduction of information infrastructure into many areas will trigger rapid economic growth, based upon information age economics. One result will be a shift in the balance of economic power, enriching some currently poor areas and devaluing the activities of many currently wealthy peoples. Info-Brokers & Logistics provides the infrastructure to thrust the world into an Information Age, leading to a dramatic increase of wealth and increasing use of information - in a similar manner to the introduction of products as a result of the Industrial Revolution. Therefore, it is fully expected that the average revenue stream of NZ\$1 per person per day will be sustainable across the planet after a ten-year period, and in practice will probably grow rapidly over time.

Hence, the market potential for Info-Brokers & Logistics, based upon a 70% global marketshare, is conservatively estimated at \$1 trillion per annum - the equivalent of ten times the current size of the New Zealand economy.

Market Segments

Info-Brokers & Logistics will focus initially upon customers who are poorly served by the existing computer industry. These customers do not have the political commitment to supporting the existing status quo of the industry, but instead require practical solutions to real problems.

The lead customers will be a mixture of industry associations, not-for-profit organisations and small businesses. Three lead customers have been selected on the basis of being geographical spread out across the country, in the need of information services and with a low level of technical capability. The initial lead customers will provide Info-Brokers & Logistics with a ten-percent penetration of the New Zealand market within twelve months, achieving critical mass for economies of scale.

New Business Venture Plan - Info-Brokers & Logistics Limited

The second tier of customers will be small business and the consumer market, areas which do not currently have the technical skills to support today's complex information systems and do not have the financial resources to afford the traditional costs. Info-Brokers & Logistics will provide a market for suppliers and customers, systems required to operate and organisation and inexpensive access to previously unavailable information. The result will be rapid growth within the small business community, with growing sustainable competitive advantage against larger organisations through flexibility and innovation.

In New Zealand the first two market tiers represents 89% of commercial organisations and 100% of all people in the country, with an estimated total spending power of 60% of the economy.

The final group of customers will be the Government departments and large organisations, who will defend their use of traditional technologies in the face of increasing competition from small business. While some organisations will eventually adopt Information Broker's services and reorganise into smaller business units, others will persist with industrial era concepts and gradually fade before competitive pressures.

Pricing

Customers will be charged on a transaction basis, with a fixed charge per transaction. This fixed charge will initially be set at around NZ\$0.25 per transaction and will be dropped as the organisation achieves some economies of scope through using the same data to supply information services to multiple customers.

Media

The customer contact with the three lead customers will be through direct sales teams.

The second round of customers, small business, will be contacted using direct selling techniques. Some mass media investment will be used to create brand awareness amongst non-customers, to support the direct sales franchises. The media campaign will initially use a mixture of newspaper, radio and television networks.

Purchasing Cycle

Info-Brokers & Logistics will be providing an on-going service to customers. The service contracts will be indefinite, with cancellation rights. Part of the service requires Info-Brokers & Logistics to replace equipment over time, to ensure that the customer has access to services.

Many commercial customers are likely to enhance their service use during counter-cyclical times, i.e. when their markets are depressed.

Key Trends

It is expected that Info-Brokers & Logistics will act as a catalyst for the Information Revolution, hastening the transition to an information-based economy. The major changes will be the rise of the knowledge person as the ruling economic elite, the demise of hierarchical organisations and the emergence of team-based groups, operating across organisational boundaries on a project by project basis. The successful large organisations will become networks of teams operating towards a common purpose under a shared brand.

It is expected that the influence of governments will decline, as the economic emphasis shifts from territorial clusters to clusters of communities of common interest.

As a result, the leading commercial groups will become increasingly independent and responsible to their members.

Competition

Existing Competitors

There is no existing on-line information market. The nearest type of company, such as credit referencing agencies and EFT-POS network suppliers, are potential customers who can add value to the Info-Brokers & Logistics information conduit.

The service does replace technical functions that are currently performed by information professionals within organisations, who develop and maintain database-type technologies. Computer services firms, such as Electronic Data Systems (EDS) and IBM Global Services, do manage these technologies for customers but they do not currently sell derivatives from the data to other customers.

A second source of competition is the telecommunications industry, with their voice, fax and data communications services. Info-Brokers & Logistics will replace the data communications market, though the raw unmanaged bandwidth of communications suppliers is not effective competition for a service that collates and stores data until required. The telecommunications companies will become commodity suppliers of bandwidth in the future, with information utilities providing the added value. It is anticipated that telecommunications organisations will not be able to effectively compete with a redefinition of their market, due to their commitment to their installed technical investment and organisational inertia.

Hence, the existing computer and telecommunication industries are more perceived competitors than sources of real competition.

Interface with Competitive Services

A common feature of network services is that the size of the network dictates its value. For example, a single telephone of little value, whereas two phones have only half the potential of three phones.

The Info-Brokers & Logistics service will include two external interfaces to other service providers to add value to secondary services. A telephony gateway will allow users of Info-Brokers & Logistics communications to communicate by voice with PSTN (Public Switched Telephone Network) user. Similarly, an Internet gateway will allow the exchange of emails with Internet users.

These gateways will decline in importance as intra-network communications increases, as a function of marketshare.

Complementary Products and Services

The existing computer hardware industry is currently orientated around the microcomputer and server markets. The old mainframe markets have been declining in importance for over twenty years. Therefore, the computer industry could be co-opted to produce niche products for the Info-Brokers & Logistics network. It is planned to licence the hardware technologies once the Info-Brokers & Logistics market has matured, ensuring that the equipment produced reflects the new information utility paradigm and not the old PC paradigm.

Similarly, the telecommunications industry can be used to provide raw bandwidth to connect Info-Brokers & Logistics network areas. The use of alternative technologies will improve the network resilience in the event of natural events such as earthquakes, floods and solar flares.

However, there is probably little value to be gained from the software industry, with its commitment to existing technologies and blinkered vision as an industry.

Barriers to Entry

The investment capital required to establish Info-Brokers & Logistics globally is available, once the New Zealand test market has been proven. The required capital is substantial and will provide a barrier to many other organisations to arrange.

There is a shortage of trained people available to launch the Info-Brokers & Logistics service. Therefore, it is planned to train all staff in the Info-Brokers & Logistics approach and skills. This strategy allows the organisation to select staff based upon their cultural fit and personalities rather than upon technical skills.

The use of proprietary technology is a major advantage to the organisation. This technology provides a barrier to entry for competitors until equivalent technology can be developed. It is estimated that there is a two-year window of opportunity before competitors can develop equivalent technology.

Development Industries is in the process of patenting the basis of the proprietary technology. While patents purport to provide protection, the use of patents will probably only slow competitive pressures.

However, the loyalty of many major organisations to their computer suppliers and an unwillingness to treat past investment as a sunk cost will provide a barrier to entry to large organisations. This barrier is recognised by the plan to concentrate on other economic areas, which in turn will erode the competitive capability and spending power of large organisations.

Finally, some countries, and particularly the United States of America, will use trade barriers to limit Info-Brokers & Logistics penetration in an attempt to protect their domestic industry. These attempts can only be partially successful, as border controls are ineffective at preventing access to information services.

Reaction from Specific and Prospective Customers

There has been a series of test marketing conducted from 1992 to the present. This test market has reinforced the existing business case.

In general, the traditional large organisations have not believed that such a service is possible and have dismissed such ideas as nonsense. Smaller organisations, on the other hand, have generally been enthusiastic but not prepared to commit until the service can be demonstrated.

The past problem has been the need to establish a dispersed network with sufficient size, around 10,000 people, to demonstrate the value of an on-line service. The investment required to launch this service has been declining over the past few years and is available if a return on investment can be proven.

Therefore, the lead customers are required to order the service on the basis of 'faith' that it can be delivered.

Lead-times

The lead-customers will have a six-month lead-time from signing a contract to commissioning of the service. Subsequent customers will have a lead-time measured in days, as services will be built upon an existing infrastructure.

Info-Brokers & Logistics' installation capacity will initially be limited by trained franchises, but these limits will ease as the training programme matures. By mid-2000 there will be an installation capacity in New Zealand of some 100 installations per day, increasing to around 1000 installations per day by the end of 2000 and peaking around 4000 installations per day by the end of 2001.

The installation capacity is Info-Brokers & Logistics' primary constraint upon meeting customer requirements.

Anticipated Regulatory Changes

The existing Privacy Act 1993 is a conceptually flawed piece of legislation, as it merely formalises the procedures through which organisations can breach the privacy of individuals.

Info-Brokers & Logistics wishes to have the legislation changed to provide real protection to individuals, through property rights or other mechanisms. Such a change would not adversely affect Info-Brokers & Logistics but will create a barrier to traditional information uses.

Marketing and Sales Activities

Marketing Strategy

Market Penetration Strategy

The basic market strategy is to become a single source for all information services. Service providers will use the Info-Brokers & Logistics services as a conduit to access the market, while customers will be able to access all suppliers in search for products and services.

Geographical Penetration

Geographical penetration is based upon the strategy of

1. Creating a test market
2. Entering markets whose suppliers could threaten the organisation
3. Enter markets to learn how to service differing cultures
4. Exploit the geographical seeds

The planned, a summary of which is listed below, though the exact order is dependent upon identifying key individuals to lead the introduction of Info-Brokers & Logistics services into their markets.

1. New Zealand
2. Australia, California, Oregon, Seattle, British Columbia, United Kingdom, France, Israel.
3. Hong Kong, Singapore, Vietnam, South Africa, Zimbabwe, Maharashtra (W. India), Chile, Argentina, Czech Republic, Poland, Estonia, Latvia, Lithuania, Bahrain, Kuwait, The Maritime Province (E. Russia).
4. The remainder of the planet, in waves building upon the above.

Product Distribution

The Info-Brokers & Logistics products and services will be directly distributed through the direct sales franchises, each of which is responsible for specified market areas.

Pricing Strategy

The pricing strategy is based upon a transaction charge, that recovers on average equipment investment and services. This charge is expected to progressively decline over time, as the organisation gains economies of scope through providing data to a wider range of customers, and economies of scale as costs of the corporate core is spread across a larger customer base.

The corporate objective is to maximise marketshare rather than returns to shareholders, leading to an aggressive market-pricing strategy where pricing is established to achieve market-share objectives.

Field Support

Any faulty equipment is preventing a customer from consuming Info-Brokers & Logistics' s services, reducing corporate revenues. The installation service will swap out faulty equipment to maximise customer service levels and revenues.

Growth Strategy

The strategy is to use a franchising mechanism to quickly grow the organisation before competition can try to replicate the service.

Segment/Application/Marketing Priorities

The initial emphasis is upon bringing technology to market, though customising to lead customer needs and managing effective customer relationships.

Over time the emphasis will shift to training franchisees for growth and seeking new suppliers for componentry, to allow the rapid growth of information services. At this time, marketing activities will be changed towards a mass-market approach, supporting the on-going growth.

The third stage is the international stage, where international franchisees will be sought and relationships created to transfer the business concept into other markets.

Selling Strategies

Identification and Contact

All company sales will be conducted through a franchise system. Each sales franchise can bid for the rights for managing specific relationships with specific customers. The sales franchise then has exclusivity over those customers so long as the sales franchise meets performance objectives.

However, to prevent a customer being captured in a relationship and to ensure accountability, every customer has the right to reject a franchise in favour of another. The resultant workable competition will prevent a franchise exploiting a customer unfairly.

Returns from Sales

The sales franchises receive a percentage of revenues generated from the customer, from which they must pay all costs to other franchises for equipment, royalties and installation charges. Hence, the success of the sales franchise dictates their own returns.

It is the sales franchise's responsibility to manage their own revenues, calls and conversion rates.

If the sales franchise fails as a business, then the customer becomes available for other franchises. The internal market will dictate winners and losers.

Product or Service Research and Development

The IBL group has two major levels of Research and Development: the Strategic Step type of development to conceive and create new product areas to provide strategic advantage and customisation of services for individual clients.

The major research and development has been carried out by Development Industries, a sister company with common shareholding. The corporate separation into a front-end/back-end configuration has been planned to circumvent any potential long-term anti-competitive law issues, such as the US Sherman Act. Info-Brokers & Logistics owns a licence from Development Industries for the use of all technology, plus an agreement that that licences will not be issued to any other information utilities.

Status of Current Technology

The major development efforts to date include:

- Operating System
- Application design system
- Communications system
- Hardware design
- Automated assembly systems

To date the operating system, hardware designs and communications technologies are readily to be deployed. The continual change in the computer componentry market requires that the designs are regularly updated to ensure components are available for sourcing when required.

Product Life Cycle

The various products are at the beginning of their life cycle. The expected product life cycle of the core technologies, based upon experience of previous technologies, are:

- Operating System: 15 years
- Application design system : 5 years
- Communications system : 15 years
- Hardware design : 0.5 years
- Automated assembly systems : 5 years

The short hardware design life cycle is a result of the rapid changes occurring in the microchip industry. It is intended to update designs periodically to incorporate new microchip designs, allowing reductions of size and costs for similar functionality.

Intellectual Property Protection

Patents, Copyrights and Trademarks

Development Industries currently has a series of patents pending to provide protection of the basic technologies. However, the rapid circumvention of patents in the US and the expense of defending patents limit the value of this protection.

Development Industries also owns the rights to the copyrights for all technology. Copyright prevents blatant copying of code and prevents the customised hardware from being used for other purposes.

Name trademarks are intended to be registered later in 1999.

Competitive Technology

There is no known supplier who has technology equal or superior to Info-Brokers & Logistics. The technology gap provides Info-Brokers & Logistics with an estimated 95% economic costing advantage over competitors, i.e. the cost of traditional systems to perform the same roles is twenty times more expensive.

Other Means of Intellectual Property Protection

The main protection for the Info-Brokers & Logistics technology has been the secrecy surrounding the project over the past decade. The launching of the Info-Brokers & Logistics service will be a strategic surprise to the computer and telecommunications industries that will probably take six months to recognise. Hence, there is a race against time from the launch of the service to achieve international market dominance.

The operating system technology has a unique identifier for each system. If a copied system attempted to access a service, then the system will freeze both systems with the same identifier until the issue is investigated.

Key Future Research

All of the technology required to launch the service has been developed and trialed. The only development that requires completion is an updating of the hardware designs for mass production from January 2000.

However, there is further basic research underway to develop further advances aimed at improving the interface between people and the information service.

New Derived Products

It is intended to develop later hardware versions, reflecting different styles and taking advantage of new hardware technologies. At some stage a number of hardware manufacturers will wish to enter the market, adding further value to the service.

Secondly, the Info-Brokers & Logistics structure includes franchises responsible for developing and customising applications for individual clients and client groups. This customisation service ensures that all customers can have access to suitable services, without end-clients having any significant technical skills. The Application Franchises use design systems to create applications, with the capability of constructing substantial systems in a small fraction of the time currently required by traditional development teams.

In addition, enhanced interfaces will be developed to provide better methods of interfacing with the information service. It is planned to progressively improve the base technology over time, taking advantage of supplier's improving technology and increasing experience.

Governmental Approval Process

The New Zealand Government controls the licencing of radio frequencies. The sole Government approval required to launch the service is to receive approval for a frequency to provide wireless bandwidth.

The service can be launched without an allocated frequency, but it will limit the communication options and flexibility for installing the service.

Manufacturing Operations

Production Plan

Manufacturing will initially be performed through a combination of joint ventures and subcontractor relationships. These arrangements provide the right to manufacture for the use of Info-Brokers & Logistics only, and all intellectual property relating to product design is held by Development Industries.

The Info-Brokers & Logistics technology requires the use of specialised hardware computer technologies as a platform for the services. There are three main types of components for these systems:

- Custom designed microprocessor chips
- Custom boards
- Industry standard componentry.

An alliance with a major international microprocessor manufacturer has been negotiated, with the manufacturer placing custom microprocessors into production in the next few months. The first production chips will become available in January 2000.

The Australiasian component market has the capability of building the parts for several thousand devices per month, including injection moulding for cases, circuit boards and . In terms of the computer industry, this is a relatively low total, as a typical dedicated computer manufacturing plant would normally produce some 60,000 to 200,000 computers per annum. However, this production capacity will be adequate to meet initial demand, with manual assembly being planned in Auckland. This temporary arrangement will provide time for the organisation to arrange its long-term manufacturing strategy, including automated assembly, and to establish joint-ventures for larger production capacities. Over-time, the initial subcontractors will be used primarily for testing new models in limited quantities and for unusual requirements.

Finally, commodity items will be sourced on the market. These products include hard-drives, screens, keyboards and other devices that are in widespread use for microcomputer products. It is expected that these products should be easily sourced at the outset, though as Info-Brokers & Logistics starts to purchase a significant percentage of production, other arrangements will need to be negotiated.

The long-term plan is for Info-Brokers & Logistics to not manufacture any componentry, but instead to select multiple sources of suppliers located in the respective markets to supply parts. The automated assembly process will allow these parts to be assembled into various production options as required by individual customers. However, Development Industries will remain the design authority for all designs.

Operating Advantages

Info-Brokers & Logistics' primary advantage in operations is the use of a simpler, and hence less expensive, design than traditional systems. The scale of components required for the service will ensure that component prices can be purchased at low prices, driving down the cost of manufacturing.

However, the organisation has no special competency in manufacturing and will attempt to outsource this component of the business value chain as appropriate.

Critical Parts

The basic policy is to ensure multiple sourcing of parts, to ensure availability of sufficient quantities and to prevent supplier capture. The initial reliance on a single microprocessor manufacturer is a temporary necessity, though the operating system can be easily ported to alternative platforms if required.

The lead-time for designing a custom processor through to mass production is six months.

Standard Costs

The cost structure of the microprocessor industry is driven by quantities. The general heuristic is that costs drop by 50% for each ten-fold increase in quantity.

Many of the products required for the Info-Brokers & Logistics service are commodities that are in increasing demand by the international computer industry, driving costs down.

Management and Ownership

Info-Brokers & Logistics is not planned around the classic ownership style of shareholder dominance. Instead, the three aspects of corporate ownership, namely management control, residual income and legal ownership are split and treated separately. There will not be one Info-Brokers & Logistics company but a multitude of companies operating within a corporate structure.

Management of Info-Brokers & Logistics is performed independently by each franchise, within the bounds of the constitutional power awarded to that franchise. Each franchise is established as a limited liability company and is limited in its powers by the company's constitution. As a result, each franchise is free to compete on the internal market

The exceptions are the core groups, who perform the governance function of the corporate group.

Key People

Info-Brokers & Logistics currently has two key people: Mark Obren, the Corporate Champion, and Robert South, the Technology Champion. The remaining four positions for the Governing Body are unfilled, though there are suitable candidates available for two of these positions.

In addition, key technologists are available for porting and enhancing the operating system and application development tools. Peter de Vocht is the main person responsible for operating system development while Mark Prince is responsible for application development. These two key people will operate within the Development Industries framework.

The CVs for these people are included in the appendices.

Compensation

Info-Brokers & Logistics is based upon paying people for the economic benefit created. The key people have a right to receive a share of revenues, as a quasi-share in the organisation.

Experience of Key People

The key people have been selected for their experience in the industry. Each person is an expert in his or her own field and has demonstrable success in the past. The combination of these key people equates to the expertise available to any multi-national, while the small team size ensures flexibility and direction.

However, the success of the venture primarily relies upon Robert South's management of the technological development and Mark Obren's development of the corporate entity.

Track Record

This team has changed the direction of the international computer industry on at least two occasions in the past. While their contributions have been unrecognised, the experience gained from those changes have been applied to ensure that the benefits from the next change are captured and retained.

Staff Additions

A total of 29 people are required for the core Info-Brokers & Logistics function and Development Industries. These people fulfill all roles required to bring the product to market. It is expected to have these people on-board by mid-2000.

It is planned to establish a training facility to train all new corporate citizens. This facility will require an estimated three people to operate and will be responsible for instilling the Info-Brokers & Logistics culture and providing technical skills.

The initial three lead customers will require a Sales Franchise each, consisting of an average of four people. At least one Application Franchise will be created to develop and support the applications required by the trial customers. A manufacturing centre will probably be created to assemble the products, though this function may be outsourced if a suitable supplier can be located. Finally, batches of installers will be trained to install the equipment and to provide after-sales support - the planned 100 systems per day capacity by mid-2000 requiring 50 installers distributed nationwide.

Restraint of Trade Contracts

None of the Info-Brokers & Logistics key people have any restraint of trade.

Board of Directors

The Governing Body is the equivalent of the Board of Directors. As noted above, the two current members are Mark Obren and Robert South.

Legal Structure/Shareholding

Legal ownership of each franchise is held through the central corporate body, which in turn is held exclusively by Robert South. The purpose of splitting legal ownership from income and control is to preserve the constitution until the organisation has fully matured and the corporate culture has become bedded in. In the long-term the ownership will be transferred to a trust to remove the legal control beyond any one person.

The level of share capital is not yet fixed, but is irrelevant to the operation of the company.

Organisation and Personnel

The citizens have the right to compete for business within the internal market. There are a number of franchise types that a citizen can join or the citizen is free to bid for a new franchise to tackle a new business area. Sales franchises manage relationships with customers and purchase required products and services from other franchises. The internal market ensures competition from custom, encouraging innovation and effective products and services.

Supporting the internal market are three inner groups, responsible for ensuring that the internal market remains effective, plus a Constitutional Guardian responsible for ensuring the integrity of the corporate constitution.

Numbers of People

Compensation Method

A base salary

Recruiting and Training

Recruitment is initially through people known to the organisational founders. The people are being recruited primarily for their fit to the culture and secondly for their skills.

As noted above, all new recruits will undergo intensive training to

Organisational Structure

The organisation is structured around the nation-state concept. It has been assumed that the best people to drive the organisation forward are those people responsible for performing each task. Therefore, the organisation provides each member who successfully completes the entry training process a form of citizenship - as recognition of accomplishment and an awarding of rights.

Funds Required and their Uses

Financial Data

Profit and Loss Statement

Balance Sheets

Capital Budgets

Cash Budgets

Manufacturing/Shipping Plan

Administrative Considerations

Company Name

The name was originally "Information Brokers" and as such is a descriptive name that describes the corporate function. Unfortunately, as it is generic, this name is difficult to trademark. Therefore the new name of the corporate entity is "Info Brokers & Logistics", or IBL