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*Service
Avenue*



Business Plan

Service Avenue
1825 East 13th Street, Brooklyn, NY 11229
Tel: 646-483-1601; Fax: 718-504-7715
E-mail: investors@serviceavenue.com
Web page: <http://www.ServiceAvenue.com>

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Business Plan

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Executive Summary

“Service Avenue is the easiest and most convenient place to order food online from your favorite restaurants and caterers.”

The plan that you are about to read details how Service Avenue is able to capitalize on the restaurant takeout and catering markets that are young and unsaturated. Service Avenue consolidates a company (or companies’) food and catering invoices by combining them into one simple detailed invoice. The process in which this is done is by having these companies order their food and catering needs using Service Avenue’s web application. This web application seamlessly sends orders to the appropriate food vendor with the name, address, phone and all other necessary order information. Service Avenue also captures billing charge code and/or client code at the time of purchase for the client’s accounting department. Using Service Avenue’s powerful financial controls and restriction capabilities, our clients are able to save money and realize operating efficiencies. Expense code validation and real-time access to billing information ensure proper allocation of expenses.

The primary purpose of this plan is to raise funds for the startup business. The funding requirements are \$750,000 for a 20% stake in the company. The sales forecasts for Service Avenue is as follows:

Year 1	Year 2	Year 3	Year 4	Year 5
\$ 2,457,150.00	\$ 15,741,500.00	\$ 43,313,519.00	\$ 85,975,751.75	\$ 130,700,503.75

During phase I (first 24 months), Service Avenue will target the metro NY area (mostly Manhattan). In phase II (After 24 months), Service Avenue will target other metro areas across the US and/or expand our services to other necessities (such as corporate gifts, concierge services, etc.). The contents of this business plan presents information about phase I (first 24 months) of the company.

This document is confidential and has been made available to the individual to whom it is addressed strictly on the understanding that its contents will not be disclosed or discussed with any third parties except for the individual's own professional advisers. Investment in new and small businesses carries high risks as well as the possibility of high rewards. It is highly speculative and potential investors should be aware that no established market exists for the trading of shares in private companies. Prospective investors are advised to verify all material facts and to take advice from a professional adviser before entering into any commitments. This plan is strictly for information only and does not constitute a prospectus or an invitation to subscribe for shares. Projections in the plan have been compiled by the promoters for illustrative purposes and do not constitute profit forecasts. The eventual outcome may be more or less favorable than that portrayed.

The following are the financial projections.

Financial Projections

Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
Income					
Gross Sales Revenues	\$ 2,457,150.00	\$ 15,741,500.00	\$ 43,313,519.00	\$ 85,975,751.75	\$ 130,700,503.75
Cost of Goods Sold					
Vendor Renumeration	\$ 2,088,577.50	\$ 13,442,325.00	\$ 36,816,491.15	\$ 73,079,388.99	\$ 111,095,428.19
Net Sales Revenues	\$ 368,572.50	\$ 2,299,175.00	\$ 6,497,027.85	\$ 12,896,362.76	\$ 19,605,075.56
Operating Expenses					
Equipment	\$ 30,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Office Expenses	\$ 2,900.00	\$ 2,520.00	\$ 2,646.00	\$ 2,778.30	\$ 2,917.28
Rent	\$ 28,000.00	\$ 18,900.00	\$ 19,845.00	\$ 20,837.25	\$ 21,879.14
Cable Internet Expenses	\$ 3,600.00	\$ 3,780.00	\$ 3,969.00	\$ 4,167.45	\$ 4,375.85
Landline Telephone Expenses	\$ 8,600.00	\$ 6,300.00	\$ 6,615.00	\$ 6,945.75	\$ 7,293.01
Wireless Telephone Expenses	\$ 5,100.00	\$ 7,530.00	\$ 7,938.00	\$ 8,334.90	\$ 8,751.71
Utilities Expenses	\$ 2,400.00	\$ 2,510.00	\$ 2,646.00	\$ 2,778.30	\$ 2,917.28
Legal Fees	\$ 4,000.00	\$ 30,000.00	\$ 35,000.00	\$ 30,000.00	\$ 30,000.00
Accounting Fees	\$ 4,350.00	\$ 18,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Valuation Expenses	\$ 30,000.00	\$ 33,000.00	\$ 36,300.00	\$ 39,930.00	\$ 43,923.00
Web Site Maintenance	\$ 32,000.00	\$ 12,600.00	\$ 100,000.00	\$ 13,891.50	\$ 14,586.14
Web Site Hosting	\$ 3,600.00	\$ 3,780.00	\$ 9,000.00	\$ 4,167.45	\$ 4,375.85
Marketing & Advertising	\$ 13,150.00	\$ 11,550.00	\$ 60,000.00	\$ 30,000.00	\$ 18,000.00
Promotions	\$ 13,000.00	\$ 13,000.00	\$ -	\$ -	\$ -
Transportation Expenses	\$ 2,150.00	\$ 2,520.00	\$ 2,646.00	\$ 2,778.30	\$ 2,917.28
Entertainment Expenses	\$ 12,000.00	\$ 12,600.00	\$ 13,230.00	\$ 13,891.50	\$ 14,586.14
Call Center Expenses (7PM-9AM)	\$ 15,300.00	\$ 18,900.00	\$ 19,845.00	\$ 20,837.25	\$ 21,879.14
Credit Card Expense	\$ 18,428.63	\$ 118,608.75	\$ 324,851.39	\$ 644,818.14	\$ 980,253.78
Wages					
Sales Manager + Bonus	\$ 150,000.00	\$ 165,000.00	\$ 190,000.00	\$ 200,000.00	\$ 210,000.00
Executive Salary	\$ 50,000.00	\$ 150,000.00	\$ 210,000.00	\$ 270,000.00	\$ 300,000.00
Basic Wages	\$ 72,083.33	\$ 175,800.00	\$ 219,750.00	\$ 210,960.00	\$ 228,540.00
Sales Commission	\$ 162,302.44	\$ 765,597.75	\$ 2,410,320.64	\$ 2,595,187.99	\$ 2,595,187.99
Training Expenses	\$ 1,200.00	\$ 1,260.00	\$ 1,323.00	\$ 1,389.15	\$ 1,458.58
Miscellaneous	\$ 11,428.93	\$ 16,304.94	\$ 34,226.57	\$ 44,307.80	\$ 60,932.78
Total Operating Expenses	\$ 2,764,170.83	\$ 15,042,386.44	\$ 40,566,642.75	\$ 77,287,390.02	\$ 115,710,203.13
Payroll Tax (15%)	\$ 40,812.50	\$ 73,620.00	\$ 92,962.50	\$ 102,144.00	\$ 110,781.00
Social Security (6.25%) & Medicare (1.45%)	\$ 20,950.42	\$ 37,791.60	\$ 47,720.75	\$ 52,433.92	\$ 56,867.58
Dividends Paid	\$ -	\$ -	\$ 250,435.58	\$ 1,575,820.65	\$ 2,986,385.23
Interest Expense*	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation & Amortization	\$ 1,484.88	\$ 2,969.77	\$ 14,848.83	\$ 29,697.67	\$ 59,395.33
Total Expenses	\$ 2,827,418.63	\$ 15,156,767.80	\$ 40,972,610.41	\$ 79,047,486.26	\$ 118,923,632.27
Net Income Before Taxes	\$ (370,268.63)	\$ 584,732.20	\$ 2,340,908.59	\$ 6,928,265.49	\$ 11,776,871.48
Provision for Taxes on Income	\$ 103,200.30	\$ 664,209.00	\$ 1,819,167.80	\$ 3,610,981.57	\$ 5,489,421.16
Net Income After Taxes (Profit)	\$ (473,468.93)	\$ (79,476.80)	\$ 521,740.79	\$ 3,317,283.92	\$ 6,287,450.32
Philanthropy (% of profits)	2%	3%	4%	5%	5%
	\$ 9,469.38	\$ 2,384.30	\$ 20,869.63	\$ 165,864.20	\$ 314,372.52
Profit After Philanthropy	\$ (482,938.31)	\$ (81,861.11)	\$ 500,871.16	\$ 3,151,419.72	\$ 5,973,077.81

Balance Sheet

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ASSETS					
Current Assets					
Cash	\$ 378,015.96	\$ 374,508.92	\$ 911,098.54	\$ 4,246,500.87	\$ 10,762,340.28
Accounts Receivable	\$ 539,850.00	\$ 2,105,075.00	\$ 5,233,935.00	\$ 9,080,591.75	\$ 12,623,553.50
Bad Debt Allowance	\$ (13,496.25)	\$ (52,626.88)	\$ (130,848.38)	\$ (227,014.79)	\$ (315,588.84)
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Expenses & Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ 904,369.71	\$ 2,426,957.04	\$ 6,014,185.17	\$ 13,100,077.83	\$ 23,070,304.95
Fixed Assets					
Fixed Assets, Gross	\$ 30,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Less: Accumulated Depreciation	\$ (1,484.88)	\$ (2,969.77)	\$ (14,848.83)	\$ (29,697.67)	\$ (59,395.33)
Fixed Assets, Net	\$ 28,515.12	\$ 7,030.23	\$ (4,848.83)	\$ (19,697.67)	\$ (49,395.33)
Other Assets					
Intangibles/Goodwill (Philanthropy)	\$ 9,469.38	\$ 2,384.30	\$ 20,869.63	\$ 165,875.86	\$ 314,356.34
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Assets	\$ 9,469.38	\$ 2,384.30	\$ 20,869.63	\$ 165,875.86	\$ 314,356.34
TOTAL ASSETS	\$ 942,354.20	\$ 2,436,371.58	\$ 6,030,205.97	\$ 13,246,256.02	\$ 23,335,265.95
LIABILITIES & CAPITAL					
Current Liabilities					
Current Maturities of LTD	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	\$ 509,686.32	\$ 1,797,118.73	\$ 4,497,874.25	\$ 7,790,969.37	\$ 10,833,979.81
Sales Taxes Payable	\$ 8,600.03	\$ 55,350.75	\$ 151,597.32	\$ 300,915.13	\$ 457,451.76
Payroll Taxes, SS & Medicare Payable	\$ 5,146.91	\$ 9,284.30	\$ 11,723.60	\$ 12,881.49	\$ 13,970.72
Accrued Wages Payable	\$ 60,910.40	\$ 434,385.77	\$ -	\$ -	\$ -
Unearned Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Short-Term Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Short-Term Bank Loan Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	\$ 584,343.65	\$ 2,296,139.55	\$ 4,661,195.17	\$ 8,104,765.99	\$ 11,305,402.29
Other Noncurrent					
Long-Term Debt	\$ 750,000.00	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ 1,334,343.65	\$ 2,296,139.55	\$ 4,661,195.17	\$ 8,104,765.99	\$ 11,305,402.29
Capital					
Owner's Equity	\$ 73,619.67	\$ 320,729.57	\$ 496,905.77	\$ 1,161,695.71	\$ 2,095,991.76
Equity Financing	\$ 750,000.00	\$ -	\$ -	\$ -	\$ -
Net Profit	\$ (473,468.93)	\$ (79,476.80)	\$ 521,740.79	\$ 3,317,517.17	\$ 6,287,126.79
TOTAL CAPITAL	\$ (399,849.26)	\$ 241,252.77	\$ 1,018,646.56	\$ 4,479,212.88	\$ 8,383,118.55
TOTAL LIABILITIES & CAPITAL	\$ 934,494.39	\$ 2,537,392.31	\$ 5,679,841.73	\$ 12,583,978.87	\$ 19,688,520.84

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**Product &
Service
Description**

Service Avenue is an online corporate food ordering and expense reporting solution designed to increase efficiency and reduce costs for both companies and their food vendors. Service Avenue enables employees to order catering and meals faster and more conveniently, while at the same time generating instantaneous, accurate expense reports for the corporate accounting department. Depending on a client's needs, Service Avenue will provide an electronic based invoice, paper driven invoice, or both. With Service Avenue's extensive network of caterers and restaurants, corporations have more selection with their food ordering process, without the necessity of having another end of month invoice from these new caterers and restaurants.

Reducing Food and Accounting Costs

For corporate accounting departments, Service Avenue offers customized expense tracking and reporting capabilities, as well as provides instant access to real-time expense activity. The results will drastically reduce reconciliation and processing time, consolidated billing, immediate transparency, a lower float on third-party billing, and tightened accountability. In short, Service Avenue improves accounting effectiveness by reducing food and accounting costs. With Service Avenue's powerful financial controls and restrictions capabilities (supported by electronic invoice presentment and payment features), we enable corporations to save money and realize operating efficiencies. Full expense code validation and real-time access to billing information ensures proper allocation of expenses to the proper syndicate, client, department, division and/or job code. Sophisticated ordering efficiency tools guarantee optimal building security and reporting capabilities. Service Avenue works closely with its clients (corporations) to ensure that regardless of size or industry, the system is optimized to allow a corporation to realize the maximum in cost savings and efficiency. Not only is Service Avenue a service cherished by employees that saves them time and expands their dining options but also one that saves corporations a significant amount of money.

Saving Employees Time

Working as the single point of contact between individual employees, restaurants and caterers, Service Avenue simplifies the meal ordering cycle. Whereas the traditional meal ordering and paper-based expensing process is time consuming and inefficient, Service Avenue, with its intuitive Web site, saved favorite orders and caterers / restaurants, automated expense accounting, and up-to-date menus, saves employee time and greatly improves the meal ordering experience.

Streamlining Operations of Restaurants and Caterers

Service Avenue provides caterers and restaurants a Web based solution that allows them to send 100% of their orders straight to the appropriate accounts payable contact automatically, eliminating month end invoicing. Customer addresses and preferences are stored in the system for one click retrieval, and customers get email confirmations of every order. Customers also receive an email when an order is out for delivery, thereby eliminating the necessity to call the restaurant. Since many simpler orders will now come in online, precious phone time can be devoted to orders that need more personal attention.

Service Avenue also provides its vendors with exposure for many potential customers. With Service Avenue's interactive web solution, caterers and restaurants can market directly to their existing customers that used Service Avenue's order processing tool. With these tools, caterers and restaurant can develop customer loyalty programs and

marketing solutions to receive immediate results without increasing overhead.

Target Market Profile

Market Analysis

Service Avenue will capitalize on a significant trend in American lifestyle: Americans are working longer hours and increasingly, both parents are working. The average workweek now exceeds 40 hours in most industries; in several industries, more than 20% of all workers consistently work overtime. Those who do work overtime average 51.8 hours a week. Americans have less leisure time, less paid vacation, and less sick leave and now work longer hours than the Japanese, who for many years were the world's most stressed workers.¹ The problem is heightened because the total hours worked by the average U.S. household – not just individual workers – have increased significantly. Between 1976 and 1993, the number of hours worked by U.S. women increased by well over 2 million.² Middle-class married couples with children and a head of household between the ages of 25 and 54 now work an average of 98 weeks a year, compared with 78 weeks in 1969.³ In 1998, the typical middle-income, married-couple family worked six more weeks a year than did a similar family in 1989. In many industries, overtime had reached a record by the end of the 1990s.⁴ The occupations which saw the greatest increase in the percentage of workers averaging 48 hours per week or more were professionals and managers who are most often not paid overtime though they are among the highest-paid workers. High unemployment numbers also stimulate salaried workers who are employed to put in more hours each week to safeguard their positions. Interestingly, Americans embrace this new way of life. A RoperASW study published in the May 2003 issue of MONEY magazine found that Americans would rather have more money than more free time — 57% to 27%.⁵

Increased time at the office and the resulting decrease in leisure time is causing families. According to a 2002 survey by Madison Direct Marketing, 82% of families with children under five order food to go several times monthly, either by takeout or delivery. One third of that group said that they ordered meals to go several times per week.⁶ Additionally, people are ordering food at work so that they can work through lunch, and increasingly, dinner.

Competition

As the demand for delivery mushroomed, so did the competition. Small Restaurant Delivery Service companies sprang up all over the US. In 1991, Takeout Taxi Franchising, located in Herndon, VA began franchising the country's first multi-restaurant delivery company. The company grew to include more than 225 locations nationwide, delivering more than \$75M worth of prepared food from over 3,500 restaurants before the majority stakeholder sold to Food.com and the business

¹ Time after time: Mandatory overtime in the U.S. economy,” by Lonnie Golden and Helene Jorgensen, Economic Policy Institute, January 2002, http://www.epinet.org/content.cfm/briefingpapers_bp120

² Source: Nation's Restaurant News, 37(20): 154, May 19, 2003. ISSN: 0028-0518, “Menu marketers deliver dinner, incremental sales: third-party promoters bring busy customers' favorite restaurants to them.” (Special Report: Marketing Muscle). Publisher: Lebhar-Friedman Inc.

³ Just What the Worker Needs -- Longer Days, No Overtime, Administration push for 'flexibility' will make many bosses smile, by Ross Eisenbrey, Economic Policy Institute. FEBRUARY 19, 2003.

⁴ Time after time: Mandatory overtime in the U.S. economy,” by Lonnie Golden and Helene Jorgensen, Economic Policy Institute, January 2002, http://www.epinet.org/content.cfm/briefingpapers_bp120

⁵ Working Overtime: Working Hours Worldwide, <http://www.pbs.org/now/politics/workhours.html>, 4/18/2003

⁶ Source: Nation's Restaurant News, 37(20): 154, May 19, 2003. ISSN: 0028-0518, “Menu marketers deliver dinner, incremental sales: third-party promoters bring busy customers' favorite restaurants to them.” (Special Report: Marketing Muscle). Publisher: Lebhar-Friedman Inc.

infrastructure GeoComm Systems.⁷ Shortly thereafter, another company, backed with venture capital, attempted to consolidate the RDS industry and trade publicly. That attempt failed after the dot-com bubble burst in 1999. Now the Restaurant Delivery Service industry is back to many small companies dotting the nation. If the ranks of RDS companies has thinned somewhat, the competition only has increased as businesses vie to meet burgeoning demand while reducing marketing costs. That's why RDS companies seek market niches like office workers.⁸

Numerous independent third-party restaurant delivery companies such as Dining In, Restaurants on the Run, Restaurant Express, Meals to Go, Dial4Dinner, 2GoServices, FoodtoYou, FoodbyPhone, Waiter.com, CEO Deliveries, Inc., DoorStepDinners, FreeWayFood, exist nationwide, some of which handle food delivering and/or warehousing and some of which do not.

The industry standard discount on meals sold to the services runs between 20%-30% of the total food bill.⁹ The difference between the full menu price that services collect for its customer and the discounted price it pays to the restaurant represents the revenue stream from which the service covers its costs for menu magazine printing, Web-site maintenance, delivery drivers' wages and other overhead.

Growth for successful companies has been promising. For example, California-based Restaurants on the Run was established in 1993, offering started with six restaurants available for delivery in the Orange County area. The company currently delivers for more than 500 restaurants from the Los Angeles West Valley to San Diego. They deliver over 17,500 orders monthly and were listed in *INC. 500* as number 359 of the 500 fastest growing US companies in 1999. To date, Restaurants on the Run has made

⁷ Public Broadcasting System Small Business School Transcript, <http://smallbusinessschool.org/webapp/sbs/sbs/index-ie.jsp?Size=800&Speed=250&page=http%3A//smallbusinessschool.org/webapp/sbs/sbindex/8/Abt/profile.jsp>

⁸ Source: National Restaurant Association, "Way to Go: Delivery service can boost revenue and build customer loyalty", *Restaurants USA*, By Ira Patel, September 18, 2002. <http://www.restaurant.org/rusa/magArticle.cfm?ArticleID=809>

⁹ Source: Nation's Restaurant News, 37(20): 154, May 19, 2003. ISSN: 0028-0518, "Menu marketers deliver dinner, incremental sales: third-party promoters bring busy customers' favorite restaurants to them." (Special Report: Marketing Muscle). Publisher: Lebharr-Friedman, Inc.

¹⁰ Source: Restaurants on the Run website <http://ontherun.cc/aboutus.asp>.

¹¹ Source: Dining-In website: <http://www.diningin.com/aboutus.asp>

¹² Newsweek, May 2003, "Feeding Lawyers, A dot-com survivor: SeamlessWeb handles meal deliveries to fancy Manhattan firms" by Mark N. Vamos.

¹³ AtNewYork.com "Q&A with Jason Finger, CEO, Seamless Web," April 18, 2002, by Erin Joyce

¹⁴ Wired NewsPost-Boom Meal Plan: Order Online, by Daniel S. Levine, <http://www.wired.com/news/business/0,1367,56022,00.html>, Dec. 26, 2002.

¹⁵ Primary research: Interview with Seamlessweb sales rep.

¹⁶ Spring2 Technologies Case Study: Web-Based Professional Service Firm Integrated Commercial Web-Based System, <http://www.spring2.com/casestudy.asp?ID=2>.

¹⁷ Source: www.nyctogo.com website.

¹⁸ Wired NewsPost-Boom Meal Plan: Order Online, by Daniel S. Levine, <http://www.wired.com/news/business/0,1367,56022,00.html>, Dec. 26, 2002.

¹⁹ Source: OSMIO.com website https://www.osmio.com/Contents/what_we_offer.asp#ForCompanies

over 1,000,000 deliveries serving more than 6 million meals. Like most Restaurant Delivery Service companies, ROTR persuades participating restaurants to discount their food prices roughly 30% to 35%. RDS customers also pay a flat delivery fee, usually \$4 to \$7. ROTR delivers food themselves.¹⁰

Dining-In, Inc. of Brighton, MA was founded in 1988 and now does \$10 million in annual sales, according to Dun & Bradstreet. In the past 18 months, the company has expanded the greater Boston area as well as Dallas, Philadelphia, Chicago, Washington, and Alexandria. Dining-In, Inc. currently delivers an average of 45,000 orders per month for more than 700 restaurants.¹¹

Three major companies, Seamlessweb.com, OSMIO.com and NYCTOGO.com, provide a similar service in the New York metro area. (Two much smaller players, Executive Dining Club and QDine also operate in New York.)

Seamlessweb.com, was founded in 1999 with \$345,000 in capital. There are now four partners, all of whom are attorneys. The firm is growing by 20% per month, and has been profitable for 1.5 years on annual revenues of more than \$3 million. CEO Jason Finger has estimated that the New York City food delivery market is a \$2 billion industry.¹² The company's customers now include roughly 275 law firms, brokerage houses and investment banks. Its clients are saving an estimated 20%-30% a year on their food bills because they can track these costs better.¹³ SeamlessWeb charges clients a per-transaction fee.¹⁴ Specifically, the company charges \$100/month, 2.5% of the orders, plus \$0.50 per transaction¹⁵ and bills its clients weekly, bimonthly, or monthly and collect within 15 days. Their website is designed to support >7200 transactions/hour on a single server.¹⁶ Approximately 550 restaurants participate as vendors. According to one of Seamlessweb's sales reps, the company has an exclusive agreement with most of its restaurants and they charge based on the amount of business. If they get more business, they charge more money. Approximately 90% percent of restaurants have a computer terminal dedicated to SeamlessWeb. The company does not advertise, but works on referrals. They have 20 people working for them, mostly sales. They are launching similar services in Washington DC, Chicago, Stamford and Greenwich, CT. They are adding black car services soon to their product line

SeamlessWeb's applications include:

- Online menus of restaurants
- Favorite food quick re-order capabilities
- Time sorting to view open restaurants only
- Order for yourself or for colleagues
- Restaurant ratings
- 24 x 7 x 365 solution
- Group-aggregated ordering capability
- Full service catering tools
- 100% cost code/project code capture
- Powerful financial controls, restrictions and reporting capabilities (supported by electronic invoice presentment and payment features)
- Real-time access to all information
- Single electronic invoice up-loadable directly to customers' accounting systems for

all food purchases

Seamlessweb.com's weaknesses include:

1. The website does not present the capabilities that this system should offer. The design is about two years outdated. Need more info here.
2. Marketing tools provided to restaurants are not offered through this service. Need more info here.
3. Restaurant menu building functionality is cumbersome and difficult. It's also not user friendly. Need more info here.

The second competitor, NYCTOGO.com, provides an accounting program enabling corporations to monitor the spending of its employees, prevent potential employee misuse, and account for all food purchases, while reducing the amount of accounting resources required. Employees can log in and order food with a NYCTOGO.com corporate account. Companies' administrators set up budgets for employees and specify the terms of use. The budget is renewable on a daily, weekly, or monthly basis, and cannot be exceeded. NYCTOGO.com prohibits users from processing a food order if they lack the available funds in their budget. All food orders made through NYCTOGO.com are tracked and accounted. Administrators generate online reports displaying the order history for their employees and how much was spent on each order. Special identification codes can be attached to each order which are used to organize orders during the production of reports. Specific orders, whether single or in a batch, can be allocated to a separate client/matter number.¹⁷ NYCTOGO bills restaurants for a percentage of sales.¹⁸

The third competitor, OSMIO, is a national firm established in 2000. According to an OSMIO salesperson, the company was started by a former attorney with about \$300,000 capital. The number of clients and vendors they have in metro NY is unknown. The company offers its customers an electronically generated, verifiable report in real-time that includes information needed to bill clients for delivered and catered meals, can be used to verify and store internal billing information, can be generated and viewed via the web. Reports have standard features allowing them to be sorted, printed and filtered according to customer-specified parameters. OSMIO uses a web interface with secure 128-bit SSL encryption technology to protect its customers' confidential data and the order/transaction processes. OSMIO allows employees to access a searchable database of menus for area restaurants that deliver to their offices at the time you order. OSMIO drops restaurants that do not deliver promptly and accurately from its service. Restaurants pay OSMIO a commission for each sale and do not pay a registration fee.¹⁹ According to one of OSMIO's sales personnel, the company also offers the front-end ordering system for catering, individual food ordering, cakes, floral arrangements, gift baskets and pantry items. They also offer the backend reporting for car and messenger service. They currently deal with two-three flower companies and they just signed up a national flower company to do all their flower arrangements. Like Seamlessweb, Osmio has different departments to handle restaurants/vendors and clients. OSMIO charges clients 3% of orders with no monthly fee and various percentages from restaurants and caterers. Their marketing strategy is similar to Seamlessweb's in that OSMIO does not advertise. Their sales reps network with potential clients through organizations like the ALA. OSMIO does not often get referrals from clients. They try to penetrate accounts through the CFO or the comptroller. OSMIO provides user guides to new clients.

Service Avenue will provide a similar service with more capabilities for the restaurants and caterers. Service Avenue also targets different customers. The target market for Service Avenue will be described in the Marketing section of the plan.

Customers / Users In Phase I, Service Avenue's target markets would include firms that are located in Manhattan that:

1. Work long/late hours (necessitating that employees order food);
2. Are large enough (250+ employees) to conform to a mainstream type of expense allocation and reimbursement process and have a compensated allowance for ordering food.
3. Are business-to-business in nature and therefore would likely host internal catered events and meetings, e.g., to dine clients, do internal team building, etc.

Specifically, Service Avenue will target: (1) financial service firms, (2) certain professional, scientific and technical service firms, and (3) certain information firms located in Manhattan (area code 212, 718 or 646) with over 250 employees on site. The table below illustrates the overall market size in metro New York and the specific number of sites in Manhattan that meet Service Avenue's specific criteria.

Market Segment	Overall Market Size (NY Metro Area)		Service Avenue Target Market (Manhattan, 250+ Employees)
	# Firms	# Empl.	
Financial Services (taxable only) <i>(NAICS Code 52, SIC Codes 60, 61, 62, 63, 64 & 67)</i>	28,952	723,947	110 sites
Offices of lawyers (Taxable) <i>(NAICS Code 54111, SIC Code 81)</i>	16,051	126,295	30 sites
Accounting, tax return preparation, bookkeeping, & payroll services firms (Taxable) <i>(NAICS Code 5412, SIC Code 8721)</i>	7,898	100,782	12 sites
Architectural, engineering, & related services (Taxable) <i>(NAICS Code 5413, SIC Codes 8711, 8712, 8713)</i>	6,467	61,013	8 sites
Computer systems design & related services (Taxable) <i>(NAICS Code 5415, SIC Codes 7371, 7373, 7376, 7378, 7379)</i>	10,844	82,340	17 sites
Management, scientific, & technical consulting services (Taxable) <i>(NAICS Code 5416, SIC Codes 8741 & 8742)</i>	9,083	63,296	43 sites
Advertising & related services (Taxable) <i>(NAICS Code 5418, SIC Codes 7311, 7319, 7331, 738903, 8743, & 874803)</i>	4,944	50K-100K	39 sites
Information Services <i>(NAICS Code 51, SIC Codes 4812, 4832,</i>	N/A	N/A	40 sites

4833, 4841, 4899, 7374, 7375, 7383, 738911, 7812)			
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These segments are fertile markets for Service Avenue for the aforementioned reasons. First, according to the most recent Economic Census, firms in these market segments are growing more than other industries. See table²⁰ below.

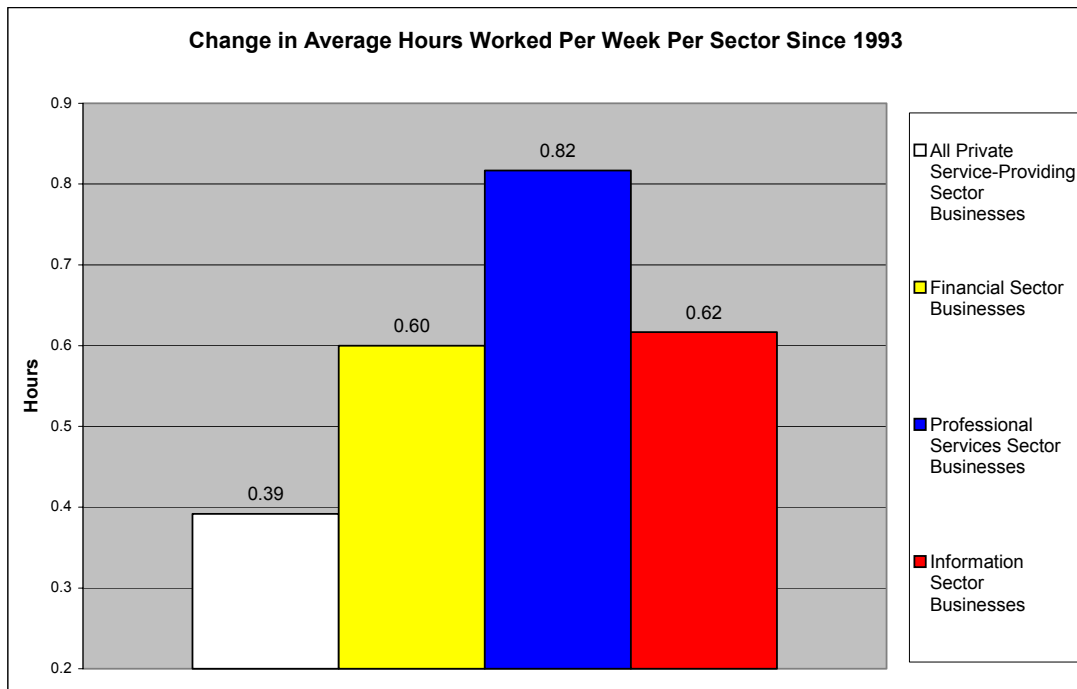
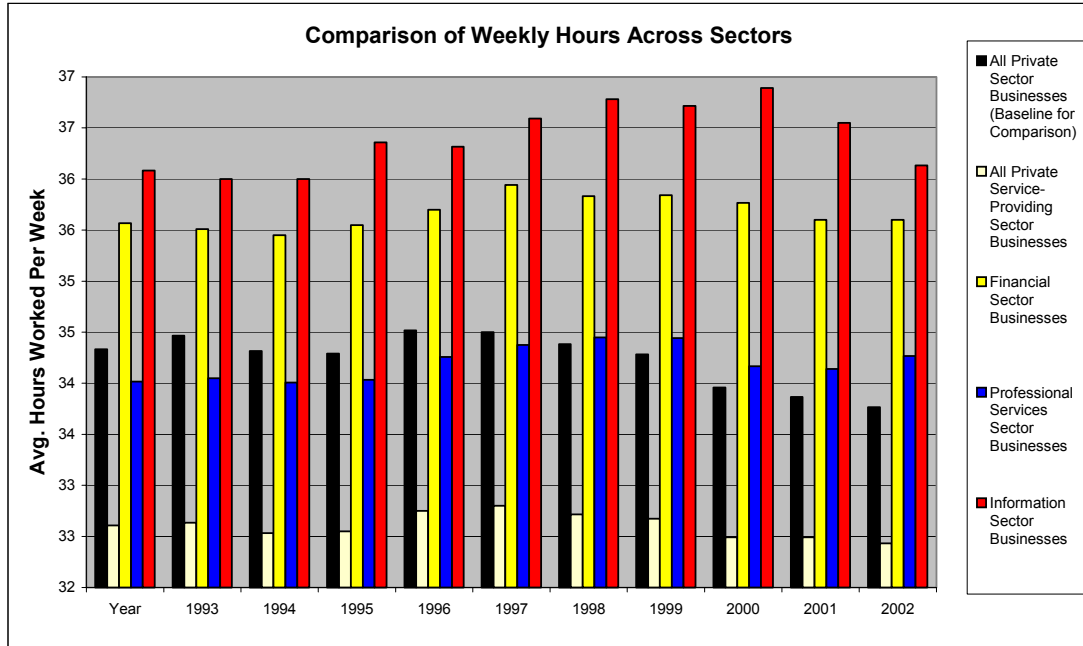
	New York % Change 1992 to 1997			National % Change 1992 to 1997		
	Sales, Receipts or Shipments			Sales, Receipts or Shipments		
	Est.	Shipments	Paid Employees	Est.	Shipments	Paid Employees
All Industries (Baseline)	0.1	23.3	0.6	4.8	34.4	10.8
Financial, insurance and real estate industries	5.9	N	4.8	12.9	N	N
Professional Services (Taxable Only)	8.9	43.6	17.7	13.8	53.3	5.6
Business Services	18.5	62.0	28.0	29.6	92.3	56.1
Legal Services	55.9	N	N	9.2	21.3	20.5
Engineering, accounting, research, management, and related services	17.1	N	N	25.5	56.6	53.3
Information	N	N	N	N	N	N
	New York Comparison vs. Baseline (%)			National Comparison vs. Baseline (%)		
	Sales, Receipts or Shipments			Sales, Receipts or Shipments		
	Est.	Shipments	Paid Employees	Est.	Shipments	Paid Employees
All Industries (Baseline)	N	N	N	N	N	N
Financial, insurance and real estate industries	5.8	N	4.2	8.1	N	N
Professional Services (Taxable Only)	8.8	20.3	17.1	9.0	18.9	-5.2
Business Services	18.4	38.7	27.4	24.8	57.9	45.3
Legal Services	55.8	N	N	4.4	-13.1	9.7
Engineering, accounting, research, management, and related services	17.0	N	N	20.7	22.2	42.5
Information	N	N	N	N	N	N

Note: Metro stats not available.

As shown by the table and chart²¹ above, employees working for firms in the targeted market segments average longer workweeks than employees in other private sector businesses. They are also working longer hours than they did in 1993.

²⁰ Source: United States Census Bureau 1997 Economic Census.

²¹ Source: US Bureau of Labor Statistics.



Market Size, Sales, and Share Projections

To estimate Service Avenue's market potential, it is useful to examine market trends in three key areas: Business-to-Business (B2B) E-Commerce, and the catering and restaurant industries.

B2B E-Commerce:

Overall, the E-Commerce space is growing exponentially. According to eMarketer, worldwide B2B E-Commerce revenues will surpass \$1.4 trillion by the end of 2003 and are expected to total \$2.7 trillion by 2004. With an estimated \$721 billion in revenues, the US will account for over 50% of worldwide B2B E-Commerce revenues in 2003, reaching \$1.01 trillion by 2004. Such rapid growth is easily explained: although approximately 70% of companies have experimented with purchasing online, less than 10% of their total spending is currently being channelled via the Internet.²² According to the US Census Bureau's 2001 Service Annual Survey (the most recent data available), B2B E-Commerce revenues generated for selected service industries constituted just 0.8% of total revenues in both 2000 and 2001.²³

Worldwide B2B E-Commerce Revenues, 2000-2004 (in billions)

2000	\$278.19
2001	\$474.32
2002	\$823.48
2003	\$1,408.57
2004	\$2,367.47

Source: eMarketer, 2002

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www.eMarketer.com

Specifically, Service Avenue will play in the realm of the "B2B eMarketplace or digital marketplaces," typically defined as an Internet-based B2B broker of goods or services within a community of many buyers and sellers. B2B eMarketplaces are neutral (i.e., are not involved in procurement or distribution) and do not take possession of goods or services. They are online communities where multiple corporate buyers and sellers exchange goods, services, and information. IDC has predicted that approximately 56% of B2B e-commerce will be driven by eMarketplaces²⁴. Many B2B exchanges have increased recurring revenues during 2002 and are poised for growth in 2003, according to eMarketer. Despite rumors to the contrary, leading B2B exchanges are making steady progress bringing new members on board. Approximately 67% of B2B exchanges met or exceeded their recurring revenue goals in 2002.²⁵

Employees of large companies – such as those Service Avenue would target – are increasingly using the Internet at work. According to Nielsen/NetRatings, online usage at work jumped 17% year-over-year in August, as nearly 46 million American workers, logged onto the Web at work that month.

According to the latest Report on eBusiness, online marketplaces are attracting more non-manufacturers. Approximately 36% of non-manufacturers purchased through online marketplaces in Q2 2003, up 4.4% from Q1. In addition, 15.1% of non-manufacturers increased their usage of online marketplaces, while only 1.5% decreased use. B2B Internet usage continues to grow in importance, with 42.3% of large-volume purchasers saying that the Internet was very important to their purchasing strategy in Q2 2003, an increase of 10.7% Q1 2003. These same purchasers made significant or

²² Source: eMarketer North America E-Commerce: B2B & B2C, May 2003.

²³ Source: US Census Bureau's 2001 Service Annual Survey

²⁴ "The Future of eMarketplace Services: Trends and Forecasts," Leo J. Lipis, PhD, Senior Research Analyst, eMarketplace Services, IDC Corporation.

²⁵ eMarketer, "E-Commerce Trade and B2B Exchanges 2003"

dramatic changes to their procurement processes in Q2 as well, with an increase of 6.3% to 22.7%.²⁶

Catering Industry:

According to Dun & Bradstreet, catering is an \$8 billion/year industry. There are about 22,537 off-premise caterers in the United States, roughly 665 of which are located in Manhattan. The industry is growing by 7% to 10% annually, says Michael Roman, president of CaterSource, a Chicago consulting and training firm. The corporate catering market is growing daily. More and more companies appreciate the value of face-to-face meetings within the company's office. Caterers are now focusing their attention more to the corporate consumer. Caterers are also seeking to expand their capabilities by enhancing their design and presentation.²⁷ Bob Craig, chief operating officer of third party delivery service Dining In, says corporate catering now provides a significant portion of his delivery company's overall sales.²⁸ To increase that business, the company recently launched new software for corporate administrative staff that simplifies an administrator's job. Mike Haskel, founder and C.E.O. of Dining In, says delivery services often are able to capture a larger share of corporate business than many stand-alone restaurants can. Approximately 7%-11% of Seamlessweb's daily orders volume is comprised of catering orders.²⁹

Restaurant Industry

According to Hoover's, overall restaurant sales have been increasing just over 5% annually.

Restaurant sales have been and are still increasing. Restaurant sales hit \$407.8B in 2002³⁰ and they are expected to rise 4.5% to \$426.1B in 2003. Approximately 3% of this revenue is allocated for corporate catering. U.S. retail and food services sales for May 2003 were \$308.8 billion, an increase of 0.1 percent ($\pm 0.9\%$) from the previous month and up 5.1 percent ($\pm 1.0\%$) from May 2002. Total sales for the March through May 2003 period were up 4.2 percent ($\pm 0.5\%$) from the same period a

²⁶ *Report on eBusiness*, ISM/Forrester Research, July 16, 2003
<http://www.ism.ws/ISMReport/Forrester/FROB072003PR.cfm>

²⁸ Source: Nation's Restaurant News, 37(20): 154, May 19, 2003. ISSN: 0028-0518, "Menu marketers deliver dinner, incremental sales: third-party promoters bring busy customers' favourite restaurants to them." (Special Report: Marketing Muscle). Publisher: Lebhar-Friedman Inc.

²⁹ NYPost.com, Technology Section, "You Want Fries with That?" by Joseph Gallivan, February 26, 2001.

³⁰ John, we need a source for this info.

³¹ The Census Bureau of the Department of Commerce

³² Dun & Bradstreet Zapdata.com, 2003

³³ Source: "Right This Way," Restaurant Business, October 2002.
<http://www.restaurantbiz.com/restaurantbusiness/images/pdf/RGI2002.pdf>

³⁴ Source: National Restaurant Association FS/TEC 2001

³⁵

³⁶ Source: Nation's Restaurant News, 37(20): 154, May 19, 2003. ISSN: 0028-0518, "Menu marketers deliver dinner, incremental sales: third-party promoters bring busy customers' favourite restaurants to them." (Special Report: Marketing Muscle). Publisher: Lebhar-Friedman Inc.

³⁷ Source: National Restaurant Association, "Way to Go: Delivery service can boost revenue and build customer loyalty", *Restaurants USA*, By Ira Apfel, September 18, 2002
<http://www.restaurant.org/rusa/magArticle.cfm?ArticleID=809>

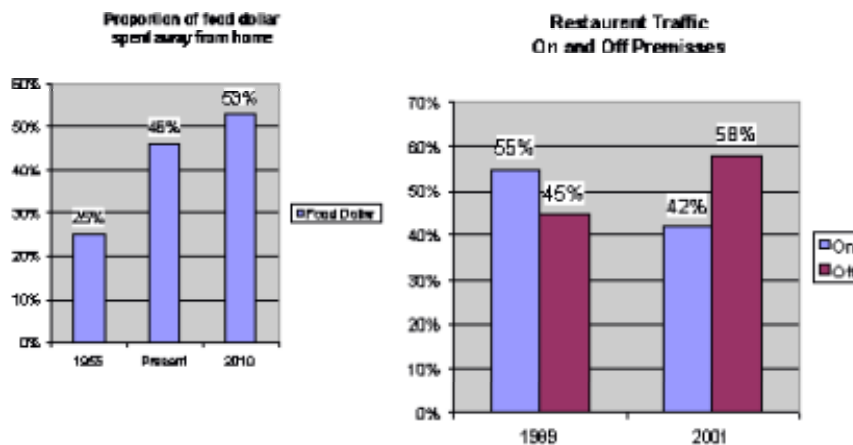
³⁸ Source: Food Service Consulting Group, Chef2Chef Personal Chefs Network, "About Third Party Delivery Services" by Henry Blazek, October, 2002, <http://chef2chef.net/pro/columns/blazek/delivery-service.htm>

year ago. Sales of food services and drinking places were up 6.7 percent ($\pm 0.9\%$) from May 2003.³¹

According to Dun and Bradstreet³², 17,877 eating places in Metro New York generate \$5.45 billion in annual sales. Approximately 2,780 restaurants located in the Manhattan area code have been in business at least two years. According to the latest Economic Census, restaurant sales in NY State have increased 24% from 1992 to 1997. Metro New York was ranked third in overall restaurant sales by *Restaurant Business*.³³

The National Restaurant Association sites the following trends³⁴ affecting the restaurant industry:

- *The consumer will look for higher quality takeout*
- *The percent of the food dollar spent away from home will continue to increase*
- *The restaurant industry will experience intense competition*
- *Unit managers will become more proficient in using computer technology, allowing more time to spend with customers*
- *Technology is becoming increasingly important in the restaurant industry and will be more efficiently used to control cost and enhance management and staff efficiency*
- *Operators are using technology to enhance their effectiveness and improve the customer experience*
- *The outlook is extremely positive for continued technology integration in restaurants*
- *The likelihood of using a drive-thru option at your favorite table service restaurants: 42% of adults; 56% of 18- to 24-year olds*



The chart³⁵ below provides a brief summary of the restaurant industry for 2002 and outlook for 2003, and details revenue based on category.

Restaurant Industry Food-and-Drink Sales Projections Through 2003

	2002 Projected F&D Sales	2003 Projected F&D Sales	2002 - 2003	2002 - 2003 Real Percent Change
	(in thousands of dollars)	(in thousands of dollars)	Percent Change	Percent Change
GROUP I – COMMERCIAL RESTAURANT SERVICES¹				
EATING PLACES				
Fullservice restaurants ²	\$ 146,148,997	\$ 153,164,149	4.80%	2.10%
Limited- service (fast- food) restaurants ³	116,113,251	120,873,894	4.1	14
Commercial cafeterias	2,033,875	1,922,012	-5.5	-8.2
Social caterers	3,948,243	4,129,862	4.6	19
Snack and nonalcoholic beverage bars	15,349,857	16,914,224	10.2	7.5
TOTAL EATING PLACES	\$ 283,594,223	\$ 297,004,141	4.70%	2.00%
Bars and taverns	13,270,346	13,721,538	3.4	0.4
TOTAL EATING- AND- DRINKING PLACES	\$ 296,864,569	\$ 310,725,679	4.7%⁴	2.00%
FOODSERVICE CONTRACTOR MANAGED SERVICES⁵				
Manufacturin g and industrial plants	\$ 6,185,443	\$ 6,441,347	4.10%	140%
Commercial and office buildings	1,999,808	2,067,801	3.4	0.7
Hospitals and nursing homes	3,053,348	3,399,851	113	9.6
Colleges and universities	6,762,055	7,232,846	7	3.4
Primary and secondary schools	3,064,982	3,328,632	8.6	6.3
In-transit restaurant services (airlines)	2,044,527	2,152,887	5.3	2.6
Recreation and sports centers	3,730,455	3,902,056	4.6	19
TOTAL MANAGED SERVICES	\$ 26,840,618	\$ 28,525,420	6.30%	3.60%

For several reasons, restaurants are increasingly making use of automation. First, the supply of foodservice workers age 16 to 24, the primary pool for restaurant employees, has been declining. Second, the restaurant industry is a classic mature market. Companies face stiff competition and low

profit margins and are looking for new ways to differentiate themselves.

Top Challenges Expected by Operators in 2003

Top Challenge	Quick- service	Fullservice			
		Average Check Size			
		<\$8	\$8- \$14	\$15- \$24	\$25+
The Economy/Recession	13%	25%	22%	25%	37%
Competition	17	19	12	14	13
Building/Maintaining sales volume	23	12	13	14	13
Recruiting and retaining employees	26	9	20	13	7
Labor costs	5	12	12	13	3

Source: National Restaurant Association, 2003 Restaurant Industry Forecast executive summary.

Restaurants are turning to third-delivery party services to capture incremental sales and avoid payroll, insurance and equipment costs involved in delivery.³⁶ According to CREST (Consumer Reports on Eating Share Trends), a service that provides consumer-behavior information on restaurant-prepared meal purchases, delivery has grown every year since 1996.³⁷ Statistics across the country have shown that units that have added a well designed home delivery system have increased their total foodservice revenue by an average of 37%, in house sales by 21% and in some cases as much as 100% in overall revenue.³⁸

Based on these data and the need for corporations to manage their cost more efficiently, the service that SERVICE AVENUE will provide will allow corporations and caterers and restaurants to increase their market share, client base, revenues without the increase in overhead or operating expenses.

Service Avenue will capitalize on the restaurant/catering industry embracing new technologies to jump-start sales. The Internet is an obvious technology that this industry is ripe to adopt as a marketing tool.

Marketing Strategies & Sales Plans

Primary Marketing Messages

Service Avenue's primary marketing messages will be that:

- Service Avenue is dedicated to satisfying its customers and works to ensure that its vendor restaurants deliver orders correctly, on time and well-prepared.
- Service Avenue saves its customers time & money by lowering overhead, which has a direct impact on customers' financials and overall profits.
- Service Avenue will help its customers' employees work more efficiently by eliminating the hassles of ordering food – saving the customer money and time.
- Service Avenue's system is completely automated, is very simple to activate and use, and costs the customer nothing.
- Service Avenue's ordering system eliminates the need for paper-based bills from each individual order, as it captures all the necessary information to allocate each expense and can be customized as the client requests. Service Avenue will provide customers with an electronic file which can be uploaded into their accounting applications. The file can be available on demand, and/or scheduled to run whenever a client requests it.
- Customers' employees will love the ease and convenience of ordering through Service Avenue and will perceive it as another benefit or perk. This perception enhances the customers' image with its employees and helps build employee loyalty.
- The ease with which customers' employees can order food and eat while working may encourage them to work longer hours.

Position in the Marketplace

Service Avenue offers the following advantages over its competitors:

1. TECHNOLOGY for END-USER CLIENTS
 - a. Service Avenue's website will be more user friendly than the competitors'. For instance, SeamlessWeb's website design is approximately three years out of date. The design displays that the company is not spending any effort in making the ordering process easier for its clients.
 - b. Service Avenue's reporting capabilities will be more robust than those of its competitors. For instance, Osmio does not pass an electronic bill to its clients, but instead issues a paper-based invoice to its clients every two weeks. Conversely, SeamlessWeb only offers an electronic file and charges its clients a setup fee. In the beginning stages, Service Avenue will not charge its clients a setup fee and can provide a paper or electronic invoice (CSV, TXT, or Excel) on demand, or on a set schedule. Service Avenue will also provide customized reporting for our clients upon request. This capability will allow Service Avenue to customize to each client's data importing needs. Also, Service Avenue will offer scheduled reporting capabilities that can be e-mailed directly to clients at any time.
2. TECHNOLOGY for VENDORS
 - a. Restaurants and Caterers will be able to use Service Avenue's tools to market to their customers. Currently, neither SeamlessWeb nor Osmio provide this service. Service Avenue will give restaurants the ability to email directly those consumers who choose to receive their "specials of the day," allowing restaurants to grow their revenue base (and consequently Service Avenue's commissions) by marketing to their consumers directly via Service Avenue. This is a great tool and none of our competitors are

offering this.

- b. Service Avenue will provide its vendors with an easy-to-use tool for managing menu items. Primary research garnered from interviewing a sample of SeamlessWeb's restaurants shows that the Company's tool is not user-friendly and thus it is difficult to add/edit/delete items from a menu. According to Osmio's service agreement with its restaurants, Osmio does not provide an interface for restaurants and caterers to manage their data at all. The restaurants must communicate with Osmio to make changes to their menus.

3. SECTORS SERVED

- a. Service Avenue will sign clients within a multitude of business sectors, which will allow for growth beyond just law firms and investment banks (as will competitor SeamlessWeb). Service Avenue will offer special promotions to certain companies within a sector at a time of year that is beneficial for the client. For instance, during tax season, Service Avenue would offer percentage discount to accounting firms when they are very busy and most accountants work extremely late hours. Also, at the end of year, the accounting departments in most companies put in extra hours, this will give us an opportunity to market to these consumers directly.

4. BRAND IDENTITY

- a. Service Avenue's image or brand identity in the marketplace will hip and charitable. Service Avenue is forming alliances with organizations that (a) feed the hungry and (b) provide job training and placement services for homeless/displaced persons and will donate a portion of its profits to each. Marketing and PR activities will promote the concept that in feeding their employees and clients, corporations are also helping feed the hungry and providing a career path to disadvantaged persons. Service Avenue will hire a PR firm to assist with communications.
- b. Service Avenue's personnel will always act and display ourselves in a professional manner. Our sales and customer service personnel will be friendly, and will give our clients a service that is implemented with ease, and we will provide accurate (or perfect) reports at the request of our clients.
- c. Service Avenue will ensure that every call is answered or attended to in our office. For instance, we will advertise our sales rep's cellular number on their voice mail so in case they are not in the office, the client has a cell phone to call. In some cases, we will even forward the call to the sales rep's cell phone.
- d. Customer service will be available 24x7 by phone, as well as via the web and e-mail. All calls will be attended to and we aim for 100% satisfaction. One slogan I always hear from Microsoft's technical support is "Very satisfied customers are my top priority." We will have a similar slogan with our sales and customer service people.

Each customer service call will get a case #. We will have a tool online to check a claim, enter a claim, and we will update our system with the claim resolution. It will also be forwarded to the client that entered the claim.

Customer Service e-mails from our customer service reps will have the name of the supervisor's name, e-mail address and phone number so the client has the ability to contact the supervisor immediately if they are not satisfied with the customer service rep at any time.

5. PRICE

In the beginning stages, Service Avenue will not charge its clients a fee. OSMIO charges clients 3% of orders with no monthly fee and various percentages from restaurants and caterers. SeamlessWeb charges \$100/month, 2.5% of the orders, plus \$0.50 per transaction. This pricing policy reduces a client's risk, as the client essentially can subscribe to Service Avenue with no cost of entry.

Pricing Strategy

In the beginning stages, it will cost customers nothing until Service Avenue can determine how much money we actually save a company. Once we have a figure that we are certain about, we can charge a sum which is under that amount. Actually, we might charge a service fee (not much) in order to hold customers into the service. If it's free, they could easily change to another service (if one were to approach them).

To help jumpstart sales in specific target markets, we will offer certain prospects a rebate of 2% to 3% to use our system for a start-up period of six months. This rebate would help companies see real cost savings on each individual order and would give Service Avenue a competitive advantage. Once the start-up period expires, customers will be accustomed to using Service Avenue, and recognize cost savings on unspent manual labor. The rebate will only be available to those select prospects that have a significant food and administrative expenses and will be for a limited time. There can also be a cost savings based on how much a corporation orders per month. If a corporation orders \$15,000/month, they will receive a 2% rebate. If the company orders \$45,000/month, the rebate will be 4%.

Also, when signing up both restaurants and corporations, we would negotiate volume discounts, i.e., that specific clients ordering food over a certain dollar volume with a particular restaurant would receive 5% off the total order. (Service Avenue would still receive its standard 15% commission from the restaurant.) This strategy enables Service Avenue to pass savings along to our clients, which helps with satisfaction and retention.

Marketing Tactics and Vehicles

"Cure the Pain" Strategy – Target: Accounts Payable Personnel

- 1- Purchase list of Accounts Payable personnel in targeted companies.
- 2- Send direct mail piece to appropriate personnel. Message: Service Avenue will make your life easier and help you control costs and reduce paper flow. (Note: It costs approximately \$12 to clear a single check through a typical corporate accounting office.³⁹) Objective: generate interest.
- 3- Follow up with "warm" calls to AP personnel. Objective: gain appointments.
- 4- Go on sales appointments, show demonstrations, and give free stuff. Objective: generate enthusiasm and internal support, elicit the names of the decision-makers, and get a next-step commitment to set appointments with AP personnel and appropriate decision-makers.
- 5- Sales presentation to AP personnel and corporate decision-makers.
- 6- Generate formal proposal if necessary.
- 7- Close the deal.

"Bottom-Up" Strategy – Target: Employees (i.e. Users of the Service)

- 1- Leave flyers in the public areas of the targeted corporations. If that doesn't work, see if there is a way to email everyone at a corporation. Message: Service Avenue will make your life easier by enabling you to order food quickly and easily through the Internet, and you don't have to submit any reports to accounting.
- 2- Purchase lists of administrative assistants/office managers of targeted corporations.
- 3- Send direct mail piece to administrative assistants. Message: Service Avenue will make your life easier by eliminating the need for you to run around like a slave taking orders for food.

³⁹ NYPost.com, Technology Section, "You Want Fries with That?" by Joseph Gallivan, February 26, 2001.

HR Strategy – Target: Human Resources Managers

- 1- Purchase list of Human Resources managers in targeted companies.
- 2- Send direct mail piece to appropriate personnel. Message: Service Avenue allows the company to offer its employees a significant benefit at no additional cost. Objective: generate interest.
- 3- Follow up with “warm” calls to HR personnel. Objective: gain appointments.
- 4- Go on sales appointments, show demonstrations, and give free stuff. Objective: generate enthusiasm and internal support, elicit the names of the decision-makers, and get a next-step commitment to set appointments with HR personnel and appropriate decision-makers.
- 5- Sales presentation to HR personnel and corporate decision-makers.
- 6- Generate formal proposal if necessary.
- 7- Close the deal.

Referral Strategy

Service Avenue will target companies in the same target markets as existing clients using testimonials from existing customers. This strategy will help Service Avenue build credibility and improve chances of getting appointment and making sales.

Sales Strategies

Service Avenue will use aggressive cold calling sales tactics to get prospects' attention and show them how our service would benefit them.

We will use carefully scripted sales calls such as:

1. "We present a service that will save your company 30%-50% of your food ordering costs, and it will make your office more efficient. All this, and it will cost you nothing."
2. "We have a service that will help your company grow, and it will cost you nothing".

Most of the sales leads will be generated from a database list of names and corporations purchased from list brokers such as InfoUSA and D&B. Such lists cost approximately \$500 and are updated annually.

Most of the clients will be cold called to attain an initial appointment. We'll present it as an appointment to show how we can help the company be more efficient, save money and time. We will also stress that there is no upfront cost (in the beginning stages of our company) and that we provide savings that are realized within a month (if not less).

At the appointment, we will give a presentation that illustrates the benefits of the service, includes screenshots of how to use the Service Avenue ordering system, letters to send to existing restaurants that the client orders from (on credit) to inform them that this client will now be served using Service Avenue as a medium. The presentation can also be used to train clients' employees of how to use the system.

Sales Structure

Service Avenue will not rely on telemarketing services, but will hire an experienced in-house Sales Manager to hire, train (on the ordering system and major selling points of the service), and supervise an outsourced commission-only sales force for an annual base salary of \$125,000 per year plus bonus and commission (total of \$200,000). The Sales Manager will be responsible for sales both to corporations and to vendors such as restaurants and caterers.

Sales Reps will be responsible for each sale from start to finish. President John Smith will be available to assist them in any way possible to complete the sale (i.e., to join them on the appointments, etc.). Once the sale is closed, the web site application offers self-service features for the clients, as well as automated services that the client would need. The in-house technical staff would be available to help clients in these support issues. The President will personally ensure that clients are set up properly within Service Avenue's system. A sale is considered closed when the agreement is signed by an authorized agent of the client/vendor and the client/vendor is set up properly within Service Avenue's system.

Sales reps are commission only based. They are responsible for all incurring expenses in the sales cycle. It is estimated that the sales cycle for both vendors and clients will take two to three months. Approximately 2% of the leads called will result in an appointment and of those appointments, approximately 20% will result in a sale.

Sales Projections

Gross Revenue	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Restaurants	\$ 2,017,800.00	\$ 12,555,450.00	\$ 33,131,250.00	\$ 65,722,050.00	\$ 99,946,350.00
Caterers	\$ 429,350.00	\$ 3,176,050.00	\$ 8,676,050.00	\$ 17,162,175.00	\$ 25,816,275.00
Clients	\$ -	\$ -	\$ 1,254,219.00	\$ 2,486,526.75	\$ 3,772,878.75
Advertising	\$ 10,000.00	\$ 10,000.00	\$ 252,000.00	\$ 605,000.00	\$ 1,165,000.00
Total	\$ 2,457,150.00	\$ 15,741,500.00	\$ 43,313,519.00	\$ 85,975,751.75	\$ 130,700,503.75

Operational Plans

Service Avenue will have an outsourced commission only sales team. When our clients sign up for our service, we will receive a list of their food vendors. As part of our sign up procedures, we send letters to the non-participating restaurants/caterers informing them that our client would like to close their house account at these restaurants, and urge them to be part of Service Avenue's vendor selection. By being one of our vendor selections, the restaurant will be able to service their existing client as well as present them with an opportunity to serve more clients.

Vendors

In order to start the company and be able to sell corporations, we will select a region like downtown Wall St. and we would sign up most or all the restaurants in that area that are open during dinner hours. The list I would receive will be from Zagat as well as being in the area physically and walking into the restaurant face to face.

We will have a pamphlet to show the restaurant owner/manager that sales will rise over time as part of being a member of Service Avenue's restaurant list. These sales figures will only show sales that are coming from Service Avenue's members. As more and more corporations sign up (with extensive number of employees IE. 250 +), these customers are ready to give the participating restaurant the business. The restaurant must be there to fill the client's request.

Also, in the beginning, Service Avenue's service would offer a competitive advantage because not all the restaurants will be part of the service. This would give a select number of restaurant access to a large pool of corporate buyers.

The initial restaurants that I will target are restaurants that are already part of the service from Seamless Web, Osmio, and NYCtoGo.com. These restaurants will probably not present a problem to join since they are already familiar with the need to have this type of service as part of their business.

As restaurants in an area start making more business by being part of the service, more and more restaurants will have to join in order to maintain a presence in an area.

The food cost on a takeout order is approx 35% of the selling costs. Other competitors are already getting 20%+ for this type of service.

Management

Service Avenue management currently includes John Smith (President & CEO). Two more people will be needed and their skills will be listed below.

John Smith is the president and CEO of Service Avenue. A former consultant in venture capital and investment banking, John realized the need for a simpler method of ordering late night dinners. After researching the opportunity at hand, John contracted a company to develop the online tool.

John graduated Brooklyn College (City University of New York) in June 2000 with a Bachelors of Science in Computers Software Programming and Information Technology. During his college years, John started as a sales person in the consumer electronic at Abe's Of Maine (Abe's). Combining John's market knowledge and computer skills, John started the e-commerce division for Abe's to complement their ongoing mail order phone business. After a few weeks, John was heading up a department of 10 people. Maximizing his unique selling and marketing talents, Abe's e-commerce revenue were approximately \$20,000,000 in their first year and up to \$35,000,000 for the second year. In September 2000, John joined Accenture LTD (formally known as "Andersen Consulting") in the financial services sector specializing in technology for venture capital and investment banks.

John presents strong leadership, sales and marketing skills. He founded this company and brought it from a conceptual idea to reality. His strong leadership and vision will guide this company to the success it deserves.

John's main focus in Service Avenue is to head up sales and marketing (for the first 6 months), customer service, and lead the company in a direction suited for the market place. After 6 months, John will help in sales and concentrate more on the marketing and business leadership aspects of the company.

John Doe – Head of Sales. John Dow will join Service Avenue 6 months after the company started. John will have very strong sales leadership skills. The experience necessary is to manage a commission only outsourced sales team. The commission structure is described later on in the plan.

A sample organizational chart of the company in the first year is as follows:

Funding Requirements & Proposal

The statements, estimates and projections contained herein reflect various assumptions concerning the anticipated results that may or may not prove to be valid. Service Avenue makes no representations or warranties as to the accuracy of any such statements, estimates or projections.

The following projections assume that Service Avenue receive gross proceeds of approximately \$750,000 for a 20% stake equity from this offering. Service Avenue intends to use the net proceeds from this offering to continue to enhance and expand its service operations, sales and marketing programs. In addition, the following projections are based on internal growth of the Service Avenue's business and do not assume any growth from acquisitions.

Exit Strategy

At the end of 5 years time, Service Avenue's sales are approximately \$130 million and EBIDTA is 15%. At that point current plans call for a Service Avenue public offering. In such a case, based on annual income, the market value of Service Avenue would be in approximately \$130 million, as indicated in the Financial Plan. For a \$750,000 investment the investors would acquire shares valued at approximately \$6 million after paid expenses.

Conclusion

In conclusion, Service Avenue's sales at \$130 million in 5 years shows its ability to be a market leader. Providing restaurant and catering procurement services using Service Avenue will be a De Facto standard in the industry. Using the methods and market trends outlined in this business plan, Service Avenue has the potential to change the restaurant industry and lead the restaurant market place to the next level.