

I. The New Computer Television Show

A. Executive Summary

1. Business Descriptions
 - a) **The New Computer Television Show (hereafter referred to as NCTS) is a 30 or 60 minute show on the new computer software and hardware with an emphasis on entertainment. The NCTS is a new proposal by industry veteran Al Giovetti.**
2. Current Position
 - a) **The show is currently not on air, but is intended to follow the successful run of one year on WINQ TV Channel 19 in West Palm Beach of The Computer Show.**
 - b) **A location should be procured for internet presence while a physical location is not required, the principals can work out of their home and only need get together for certain computer trade shows, which will be filmed for the television show.**
3. Goals
 - a) **The new computer television show (NCTS) will need to expand sales volume and profitability by successfully achieving the following goals:**
 - (1) sell twelve one half minute advertising spots for the show
 - (2) expand syndication first starting with
 - (a) *either one small independent broadcast and or cable station and expanding to at least ten small independent stations*
 - (b) *or achieving syndication on any network that accepts independent programming.*
 - (3) Obtain an underwriter for the television show to finance the initial endeavor.
 - b) **The purpose of the business plan is to:**
 - (1) inform those involved what needs to be done,
 - (2) to define the direction of the business through goal definition so that the employees and principals can execute strategies necessary for goal attainment, and
 - (3) to describe the NCTS performance, management, goals and market position so that the necessary financing may be raised to pursue the stated goals.
4. Strategy
 - a) **NCTS will follow the strategies outlined below in order to achieve its goals.**

- (1) Attract investors or an underwriter who will provide the necessary capital to fund the expansion in exchange for a 33% interest in the new show.
- (2) Increase sales to sponsors over those obtained for the original show, which did not meet the needs of production.
- (3) Solicit local and national software companies into becoming large long term sponsors of the show.

5. Financing Required

a) Financing required (per year or 40 days of shooting on location) includes:

- (1) \$40,000 for the Betacam or DVC video-camera person
- (2) \$20,000 for the sound person
- (3) \$20,000 for the film editing
- (4) \$10,000 for film stock
- (5) \$10,000 for duplication costs
- (6) \$40,000 for travel and lodging
- (7) \$40,000 for administrative costs
- (8) \$40,000 for talent
- (9) \$30,000 to maintain the internet site
- (10) \$30,000 for free lance writers

b) Total Financing: \$280,000

6. Returns

a) NCTS will achieve the following returns from the capital invested:

- (1) \$ 216,000 in advertising sales at end of year one at based upon 12 television stations paying \$18,000 per year (one half of the advertising for the show).
- (2) \$ 432,000 in advertising sales at end of year two based upon 20 television stations paying an average of \$18,000 per year (one half of the advertising for the show
- (3) Internet advertising sales for year one are expected to be zero while after the second year at three cents per hit, with one million hits that comes to \$300,000.
- (4) combined profit at the end of year two \$388,000 to be split evenly with the investors and the television show for a profit of \$129,333 per one third investor or 23% yearly return on investment.

7. Evaluation methods

a) NCTS will report to the investor on a monthly basis the following information:

- (1) Sales volume of advertising by product type (hardware, utility software, and entertainment software)

(2) Sales volume in dollars by station sold on carrying the show.

(3) Actual versus budgeted operating expenses

(4) Actual versus budgeted cash flow

b) Additionally, the investor will be provided market share information on a quarterly basis.

8. Schedule or Timetable

a) The three goals of NCTS, outlined briefly here and explained in detail later in this plan, will be achieved within the following schedule.

(1) Goal 1: Sell at least 10 independents or one network on carrying the show in the first year.

(2) Goal 2: Sell at least twelve one-half minute advertising spots on local shows with local vendors or on all shows with a national vendor.

(3) Goal 3: Shoot 40 full days (at three to five hours of film a day) of film which will be edited into 112 one-half hour shows or 56 full-hour shows.

II. Description of Business

A. History

1. After fifteen years of writing for over 40 different publication, with various awards, including a nomination for a computer press award in 1994, Al Giovetti started filming The Computer Show on August 10, 1995. The show was based upon a new concept by Al Giovetti, that the public did not want to see or even look at the talent but the industry professionals that were producing the products that they loved.

2. Especially in the entertainment field where people spend a significant part of their lives playing or enjoying the software, the same as a television show, movie or music album, those who use the medium are curious about those who create it.

3. Those who saw the show, were impressed by its content.

4. During September of 1996, The Computer Show internet site was launched by Al Giovetti, solely out of his own funding. The internet site has been steadily gaining readership.

a) The URL for the site is

www.charm.net/~wizards/computershow

B. Ownership structure

1. Ownership of the old Computer Show business is in the form of a sole proprietorship, with 100% owned by Al Giovetti.

2. Ownership of the NCTS will be in the form of a Maryland corporation with 70% of the stock owned by Al Giovetti and the remaining 30% owned by the investors.

C. Products and services

1. The NCTS concentrates on hardware and software news and features presented as computer industry luminaries' interviews, product previews and reviews, and for entertainment products walkthroughs, players' guides, hints, tips, and cheats.

a) **Prior to this time the old show has been profitable, but due to the lack of clear contracts with the stations participating and the executive producer, the money has never been shared with Al Giovetti or others who have contributed to the show's production.**

2. The NCTS will incorporate the old Computer Show internet site. The internet site will show a clear profit when serviced and promoted correctly

3. Expansion into a magazine publication from the old Computer Show web site would be very simple. The magazine could be patterned on the Software News of Shawnee, Oklahoma as a joint venture with Tawn Rose.

D. Geographical Area

1. The old show is currently on the air in West Palm Beach, Florida on the independent station WINQ TV Channel 19 and on Digex Internet Service Provider Television at the URL www.digex.com/isptv.

2. The old computer show reaches 2.7 million people in Florida and we have no demographics on Digex. Contact Tom Edwards, DIGEX: Digital Express Group Incorporated, 6800 Virginia Manor Road, Beltsville, MD 20705 for more details, 410-898-5090 .

E. Major customers

1. The old show has advertising with Intuit's Quick Books, Ab Works Exercise Equipment, Central Florida Department of Children, a Bahamas Resort Complex, and an 800 number computer instructional video. The advertisement pays \$3,000 per month per one half hour.

2. The NCTS will have the same types of customers from the computer industry. Suggestions will include but not limited to:

- a) **Microsoft**
- b) **Intuit**
- c) **Peachtree**
- d) **Corel**

F. Production costs

1. In many instances the old computer show was able to obtain financing from computer software and hardware companies

- a) **Panasonic paid for breakfasts at the 1995 Las Vegas COMDEX show**
 - b) **Academy Concepts of Baltimore paid for the airline tickets for the 1996 E3 computer show.**
 - c) **Copithorne and Bellows paid for the entire production costs of the 1996 Software Publisher's Association Show.**
 - d) **Capstone and IntraCorp Software paid for the travel costs (airline, meals, and hotel) for the Chronomaster Premier in Hollywood California.**
 - e) **Access Software paid for the videographer at the Pandora Directive premier in New York City.**
 - f) **National Society of Accountants and Academy Concepts paid for the entire costs of 1996 COMDEX save \$200 a night for lodging.**
 - g) **Royal Lane Studios paid for some costs for 1995 Las Vegas COMDEX, 1996 Las Vegas Winter Consumer Electronics Show, 1996 Los Angeles E3, and visits to Traveling Software, Activision, Capstone, Origin, and Merit software.**
2. **Companies have volunteered to pay for the production costs of future filming.**
 - a) **Sir Tech Software has volunteered to pay for travel, meals, and lodging to their facility in Vancouver Canada.**
 - b) **The National Society of Accountants has offered to pay for the entire costs for the 1997 Las Vegas COMDEX show.**

G. *Facilities and Equipment*

1. **Al Giovetti's production company (entirely owned by Al Giovetti as a sole proprietorship) occupies 2,000 square feet at 1615 Frederick Road in Catonsville, Maryland just west of the Baltimore beltway. This facility would be used by NCTS.**
 - a) **The facility houses over \$1 million of software and \$40,000 hardware for reviewing purposes with over \$30,000 of stock footage of betacam SP and VHS tapes of computer interviews and b-roll.**
 - b) **The \$300,000 building is owned personally by Al Giovetti and Christine Giovetti with a \$40,000 mortgage.**
 - c) **The equipment includes five pentium computers and a large amount of other hardware needed to review computer software.**
2. **Intellectual Property**

a) Al Giovetti solely owns about 800 articles written about computer games and other computer products. The estimated value of these articles is \$400,000. These articles would be used for the NCTS show as would Al's experience and expertise in writing.

3. Suggested additions

a) Computer equipment needs updating every 12 to 24 months to keep up with improvements. These costs are estimated at \$6,000 per year.

b) The production company needs cameras and an editing suite

(1) Sony Betacam SP equipment

(a) \$23,000 for an editing deck

(b) \$25,000 for a video camera

(c) \$2,000 for two directional microphones

(d) \$6,000 for a computer suitable for editing

(e) \$20 each for tape stock

(2) Sony DVC equipment

(a) \$ 2,000 for an editing deck

(b) \$ 5,000 for a video camera

(c) \$2,000 for two directional microphones

(d) \$6,000 for a computer suitable for editing

(e) \$4 each for tape stock

c) a \$5,000 square foot warehouse for the equipment and tape stock.

(1) The lease should be at least for a 5 year term with two 5 year options to extend the term. The rent should be no more than \$2.50 per square foot per month or \$10,250 per month. Base rent should not increase by more than 4% per year.

H. Organization

1. The staff at NCTS is organized into two functional departments: internet site and television production. Each department is to be headed by a vice president reporting to the president, Al Giovetti. The operational department is further divided into sales and production.

I. Financial record

1. The show has been in production since August of 1995 and has been on the air since January of 1995 and earning \$3,000 per month on one independent station in West Palm Beach. At least one-half of these advertising fees go to the production company and the other half pays for the air time.

2. Revenue was \$18,000 (\$1500 per month x 12 months) for this one station.

3. For the first year, the computer show has shown a loss of

III. Market Analysis

- A. National**
- B. Local**
- C. Customers (Advertisers)**
- D. Market Share**
- E. Assumptions**
- F. Supply and demand**
- G. Growth factors**
- H. Product life cycle**
- I. Price structure**
- J. Distribution**
- K. Marketing process**

IV. Competitive Analysis

- A. Competition**
 - 1. CNET
 - 2. Computer Chronicles
 - 3.
- B. Disadvantages**
- C. Advantages**
 - 1.

V. Design and development plans

- A. Goals**
- B. Risk analysis**
- C. Evaluation methods**
- D. Strategic actions**
- E. Schedule or timetable**

VI. Operations and management plans

- A. Key Individuals**
 - 1. Al Giovetti, President
 - a) Al has a doctorate from George Washington University. During his education Al worked as a swimming pool operator for four years, selling management contracts and swimming and SCUBA lessons to apartment complexes, community associations, and individuals.
 - b) Al spent nearly ten years as a Food and Drug Officer and Supervisor, while running his own part time Accounting business. After this time Al went into Accounting full time, later to be joined by his spouse to form Giovetti and Giovetti, CPAs.
 - c) In 1971, Al started teaching college as a student at George Mason University. Al has taught credit, continuing education and non-credit courses in Biology, Physiology, Accounting, Small Business

and Computers at Colleges, Universities, and for organizations like the Maryland Society of Accountants and the National Society of Management Accountants.

d) In 1981, Al founded Computer Wizards a software and hardware store which was later expanded to include Joppa Computer Products (JCP). JCP revenues topped out at \$400,000 before going out of business due to inability to replace manager, Mark Carver.

e) Shortly after founding JCP and Computer Wizards Al began writing computer articles for Current Notes, an Atari Magazine. Al then migrated to QuestBusters and then Compute Magazine in the middle 80's. Since then Al has worked as contributing editor or free lance writer publishing over 2,500 articles in over 40 different publications.

f) Al has received many awards for his writing, including a Computer Press Association award nomination in 1994 for work in Computerworld.

2. Al Jones, talent

a) For many years, Al Jones has been an entertainer, hand balancer and comedian. Al has appeared in Las Vegas and many other locations. Due to racial discrimination, Al fled the United States and took up residence in Paris, France, where he became a headliner at the famous Lido Club there.

b) Al has appeared with Josephine Baker and many, many other famous acts.

c) Al is a well known personality who can add his many years of talent to the show and add a measure of class to the on camera performances.

3. Salim Jones

a) Salim has worked before with The Computer Show as a director.

b) Salim's background

4. Roland Hromek, technical

a) Roland is a high school drop out who has been into computers since his youth. Roland is one of the computer generation that were weaned on computers.

b) Roland performs the HTML work and support for the equipment, making installations and other improvements

5. Mike Giovetti, talent
 - a) Mike Giovetti has published a dozen articles on computers including one in the prestigious Compute magazine in the late 1980's.
 - b) Mike has appeared on the Computer Show as a co-host and his advice is extremely valuable as a tester of hardware and software.
 - c) Mike is 13 years old and can provide the young perspective to the audience.
6. Roland Sturm, attorney
 - a) Roland is a licensed attorney and Certified Public Accountant in Maryland with over 40 years experience in small business matters.
 - b) Roland is a full Professor of Accounting at Carroll Community College in Westminster, Maryland.
 - c) Roland is a partner in Reese and Carney, a law firm in Columbia, Maryland.
7. Business Insurance Agent
 - a) is a partner with Cugle, Hahn Insurance Agency in Ellicott City, Maryland.
 - b) is experienced with small business insurance matters.
8. Ron Hester, Grant Writer

VII. Financial Components

A. *Sources and uses*

1. Costs of Production - \$280,000 to be provided by equity investors, to be repaid from advertising sales.
2. Costs of Computer Equipment and rental of 1615 Frederick Road to be provided by Al Giovetti
3. Upgrades to computer equipment and purchase of video equipment to be provided by equity investors to be repaid from advertising sales.

B. *Income statement*

C. *Balance sheet*

D. *Cash flow projections*

E. *Break even analysis*

F. *Return Projections*

G.