

4.0 Market Analysis Summary

4.1 Market Segmentation

The vast majority of Holstaht sales will be to the personal entertainment market. This market accounts for 50,000,000 personal media player units per year in the United States. The comparatively smaller business and educational markets make up an estimated 2,000,000 units per year and 100,000 units per year, respectively. This is illustrated in Figure 2.

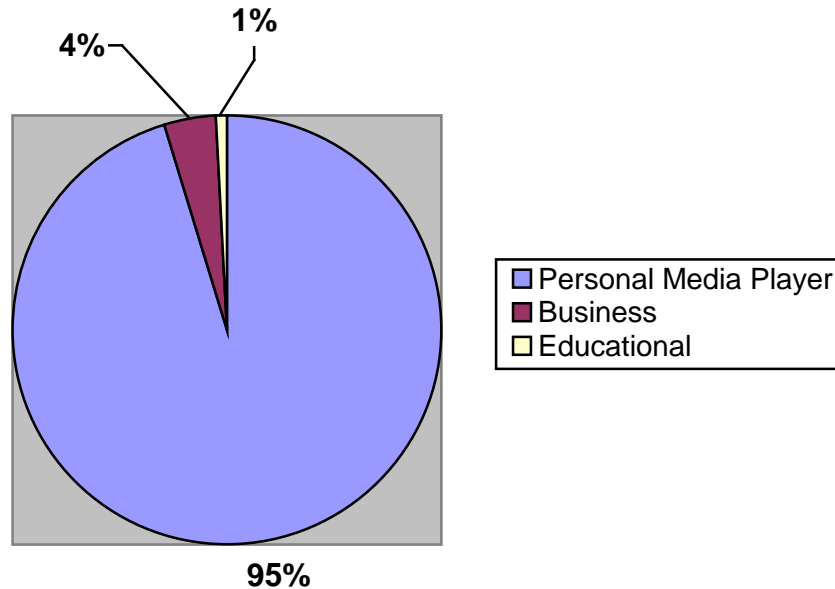


Fig. 2. Market segmentation

4.2 Market Research

Due to the dominance of sales by the personal media player market, initial research efforts concentrated on surveying existing online data related to this market. After utilizing online resources to determine total market size, an evaluation of the competitive advantages of WiRAD™ was conducted. Due to the device's novel nature and its dramatic advantages in cost, compatibility, and functionality, it was estimated that 90% market share could be achieved.

Online resources were also used to estimate market for the business and educational segments. In the business segment, WiRAD™ was modeled as a partial replacement for PDAs capable of achieving a 20% share of the 10,000,000 unit per year PDA market. The educational market was estimated as a function of the number of museums in the United States.

4.3 Sales Strategy and Forecasting

WiRAD™ sales and advertisement will start out exclusively online. Targeted Google AdSense™ advertisements will direct potential customers to the Holstaht online store. Online sales also have the advantage of low startup cost; production can proceed as sales are made, and production dollars will not be wasted by stocking retail shelves in smaller markets. Once

sufficient name recognition has been established, Holstaht will begin selling through contracts with existing retail outlets, such as Wal-Mart®, Best Buy™, and Radio Shack®.

In the first year, Holstaht hopes to sell 10,000 units to fill production capacity, yielding a .02% market share. In the second year, after expanding into retail outlets, Holstaht hopes to sell an additional 50,000 units, capturing a .1% market share. In the third year, Holstaht hopes to leverage name recognition and new products to move 500,000 units and capture 1% of the market. This three-year forecast is illustrated in Figure 3.

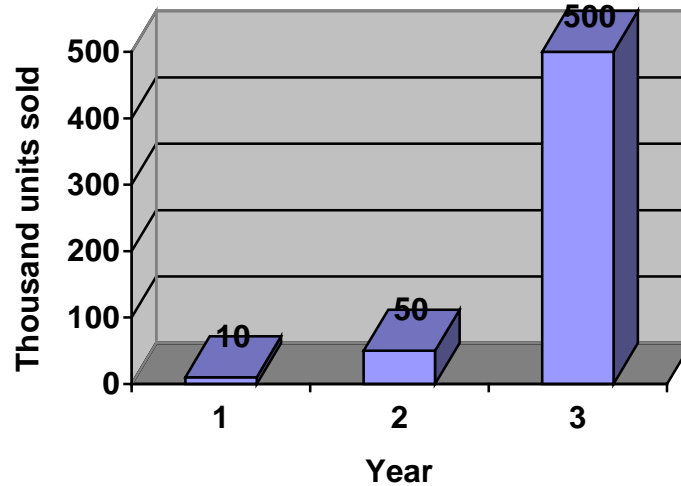


Fig. 3. Three-year sales forecast

5.0 Management Summary

5.1 Organizational Structure

Holstaht will initially employ seven people, including the four founders. The company is organized into two branches: engineering and sales. The Holstaht organizational structure is illustrated in Figure 4.

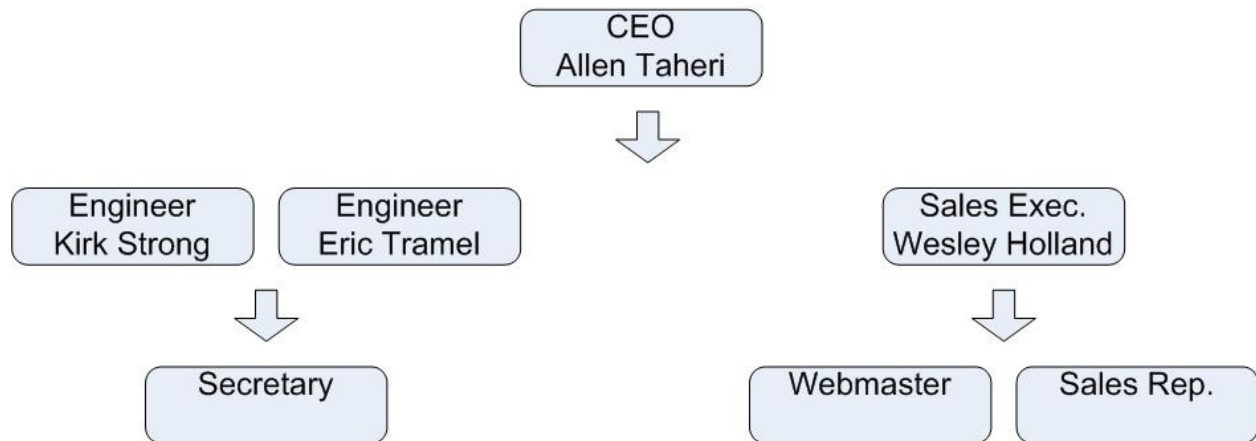


Fig. 4. Organizational Structure

5.2 Administration

Allen Taheri, Holstaht CEO, will determine company policy in conjunction with Engineering and Sales. Mr. Taheri's resume can be found in Appendix A. His responsibilities also include managing company finances, dealing with company legal representation, and planning for company growth. He will also assist Sales in negotiations during expansion into retail outlets.

5.3 Manufacturing and Engineering

Kirk Strong and Eric Tramel will be responsible for working with engineering and manufacturing contractors to design and produce products. Mr. Strong's and Mr. Tramel's resumes can be found in Appendix A. Engineering will also include a secretary to assist in organization and technical communication. Engineering will also assist management in determining future products.

5.4 Marketing/Sales

Wesley Holland will fill the position of sales executive. Mr. Holland's resume may be found in Appendix A. His responsibilities will include working with the Webmaster(s) to design and implement Holstaht's online storefront, managing online advertising, and assisting the Sales Representative(s). He will also negotiate sales contracts with retail outlets and assist management in sales-related decisions.

5.5 Personnel Plan

Table II details the Holstaht personnel plan for the next three years.

Table II. Three-year personnel plan

Position	2007		2008		2009	
	No. of Employees	Total Salary	No. of Employees	Total Salary	No. of Employees	Total Salary
<i>CEO</i>	1	\$40,000	1	\$40,000	1	\$50,000
<i>Engineer</i>	2	\$40,000	4	\$40,000	10	\$50,000
<i>Secretary</i>	1	\$30,000	2	\$30,000	5	\$30,000
<i>Sales Executive</i>	1	\$30,000	1	\$30,000	1	\$50,000
<i>Webmaster</i>	1	\$40,000	2	\$40,000	8	\$40,000
<i>Customer Service Rep.</i>	1	\$30,000	2	\$30,000	10	\$30,000
Total	7	\$250,000	12	\$430,000	35	\$1,370,000