

TeleVETronics:

Business Plan

submitted to:
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EXECUTIVE SUMMARY

The University of Mississippi Medical Center (UMC) originally had electromagnetic flow meters that were used in research to measure blood flow through a cow's aorta, as seen in Figure 1. When the supplier of the flow meter discontinued production and left no detailed documentation about how to create the device, UMC investigated other flow meters on the market to replace their originals. However, none of the devices provided results that met their standards. As a result, UMC proposed research be carried out on their original flow meters so the devices could be reproduced in the future. This new flow meter provides the accurate results UMC needs for their research. The prototype and detailed design documentation that follow are given to UMC as a guideline for reproducing as many flow meters as they require.

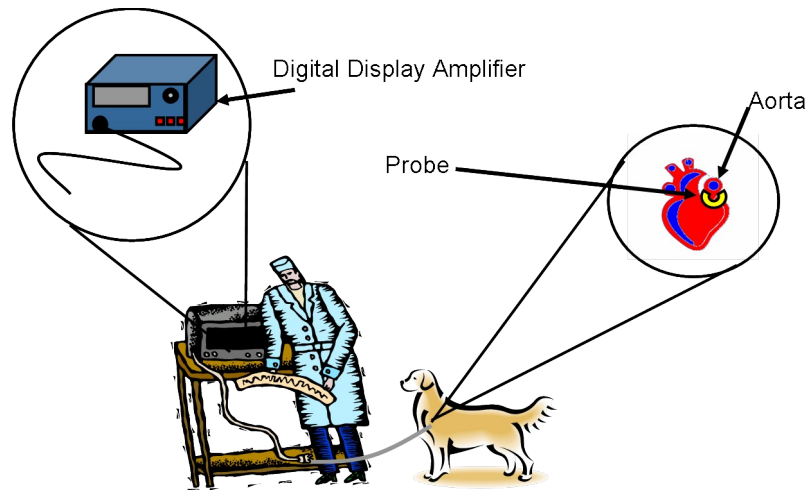


Figure 1. Blood Flow Meter Used During Cardiovascular Operations

The electromagnetic blood flow meter meets the requirements necessary for its specific biomedical application. The flow meter is calibrated to match the conductivity of blood and measures flow rates between zero and 1 m/s within the target accuracy range for those flow rates. The flow meter is also capable of transmitting the data it receives to a PC. The inner diameter of the probe is 22 mm and fits securely around the cow's aorta. The probe's core design prevents the blood flow rate from inducing a voltage large enough to harm the cow. The probe is durable and can remain implanted for two to three months. The electromagnetic blood flow meter is small enough to fit on a laboratory bench. The flow meter has a manufacturing cost under \$700.

The flow meter consists of two main parts: the probe and the electronic box. The probe is used to sense a voltage induced by a liquid, and the electronic box is used to drive the probe and display the voltage from the probe. The probe consists of stainless steel electrodes, a ferrite core, 34 gauge wire with 250 turns in the coil, and 22 gauge twisted pair wire. The electronic box consists of an amplifier that amplifies the signal from the probe, a low pass filter to filter the signal, and a PIC182550 to generate the waveform, process the input signal, and transmit the data to the PC through USB.

This flow meter has the flexibility to record the output voltages of the probe rather than the flow rate of the fluid, which gives users the ability to convert the voltage to flow rate using any method they choose. In future prototypes, there will be an option to display the flow rate, and the user can adjust the value to correspond to a known flow rate through the pipe. Once this is done, the flow meter will display accurate flow rates for fluid velocities between 0.1-1 m/s. This flow meter will provide UMC with an inexpensive alternative to commercially available products and provide researchers with the flexibility to choose how to record and display their data.

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1.0 MISSION/OBJECTIVE

The objective of TeleVETronics is to further enhance the biomedical and veterinary research community with biotelemetric equipment. Our mission is to provide researchers with an inexpensive alternative to what is currently available of biotelemetric equipment with an innovative manufacturing approach. TeleVETronics intends to fulfill its company's mission by providing continuous customer satisfaction. TeleVETronics will provide its customers with free trial periods, product customization, first-hand consultations with professional biomedical researchers, and continue support from actual product developers. TeleVETronics is indeed the latest innovation in affordable cutting-edge biotelemetric equipment for researchers.

1.1 Keys to Success

TeleVETronics has three main strategies that are the keys to the company's success:

- 50% cost reduction in comparison to competitors by use of open source research
- include the customer in the actual development process and have a 1 month initial customer satisfaction follow-up followed by a 6 month continued satisfaction follow-up
- gain a solid reputation in the community by advertising and holding information seminars

TeleVETronics believes significant cost reduction is the company's main key to success. Other biotelemetric equipment suppliers have already penetrated the market and have solid reputations to their customers, but medical equipment is notorious for having a high cost. TeleVETronics will sell competitive products for 50% less than our main competitors. The reduced costs will introduce the TeleVETronics' brand name to consumers and help the company gain a solid reputation in the community for inexpensive equipment. Product development costs result in higher product costs. For this reason alone, TeleVETronics will conduct research and product development as an open source project to reduce the product cost by at least 50%. While this will prevent TeleVETronics' products from being proprietary technology, the development cost and time will be significantly reduced. Developers and professional engineers outside of the TeleVETronics' workforce will provide innovative ideas and designs and give a fresh outtake for the TeleVETronics product developers to incorporate.

Customer satisfaction is important for repeated business. The best way to achieve customer satisfaction is by providing quality products with all of the features the customer's desire. This is accomplished by including the customers in the development process. By asking the customers what features they use or don't use in existing equipment and what features they would like to see implemented, TeleVETronics will increase the customer's satisfaction with the products and, as a by-product, also increase the customer's satisfaction by taking the time to care for the customer's needs. TeleVETronics will accomplish this customer involvement by conducting a 1 month initial customer satisfaction follow-up with a 6 month continued satisfaction follow-up. The customers' feedback will improve the TeleVETronics product line and deepen customer loyalty.

It is important for new companies to introduce themselves in the community and inform potential customers of their products. TeleVETronics will accomplish this in two ways: advertising and holding information seminars. Advertisements will be placed in veterinary and biomedical magazines, biomedical research journals, and medical equipment catalogs. TeleVETronics will also have traveling salesmen to hold information seminars about our products. TeleVETronics will invite all of the veterinarians and researchers in a city to the seminar and teach them how to use our products, as well as show them the unique features and selling points our products provide. To help insure the attendance rate is high, TeleVETronics will give away a free product to one of the attendees by holding a raffle after the seminar session is over. This will be done throughout the Continental United States in every major city.

1.2 Target Market

The TeleVETronics company's target market includes veterinarians and others who conduct biomedical research on animals. This market is expanded world-wide through the use of internet advertising. Throughout such biomedical research, the need to measure blood flow in an active animal is common. During cardiovascular operations, doctors and researchers monitor blood flow rate in animals on a regular basis for statistics and other documentation. When an electromagnetic blood flow meter, such as our product, is used by this market, it must be accurate, easy to use, and affordable. Academic institutions, industries, and government research laboratories greatly benefit from the product and these aspects. They are allowed to continue their research and operations in this area when needing additional or replacement electromagnetic blood flow meters without the concern of high costs.

1.3 Competitive Advantage

TeleVETronics has a competitive advantage because of its products' cost reduction. The electromagnetic blood flow meter is more affordable than the competition. As a result of researching current blood flow meters and being dedicated to improving industry standards, TeleVETronics is able to eliminate unnecessary costs by restructuring the architecture and increasing efficiency. Another major advantage of the company is its approach to product customization. TeleVETronics products can be built based on a customer's specific functionality requests and special features. For example, the electromagnetic blood flow meter was built with advisement and feedback from a biomedical researcher in academia.

As a company, TeleVETronics has a competitive advantage by ensuring customer satisfaction. The company allows customers to obtain technical support from actual product engineers. By having developers troubleshoot problems, customers receive first-hand help and developers receive immediate feedback and information on how customers like the product or how they see need for improvement since the users know best. Also, TeleVETronics sees a need to continually reduce time-to-market while not decreasing the quality of the product. This is done by studying the industry and competitors products to improve our market.

1.4 Basic Strategies

To ensure the longevity of the company, TeleVETronics will implement several strategies. To avoid being pigeonholed by the company's initial product, TeleVETronics will manufacture multiple probes of varying sizes that will be compatible with the electromagnetic blood flow meter. Different probe sizes add versatility to the blood flow meter, allowing it to be used with a variety of animal hosts. Additionally, different models of the electromagnetic blood flow meter will be manufactured and distributed. Each model will sport unique features tailored specifically for its application. The price of each model will mirror its capabilities. Models with more advanced features and technology will cost more, while models possessing basic features will be more affordable. For example, a researcher interested only in the voltage induced by blood flow will be able to purchase an inexpensive flow meter with the basic capability of measuring induced voltages. A veterinarian interested in the actual blood flow rate of his/her patients could purchase a more advanced model capable of measuring the blood flow rate for a slightly higher cost.

Another strategy employed by TeleVETronics will be to incorporate alternative technologies into the blood flow meters. While the company's starter product operates on the principal of electromagnetism, that will not be the only technology to be used in the company's product line. TeleVETronics will take advantage of alternative methods, such as ultrasonic and transonic measurement methods. Such technologies will expand the applications of the blood flow meters. In addition, TeleVETronics will not limit itself to strictly manufacturing blood flow meters. The company's goal is to become a leading provider of a variety of biotelemetric equipment. Therefore, the company's product line will also include other devices, such as blood pressure meter.

To facilitate production of its products, TeleVETronics will utilize a streamlined manufacturing process with the added versatility of allowing modifications to be made during the manufacturing process with few changes and little downtime. To achieve this, TeleVETronics' products will have a modular design. This design will not only be adhered to during the design process, but it will also be followed as the products are being manufactured.

A final strategy of the company is to build an Open Source research community. Other developers and engineering professionals will be encouraged to contribute to the improvement of TeleVETronics' current products or present new ideas and concepts for possible future products. While such a tactic has its drawbacks, it will also afford the advantage of reducing the amount of time the company spends in research and development and will help to quickly launch new products into production.

2.0 COMPANY SUMMARY

2.1 Company Description

TeleVETronics is an electronics development company that specializes in producing biotelemetric instruments for use by biomedical researchers and veterinarians. The initial product is the electromagnetic blood flow meter, which the company has thoroughly researched

and improved to develop and sell at a lower cost. TeleVETronics has a mission to provide affordable biotelemetric equipment while remaining devoted to customer satisfaction.

2.2 Company Location and Facilities

TeleVETronics will begin operating out of an employee's personal home until the production rate or office space becomes insufficient to handle the company's needs. This is projected to take approximately 6 months to 1 year. At that time, TeleVETronics will rent a commercial building to accommodate up to 20 offices, an average size reception room, a break room, and a 20 person conference room. Production will resume in an isolated part of the office building and will require approximately 1000 sqft. These specifications will need an office building with at least 4000 sqft. The building will be leased on yearly terms and serve as an intermediate transition from a startup company into a small company. Once the office space becomes limited, TeleVETronics will relocate into an office building on a yearly lease with 50 offices and increase the manufacturing area to 3000 sqft, which requires at least 7000 sqft. This will provide the company with room for growth and help make transition into a mid-sized company easier to accomplish.

2.3 Company Strategy

TeleVETronics's strategy to succeed involves dedicating much of our time and money to research and development. The company's main product is the electromagnetic blood flow meter, which has been developed from extended research to ensure its technical abilities and reduced cost. Since this is TeleVETronics's launching product, the company plans to use most of its resources in excelling this product. The electromagnetic blood flow meter has a 50% cost reduction when compared with market products. So, the first priority is to build a laboratory and factory dedicated to enhancing the electromagnetic blood flow meter.

TeleVETronics is able to reduce production costs by researching the existing products on the market and undergoing further research and development of TeleVETronics's own products. The open source community is allowed to contribute through the TeleVETronics website at <http://www.TeleVETronics.com>. This provides the company with a wide pool of research to pull from. By careful planning from research, the company is able to reduce its time-to-market by maintaining knowledge of similar products on the market and making improvements.

Quality must be ensured by testing the product and not releasing updated versions until after thorough verification. This involves testing in various capacities and many different cases. While this process assures quality for the customer, it allows developers to know more about the products so that they may provide in-depth technical support for the customer. By customers getting support directly from the developers, a close relationship and trust is established, which upholds the unique TeleVETronics name. So, the company uses its few existing customers to help advertise products and vouch for the company's commitment to customer satisfaction.

The company's advantages include manufacturing more affordable products than the competition as well as allowing customers to customize their products. Although TeleVETronics was not the first to make electromagnetic blood flow meters, the company was the first to make it less

complicated to manufacture and easier to alter according to the customer's needs. The electromagnetic blood flow meter is extensible in that probe sizes can vary and other output types may be appended. Other than customer satisfaction, these advantages are the messages that are relayed in the company's advertisements. These advantages give the company a competitive edge. With a unique company name, support from trusted customers, and proper advertisement, TeleVETronics will successfully move towards its larger goals.

2.4 Start-Up Cost and Funding

As seen in Table 2.1, \$15,000 is needed for the startup costs to purchase the components necessary for constructing the prototype. Such components include expensive materials, such as platinum for the electrodes, magnet cores, PCB prototypes, electrode leads, and dialysis tubing. Advertising costs between \$300 and \$1,000 for a half-page ad in scientific publications. The manufacturing cost of each flow meter is approximately \$200. Therefore, with \$5,000 in startup inventory it would be possible to manufacture twenty-five probes and twenty-five flow meters. Items contributing to our current assets are our company van, which is worth \$4,000. Our web server has a net worth of \$1,000. Each investor is contributing \$10,000. To cover the remaining startup costs, the company would need to borrow an additional \$25,500.

Table 2.1. Startup Expenses

Startup Expenses	
Legal	1,000.00
Prototype Dev	15,000.00
Initial Advertising	10,000.00
Insurance	500.00
Rent	0.00
Expensed Equipment	3,000.00
Other	1,000.00
Total Startup Expenses	30,500.00
Startup Assets needed	
Cash Balance on Starting date	25,000.00
Startup Inventory	5,000.00
Other Current Assets	5,000.00
Total Current Assets	35,000.00
Total Startup Requirements	65,500.00
Funding	
Investment	
Nashlie Sephus	10,000.00
Brian McCaleb	10,000.00
Taffa Porter	10,000.00
Kyle Eubanks	10,000.00
Other	0.00
Total Investment	40,000.00
Current Liabilities	
Accounts Payable	0.00
Current Borrowing	25,500.00
Other Current Liabilities	0.00
Total Current Liabilities	25,500.00
Long-term Liabilities	0.00
Total Liabilities	25,500.00
Left To Finance	0.00
Loss at Start-up	30,500.00
Total Capital	9,500.00
Total Capital and Liabilities	35,000.00
Checkline	0.00

3.0 PRODUCT DESCRIPTION

3.1 Functional Description

TeleVETronics's initial product is an electromagnetic blood flow meter. This meter is specifically designed to be used in animal hosts, particularly cows. The meter's major components consist of a probe and a digital display amplifier (DDA). The meter operates by measuring the induced voltage as blood flows between the probe's parallel electrodes. The induced voltage is small enough that it does not harm the host. The DDA measures this voltage and displays it to a LED display. The DDA also generates the square wave used to drive the probe. The probe is designed to be placed around the aorta of the animal host and is durable enough to remain implanted for up to three months.

The size of the flow meter is that of a typical laboratory bench instrument. The meter is calibrated to match the electrical conductivity of blood, and it is capable of measuring voltages for flow rates between 0.1 and 1 m/s to within 1 cm/s of the actual values. This makes the meter very accurate for measuring the induced voltages for the typical blood flow rate of an animal such as a cow.

3.2 Customer Needs and Benefits

The customers of TeleVETronics include researchers in the biomedical and veterinary community that have a need for electromagnetic blood flow meters. TeleVETronics will provide flexibility to its users by offering multiple models of the electromagnetic blood flow meter, along with multiple probe sizes. Since our customers are looking for an alternative to what is currently available of electromagnetic blood flow meters, this will allow our company to develop inexpensive products with an innovative manufacturing approach.

3.3 Future Products

TeleVETronics will introduce itself to the industry by selling affordable electromagnetic blood flow meters and should continue building upon that reputation by offering different products to complement the blood flow meter. This will require developing probes of varying sizes to accommodate any desired application. For this reason, probes ranging from 5 mm to 40 mm will be offered in our product line. New features will also be offered for the blood flow meter. These features will include a computer interface, graphical display, automatic calibration, automatic re-zeroing, etc. Once the product line for the electromagnetic blood flow meter is expanded, development on more advanced blood flow meters will begin that incorporate new technologies such as ultrasonic and transonic measurement techniques. After the entire blood flow meter product line is completed, development on alternative biotelemetric devices will begin. These devices will include blood pressure meters, glucose monitors, etc. The development of these future products will require at least 5 years and give TeleVETronics more of a competitive edge in the biotelemetric manufacturing industry.

4.0 MARKET ANALYSIS SUMMARY

TeleVETronics's target market includes those who use telemetry instruments to measure blood flow in an active animal, such as veterinarians and others who conduct biomedical research on animals. These groups depend on the instrument's accuracy, simplicity of use, and affordability. In most cases, these issues make the difference between the life and death of an animal undergoing cardiovascular surgery. TeleVETronics's market is more personal in that it sells products directly to the individuals using the products. Therefore, it is important to obtain and maintain the customer's trust, which in turn helps to retain and build our market size. The following sections discuss the market in more detail.

4.1 Market Research

TeleVETronics has talked with a research group that particularly preferred our electromagnetic blood flow meter over others not only because of its low costs, but because of its customization and removal of overhead functionality. Through internet advertising, this world-wide market expands across a number of countries including, but not limited to, the United States, Canada, United Kingdom, France, Germany, Italy, China, and Japan. Our competition includes other industries involved with developing and manufacturing biomedical telemetry instruments, such as Aty's Medical, Carolina Medical, Compumedics DWL, Huntleigh Diagnostics Ltd, Neoprobe Corporation, Cardiosonix, Ltd., Flowtronics, Inc., Transonic Systems, Inc., and VIASYS Healthcare. Although these industries have had more experience in marketing such products due to establishing their business earlier, TeleVETronics has thoroughly researched several of their products to create an innovative product with better functionality and lower costs. This is vital since "innovative approaches in product technologies have been the prime growth factor in driving the [blood flow measurement devices] industry." [1]

4.2 Market Segmentation

The blood flow telemetric devices market is estimated to exceed \$250 million by 2010 and is concentrated primarily in three areas of the world: United States, Europe, and Japan, along with strong prospects emanate from Asia Pacific. [1] With this research, TeleVETronics segments its market by locations, as seen in Figure 4.1. The United States dominates the blood flow telemetric devices market, accounting for more than 40% share in 2007. [1] Specifically, the electromagnetic blood flow meter market in this region is projected to reach US\$1.8 million by 2010. [1] Germany is the leading market in Europe that has an industry market estimated at over US\$17 million for 2007 while Asia-Pacific, including Japan, represents the fastest growing market with sales projected to exceed US\$55 million by 2010. [1]

Market Segmented by Location

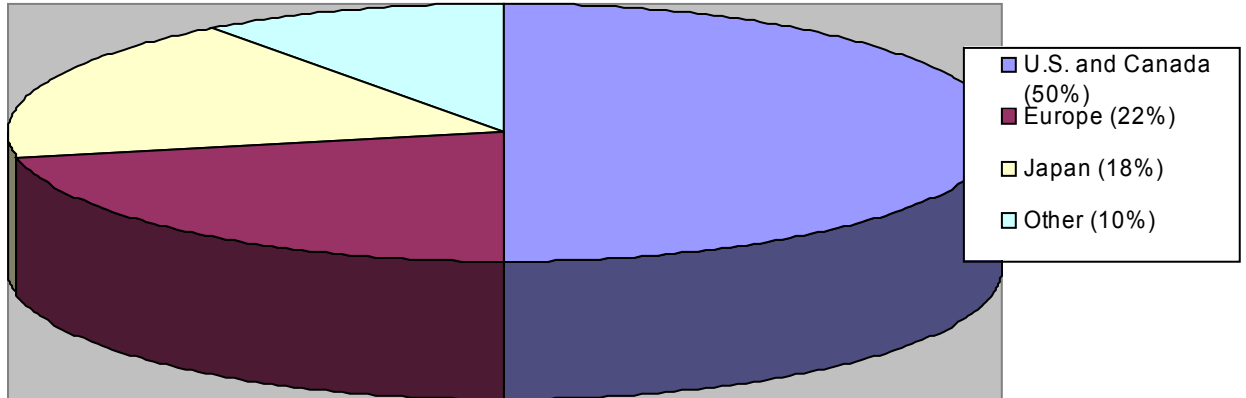


Figure 4.1- TeleVETronics Estimated Market Segmentation

4.3 Sales Forecasting

Since TeleVETronics is headquartered in the United States, it will start promoting major sells in this region. The company's target market includes veterinarian schools and veterinarian practices since these places are engaged in biomedical research and cardiovascular surgery on animals. This field has a need to measure blood flow through an animal's aorta or veins, which can easily be done with our product. With thirty-one veterinarian schools in the United States and Canada graduating veterinarians each year, there are thousands of veterinarians in the United States and Canada alone. By targeting researchers at academic institutions and veterinarian practices, the company predicts sales as shown in Table 4.1 and Figure 4.2. TeleVETronics estimates to sell more of the initial product to the many veterinarian practices and less to the fewer academic institutions, consisting mainly of veterinarian schools in this region. If we are able gradually sell more each year as predicted, since the company's reputation is gradually increasing, the total market size will increase as well. Our goal is to sell at least one of our initial products to at least 75% of the veterinarian schools and at least 500 veterinarian practices in the region over the next five years. By doing this, the company can sell about 200 blood flow meters and steadily increase profit before shifting sales to a newer product model.

Table 4.1- Number of Items Sold Each Year By Groups

	1st Yr.	2nd Yr.	3rd Yr.	Total Sold/ <i>Institution Type</i>
Academic Institutions	5	8	10	23
Veterinarian Practices	25	50	75	150
Government Labs/ Other	5	5	5	15
Total Sold/ Year	35	63	90	
Grand Total Sold Over 3 Years =		188		

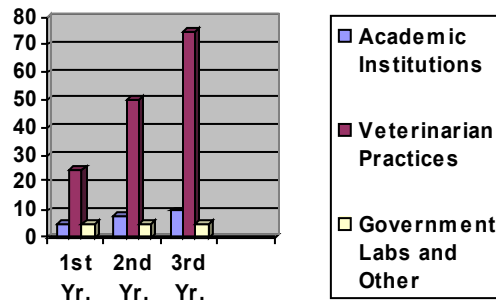


Figure 4.2- Number of Items Sold Each Year By Groups- By Graph

5.0 MANAGEMENT SUMMARY

TeleVETronics has a competitive advantage over other companies not only because of its quality products produced, but because the success of its management. TeleVETronics is co-owned, managed and founded by Taffa Porter, Nashlie Sephus, Brian McCaleb, and Kyle Eubanks. The four member's management positions are as followed: Senior Manager/Human Resource - Taffa Porter, Finance/Shipping – Nashlie Sephus, Sales/Marketing – Brian McCaleb, and Research/Manufacturing – Kyle Eubanks. As the company grows, additional employees will be added to help further product production, but the initial start can be handled by the four members.

5.1 Organizational Structure

TeleVETronics management will consist of six major components, divided into four divisions: senior manager/human resource, finance/shipping, sales/marketing, and research/manufacturing. Since the company will start with only four members, the management positions are equally divided among each member according to their individual skills. Figure 5.1 shows the organizational structure of the company's management.

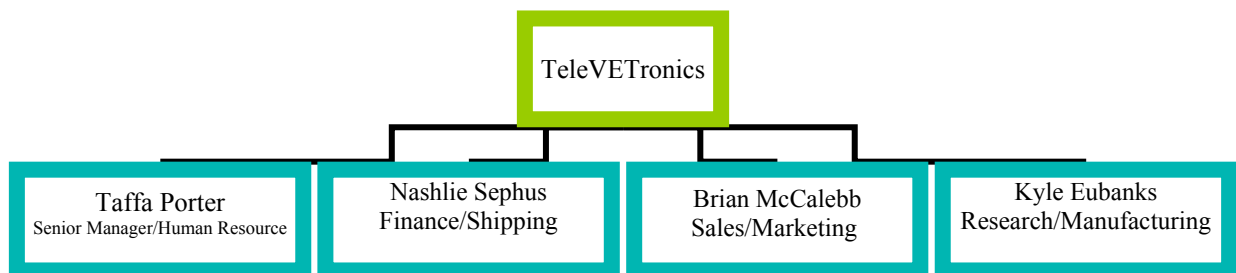


Figure 5.1. Organizational Structure

5.1.1 Senior Management and Human Resource

Taffa Porter serves as the Senior Manager and head of Human Resources at TeleVETronics. As Senior Manager, Taffa will direct, plan, monitor, and supervise other employees and their work. As head of the Human Resource Department, Taffa will have the power to hire, fire, or promote employees, as well as evaluate and manage their performances.

5.1.2 Finance and Shipping

The Department of Finance is managed by Nashlie Sephus. Nashlie will be responsible for managing the financial risks of TeleVETronics. Nashlie will handle the financial planning and record keeping of the company. Nashlie is also manages the Shipping Department. As shipping manager, she set up handling fees, packaging and confirming orders. Nashlie will work closely with the Sales and Marketing Department.

5.1.3 Sales and Marketing

Brian McCalebb is head of the Sales and Marketing Department. Brian is responsible for advertising and selling our companies products. He is also responsible for recruiting new customers, as well as, keeping our existing customers satisfied. Brian must create new sales pitches, advertising designs, and continue to introduce new ways to protect our company from competitors.

5.1.4 Research and Manufacturing

The Department of Research and Manufacturing is managed by Kyle Eubanks. Kyle will find new innovative technologies to improve existing products of the company. Kyle will also place orders for parts needed during the manufacturing process.

6.0 STRATEGY AND IMPLEMENTATION SUMMARY

TeleVETronics is an electronics development company that specializes in producing biotelemetric instruments for use by biomedical researchers and veterinarians. Our mission is to provide researchers with an inexpensive alternative to what is currently available in the biotelemetric industry.

6.1 Product Strategy

The major advantage of TeleVETronics is its approach to product customization. TeleVETronics products can be built based on a customer's specific functionality requests and special features. TeleVETronics will introduce itself to the market place with our electromagnetic blood flow meter. After TeleVETronics has begun selling our introductory electromagnetic blood flow meter, different models of the electromagnetic blood flow meter will be manufactured and distributed. Each model will sport unique features tailored specifically for its application. The price of each model will mirror its capabilities. Models with more advanced

features and technology will cost more, while models possessing basic features will be more affordable. These features will include a computer interface, graphical display, automatic calibration, automatic re-zeroing, etc. TeleVETronics will also manufacture probes varying in size from 5 mm to 40 mm that will be compatible with the electromagnetic blood flow meter. Different probe sizes add versatility to the blood flow meter, allowing it to be used with a variety of animal hosts.

Once the product line for the electromagnetic blood flow meter is expanded, development on more advanced blood flow meters will begin that incorporate new technologies such as ultrasonic and transonic measurement techniques. After the entire blood flow meter product line is completed, development on alternative biotelemetric devices will begin. These devices will include blood pressure meters, glucose monitors, etc. The development of these future products will give TeleVETronics more of a competitive edge in the biotelemetric manufacturing industry.

6.2 Sales and Market Strategy

It is important for new companies to introduce themselves in the community and inform potential customers of their products. TeleVETronics will accomplish this in two ways: advertising and attending conferences and tradeshows. Advertisements will be placed in veterinary and biomedical magazines, biomedical research journals, and medical equipment catalogs. TeleVETronics will attend at least six conferences or tradeshows every year. This will put our name out on the market and give the company an opportunity to demonstrate its products. Beyond these initial efforts, TeleVETronics will depend on word of mouth advertising to boost its sales numbers. We are confident our existing customers will provide us with new customers due to our high quality products and low costs, but to insure we receive referrals, we will offer a referral discount on the next order placed by our existing customer for every referral placed.

TeleVETronics market segments are the veterinary and biomedical research communities. Since the targeted market performs research in workgroups, each sale is expected to provide a purchase order for approximately 5 to 10 electromagnetic blood flow meters. In addition to the initial sale of the electromagnetic blood flow meter, recurring sales of the probes will provide additional financial gain. The probes are designed to only remain implanted for 2 to 3 months. After this period, TeleVETronics recommends replacing the probe due to water absorption in the material used to encapsulate the probe, corrosion of the electrodes, and insulation failures in the electrode leads from constant bending, flexing, and tampering from the animal subject. Based on the assumption that each researcher has 5 specimens used in experiments at any given time, each purchase order is expected to provide 20 to 40 probe replacement sales per year. The probe replacement sales will provide most of the profit for TeleVETronics, so the company will use our 1 month initial customer satisfaction follow-up and 6 month continued satisfaction follow-up to remind our customers that the probes must frequently be replaced.

6.3 Pricing Strategy

TeleVETronics believes significant cost reduction is the company's main key to success. Other biotelemetric equipment suppliers have already penetrated the market and have solid reputations

to their customers, but medical equipment is notorious for having a high cost. TeleVETronics will sell competitive products for 50% less than our main competitors. The reduced costs will introduce the TeleVETronics' brand name to consumers and help the company gain a solid reputation in the community for inexpensive equipment. The electromagnetic blood flow meter will cost \$700 total. The probe itself will sell for \$400, and the DDA will sell for \$300.

6.4 Milestones

The first milestone was the proof of concept of the probe's operation in April 2007. The second milestone will be the size reduction and encapsulation of the probe. The third milestone will be the completion of basic functionality in the DDA. Both of these milestones will be accomplished in early November 2007 and will be the beginning of completing our primary milestone, to develop a fully functional electromagnetic blood flow meter by the end of November 2007. The next milestone is the testing of our first production run of electromagnetic blood flow meters by volunteers in the research community, which will be accomplished by January 2008. Shortly afterwards, the last milestone will be achieved through the sell of our first electromagnetic blood flow meter.

7.0 FINANCIAL PLAN

7.1 Assumptions

As a company just starting out, TeleVETronics' first three years will be spent securing a place in the biotelemetric equipment market. As such, it can be expected that a lot of profit will not be gained during this period. However, since TeleVETronics has already captured the interest of a consumer, the University of Mississippi Medical Center, with its initial product, the company has already begun to grasp the market. The company's plan to expand its product line will also enhance its market appeal. Therefore, following years should see greater and more rapid financial growth.

7.2 Balance Sheet

Table 7.1 shows TeleVETronics' balance sheet from startup through the end of Year 3.

Table 7.1- Balance Sheet

	Startup	Year1	Year2	Year3
Current Assets				
Cash Balance	25,000.00	31,000.00	43,000.00	55,000.00
Merchandise Inventory	5,000.00	0.00	0.00	0.00
Subtotal	30,000.00	31,000.00	43,000.00	55,000.00
Capital Assets	5,000.00	5,000.00	4,000.00	3,000.00
Depreciation	0.00	1,000.00	1,000.00	1,000.00
Subtotal	5,000.00	4,000.00	3,000.00	2,000.00
Total Assets	35,000.00	35,000.00	46,000.00	57,000.00
Liabilities				
Current Liabilities	25,500.00	0.00	0.00	0.00
Long Term Liabilities	0.00	0.00	0.00	0.00
Total Liabilities	25,500.00	0.00	0.00	0.00
Capital/Net Worth (assets-liabilities)	9,500.00	35,000.00	46,000.00	57,000.00
Total Liabilities and Capital	35,000.00	35,000.00	46,000.00	57,000.00

7.3 Profits and Losses

Table 7.2 shows TeleVETronics' expected profits and losses from startup through the end of Year 3. The blood flow meters will sell for more than what it costs to make them, of course. The sales for the first three years are calculated by multiplying the cost per unit times the anticipated number of units sold. The materials costs are calculated by multiplying the anticipated manufacturing cost times the number of units sold. As the company continues to grow, it will find more affordable ways to manufacture the units, thus decreasing the materials cost.

Table 7.2- Expected Profits/Losses

	Year1	Year2	Year3
	\$1,400,000.0		
Sales	0	\$7,000,000.00	\$10,500,000.00
Materials (cost of sales)	\$500,000.00	\$1,750,000.00	\$1,500,000.00
Wages (cost of sales)	\$3,400.00	\$3,400.00	\$3,400.00
Subtotal (Cost of sales)	\$503,400.00	\$1,753,400.00	\$1,503,400.00
Gross Profit	\$896,600.00	\$5,246,600.00	\$8,996,600.00
Gross Profit (%)	64.04%	74.95%	85.68%
OPERATING EXPENSES			
Recurring Salaries	\$0.00	\$37,000.00	\$37,000.00
Recurring Wages	\$0.00	\$0.00	\$0.00
Rent	\$0.00	\$13,500.00	\$13,500.00
Utilities(Elec/Gas/Phone)	\$57,600.00	\$57,600.00	\$57,600.00
Insurance	\$10,000.00	\$10,000.00	\$10,000.00
Bldg Maintenance	\$0.00	\$24,000.00	\$24,000.00
Travel	\$30,000.00	\$30,000.00	\$30,000.00
Advertising	\$36,000.00	\$30,000.00	\$28,000.00
Bank Finance Charges	\$0.00	\$0.00	\$0.00
Capital Expenditure	\$0.00	\$0.00	\$0.00
Loan Payments	\$0.00	\$0.00	\$0.00
Misc	\$0.00	\$0.00	\$0.00
Depreciation	\$1,000.00	\$1,000.00	\$1,000.00
Total Operating Expenses	\$1,000.00	\$203,100.00	\$201,100.00
Operating Profit	\$895,600.00	\$5,043,500.00	\$8,795,500.00
Misc Income	\$0.00	\$0.00	\$0.00
Net Profit (before tax)	\$895,600.00	\$5,043,500.00	\$8,795,500.00
Taxes	\$268,680.00	\$1,513,050.00	\$2,638,650.00
Net Profit (after tax)	\$626,920.00	\$3,530,450.00	\$6,156,850.00
Net Profit/Sales	44.78%	50.44%	58.64%

7.4 Cash Flow

Table 7.3 displays TeleVETronics' expected cash flow from startup through the end of Year 3.

Table 7.3- Expected Cash Flow

	Startup (cash in bank at startup)	Year1	Year2	Year3
INCOME (cash in)				
Sales		\$1,400,000.00	\$7,000,000.00	\$10,500,000.00
Capital Received/Loans		\$0.00	\$0.00	\$0.00
Other Income (investments)		\$0.00	\$0.00	\$0.00
Total Inflow		\$1,400,000.00	\$7,000,000.00	\$10,500,000.00
EXPENDITURE (cash out)				
Materials (cost of sales)		\$500,000.00	\$1,750,000.00	\$1,500,000.00
Wages (cost of sales)		\$3,400.00	\$3,400.00	\$3,400.00
Recurring Salaries		\$0.00	\$37,000.00	\$37,000.00
Recurring Wages		\$0.00	\$0.00	\$0.00
Rent		\$0.00	\$13,500.00	\$13,500.00
Utilities(Elec/Gas/Phone)		\$57,600.00	\$57,600.00	\$57,600.00
Insurance		\$10,000.00	\$10,000.00	\$10,000.00
Bldg Maintenance		\$0.00	\$24,000.00	\$24,000.00
Travel		\$30,000.00	\$30,000.00	\$30,000.00
Advertising		\$36,000.00	\$30,000.00	\$28,000.00
Bank Finance Charges		\$0.00	\$0.00	\$0.00
Capital Expenditure		\$0.00	\$0.00	\$0.00
Loan Payments		\$0.00	\$0.00	\$0.00
Taxes		\$268,680.00	\$1,513,050.00	\$2,638,650.00
Total Outgo		\$905,680.00	\$3,468,550.00	\$4,342,150.00
Income less Expenditure		\$494,320.00	\$3,531,450.00	\$6,157,850.00
Cash Balance	\$25,000.00	\$519,320.00	\$4,050,770.00	\$10,208,620.00

References

1. "Blood Flow Measurement Devices Market to Exceed \$250 Million by 2010, According to New Report by Global Industry Analysts, Inc." PRWEB. July 16 2007.
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