

TeleVETronics Business Plan #4

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 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 biomedical 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.

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

	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 II shows TeleVETronics' expected profits and losses from startup through the end of Year 3.

	Year1	Year2	Year3
Sales	\$31,000.00	\$54,000.00	\$62,000.00
Materials (cost of sales)	\$2,200.00	\$700.00	\$0.00
Wages (cost of sales)	\$3,400.00	\$3,400.00	\$3,400.00
Subtotal (Cost of sales)	\$5,600.00	\$4,100.00	\$3,400.00
Gross Profit	\$25,400.00	\$49,900.00	\$58,600.00
Gross Profit (%)	81.94%	92.41%	94.52%
OPERATING EXPENSES			
Recurring Salaries	\$0.00	\$0.00	\$0.00
Recurring Wages	\$0.00	\$0.00	\$0.00
Rent	\$0.00	\$900.00	\$900.00
Utilities(Elec/Gas/Phone)	\$450.00	\$450.00	\$450.00
Insurance	\$500.00	\$500.00	\$500.00
Bldg Maintenance	\$0.00	\$0.00	\$0.00
Travel	\$400.00	\$400.00	\$400.00
Advertising	\$10,000.00	\$5,000.00	\$1,000.00
Bank Finance Charges	\$0.00	\$0.00	\$0.00
Capital Expenditure	\$200.00	\$200.00	\$200.00
Loan Payments	\$0.00	\$0.00	\$0.00
Misc	\$0.00	\$0.00	\$0.00
Depreciation	\$1,400.00	\$1,400.00	\$1,400.00
Total Operating Expenses	\$12,500.00	\$8,850.00	\$4,850.00
Operating Profit	\$12,900.00	\$41,050.00	\$53,750.00
Misc Income	\$0.00	\$0.00	\$0.00
Net Profit (before tax)	\$12,900.00	\$41,050.00	\$53,750.00
Taxes	\$3,870.00	\$12,315.00	\$16,125.00
Net Profit (after tax)	\$9,030.00	\$28,735.00	\$37,625.00
Net Profit/Sales	29.13%	53.21%	60.69%

7.4 Cash Flow

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

	Startup (cash in bank at startup)	Year1	Year2	Year3
INCOME (cash in)				
Sales		\$31,000.00	\$54,000.00	\$62,000.00
Capital Received/Loans		\$0.00	\$0.00	\$0.00
Other Income (investments)		\$0.00	\$0.00	\$0.00
Total Inflow		\$31,000.00	\$54,000.00	\$62,000.00
EXPENDITURE (cash out)				
Materials (cost of sales)		\$2,200.00	\$700.00	\$0.00
Wages (cost of sales)		\$3,400.00	\$3,400.00	\$3,400.00
Recurring Salaries		\$0.00	\$0.00	\$0.00
Recurring Wages		\$0.00	\$0.00	\$0.00
Rent		\$0.00	\$900.00	\$900.00
Utilities(Elec/Gas/Phone)		\$0.00	\$450.00	\$450.00
Insurance		\$500.00	\$500.00	\$500.00
Bldg Maintenance		\$0.00	\$0.00	\$0.00
Travel		\$400.00	\$400.00	\$400.00
Advertising		\$10,000.00	\$5,000.00	\$1,000.00
Bank Finance Charges		\$0.00	\$0.00	\$0.00
Capital Expenditure		\$200.00	\$200.00	\$200.00
Loan Payments		\$0.00	\$0.00	\$0.00
Misc		\$0.00	\$0.00	\$0.00
Taxes		\$3,870.00	\$12,315.00	\$16,125.00
Total Outgo		\$20,570.00	\$23,865.00	\$22,975.00
Income less Expenditure		\$10,430.00	\$30,135.00	\$39,025.00
Cash Balance	\$25,000.00	\$35,430.00	\$65,565.00	\$104,590.00