

# Sample Early Stage Firm Venture Profile

Fictional Technologies, Inc.

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<p><b>Venture Concept</b> <i>Describe concept and commercialization strategy</i></p>	<p>Fictional Technologies, Inc. (FTI) seeks to commercialize a new type of customized publishing system which uses electronic methods to instantly distribute 'public domain' and other 'minimum royalty' documents on specialized topics. The material would be drawn from U.S. government information depositories and would be made available for retail sale to individual customers through local franchisees of established, national 'quick-copy' printing centers.</p>
<p><b>Background</b> <i>Describe what led to creation of the company</i></p>	<p>There is a vast inventory of existing information on specialized subjects that has been collected over the years through U.S. government-sponsored research and other funded projects. Subjects include technical information that is relevant for commercial and industrial users as well as consumer-oriented and how-to-do-it information. To date, government efforts to make this information available for re-use have been predicated on large printing runs, 'public-service' media advertising at off-hours, and physical distribution from centralized warehouses by mail. There have also been limited over-the-counter retail sales at Government Printing Offices in a handful of cities.</p> <p>In 1990, Michael Brignola recognized that much of this information also exists in electronic format. Using high-speed optical transmission and advanced laser printers, Brignola believed he could create a private-sector distribution system that would increase the utilization of this existing body of information at no net cost to taxpayers. Brignola visualized a customized 'book' business that would represent net additional revenue potential for the 30,000 franchised 'quick-print' shops in the U.S. (45,000 are forecast to be in operation by 1995).</p>
<p><b>Company Team</b> <i>Briefly list key team, roles, and experience</i></p>	<p>FTI was formed in November 1991 as a Sub-Chapter S Delaware corporation by Michael Brignola (9 years as vice President of Mars Publishing) and William Byrne (founder of Caldonia Ink-Jet Corp.). The technology for the project is being developed under contract by Dr. Franklin Tiberi, Professor of Electronic Optics at Lehigh University.</p>
<p><b>Technology</b> <i>Describe key technology differentiating company from its competition</i></p>	<p>FTI's opportunity depends on acquiring full text and graphics via high-speed optical modem, printing out the document at very high speeds, and binding the 'book' automatically. Conceptually, the process is the equivalent of the self-contained film developing and printing machines that have spawned the 'automated' photo stores now found in malls. FTI has developed a device which, when coupled to a standard Canon laser printing engine, allows a modified Hewlett-Packard Series 7 unit to print at roughly 100 times the standard rate. The device will be the subject of U.S. and international patent filings.</p>

<p><b>Targeted Markets</b> <i>Describe entire market as well as segment(s) company will capture</i></p>	<p>Based on internally generated market analysis and published sources, FTI calculates that the 30,000 U.S. quick-copy shops sell \$4.7 billion in products and services annually (1991). Specialty publications that are most similar to the government source material targeted by FTI currently equal 2.1 % of the overall \$32.3 billion book market (1991). In 1990 (the most recent year for which federal figures are available), the Clearinghouse and the Consumer Information Center had combined retail sales of \$157.5 million. At WaldenBooks, the books that are classified broadly in the 'technology' category represented roughly 9% of the company's \$432 million in sales (1991).</p>
<p><b>Competition</b> <i>List key competitors, direct (or indirect if appl.)</i></p>	<p>FTI is positioning itself to create a new type of market or a net addition to existing markets and not a displacement or direct threat to any of the established players. FTI is not aware of any other technology which can provide the same type of enhanced throughput speed for the basic laser-printing engine on which FTI is basing its system. From discussions with two national printing chains, FTI believes that no other group is competing to implement the general concept of turning quick-copy centers into local retail sources for printed reports on specialized subjects.</p>
<p><b>Product Line</b> <i>Briefly detail product strategy</i></p>	<p>FTI's product line will include three models of printing 'system.' At an individual franchisee, the available catalog of publications would be accessed through a terminal that would be attached to an automated dial-up and modem unit built into each FTI system. The terminal would be placed on the counter for use by walk-in customers (thereby reducing labor). Ordering would be activated by the customers inserting his or her credit card into the FTI machine. The three different units will be sized for small (single-terminal), medium (up to three terminals), and heavy volume (multiple terminals including remote-site access).</p>
<p><b>Commercialization</b> <i>Describe how company will reach its market segment(s) and when</i></p>	<p>FTI Intends to enter into a series of license agreements with national 'quick copy' chains (such as Curtis 1000, PIP, etc.). Through these master licenses, local franchisees would be able to purchase or lease complete FTI printing units. FTI would have these units manufactured on contract by Canon, HP, and/or other outside vendors (except for the Proprietary IC, which FTI would manufacture in-house)</p>
<p><b>Forecast Results</b> <i>Double click cells to open spreadsheet; click outside cells to close</i></p>	
<p><b>Achievements To-Date</b> <i>Briefly describe key accomplishments and milestones met</i></p>	<p>FTI has a functional prototype of the high-speed printing and binding device that is required to make the project feasible. In addition, FTI has met with the directors of both the Clearinghouse for Federal Scientific Information and the federal Center for Consumer Information and has obtained written expressions of their interest in the proposed program. FTI has submitted a Phase I SBIR application to the Department of Commerce to demonstrate the feasibility of the proposed system.</p>
<p><b>Founder Funding To-Date</b></p>	<p>FTI's founders have provided over \$75,000 in cash and more than \$100,000 in non-cash investment in forming this company.</p>
<p><b>Non-Founder Funding To-Date</b></p>	<p>Individuals related to the founders have invested \$50,000 to date. We have raised no funding from investors not related to the founders.</p>

<p><b>Financial Req'ts. and Deal Structure</b> <i>List funds required, pre-funding valuation &amp; terms</i></p>	<p>FTI now seeks two rounds of investment of \$750,000 (for Year 1) and \$450,000 (for Year 2). We believe that a fair market value of our company at this time is \$6 million and accordingly, are willing to provide a 20% equity stake in our company. We are willing to offer either convertible preferred stock in this offering, or a common stock investment for investors particularly knowledgeable about our industry.</p>
<p><b>Investor Exit Plan</b> <i>Describe plans for returns on investments</i></p>	<p>Our business plan projects growth rates of more than 70% per year, requiring additional funding rounds of \$3 million and \$7 million in the next 5 years. We anticipate a strategic merger or complete buy-out at a valuation of \$80 million 5 years from now.</p>
<p><b>Uses of Financial Proceeds</b></p>	<p>Proceeds will be used for product development, staff-up, operations, and market introduction.</p>
<p><b>Outside Advisors</b> <i>List names and firms</i></p>	<p>ISEDOR RODESI, Business Consultant, Wilmington, DE; DR. HUBER REBUH, Technology consultant (Gorgon University) MEARS, LOXE, LERIS PARTNERS, General Counsel (M. L. Williams, Esq.) GEDDES, SAMS, STUART, &amp; CHALOFF, Patent Counsel (Alan Cohn, Esq.) CARBELL, HOOPER &amp; ZOLOFF, Certified Public Accountants</p>