

ConvertIt.com  
The Business Plan

by

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## Abstract

The advertisements are all over. It is the newest and greatest software package available. The decision to buy has been made. However, it is not compatible with the old software. That is no problem. It comes with an automatic conversion tool.

The old file type has been loaded into the new software and the mouse has turned into the hourglass while it converts. Finally, it is done. Nonetheless, the converted document does not look like the original. The conversion did not really work. This is where ConvertIt.com can help. In the following paper, this startup venture is detailed. As part of the detail, there is an Executive Summary, service description, marketing strategy, and pricing and financial information.

## ConvertIt.com The Business Plan

One of the responsibilities of the Information Technology Management (ITM) department is personal computer (PC) management at DaimlerChrysler. The duties in PC management vary from taking hardware and software inventory to removing viruses. In addition, part of this task is the distribution of new software.

Recently, the ITM department deployed the Microsoft Office 97 suite. Since the introduction of the local area network (LAN), the corporation had been using Lotus 1-2-3 and WordPerfect. Many of the corporate users are less than savvy. Consequently, many continue to use the old software packages.

As part of the Microsoft Office suite, provisions are made for ease of converting from older software versions or even competitor software packages. However, the conversion is not always 100 percent accurate. When the conversion is not exact, many corporate users become frustrated. In addition, the ITM department does not have enough resources to help these users fix their documents. This is where ConvertIt.com can help.

In the succeeding pages, an executive summary of ConvertIt.com is exhibited. Following the summary, additional detail is provided in the areas of service description, marketing strategies, pricing, and financial information.

### Executive Summary

ConvertIt.com is an electronic commerce start-up service organization specializing in the conversion of information into differing formats. It is based in Auburn Hills, Michigan. The president, Chaelynne Wolak, who is highly experienced in software packages, has experience in the rollout of new software within the DaimlerChrysler ITM department. She has also worked with CDI Incorporated in launching new software packages in various large automobile supplier companies such as TRW and Delco. Her education includes a Ph.D. in Information Systems from Nova Southeastern University located in Ft. Lauderdale, Florida.

ConvertIt.com is ripe for entry into this new customer support business. One of the largest problems many ITM departments face is the pace of technological change. Of over 2,500 global companies interviewed, it accounts for 34 percent of their biggest problem in PC management (Nordan, Howe, & Patel, 1999). Such an entity would bring the following benefits:

- Corporate standardization of software packages since every end-user would be utilizing the latest software package
- Increased end-user acceptance/satisfaction of new software packages since ConvertIt.com alleviates the end-user from having to do the conversion and fixing the document

- Decreased ITM costs of maintaining the old and new versions of software

ConvertIt.com expects to achieve its revenue goals initially through an aggressive marketing program. Upon receiving contracts, we expect our growing reputation to lead to the new clients necessary to support our anticipated growth. The aggressive marketing program includes the following:

- Online advertising
- Search engine/portal exposure
- Direct contact provided by existing customers and networking
- Regularly planned publications in various technical and computer magazines
- Seminars

This proposal pertains to two phases of required funding. The first phase, consisting of approximately \$250,000 is for a small office start-up. The second phase consists of \$1,200,000 for business expansion. Each phase is described below.

#### Phase One: \$250,000 Small Office

- Lease property
- Purchase Office Equipment
- Purchase Web Server
- Develop Market
- Hire two/three support staff
- Hire two/three sales consultants

#### Phase Two: \$1,200,000 Expansion

- Purchase additional equipment
- Purchase additional computer hardware/software
- Hire additional support staff
- Explore new markets

In addition, management intends to spend between 20 and 25 percent in research and development efforts. This research includes following the development of new software and obtaining the required advanced training to use it.

## Service Description

### **Company Strategy**

ConvertIt.com was founded in June 1999. The idea originated when the owner worked for DaimlerChrysler in the Component Operations Division. As part of this division, a finance group handles all eight component plant finances (i.e. profit/loss, expenses, etc.)

It is common practice for these component plants (i.e. Toledo Machining, McGraw Glass, etc.) to ask for project monies and submit financial statements. What became apparent is most of the financial information was kept in Lotus 1-2-3 although the corporate standard was Microsoft Excel.

Herein lies the problem. The manufacturing engineer needs to justify project monies and creates these justifications in Microsoft Excel. When sent to the finance department, they would either retype them into their Lotus 1-2-3 spreadsheet or attach it as a supplement. Sometimes, this information would be inputted incorrectly or lost. Thus, the question arose as to why the finance department was not using Microsoft Excel.

When the owner interviewed the finance department, she found that many of the finance individuals did try to convert their documents. However, the conversion was not 100 percent accurate and they did not have time to make them right. Second, there was no one readily available when questions/problems arose when they tried to convert. Third, many of the users were use to their existing format and did not want to change. Fourth, some documents had been around for many years (i.e. such as projected 10-year plans) and they did not want to change something that had worked before. This is when the idea of ConvertIt.com formed.

This gap between the rollout of new software and the end-user is what ConvertIt.com capitalizes on. The company realizes that many ITM departments are not equipped to handle these customer support issues. In addition, many software products do not provide foolproof conversion tools.

This is where ConvertIt.com strength exists. The company is very familiar with current software products and can easily convert documents for these individuals. ConvertIt.com guarantees that the document contains all data and is 100 percent accurate. Another strength is ConvertIt.com is a personalized service. The end-user (i.e. customer) does not have to rely on software programming to do conversions automatically. The customer can have one of ConvertIt.com consultants review the document in person with them or he/she can send via email through the company's website the document requiring conversion and instructions.

Some of ConvertIt.com weaknesses include not being familiar with the development of new software products and not being able to meet initial demand. In today's economy, there are numerous software products available. Unfortunately, due to the limited number of personnel the company will not have the resources required to keep pace with technology. Thus, it is proposed in the Executive Summary, that monies be allocated in phase two for new market development. Lastly, the owner assumes that there will be great demand for this service. This could pose a problem due to the limited number of resources available. Thus, ConvertIt.com may require more funding initially.

ConvertIt.com projects that the first two years will have no profit due to the company finding its balance between its personnel, marketing, and pricing strategies. However, the

company expects a 10 to 15 percent growth thereafter for the next five years. Additional growth opportunities exist in the design field where no industry standard exists. For example, currently there is not an accurate conversion tool available for CATIA to AutoCAD or vice-a-versa.

### **Mission Statement**

ConvertIt.com is a company dedicated to helping end-users overcome technological obstacles with new software. Technology moves at a fast pace. As ITM departments deploy new software packages, ConvertIt.com wants to make the end-user transition as painless as possible. End-user satisfaction is our number one goal.

### **The Management Team**

Chaelynn Wolak owns ConvertIt.com. She is highly experienced in software packages and has experience in the rollout of new software within the DaimlerChrysler ITM department. She has also worked with CDI Incorporated in launching new software packages in various large automobile supplier companies such as TRW and Delco. Her education includes a Ph.D. in Information Systems from Nova Southeastern University located in Ft. Lauderdale, Florida.

Another essential member is her husband, Ronald Wolak. He has many years in the Information Technology field with his most recent experience at American Axle and Manufacturing. He has been involved in many software deployments such as Microsoft Office 2000 and was manager over the Customer Service Department.

## **Marketing Strategies**

### **What ConvertIt.com is Selling?**

ConvertIt.com specifically sells a service of converting information into different formats. A customer is buying the actual work required to put his/her information into the new format. The customer submits his/her work in the old format via floppy disk, zip drive, or email. The work must come in the form of a file type. ConvertIt.com is not a retyping service.

### **Intended Audience**

ConvertIt.com targets ITM organizations. The goal is to become seamlessly integrated into these organizations and provide the specialized customer support during new software deployment. The company prefers business-to-business electronic commerce where all information and instructions are done via the World Wide Web (WWW). In some instances, specialized consultants are called onsite for end-user support.

### *Benefits*

The customer (i.e. ITM department) experiences the best benefits of our service. First, there will be decreased maintenance costs. The ITM department does not have to maintain old and new versions of software. Once deployment of new software and conversion, older software can be removed to save hard disk space. Second, true corporate standardization. Installation of new software has become easy with the new push technology. However, getting the end-user to use it is another thing. This is where incompatibilities arise across the corporation. ConvertIt.com can help create a true standard across the corporation.

There are some significant benefits to the end-user also. First, since the end-user does not have to do the conversion into the new software format, they are more likely to use it as long as the document "feels" the same and somewhat "looks" the same. Acceptance and satisfaction are increased. Second, end-user time is saved. As the industry rightsizes, end-users are expected to do more. Thus, ConvertIt.com can save them time and frustration in redoing information in another format so the end-user can perform his/her other value added duties. Lastly, ConvertIt.com sells dignity. For those end-users that find it embarrassing and humiliating to ask for help or have a slow learning curve, ConvertIt.com can help.

### **Marketing Plan**

#### *On the Web.*

The main goal of having a web site is to promote the company and provide a standard interface for the ease of electronic transactions. ITM departments generically have access and are very familiar with the WWW. This interface is not only informational but also functional.

In order for people/organizations to become aware of ConvertIt.com's web site, it has listed with many search engines. According to the Internet Advertising Bureau (IAB), search engines account for the top form of advertising (Advertising Revenue, 1999). By listing with them does not guarantee a stampede to the web site but if the company is always ranked at the top of the list returned by keyword queries, then it could be. ConvertIt.com has invested into FirstPlace Software's WebPosition Gold 1.0, <http://www.firstplacesoftware.com>. This software helps promote ConvertIt.com's web site to the top 10 status and to keep it there for a long time.

WebPosition will analyze the web page side by side with the competition or any other top-ranking web site. The program offers advice on how to improve the company's ranking within the search engines. It will also query the WWW to see how ConvertIt.com's web site ranks in the search engine and whether the ranking has gone up or down. It will also show who/what is ranked above and below it (Georgia, 1999).

Along with this search engine advertising, ConvertIt.com has invested in banner advertising in various hardware/software web sites such as beyond.com, insight.com, and

zdnnet.com, etc. Banner advertisements are the predominant form of advertising and account for 53 percent of the online advertising media (Ginsburg, 1999). However, ConvertIt.com is only spending one-quarter of the advertising budget for this online advertising strategy.

### *Offline.*

The other three-quarters of the advertising budget are for offline media such as magazine/newspaper ads and holding information seminars. ConvertIt.com is considering running full-page ads in Network World and PC Computing. In addition, ConvertIt.com will be holding information seminars at the IPC Show and the Computer and Robotic Show at Cobo Hall in Detroit, Michigan. Mrs. Wolak feels that the company will be able to approach individuals of various companies. At that time, ConvertIt.com can identify customer support issues and how they might satisfy them to these various individuals. However, the preferred mode of advertising is word-of-mouth.

### **Competitive Analysis**

ConvertIt.com has identified two major competitors. They are the software creators and computer savvy individuals. One of the selling points software creators' uses is their automatic conversion tool. However, this same selling point gives ConvertIt.com its competitive edge. Conversion tools are not always 100 percent accurate.

Computer savvy individuals are another competitor. If a department or area has access to one of these individuals, then ConvertIt.com's services will not be needed. ConvertIt.com is relying on these individuals being tied up with their job responsibilities and will not have the time available to help their co-workers.

## Pricing Information

### **Differential Pricing Strategy**

Since ConvertIt.com is a start-up company, one of the pricing strategies it will be using is differential pricing. "Consumers don't know what it is worth to them until they experience it" (Shapiro & Varian, 1998). Therefore, ConvertIt.com will convert any file up to a size of 25k free. This is only available for first time customers. Standard pricing will go into affect thereafter. Pricing is \$1 for every 1k of file size. For example, a 50k-file size would cost \$50 to convert it.

### **The Lock-in & Complementary Price Strategy**

ConvertIt.com knew it wanted to be in the computer software business. However, it did not want to battle it out with all the software competitors for fear of falling behind or in a price war. Thus, ConvertIt.com found a niche market. A tried and true tactic of becoming

a major player in the market is to become an adapter (Shapiro & Varian, 1998). ConvertIt.com capitalizes on being able to learn and convert anything that software creators' produce.

In addition, since ConvertIt.com targets ITM organizations, we also offer onsite customer support during software upgrades. ConvertIt.com is not only selling the time it takes to convert the information but also the face-to-face interaction that may be required. "The company that can successfully offer and sell the largest collection of attractive complementary products will enjoy a tremendous advantage in the primary lock-in market" (Shapiro & Varian, 1998). Pricing for this is done on a time basis (i.e. six-month to one year) and is negotiated with each company. There is not a set price structure for this type of service at this time.

### **The Natural Allies**

"The lone cowboy approach rarely works in the information age" (Shapiro & Varian, 1998). Thus, ConvertIt.com is teaming up with software creators (i.e. manufacturers). Every software creator wants customers to use their software. However, they have to rely on the customer's knowledge and computer skills. To help penetrate the non-savvy computer users, software creators, such as Microsoft, will package and integrate ConvertIt.com's business information with the software. Therefore, when a customer opens their new software or the computerized "Help" area, the ConvertIt.com information will be there. It is only a click away on the WWW or a telephone call away.

## **Financial Information**

At this time, ConvertIt.com has no financial history. In the Executive Summary, there are two phases for required funding. The first phase, consisting of approximately \$250,000 is for a small office start-up. The second phase consists of \$1,200,000 for business expansion. Each phase is described below.

### **Phase One: \$250,000 Small Office**

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- Purchase additional equipment
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In addition, management intends to spend between 20 and 25 percent in research and development efforts. This research includes following the development of new software and obtaining the required advanced training to use it.

## Conclusion

In summary, ConvertIt.com is a new start-up venture. This business plan detailed the service, marketing, pricing, and financial information. It is true that technology may be blurring the workplace, but it is customer service that will prove to be more important. As ITM organizations deploy new software technology, they must recognize the ultimate goal and that is to maximize the value of this new technology, not their control over it (Shapiro & Varian, 1998).

This business plan has been developed from David E. Gumpert's book *How to Really Create a Successful Business Plan Step-by-Step Guide*. The idea for such a service company came from the lack of support during rollout of new software within the Component Operation's Division. Experience information described in the Executive Summary is fiction.

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