

eMessage.com

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The flow of information that arrives daily from telephone calls, faxes, voice-mail, and e-mail messages is at times overwhelming. Unified messaging services address this problem by routing a variety of message types into a "unified" box that a user is able to conveniently access and manage. In the following pages, this paper presented the business plan of a fictitious Internet-based unified messaging portal. The company, eMessage.com, is a new electronic business that provides electronic messaging services over the Internet. The company's business model is a combination of services offered by portals like Yahoo and Excite, and communications sites such as Hotmail and eFax. Included in the business plan were six major sections: business description, services, marketplace, marketing planning, management and organization, and financial plan.

eMessage.com

One of the challenges of living in the Digital Era is managing all the information. During a normal day, a person receives dozens of telephone calls, faxes, voice-mail messages, and e-mail messages. The challenge of managing this steady and sometimes overwhelming flow of information is taxing to even the most patient technophile. Information in different forms arrives in different mailboxes at different locations. Recipients must gather this incoming information, review and filter it, and then respond in the correct format in a timely manner. When traveling or working away from the office, these challenges are even greater.

According to Mary Ann O'Loughlin (Pitt, 1998), Ovum principal consultant, "Dealing with messages is becoming more and more time consuming and is complicated by the fact that each type of message gets delivered to different locations: voice messages to the answering machine or voice-mail system, fax messages to the fax machine, and e-mails to the e-mail server. The growth of the Internet, more than any other factor, has fueled this message chaos."

Unified messaging services address this problem by routing the different message types into a "unified" box that a user can access and manage from any place and at any time. The idea of having a single electronic message center has been around for a few years now, and the major equipment suppliers have developed a variety of unified messaging products. Companies competing to providing unified messaging services include Sprint, MCI WorldCom, and recent upstart General Magic of Sunnyvale (Healy, 1999). Analysts estimate that by 2002 direct revenue from unified messaging services will reach \$2.2 billion (Pitt, 1998). This will increase to between \$12 and \$18 billion worldwide (generated by 170 million mailboxes) by the end of 2006.

In the following pages, this paper presents the business plan of a fictitious Internet-based unified messaging portal called eMessage.com. The purpose of the plan is to serve as part of a broader prospectus that will be used to sell stock in the company. The business plan is divided into six major sections: business description, services, marketplace, marketing planning, management and organization, and financial plan.

Business Description

eMessage.com is a new electronic business that provides electronic messaging services over the Internet. The company's business model is a combination of services offered by portals like Yahoo and Excite, and communications sites such as Hotmail and eFax. The company's mission is to be the world's best Internet-based unified messaging and workgroup collaboration portal. The privately held company was founded in June 1999 by Internet entrepreneurs Ronald and Chaelynne Wolak of Shelby Township, Michigan.

The eMessage.com Web site generates revenues with advertising and electronic commerce links in addition to user paid premium services. The main strength of the

company is its use of the Internet to deliver messages of all types to both consumers and businesses. Voice-mail, e-mail, and fax messages are transformed into computer files that can be read or heard at no cost. Messages displayed on the Internet site can also be heard using the site's telephone-based services. This flexibility allows the system to adapt to both types of messaging system users (PC-centric and phone-centric).

Services

eMessage.com is a network service that provides subscribers with free access to their private and shared information from any Internet enabled device (personal computer, personal digital assistant, or kiosk) or telephone. Accessible information includes e-mail, voice-mail, and fax messages along with calendars, address books, documents, and pictures.

Subscribers to the eMessage.com service are provided with a free private telephone number along with their own Internet e-mail address. The telephone number is used by friends, business associates, and family members to leave voice-mail messages and to send faxes. Subscribers also use this number and the eMessage.com Web site to retrieve their messages.

eMessage.com services are organized into three categories. These categories are:

- Managing incoming and outgoing messages (e-mail, voice-mail, and faxes)
- Accessing a calendar, address book, and files
- Sharing information with family, friends, and associates

Managing Messages

E-mail messages are sent and received from any Internet browser. Subscribers are also able to have their e-mail read to them over the telephone. They may also send e-mail and forward messages to anyone from any telephone.

Fax messages are received as viewable files attached to e-mail messages received in a subscriber's mailbox. Subscribers send faxes directly from their eMessage.com account using a standard Web browser. Using the telephone, subscribers may forward their fax messages to any fax machine and respond to their faxes over the telephone.

Voice-mail messages are received as audio files attached to e-mail messages received in a subscriber's mailbox. Subscribers are then able to listen to these messages from any personal computer. Over the telephone, subscribers are also able to listen to, respond to, and forward their voice-mail messages.

Accessing Information

eMessage.com also provides subscribers with a personal address book that is accessible from any Internet-enabled PC. If a personal computer is not convenient, eMessage.com's

text-to-speech function allows subscribers to have address book entries read to them over the telephone. eMessage.com's voice recognition capability also allows subscribers to send e-mail from any telephone.

Similar to the personal address book functionality, subscribers are able to manage their calendars from any personal computer and to hear their appointments over the telephone. eMessage.com's address book and calendar functions also allow subscribers to import and export to and from popular Palm Pilot and Outlook organizers.

eMessage.com service also provides an Internet-based filing cabinet that allows subscribers to store and retrieve files from any Internet enabled personal computer. This virtual hard disk provides subscribers with up to 20 megabytes of free online storage. Additional storage space is available for a premium.

Sharing Information

eMessage.com allows subscribers to easily create a shared room for family, friends, and associates. Once created, all applications assigned to the room (e.g. calendars, address books, filing cabinets, and bookmarks) may be accessed by other authorized subscribers.

Premium Services

In addition to the free eMessage.com service just described, subscribers are also encouraged to take advantage of select premium services. These services include:

- Toll-free telephone numbers (\$2.95 per month)
- Unlimited file storage to extend the 20 megabytes that is provided free (\$2.95 per month)
- Call rollover service that routes incoming phone calls first to the subscriber's home, office, and cell phone before rolling over to their eMessage.com box (\$2.95 per month)
- Optical character recognition service that converts faxes into text documents (\$2.95 per month)
- Premium Plus (an "all the above" option for \$9.95 per month)

Limitations

The use of voice recognition technology to dictate e-mail messages is not practical at this time. When the technology is able to deliver reliable translation service, eMessage.com will add it to the company's services.

The Marketplace

Defining the Market

The unified messaging industry is currently in the process of defining itself (Clark, 1999). The basic definition of unified messaging is still evolving. Today's definition is a platform that allows customers to receive all of their messages (i.e. e-mail, voice-mail, fax, and pager) from a single source. This source might be a telephone, wireless handset, or a personal computer.

The Unified Messaging Consortium (UMC) recently completed a market study that found that, on average, 30 percent of individuals belonging to mid- and large-size companies had an immediate need for unified messaging (Clark, 1999). Of that percentage, the greatest demand was from telephone-centric and fax-centric users that also needed real-time access to e-mail. Also, recent trials by GTE, using PulsePoint's unified messaging software, found the platform appealed to 62 percent of small office and home office (SOHO) users and 29 percent of home-only users.

The market for unified messaging is poised for growth. According to Frost and Sullivan (Riggs & Thyfault, 1999), sales of unified messaging software, hardware, and services were \$329 million last year. The research firm predicts sales will grow to more than \$1 billion in 2000 and nearly \$5 billion by 2005. Dataquest also reported that the number of installed unified messaging systems in the United States is on the rise: 9,000 units in 1997, 15,000 units in 1998, and a projected 77,000 units in 2001.

Cost Considerations

Market research data shows that unified-message service costs ranging from five to fifteen dollars per month were acceptable to users (Clark, 1999). Users are becoming tired of handing business cards with a half-dozen numbers on them. Internet-based unified messaging services are particularly appropriate for users in home and small offices that are unable to afford PBX-based services.

In addition to the convenience of having only one number, unified messaging presents substantial cost savings (Monaghan & Kessler, 1997). For example, faxing over the Internet is 40 percent less expensive than traditional means. IDC estimates that the global fax transmission market is \$38 billion per year.

Customer Considerations

eMessage.com's subscriber base is composed of home, home office, small business, and large business users. Consequently, eMessage.com provides high levels of both online and toll free customer support. The company Web site provides detailed instructions on the use of each of the company's messaging services. A frequently asked questions (FAQ) section along with e-mail, fax-mail, and voice-mail samples give both new and prospective subscribers a thorough understanding of eMessage.com's timesaving features.

Competition

Companies competing with eMessage.com to provide unified messaging services are divided into two major groups. The first includes Sprint, MCI WorldCom, and recent upstart General Magic of Sunnyvale (Healy, 1999). These traditional telecommunication-based messaging services compete indirectly with eMessage.com. However, the fees for such services are greater due to the cost of hosting messaging services.

Direct competition is provided by other Internet-based nontraditional messaging companies. The four major competitors in this market (all less than two years old) are Onebox, RocketTalk, uReach, and Telebot. Competitors offering only one type of service include a whole host of free e-mail and e-fax services such as Hotmail, eFax, and Premiere Technologies.

Onebox.

Onebox.com is an Internet-based consumer communications company that offers voicemail, fax, e-mail, and paging services (Onebox, 1999). The company was founded in May 1998 and is based in San Mateo, California. Onebox is launching its service in three U.S. market areas: New York, Silicon Valley, and Austin, Texas.

RocketTalk.

RocketTalk.com is an Internet-based messaging company. Founded in 1998, RocketTalk specializes in voice messaging and is the developer of the first free voice messaging system (RocketTalk, 1999). Like eMessage.com the service is supported by small advertisements and co-branding located in various areas of the RocketTalk user interface.

uReach.

uReach.com is an Internet-base unified messaging company with the mission to provide a comprehensive set of network based desktop solutions for consumers and small businesses (uReach, 1999). The company is a privately held and was founded in August, 1998. Currently, uReach.com is in beta test and not fully functional.

TeleBot.

TeleBot.com is a free consumer messaging service founded in 1998 and located in San Francisco, California (TeleBot, 1999). The company offers a complete suite of Internet-based messaging services.

Hotmail.

Hotmail.com is the world's largest provider of free Web-based e-mail (Hotmail, 1999). Prior to Microsoft's purchase of the e-mail provider, the company increased subscribers from zero to ten million in only 15 months.

eFax.

eFax.com specializes in Internet-based fax services and is currently the leading brand of Internet fax (eFax, 1999). The free service has over 550,000 subscribers with more than 100,000 fax pages received per day.

Premiere Technologies.

Premiere Technologies is a voice messaging company that recently stepped up its unified messaging efforts with an agreement with Sun Microsystems to purchase hardware, software, and services from Sun (Gomolski, 1999). In return, Sun will market Premiere's Orchestrate.com unified messaging system. Premiere's strategy is to offer unified messaging as a hosted service (i.e. upgrade) to the 800,000 voice-mail customers it currently has.

Marketing Planning

Thus far, virtually all the unified messaging products have been aimed at traveling professionals (Healy, 1999). eMessage.com's marketing plan targets both the professional and the average consumer. User groups include home, home office, small business, and large business. eMessage.com's marketing vision is to merge the traditional fax, e-mail, voice-mail, and portal markets. The fax and e-mail markets alone are made up of more than 700 million users (eFax, 1999).

eMessage.com's strategy to merge these markets is based upon the distribution of its services direct to the end-user. Users benefit directly from services that include:

- Accessing information from any Internet enabled PC (e.g. from home, office, or a hotel)
- Accessing information from a standard telephone or a cellular phone
- Receiving all messages (i.e. e-mail, voice-mail, and faxes) in one location that is accessible from anywhere
- Sharing information with family, friends, and associates in a secure environment

Pricing

Technology has reduced the cost per customer for unified messaging services from \$35 to \$9 (Krause, 1999). In this lower cost range, eMessage.com is able to profitably provide free messaging services to its subscribers. Like Hotmail, the successful Web-based e-mail service, eMessage.com is able to more than offset this lower cost per customer with advertising revenues.

The eMessage.com suite of messaging services was designed from the top down. The high-end services were designed first. Basic (i.e. free) service was then developed by removing selected features. Features available in the basic service were designed to be relatively unattractive to the high willingness-to-pay user but still attractive to the basic user. This is a common and quite effective marketing technique (Shapiro & Varian, 1999).

Utilizing another common marketing technique, eMessage.com uses its low-end services to advertise its high-end premium services. In addition, eMessage.com periodically offers promotional pricing to attract existing low-end subscribers to the company's premium services. These offers typically last 30 days and allow subscribers to use selected premium services at a substantially reduced rate.

Consumer lock-in to specific technologies and brands is an ever-present feature of the information economy (Shapiro & Varian, 1999). eMessage.com leverages this factor throughout its service designs, pricing structures, and promotional programs.

Sales Plan

eMessage.com's five-year sales projections estimate an overall increase from \$10 million in gross sales in 1999 to \$500 million per year in 2004. A detail of these projections is outside the scope of this business plan and is included in the company's stock prospectus.

Advertising Plan

Companies that advertise on the eMessage.com Internet site often describe it as being "sticky" (a term meaning people will come back to the same site over and over, and stay for a while when using it). eMessage.com takes advantage of this trait by discretely advertising its basic and premium features throughout the site. Also, like other Internet sites having this quality, eMessage.com is able to charge other companies a premium for advertising on eMessage.com services (Zaret, 1999).

Like other free messaging providers, eMessage.com includes its name and Internet address on every e-mail and fax sent through the service (Zaret, 1999). Voice-mail recordings also include references to the company name and its services.

Management and Organization

eMessage.com's management philosophy is based on responsibility and mutual respect. People who work at eMessage.com want to work there because the company has an environment that encourages creativity and achievement. eMessage.com has recruited a world-class team of engineers, executives, and advisors.

Management Team

Ronald Wolak, President, and Chief Executive Officer, co-founded eMessage.com in June 1999 to fulfill his vision of providing free unified messaging over the Internet. Before creating eMessage.com, he held the position of Information Systems Manager at American Axle and Manufacturing in Detroit, Michigan.

Chaelynn Wolak, Vice President of Business Development, co-founded eMessage.com with her husband. She brings with her from DaimlerChrysler many years of experience in the area of business development.

Staffing

In addition to its executive management team, eMessage.com has 27 employees. There are five key management positions and four supervisors. Fourteen positions are divided

among the unified technology design, Web-site development, customer relations, and marketing departments. There are also four support staff associates. Each employee has a minimum of three years experience in his or her field.

Organizational Structure

Unlike traditional hierarchical structures, eMessage.com operates with cell groups. These singularly focused cells overlap in those instances where sharing data and technology will benefit the company. Cell group leaders act as coaches and continually collaborate with one another on the company intranet. This allows information to quickly reach all levels of the organization.

Strategic Alliances

eMessage.com is currently in the process of finalizing two strategic alliances. One is with an established Internet portal company, and the other is with a large long distance voice and data carrier. If these talks are successful, all three companies will benefit by leveraging the complementary products and services offered by the others.

Financial Plan

Risk Evaluation

There is significant risk to the investor since technology as well as technology delivery systems change rapidly. The Internet industry as a marketing medium is unproven and government regulations could impact the industry. Worldwide competition will continue to increase, and existing Internet portals may choose to duplicate many of eMessage.com's ideas once they are proven successful. Any of these or other unknown events may prevent the company from realizing its sales projections.

Term of the Company.

The company is perpetual. However, eMessage.com may choose to merge with a carefully selected publicly traded entity, a privately held company, or to offer an initial public offering (IPO).

Liability and Indemnity of Principals.

Neither the principals nor any of their affiliates will be liable to eMessage.com or to any of the shareholders for damages attributable to their acts or omissions, except that the principals may be liable for gross negligence or willful misconduct arising out of or relating to the affairs of the company.

Transferability of Interests.

An equity investment in the form of privately held stock certificates in eMessage.com may not be sold, transferred, or assigned without the prior written consent of the majority stock holders.

Revenue Sources

The following are eMessage.com's existing and planned revenue sources during 1999 and 2000:

- Fee-based eMessage.com premium services
- Advertising
- Telecom and Portal alliances
- Specialized desktop scanning and organizing software
- Partnerships and Licenses

Investment Activities

The following are eMessage.com's major investment activities planned during 1999 and 2000:

- Increase analyst coverage - focus on credible Wall Street Internet analysts
- Evaluate alliances and acquisitions to strengthen technology and expand Internet distribution
- Evaluate additional financing opportunities
- Raise eMessage.com's profile with institutional investors

Financial Projections

The following financial statements are outside the scope of this business plan and may be found in the company's broader stock prospectus:

- Five-year profit & loss projections (annual)
- Five-year cash flow projections (annual)
- Five-year balance sheet projections (annual)
- 12-month profit & loss (month-to-month)
- 12-month cash flow (month-to-month)

Historical Financials

eMessage.com began conducting business in June 1999 and has no historical financial data available.

Conclusion

In previous pages, this paper presented the business plan of eMessage.com, a fictitious Internet-based unified messaging portal. The company's business model was a combination of services offered by portals like Yahoo and Excite, and communications sites such as Hotmail and eFax. Included in the business plan were six major sections: business description, services, marketplace, marketing planning, management and

organization, and financial plan. Detailed financial statistics were outside the scope of the paper.

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