Internet Bid Clearinghouse

OPEXNET, LLC

The Operations Expense Network

Atlanta, Georgia

This exemplary business plan, which has not been disguised from the original as the others in this volume have, describes an innovative, unique and revolutionary electronic bid clearinghouse for building and facilities managers. This self-regulating web database will be an organizing force for the many thousands of bids that take place each day. Its power to transform this particular industry is compellingly stated...so much so, that this plan won the Wake Forest University Babcock Entrepreneurs 1998 Business Plan Competition.

EXECUTIVE SUMMARY

OpExNeT, LLC is a virtual company specializing in providing building managers products and services that:

- Evaluate Vendors
- Reduce Administration Expenses
- Reduce Repair/Maintenance Expenses
- Reduce Utilities Expenses
- Increase Vendor's Added Value
- Create Efficient Marketspace

OpExNeT's core competency is built around a shared Client/Vendor database. This database is a compilation of building manager surveys for vendor information. In return, the building manager has access to the maintenance and service norm charts configured specifically for their equipment/service needs, location and quality expectation level. At that time, the client has the option of purchasing specialized bid products and network services. Our objective is to become the daily stop of everybuilding and facilities manager in North

America.

This simple process of bringing building and facilities managers together with the vendors they need, quickly, efficiently and without obligation, is the prelude to the ability to create a market push. Advertising can be directed as narrowly or wide as the advertiser wishes with products appropriately aimed at the client's needs.

The timing of this business start-up is no mistake. Deregulation of the electric industry is two to three years away. Capturing brand equity prior to this time is essential. The sheer volume of transactions required is staggering. Over 200,000 building service and maintenance bids take place every day. A low margin industry by virtue of the excesses of the 1980s, building and facilities managers are forced to find ways to reduce operating expenses on a daily basis.

Initially, our target market will be focused around our first three databases. These are elevator maintenance, generator maintenance and HVAC maintenance. These also happen to be industries in which our team has a great deal of pricing knowledge. The marketing of OpExNeT will be targeted at the stand alone low--rise and mid-rise office building management companies located in urban and suburban areas who own a PC and are connected to the Internet.

The greatest advantage OpExNeT has over its competitors is that no other entity like OpExNeT exists on the Internet today. The closest relations would be systems like Chrysler's SPIN and GE's supplier networks which are Intranet designed to assist the procurement departments of global manufacturing concerns. Still, while these systems provide Internet reach and speed, they are limited to the body of knowledge contained within the corporation. OpExNeT offers an industry-wide view taking full advantage of the Internet's efficiencies.

There are benefits in being first. Establishing OpExNeT as the de facto standard of the building and facility management industry is critical to the task. Once this is accomplished, the management of the OpExNeT systems will begin to resemble more of a customized subscription magazine than a service provider bulletin board. Subscriptions will then be the path to profit.

The beauty of these databases is that they are self updating and low maintenance once a critical mass has been reached. Investment in setting up the standard norms and the Internet website is intensive only in the initial phases of their development. This is why a carefully implemented strategic plan will not only affect the velocity of the concept introduction butwill also be critical to our ability to keep the systems costs low in the long-run, $250,000 in sales revenue in year one will produce little or no after-tax earnings. However, sales are expected to grow to over $5,000,000 by 2002 and produce after-tax earnings of $1,726,000.

The OpExNeT team consists of three individuals with over 40 years in combined experience in the building management industry and corporate management, The team is a mix of entrepreneurial start up talent, e-business creation know-how and project management skills that are able to take an Internet business into profit sustaining existence.

Unique to this period in the history of the development of the Internet, OpExNeT believes that it alone has an opportunity to provide the building management industry with needed products and services that have never been offered before. In an effort to obtain a 100% market share worth over $1,000,000 in annual sales revenue by the year 2000 and retain it successfully, OpExNeT is seeking an equity investment of $240,000 to implement plans described herein. The common stock sold for the $240,000 investment will represent about 35% of OpExNeT's outstanding common stock after the offering is completed.

For OpExNeT to become the gatekeeper of building management services, three critical items must happen:

1. The databases created must have value to the building management community and the suppliers who serve them.
2. The deregulation of the utilities industry must proceed in the U.S. market and 50% of the markets must be open by the year 2002.
3. The techniques required to transmit data over power line at 10 times the current speed of datalink transmission are developed and commercialized prior to the deregulation of the utilities industry.

Once all three of these events have taken place, the second stage of OpExNeT strategy can begin. The ability of even the smallest devices to communicate with a host will enable true systems integration. And, at that time we will be contacting you about AVAJ...

THE INDUSTRY, OPEXNET AND OUR PRODUCTS AND SERVICES

Industry Analysis

The building maintenance industry is highly fragmented on the customer side and more oligopolistic on the supplier side. While myriads of building owners and managers exist a all levels 80% of the services provided to this group are dominated by a few multinational manufacturer and service entities. One would expect that if the products provided by the manufacturers are indeed commodities, the services would also follow suit. But they have not. Service providers average margin levels of over 50%. One might argue that this is because the capital require to provide the immense distribution network creates a natural barrier to entry for competition. The truth is that most parts and repairs are readily available. One could assume that the liabilities of the business might place insurance requirements out of reach of a small competitor. The truth is that improvements in equipment quality have substantially driven down liability exposure. One might concur that complex software algorithms have prevented equipment diagnosis by those without specially coded terminals. The truth is that specially coded terminals for most equipment can be purchased over the Internet. One might venture to say that the unions have control over the experienced and trainable service technician pool. The truth is that the union has little real power. The real reason for barrier to new competition is lack of pricing information.

Traditionally, accurate maintenance pricing has been closely guarded by the oligopolistic few. While associations in other industries provide vast arrays of market research, the building maintenance industry associations provide little or no information, Sources such as Means Costing Data are for the most part inaccurate and have little value.

The building maintenance price datum we will be focusing on are:

- HVAC Controls
- Elevators and Material Transfer
- Boilers, Heating Systems
- Roofing and Exterior Face
- Air Handling
- Water Treatment and Plumbing Systems
- Electrical Systems and Lighting
- Building Access Systems
- Parking Access Systems
- Security Systems
- Energy
- Cleaning

OpExNeT

OpExNeT was created to meet the needs of the building management professional. We provide a means for the typical building management professional to access our database, retrieve equipment specific pricing, receive local and national comparison data, and be provided with options for bid documents and services. The opportunity for a new Internet business to enter into this type of business was realized in 1996 after an exhaustive study of the building management industry was conducted by a global elevator manufacturer and service provider. The study identified key accounts, representing almost 17% of the unit volume and 24% of the sales volume, that contributed super normal profits. The study went on to examine the nature of the margin. These accounts did not run any more efficiently or require any less service than most others yet they were priced well above the market norms. The study concluded that these super normal profit levels were due to inefficiencies in market price knowledge. Long-term contracts with price index clauses that more than exceeded inflation had moved the annuities well beyond the market norms. Furthermore, it was assumed, since all elevator maintenance contracts use these indices, that these key accounts existed in the competitors' maintenance bases also and possibly in equal proportions. The recommendations of the study were not to wake the sleeping giant and ride the cash cow for as long as possible.

This positioning by the elevator companies and other building service providers has opened the door to a new gatekeeper. Previously, these companies saw little risk of being exposed. The possible whistleblowers consisted of consultants, who had little interest in driving prices and commissions down, and the associations, whose fragmented membership and tight purses were skillfully lobbied by suppliers.

Accordingly, three executives formed a new company, OpExNeT, LLC. OpExNeT stands for Operations Expense Network. As is evident from the name, OpExNeT is intended to fulfill the gatekeeper role for a number of industries, eventually. The goal is to provide similar benefits of existing supplier-company Intranet, combine the full breadth of industry knowledge and simplify the client's entire operations expense process. OpExNeT's success rests on its ability to seamlessly move from product, customer database, to process, efficient procurement and management systems. To this end, OpExNeT, LLC was formally incorporated in the state of Georgia in 1998, and the principals invested $40,000 of their funds in it.

Our Products and Services

OpExNeT products are two-fold, To the building management professional, we offer Apples2Apples and bid related documentsand services. To the building equipment industry, we offer a complete compendium of competitive pricing and customer data.

Price Comparisons	Free	Advertisement National	$10,000/yr
Contracts	$ 20	Advertisement Local	s 1,000/yr
Bid Service	$100	Database National	$25,000/yr
Subscriptions	$9.95/mo	Database Local	$ 2,500/yr

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Market Entry and Growth

Every day, over 200,000 bids take place for maintenance of building equipment. After the year 2000, an additional 5,000 bids per day will be added for Utility services. Each bid represents, at a minimum of 30 -40 man hours, involving the building manager and a clerical person. This team represents an average of $451hr, totaling the administrative expense at about $1,350 to $1,800 if a formal bid is carried out. For this reason, and the associated paperwork headaches, most building management teams do not follow a formal bid process. Our experience in the marketplace is that if the bid processed could be out-sourced at a reasonable price, most would take advantage of it. Given the climate of the Building Management industry, sales relationships with clientele are not as strong as cost concerns. Clearly, the costs of such a service must:

1. Present the Client with all of the pertinent information in a standardized, concise and unambiguous way.
2. Cost less than existing associated Administrative expenses
3. Provide an Operating expense reduction or service enhancement of greater value than the subscription rate.

4. Always allow the Client to make the final decision.

Primary Steps

The first step was to create the website and, then grow the database. Our Initial databases are focused on the Elevator, HVAC Control, and Generator Maintenance pricing and were created using industry models and location CPI indices. The website is designed to automatically draw from the industry models, apply location escalators and calculate present norms. Eventually, once the regional databases reach a critical mass, the website will be referred directly to the ever evolving, self-maintaining pricing datum.

We need to establish OpExNeT as the defacto standard for supplier pricing information. To accomplish this, we are offering maintenance price comparisons to the building management industryfor free as of June 1998. Over 60% of all contracts turn over between July (government contracts) and January (fiscal/calendar years), All advertising and promotions will be directed towards maximizing Client use of the product.

By August 1998, we will stage Utility, Cleaning, Lighting and Security for initial database construction.

Secondary Steps

After the first year of operation, OpExNeT will be prepared to begin sale of its database to the industry suppliers. Information collected will include:

1. Competitive Pricing
2. Contract Renewal Dates
3. Vendor Ratings
4. Client Data
5. Equipment Data

Advertising, location and equipment specific, will be provided as a part the pricing review. Based upon the customers initial entries, the advertising will be targeted and appropriate to the inquirer and, therefore, extremely valuable to the advertiser. A ProCast type of service will be made available for a fee by June 1999.

Eventually OpExNeT will be positioned as an industry consultant for the building management industry. Services will be extended to provide university campuses and school systems comparative data. Electronic bulletin boards for specific equipment types and expenses will be available for shared knowledge.

Bid services will provide a contractors' electronic bulletin board. This service will be subscription fee based and provide a central warehouse for bid information throughout North America. Complete documents and forms will be available for e-mail transmittal of proposal and quotations.

Eventually, this subscription service will include a daily newsletter containing items such as information for budgeting modernization/renovation work. The newsletter content will be Client specific, based upon their building profiles, and focused on the Total Building System Integration Concept.

Our target in the year 2003 is to take Total Building System Integration from concept to reality. Chips present in every electrical consuming device will be able to communicate in concert with any other device. This communication can occur regardless of the protocol with which they were originallydesigned. Encoders and closed feedback loops can be tapped for diagnosis and preventive maintenance. OpExNeT will be in a unique position to harness this information.

The bottom line is ... the OEM's ability to retain maintenance accounts based upon the use of proprietary codes and passwords will be eliminated. OpExNeT's charter is to enable the independent contractor by providing a central base for remote monitoring, equipment tracking, and diagnostic targeting.

Control over building electrical consumption can be coordinated with utilities vendors in a brokered arrangement to "block" usage time, thereby smoothing out peak cycles without any perceptible environmental change by the building's occupants. Networks of these buildings could offer tremendous gains in energy efficiency.

MARKET RESEARCH AND ANALYSIS

US Office Market Gains Strength

The average Net Operating Income (NOI) for office buildings was $8.57 per square foot in 1996, a 2.5% increase over the previous year, according to the BOMA EE Report. This reversed a four year trend of shrinking NOI in the office buildings industry. The increase in NOI can be attributed to a 4% decline in operating and fixed expenses.

In 1996 constant dollars, Total Expenses were held to a five year low of $9.81 per square foot while for the sixth consecutive year Total Income decreased to $18.38 per square foot.

A detailed look at Office Rent, the major component of Total Income, highlights some important trends (Table 1). In real terms, for the last five years, base rent and additional rent (a combination of pass-throughs and operating cost escalations) have declined. At the same time, there was a drop in the amount of free rent offered to office tenants. This helped offset the same drop in base and additional rent. It is interesting to note over the past four years, the ratio of additional rent to total office rent has remained relatively constant at about 16%. Property owners and managers appear to have made improvements in overall tenant satisfaction and tenant retention as indicated by the first drop in lease cancellations in four years.

Table I - Office Rent Components (US $/Sq. Ft.)

	Base Rent	Additional Rent	Base Rent Escalators	Lease Cancellations	Rent Abatements	Tenant Service Income
1992	$15.27	$3.09	$0.08	$0.03	$0.16	$0.17
1993	$15.09	$2.90	$0.13	$0.05	$0.11	$0.22
1994	$14.69	$2.76	$0.06	$0.08	$0.09	$0.19
1995	$14.21	$2.70	$0.04	$0.06	$0.08	$0.22
1996	$14.06	$2.67	$0.02	$0.05	$0.08	$0.23

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1994	$14.69	$2.76	$0.06	$0.08	$0.09	$0.19
1995	$14.21	$2.70	$0.04	$0.06	$0.08	$0.22
1996	$14.06	$2.67	$0.02	$0.05	$0.08	$0.23

ffice building owners and managers have been effective at controlling costs. Operating Expenses have remained constant or decreased in real terms over the last six years. The largest decline was observed in Utility expenses, the largest component of overall Operating Expenses. Repairs/Maintenance expenses and Cleaning expenses also fell over that six year period.

The average downtown office building in the U.S. spent $9.03 per square foot in Operating plus Fixed Expenses. Suburban buildings spent an average $6.87 per square foot. Buildings in the Middle Atlantic region had the highest downtown Total Operating plus Fixed Expenses in the country followed by the North Central region and the Pacific Southwest region. These higher regional expenses were driven in large part by the large cities within them, such as New York, Chicago and Los Angeles. The region with the lowest downtown Operating plus Fixed Expenses was the Pacific Northwest.

Reflecting regional trends, four of the five cities with the highest Operating plus Fixed Expenses were located in the Middle Atlantic region (Table 2a). However, only one of the five cities with the lowest Total Operating plus Fixed Expenses was located in the Pacific Northwest region (Table 2b).

Table 2a: Five Highest

City	Average Operating Plus Fixed Expenses
New York, NY	$16.59
Chicago, IL	$12.30
Boston, MA	$12.24
Hartford, CT	$11.15
Washington, DC	$11.02

Table 2a: Five Highest

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New York, NY	$16.59
Chicago, IL	$12.30
Boston, MA	$12.24
Hartford, CT	$11.15
Washington, DC	$11.02

Table 2b: Five Lowest

City	Average Operating Plus Fixed Expenses
Fort Meyers, FL	$3.32
Oklahoma City, OK	$4.25
Shreveport, LA	$4.35
Portland, ME	$4.52
Billings, MT	$4.56

Table 2b: Five Lowest

City	Average Operating Plus Fixed Expenses
Fort Meyers, FL	$3.32
Oklahoma City, OK	$4.25
Shreveport, LA	$4.35
Portland, ME	$4.52
Billings, MT	$4.56

Canadian Office Market Evolves into Tenant Driven Market

The Canadian office market has gradually shifted from an owner's market in 1991 to tenant's market in 1996. Net Operating Income adjusted for inflation, fell for the sixth consecutive year, The 1996 drop occurred because of a 10% decline in Total Income, which was marginally offset by a 1% drop in total Expenses. Total Income, adjusted for inflation, has fallen 34% over the last six years, Total Expenses increased 2,3% from 1991 to 1993 and has since fallen by 8.4% to its present level of $12.49 per square foot.

The reasons behind the decline in Total Income become more apparent in the analysis of its major component Office Rent (Table 3). Over the last five years, base rent and additional rent have dropped, 24% and 50% respectively. Along similar lines, free rent (rent abatement) has steadily increased since 1993 which is not unusual in a soft market. On the positive side, income from lease cancellations dropped in 1995 and 1996 after and large increase from 1993 to 1994, suggesting fewer tenants are leaving their office space before their leases expire and that tenant retention rates are improving. Tenant service income has remained relatively constant over the last four years.

Table 3: Office Rent Components (Can $/Sq. Ft.)

	Base Rent	Additional Rent	Lease Cancellations	Rent Abatements	Tenant Service Income
1992	$17.10	$9.81	$0.05	$0.24	$0.02
1993	$17.21	$7.74	$0.01	$0.16	$0.05
1994	$15.65	$7.43	$0.11	$0.33	$0.05
1995	$13.76	$6.54	$0.09	$0.35	$0.04
1996	$13.73	$6.48	$0.08	$0.32	$0.05

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1993	$17.21	$7.74	$0.01	$0.16	$0.05
1994	$15.65	$7.43	$0.11	$0.33	$0.05
1995	$13.76	$6.54	$0.09	$0.35	$0.04
1996	$13.73	$6.48	$0.08	$0.32	$0.05

A detailed look at Total Operating Expenses reveals some interesting trends. Specifically, Utility expenses, adjusted for inflation, dropped for the first time in six years and Cleaning expenses continued their six year downward trend. Roads/grounds and Administrative expenses have dropped in each year of the last five years while Repairs/Maintenance expenses dropped for the fourth year in a row. Security expenses increased by I cent over last year, but were still below the expenditure levels of the 1991 - 1993 period. The drop in Total Operating expenses is of particular importance because they are the only expenses that can be directly controlled by building owners and managers and they help offset the decline in income.

Almost one-third of all operating expenses in Canadian officebuildings is attributed to utility expenses. Conversely, only 1% of all operating expenses goes towards maintaining roads and grounds.

Administrative, Cleaning, Repairs/Maintenance and Security expense components contributed to the highest portion of Total Operating Expenses in downtown locations for 1996, while suburban locations had higher percentages of Roads/Grounds and Utility expense components. In monetary terms, only utility costs are higher in suburban locations than downtown.

The Canadian city with the highest Total Operating Expenses was Toronto and the city with the lowest downtown office rent was Saskatoon.

Overall North American Trends and Statistics

The potential client market is tight but avails itself to a low cost supplier comparison solution. Rising Administrative and Repair/Maintenance expenses in a low inflationary state are separating themselves from real market prices. Continued cost pressure on the building manager is expected.

A tight employment market will add value to the typical service mechanics wages. The opportunity to enter the market as an independent contractor becomes more attractive as large companies fight to hold back labor rate increases. For the first time in 40 years, the lack of cost of living increases creates an atmosphere of stagnation.

Primary Customer Profile

Title: Building Manager	
Average Age:	42
Gender: 37% Female	
Years in Business:	15
Annual Salary:	$38,523
Other Compensation:	$ 5,120
Number of Staff:	4.8
Use PC's:	87%
Use Internet:	38%

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Secondary Customer Profile

Title: Building Engineer

Average Age:	36
Gender: 92% Male	
Years in Business:	14
Annual Salary:	$32,162
Other Compensation:	N/A
Number of Staff.	2.3
Use PC's:	42%
Use Internet:	65%

Secondary Customer Profile

Title: Building Engineer

Average Age:	36
Gender: 92% Male	
Years in Business:	14
Annual Salary:	$32,162
Other Compensation:	N/A
Number of Staff.	2.3
Use PC's:	42%
Use Internet:	65%

What we find significant in the Building Manager pool is the percentage of women. BOMA membership is now 25% female, a far cry from the 2% that represented their gender in 1970. More importantly, about 70% of BOMA's education classes are occupied by women this year. This may be due to property management's dependency on strong organizational, managerial and financial skills which are not gender-specific. Perhaps it's the people skills, the listening skills and a degree of patience that attracts women to the field. It should be noted that a large number of these women entered building management from the education field.

The Building Engineer is the second client segment that can be easily identified. This group is more technical in nature. They have hands on experience in most building systems and are more likely to research the nature of mechanical and electrical problems. Of those who use a personal computer, a very high percentage also utilize the Internet.

Market Size and Trends

The market is estimated to contain an average of 200,000 maintenance and service bids per day. This total is subject to seasonal cycles. Bid activity peaks in July, October and January. Due to the shortage of skilled labor in the North American market, the trend to outsource building maintenance activities is expected to grow well into the next millennium. Tightness and volatility in the real estate market further establish the need to keep building personnel at a minimum. The growth of outsourced services as a percentage of total building services has grown from 2 percent 1952, to more than 60 percent today.

Competition

Information Providers

Although there is no existing competition for the markets for which we intend to pursue, there are F. W. Dodge is a division of McGraw-Hill Publishing that focuses on the information needs of the construction market. Dodge Reports are the industry standard for publishing bid information and collecting data regarding

Contractor, Architect, Owner/Developerand Supplier statistics. Dodge's core competency revolves around a nationwide distribution system which has permeated even the smallest markets. The service is subscription fee based to owners/developers, architects and suppliers. Fees average $1,800 per bid posting and supplier subscriptions are approximately $2,500 per year regardless of usage. Dodge posts very few maintenance and/or bids. Those that are posted are typically for stare and federal government projects with multiple buildings where vast access to bid information is required by law. Dodge has only recently started posting minimal information on the Internet. They claim that the Internet is not used by enough of its customers to justify the investment. It is apparent, however, that a shift in this type of business to the Internet will obsolete their existing distribution systems as well as their competitive advantage. Regional examples of Dodge Report competition exist, such as CMD in the southeast, with similar products and distribution methods. Other possible contenders are the huge database purveyors like Metromail, Great Universal, and American Business Information. Their strengths are their brand equity, existing databases, data collection methodology and reach. Their weaknesses involve the cost of distribution (primarily mail systems) and inflexibility of database design. As the Internet grows in acceptance, it may become their undoing.

Consultants

Lerch Bates Associates is a large consultant firm offering elevator performance and evaluation services to the owner/developer and building management industry. Lerch Bates works closely with elevator/escalator manufacturers to stay up on the latest research and development trends. Their specifications and reviews are targeted towards the high-end market with specialized services driven towards the unique answer. However, over 80% of their products and processes are "canned". Their existing products are fee based, typically 3 - 10% of the total bid package depending upon whether the service includes just initial specifications or it includes overseeing during the life-cycle of the project. The strength of their presence in each marketplace is dependent upon the abilities of the local consultant and his relationships with the building community. Presently, they offer no Internet services. Each supplier industry has its bevy of functional consultants. Each has a similar approach to the market. However, there also exist a group of facility management consultants, such as Richard Bowers & Co., who offer energy bidding services. They, perhaps, would be more amenable to an alliance. The strengths of the typical consultant are their brand equity, experience, and specification to the task. Their weakness involve high pricing, little market penetration in breadth or depth, and dependence on functional specialty. The middle and low-end markets offer the ideal entrypoint.

Industry Associations

BOMA/BOMI are building industry associations dedicated to furthering the industry needs and its views in the internal and external markets. Prolific lobbyists for laws that benefit their constituency, their greatest threat may come from regulatory obstacles which could be created to constrict OpExNeT's growth into other service sectors. BOMI is also considered the industry's librarian and statistician. While well funded, organizations like these are more likely to adopt OpExNeT rather than attempt to duplicate and compete. Supplier associations like NEII, would be more likely to attempt to stop OpExNeT's entry. Most supplier associations, like their manufacturing base, are not in a position to fund a competitive entity nor do they consider it within their charter. They do have good brand equity among the industry especially in the area of education. It is likely that OpExNeT will have to form an alliance with BOMA to gain a successful and expedient market entry.

Manufacturers/Service Providers

Manufacturers/service providers are the most threatened by OpExNeT's market entry. Improved information among their client base could represent a 15% -20% decrease in critical service margins due to customer churning, reduced contract lengths, increased contract requirements and improved competition. Yet, a manufacturer/service provider alternative would not offer clients the unbiased positioning of a third party concern. We would expect, however, that manufacturers may take a number of approaches to discredit

OpExNeT's databases.

Honeywell and Johnson Controls provide the greatest threat to OpExNeT's long-term strategy. They are well positioned with the utilities having offered performance contracts to most of their mutual customers. Approaching the building management industry from the environmental control side, they have vast technical and economic resources. Even with these resources, however, both have only dabbled in Total Building Systems Integration from a monitoring standpoint. Their competitive advantage is brand equity, established technical sales force in MSNs over 800,000, and a proven methodology. Weaknesses are their high cost structure and, therefore, their high pricing and extensive contract cycles.

Estimated Market Share and Sales

Our intent is to obtain 100% of this market and keep it. Being the first to enter this type of business is an advantagethat must be translated into sustainable profit. Because growing the market is so important, circulation numbers will be our critical measure. Our sales force will be directed towards obtaining advertising dollars in addition to the networks subscription and service sales on the following schedule:

	1998 3rd Quarter	1998 4th Quarter	1999	2000	2001	2002
Circulation	5,000	20,000	50,000	100,000	500,000	1,000,000
Sales	$50,000	$200,000	$500,000	$1,000,000	$3,000,000	$5,000,000

	1998 3rd Quarter	1998 4th Quarter	1999	2000	2001	2002
Circulation	5,000	20,000	50,000	100,000	500,000	1,000,000
Sales	$50,000	$200,000	$500,000	$1,000,000	$3,000,000	$5,000,000

Support of this sales forecast will require 2 or 3 additional salespeople in 2000 to achieve national coverage. Recruitment of the sales force will largely come from the print and advertising industries.

Ongoing Market Evaluation

The beauty of the OpExNeT system is that the market evaluation and updating is continuous and completely self-maintaining. Every time a client enters a request for pricing information, the databases are updated and the models are re-calibrated with the new pricing information. Validity is automatically gained in the self-reporting style of data collection.

We will continue to scan the market for signs of any changes in behavior by our potential competitors. Our presence at area trade shows and BOMA/BOMI meetings and conventions will not only aid in establishing our name but also allow us to watch, learn and listen to the needs of clients and suppliers. The role of facilitator could place OpExNeT in a unique position to help both parties work more efficiently and with greater understanding.

In addition, the market is very suitable for multiple segmentations. As our databases become large enough to combine into discernible groups, which we expect to happen very quickly, we will endeavor to customize our offerings and our pitch to achieve maximum penetration of each and every group. The larger the OpExNeT community becomes, the greater the return to the client.

THE ECONOMICS OF BUSINESS

It is our contention that OpExNeT has the opportunity to be one of the first successful business to business Internet enterprises. Given that it is a service business and a virtualbusiness at that, certain economics hold true. Cost of Goods Sold represent less than 20% of Sales Revenue in the earlier stages, however, true to the scalability of most Internet businesses, Costs of Goods Sold will eventually be 3%-5% of Sales when efficiencies are met. It is exactly this scalability that we will exploit. To accomplish this, relatively high levels of Selling and Marketing, and Software Engineering (50% - 100% of Sales) are required to "jump start" the process.

Gross and Operating Margins

As expected, in 1998, we will see Gross Margins of 80% and Operating Margins of -66%. However, the progression of margins and earnings over the first five years is forecasted to improve dramatically. Gross margins will reach more than 90% and Operating margins more than 70%.

Profit Potential and Sustainability

After accumulating $492,000 in losses by the year 2000, the turnaround is dramatic. Net Earnings rise from $959,000 in 2001 to over $4,186,000 in 2003. Profit sustainability is achievable if OpExNeT's reputation has successfully been established and repeated innovation provides building management products that meet the customer value proposition.

Fixed, Variable and Semi-variable Costs

As would be expected, the fixed costs associated with an Internet start-up are low. We estimate that these costs will be only 5% of total revenue. These costs include administrative overhead and Internet systems. Variable costs include labor required to facilitate the bulletin board, technical chat lines and network response services. These costs represent 20% of total revenue but will decrease with respect to the circulation base settling in at 3% - 5%. Semi-variable costs including management and sales staff are expected to keep pace with the growth in revenue at 24%.

Months to Break-Even

In Exhibit 3, we calculate a break-even point at 10 months after inception of the business entity. We do note the seasonality of the business however, which could extend this point 3 months if market entry and velocity does not meet its critical window.

Months to Reach Positive Cash Flow

In Exhibit 4, we calculate that it will take no more than 18 months after inception of the business entity to reach positive cash flow. We do note the seasonality of the business however, which could extend this point 3 months if market entry and velocity does not meet its critical window.

THE MARKETING PLAN

Overall Marketing Strategy

Hit the market fast and hard. OpExNeT plans to sell building management services through the Internet. Close to 100% of all of the Client side sales will be sold through this channel of distribution. Residual sales may come from telephone and mail orders.

This dominant channel, while made available through developments in technology, has become the marketspace due to the existing markets inability to facilitate efficient information exchange. Obviously favorable to small independent contractors, this channel can offer value proposition priced maintenance and service on a localized basis that until now the OEM's have failed to provide.

The approach is simple. Treat the building management as a community for which you have a valuable public service...free maintenance and service pricing evaluation. Create the confidence that none of the profile information will be given to any other building management client. If in receiving this information the Client perceives a gap in her and her suppliers value proposition, have the bid services easily accessible and available for purchase as well as the advertisements of competitive local suppliers for that service. We have drawn the client in and the point of access is within our control environment. The marketed proposition will be appropriately targeted, clear and concise.

Our objective of 5,000 entries in the first three months will be mostly generated from the two trade shows in June. Critical to the task is achieving 10,000 entries by the end of 1998. Given the inequalities existing in the marketplace, word of mouth alone should guarantee our success. However, OpExNeT will participate in national and local trade magazines to help build brand equity. OpExNeT's selling and marketing budget for 1998 is $86,000.

Pricing

In an effort to drive volume, similar to the print industry's circulation drive, pricing will be well under theClient's cost comparison. OpExNeT's pricing structure will not be the reason a potential Client does not try the products.

Advertising and Database products, on the other hand, are priced for what they represent. Complete access to the Building and Facilities Management Industry with unparalleled levels of specificity.

Sales Tactics

Client products will be driven towards subscription sales. An automatic monthly withdrawal from the client's bank account will be our first choice of payment. Visa, MasterCard and Amex direct charges will also be accepted. This means of payment minimizes cancellation and guarantees payment,

Advertising is sold initially to nationally based OEM's who will have a vested interest in having their ad appear when their customers validate pricing. Fear will be the tactic used. More importantly, local independents are given the chance to target their local audience on an equal stance with the large multi-national OEM's.

Database sales are not expected to begin until the year 2000 or 100,000 entries, whichever comes first. At that time, the database will reach its first validation stage and client segmentation can begin.

Service and Warranty Policies

Satisfaction in the services rendered is 100% guaranteed. Any Client who is not totally satisfied can contact OpExNeT via e-mail, fax or "800" number and receive a complete refund. This type of no hassles posture will help OpExNeT achieve market penetration. Take away all of the barriers to trying the products and what do you have ... another entry.

Advertising and Promotion

Full page advertising directed at the building manager profile will be posted in the June, July and August issues of Buildings, The Facilities Construction and Management Magazine. The campaign will revolve around the OpExNeT slogan "Putting your building on the highway". The first priority will be OpExNeT's logo design. The logo must contemporary, creative and free flowing yet denote a solid business theme and objectives ... interconnectivity, community and marketspace.

During the year, OpExNeT plans to exhibit at the following conventions and events:

BOMA Convention	June 21-23, 1998	Philadelphia, PA
NeoCon World's Trade Fair	June 08-1 0, 1998	Chicago, IL

BOMA Convention	June 21-23, 1998	Philadelphia, PA
NeoCon World's Trade Fair	June 08-1 0, 1998	Chicago, IL

Distribution

All advertising and promotion distribution will be through the normal means afforded by the print media and event of choice. At this time, no advertising agency has been selected to oversee advertising and promotion effectiveness although this will be considered in later contexts.

DESIGN AND DEVELOPMENT PLANS

Development Status and Tasks

The following database norms are the following stages of development:

Elevator Maintenance	Stage III	Completed 01 March 1998
HVAC Control Maintenance	Stage III	Completion by June 1998
Generator Maintenance	Stage III	Completion by June 1998
Utility Service	Stage I	Stage II Completion by April 1998
Cleaning Service	Stage II	Stage III Completion by June 1998
Lighting Maintenance	Stage II	Stage III Completion by June 1998
Security Service	Stage I	Stage II Completion by August 1998

Elevator Maintenance	Stage III	Completed 01 March 1998
HVAC Control Maintenance	Stage III	Completion by June 1998
Generator Maintenance	Stage III	Completion by June 1998
Utility Service	Stage I	Stage II Completion by April 1998
Cleaning Service	Stage II	Stage III Completion by June 1998
Lighting Maintenance	Stage II	Stage III Completion by June 1998
Security Service	Stage I	Stage II Completion by August 1998

Difficulties and Risks

Great care must be taken in developing these norms for the industry. Inaccurate data could invalidate the entire database and substantially hamper market penetration efforts. For all entries by Clients, a two standard deviation test will be in effect. Skewing of the distribution curves by entries will result in a reconfiguring of the norm, Updates will be ongoing and constant.

Product Improvement and New Products

Initially, the graphical user interface and report layout will be subject to the most visible evolution of the product. Studies being conducted by leading educators on learning curve productivity and individual learning style segmentations will be utilized in design concepts. Targets for further development are database enhancement and accessibility,

In the new product arena, systems integration tools, especially those utilizing power line data transmission and chip enhanced servos/encoders, are our primary focus. Any product that OpExNeTcan use to enhance market efficiencies for building managers and maintain its gatekeeper position will be fair game. Close relationships with Clients and industry associations will point the way towards the products that will improve building efficiency, reliability and comfort.

Costs

Presently, in Exhibit 1, over $300,000 is budgeted for software engineering through the year 2002. $60,000 of these funds are already dedicated development of the OpExNeT website. The balance will be appropriated for product improvement and new products.

Proprietary Issues

Presently, OpExNeT owns no patents on product or process. OpExNeT does have registered names and trademarks that must be vigorously protected. The unhindered development of OpExNeT's brand equity is critical to its success.

OPERATIONS PLAN

Geographical Location

Another benefit of an Internet start-up is the total flexibility in locating operations. Our location logistics are limited to access to telephone lines, access to suppliers, cost of living considerations, progressiveness of business atmosphere and access to a major airport. Based upon these logistical issues, Atlanta, Georgia was selected as our corporate headquarters.

Warehousing and Distribution

From the Atlanta Headquarters, distribution will be carried out over the Internet. This is not just limited to the website, access to the database and downloaded maintenance reports. Our Internet distribution system will include maintenance contracts, specifications and a client/supplier connection service. Important to this type of distribution system is the security of two specific channels. First, the means of accessing all databases must include password firewalls. Before new data is included in a database, it will be compared to two standard deviations from the norm. Secondly, encryption must be provided for payment of services rendered.

Our website is hosted by Advanced Website Creations with connections to 15 popular search engines. It will be the responsibility of AWC to provide servers to store Client entriesuntil weekly downloads can be made onto OpExNeT's local client-server network. Based upon the estimated maximum load of 20,000 hits per month, our allowable storage area of 10mb should be sufficient to accommodate 800 profiles per week. Download time, 56,000 baud, is estimated to take between 30 to 45 minutes depending upon line integrity and server operations.

Strategy and Plans

Our strategy for year one is volume. We must leverage our low-cost structure and the full power of the Internet to obtain maximum exposure in the marketspace. Advertising is directed at building and facilities managers is every magazine and journal, national and local, that they use. Promotions will kick-off this year at the NeoCon 98 World's Trade Fair and continue at Five North American Trade Fairs through December. OpExNeT will also participate in educational seminars aimed at Internet business and "Choosing your Maintenance Team".

Year two is the beginning of OpExNeT's expansion into the Daily News Bulletins and Letters of Interest containing subjects such as product developments, recalls, recommendations, enhancements, regulatory changes and effects, etc. The object is to make OpExNeT the daily stop for the busy building manager and engineer.

Regulatory and Other Approvals/Environmental Issues

Many states have regulations that, in effect, prohibit the marketing of service contracts other than through manufacturers and dealers. We must be careful not to cross this line until the barriers to entry have been dropped. In the promotion of Internet business, the removal of this type of state regulation will be a focus of our lobbying efforts.

Another issue will be an extension of the moratorium on state sales taxes for services rendered in that state.

Continuation of this practice should help OpExNeT keep administrative costs to a minimum.

THE MANAGEMENT TEAM

John F. Ellingson, President

Luis Hernandez, VP Finance

Kevin Spencer, VP Marketing

Key Management Personnel

John F. Ellingson, President

Mr. Ellingson, age 35, has a BBA in Marketing, a BBS in economics, and an MBA from Wake Forest University. His experience includes 12 years of increasing responsibility in sales and marketing management and over one year in general management responsibilities in the design, introduction, and sales of equipment and services over the Internet. This experience was accumulated with Westinghouse Electric, Schindler, and WolTech STT.

In 1989, Mr. Ellingson was responsible for the integration of Schindler Canada into the North America KG. The project was largely automated using an SAP framework and accomplished well within original costs estimates and the 18 month schedule. Mr. Ellingson sold over $29m in elevator equipment and services to the building management industry during his tenure in sales.

In 1997, Mr. Ellingson started a market entry consulting business aimed at European Coating and equipment manufacturers attempting to enter North America. The company is ongoing with 8 clients in various stages of progress.

Luis Hernandez, VP Finance

Mr. Hernandez, age 45, has BS in Industrial Engineering and an MBA from Drew University. His experience includes 23 years in operations and financial management responsibilities in project management, productivity and systems integration. This experience was accumulated with Phillip Morris, Coors, Koppers, Planters and Dean Foods.

In 1997, Mr. Hernandez heads Dean Foods National Productivity Team surveying, recommending and implementing management and systems changes to improve productivity, morale, reliability and speed of over 270 operations across the nation.

Kevin Spencer, VP Marketing

Mr. Spencer, age 37, has a BA in Marketing from Florida State University. His experience includes 14 years in the advertising business including managing and operating his own agency for 8 years. His ad concept, logo design webpage design, catalog and mailing design, press release and marketing plan experience was accumulated with Broach Advertising and Marketing Made Central.

In 1997, Mr. Spencer's list of clients included Joe Boxer, Girbaud, Champion, Cone Mills and other prestigious consumer brands.

Management Compensation and Ownership

Table 2 lists the ownership, the cash investment and the previous salary of each OpExNeT team member. As one can clearlysee, this data represents the commitment and belief of the individuals in OpExNeT's future.

Principals	Shares	Direct Owned	Annual Investment	Previous Salary	Salary Reduction
John F. Ellingson	200,000	$20,000	$60,000	$85,000	24%
Luis Hernandez	150,000	$18,248	$60,000	$72,000	16%
Kevin Spencer	20,000	$ 1,752	$60,000	$70,000	14%
Investment Total		$40,000			

Principals	Shares	Direct Owned	Annual Investment	Previous Salary	Salary Reduction
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Luis Hernandez	150,000	$18,248	$60,000	$72,000	16%
Kevin Spencer	20,000	$ 1,752	$60,000	$70,000	14%
Investment Total		$40,000			

Incentives, Vesting, Employee Agreements

Management is immediately vested in the company upon its inception. Equity is presently being used as the prime incentivising force, however, plans for a more formal incentive structure as well as employee contracts will be addressed prior to new sales force hire.

Board of Directors

OpExNeT's bylaws require that a board of directors, between four to six members, be assembled. The present directors are Messrs. Ellingson, Hernandez, Spencer and Groves with two directorships reserved for representation of equity investors.

Supporting Professional Advisors and Services

OpExNeT is presently represented by Mr. Bill Venema of Venema, Delaschmit and Self as general counsel. The firm of Coopers & Lybrand, LLP have been retained as independent auditors.

THE FINANCIAL PLAN

Pro forma financial statements are presented as Exhibits 1 through 7.

Exhibit 1: Sales and Earnings Forecasts

Fiscal Years Ended December 31, 1998-2003

(000)	1998	1999	2000	2001	2002	2003
Sales	$250	500	1,000	3,000	5,000	10,000
Cost of Sales						
Material	30	50	100	100	100	100
Labor	20	100	200	200	200	200
Total	50	150	300	300	300	300
Gross Margin	200	350	400	2,400	4,400	9,400
Percent	80.0%	70.0%	40.0%	80.0%	88.0%	94.0%
Selling and Marketing	86	100	100	100	200	500
Software Engineering	100	30	30	50	100	100
Administration & General	180	180	200	500	1,200	1,800
Total	366	310	330	650	1,500	2,400
Earnings before Interest and Taxes	(166)	40	70	1,750	2,900	7,000
Interest Expense (income)	24	24	24	24	24	24
Earnings before Federal and State Taxes	(190)	16	46	1,726	2,876	6,976
Federal & State Taxes				639	1,150	2,790
Net earnings before Extraordinary Item	(190)	16	46	1,087	1,726	4,186
Extraordinary Item	0	(190)	(174)	(128)	0	0
Net Earnings	(190)	(174)	(128)	959	1,726	4,186
Percent Sales before Extraordinary Item	(76%)	(35%)	(13%)	36%	35%	42%
Percent Sales after Extraordinary Item	(96%)	(45%)	(21%)	32%	35%	42%

Fiscal Years Ended December 31, 1998-2003

(000)	1998	1999	2000	2001	2002	2003
Sales	$250	500	1,000	3,000	5,000	10,000
Cost of Sales						
Material	30	50	100	100	100	100
Labor	20	100	200	200	200	200
Total	50	150	300	300	300	300
Gross Margin	200	350	400	2,400	4,400	9,400
Percent	80.0%	70.0%	40.0%	80.0%	88.0%	94.0%
Selling and Marketing	86	100	100	100	200	500
Software Engineering	100	30	30	50	100	100
Administration & General	180	180	200	500	1,200	1,800
Total	366	310	330	650	1,500	2,400
Earnings before Interest and Taxes	(166)	40	70	1,750	2,900	7,000
Interest Expense (income)	24	24	24	24	24	24
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Net Earnings	(190)	(174)	(128)	959	1,726	4,186
Percent Sales before Extraordinary Item	(76%)	(35%)	(13%)	36%	35%	42%
Percent Sales after Extraordinary Item	(96%)	(45%)	(21%)	32%	35%	42%

- All operations are performed in a leased facility in Atlanta, GA. Labor rates, line costs, lease rates, etc. used are consistent with the area.
- All projections are in 1998 dollars.
- Interest Payments are computed at 1 0% on borrowings. Borrowings will be provided by bank lines of credit. Balance sheet assumptions are:
    1. Accounts receivable: 30-day collection through mid-I 999; 45 days thereafter.
    2. Accounts payable: 60-day average through 1 999; 36 - 40 days thereafter.
- Income taxes include state and federal.
- Losses for 1998-99 carried forward and deducted in accordance with IRS Code Section 172.
- Organizational expenses and initial design cost estimated to be $25,000 and $60,000, respectively, have been expensed.

Exhibit 2: Monthly Sales and Earnings Forecasts

Fiscal Year Ended December 31, 1998

(000)	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales								
Services			5	10	10	10	20	55
Subscriptions			5	5	10	10	50	80
Advertising			5	20	30	30	30	115
Total			15	35	50	50	100	250
Cost of Sales								
Material	10	4	4	3	3	3	3	30
Labor			3	3	4	5	7	20
Total	10	4	7	6	7	8	10	50
Gross Margin			8	29	43	42	90	200
Percent			53%	83%	86%	84%	90%	80%
Selling & Mktg.	30	12	12	8	8	8	8	86
Software Engineering	20	20	20	10	10	10	10	100
Admin. & Gen.	40*	15	25	25	25	25	25	180
Total	90	47	57	43	43	43	43	366
EBIT	(100)	(51)	(49)	(14)	0	(1)	47	(166)
Interest Expense		14	2	2	2	2	2	24
Earnings before Federal & State Taxes	(100)	(65)	(51)	(16)	(2)	(3)	45	(190)
Net Earnings	(100)	(65)	(51)	(16)	(2)	(3)	45	(190)

Note: includes expenses during two months prior to incorporation.

Fiscal Year Ended December 31, 1998

(000)	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Note: includes expenses during two months prior to incorporation.								
Sales								
Services			5	10	10	10	20	55
Subscriptions			5	5	10	10	50	80
Advertising			5	20	30	30	30	115
Total			15	35	50	50	100	250
Cost of Sales								
Material	10	4	4	3	3	3	3	30
Labor			3	3	4	5	7	20
Total	10	4	7	6	7	8	10	50
Gross Margin			8	29	43	42	90	200
Percent			53%	83%	86%	84%	90%	80%

Fiscal Year Ended December 31, 1998

(000)	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Selling & Mktg.	30	12	12	8	8	8	8	86
Software Engineering	20	20	20	10	10	10	10	100
Admin. & Gen.	40*	15	25	25	25	25	25	180
Total	90	47	57	43	43	43	43	366
EBIT	(100)	(51)	(49)	(14)	0	(1)	47	(166)
Interest Expense		14	2	2	2	2	2	24
Earnings before Federal & State Taxes	(100)	(65)	(51)	(16)	(2)	(3)	45	(190)
Net Earnings	(100)	(65)	(51)	(16)	(2)	(3)	45	(190)

Exhibit 3: Quarterly Sales and Earnings Forecasts

Fiscal Year Ended December 31, 1998-99

(000)			1998					1999
Sales	3Q	4Q.	Total	IQ	2Q	3Q	4Q	Total
Services	15	40	55	15	50	15	20	100
Subscriptions	10	70	80	20	40	20	40	120
Advertising	25	90	115	130	70	40	40	280
Total	50	200	250	165	160	75	100	500
Cost of Sales								
Material	21	9	30	20	10	10	10	50
Labor	5	16	20	16	28	28	28	100
Total	26	25	50	36	38	38	38	150
Gross Margin	24	175	200	129	122	37	62	350
Percent	48%	88%	80%	78%	76%	49%	62%	70%
Selling and Marketing	62	24	86	65	10	15	10	100
Software Engineering	70	30	100	20	10			30
Admin. & General	105	75	180	45	45	45	45	180
Total	237	129	366	130	65	60	55	310
EBIT	(211)	46	(166)	(1)	57	(22)	7	40
Interest Expense	18	6	24	6	6	6	6	24
Earnings before Federal & State Taxes	(229)	40	(190)	(7)	51	(28)	1	16
Net Earnings	(229)	40	(190)	(7)	51	(28)	1	16

Fiscal Year Ended December 31, 1998-99

(000)			1998					1999
Sales	3Q	4Q.	Total	IQ	2Q	3Q	4Q	Total
Services	15	40	55	15	50	15	20	100
Subscriptions	10	70	80	20	40	20	40	120
Advertising	25	90	115	130	70	40	40	280
Total	50	200	250	165	160	75	100	500
Cost of Sales								
Material	21	9	30	20	10	10	10	50
Labor	5	16	20	16	28	28	28	100
Total	26	25	50	36	38	38	38	150
Gross Margin	24	175	200	129	122	37	62	350
Percent	48%	88%	80%	78%	76%	49%	62%	70%
Selling and Marketing	62	24	86	65	10	15	10	100
Software Engineering	70	30	100	20	10			30
Admin. & General	105	75	180	45	45	45	45	180

Fiscal Year Ended December 31, 1998-99

(000)			1998					1999
Sales	3Q	4Q.	Total	IQ	2Q	3Q	4Q	Total
Total	237	129	366	130	65	60	55	310
EBIT	(211)	46	(166)	(1)	57	(22)	7	40
Interest Expense	18	6	24	6	6	6	6	24
Earnings before Federal & State Taxes	(229)	40	(190)	(7)	51	(28)	1	16
Net Earnings	(229)	40	(190)	(7)	51	(28)	1	16

Exhibit 4: Pro Forma Cash Flows

Fiscal Years Ended December 31, 1998-2003

(000)	1998	1999	2000	2001	2002	2003
Cash Receipts						
Accounts Recvbl.	150	400	800	2,400	4,000	8,000
Notes Receivable						200
Interest				64	86	124
Total	150	400	800	2,464	4,086	8,324
Cash Disbursements						
Purchase of Materials	27	48	95	97	97	97
Service Labor	13	91	193	195	195	195
Operations Overhead	5	7	15	20	20	20
Warranty Expense						
Admin. &, Gen., Selling And Engineering	366	310	330	650	1,500	2,400
Equipment	36	20	50	80	80	80
Federal & State Taxes				311	547	3,326
Interest	24	24	24	24	24	24
Total	471	500	707	1,377	2,463	6,142
Cash provided (drained) by Operations	(321)	(100)	93	1,087	1,623	2,182
Investment in long-term notes recvbl.			70	1,030	1,680	2,250
Bank borrowing (repayment)	60		(10)	(50)	80	80
Sale of common stock	240					
Net increase (decrease) is cash balance	(21)	(100)	13	7	23	12

Fiscal Years Ended December 31, 1998-2003

(000)	1998	1999	2000	2001	2002	2003
Cash Receipts						
Accounts Recvbl.	150	400	800	2,400	4,000	8,000
Notes Receivable						200
Interest				64	86	124
Total	150	400	800	2,464	4,086	8,324
Cash Disbursements						
Purchase of Materials	27	48	95	97	97	97
Service Labor	13	91	193	195	195	195
Operations Overhead	5	7	15	20	20	20
Warranty Expense Admin. &, Gen., Selling And Engineering	366	310	330	650	1,500	2,400
Equipment	36	20	50	80	80	80
Federal & State Taxes				311	547	3,326
Interest	24	24	24	24	24	24
Total	471	500	707	1,377	2,463	6,142

Fiscal Years Ended December 31, 1998-2003

(000)	1998	1999	2000	2001	2002	2003
Cash provided (drained) by Operations	(321)	(100)	93	1,087	1,623	2,182
Investment in long-term notes recvbl.			70	1,030	1,680	2,250
Bank borrowing (repayment)	60		(10)	(50)	80	80
Sale of common stock	240					
Net increase (decrease) is cash balance	(21)	(100)	13	7	23	12

Exhibit 5: Pro Forma Monthly Cash Flows

Fiscal Year Ended December 31, 1998

(000)	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Cash Receipts							
Accounts Receivable				15	35	50	50
Notes Receivable							
Interest							
Total				15	35	50	50
Cash Disbursements							
Purchase of Materials		10	4	4	3	3	3
Service Labor				3	3	4	5
Operations Overhead			1	1	1	1	1
Warranty Expense							
Administration, General, Selling and Eng.			90	47	57	43	43
Equipment			20	8	8		
Federal & State Taxes							
Interest			16	2	2	2	2
Total		10	131	65	74	53	54
Cash provided (drained) by Op.		(10)	(131)	(50)	(39)	(3)	(4)
Investment in L/T notes rec.							
Bank borrowing (repayment)							
Sale of common stock		240					
Net increase (dec.) in cash balance		230	(131)	(50)	(39)	(3)	(4)
Opening cash balance		40	270	139	89	50	47
Closing cash balance*		270	139	89	50	47	

*Initial cash balance from investments of principals made prior to June 1, 1998. No corporate expenditures prior to June 1, 1998,

Fiscal Year Ended December 31, 1998

(000)	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.

*Initial cash balance from investments of principals made prior to June 1, 1998. No corporate expenditures prior to June 1, 1998,

Cash Receipts							
Accounts Receivable				15	35	50	50
Notes Receivable							
Interest							
Total				15	35	50	50
Cash Disbursements							
Purchase of Materials		10	4	4	3	3	3
Service Labor				3	3	4	5
Operations Overhead			1	1	1	1	1
Warranty Expense Administration, General, Selling and Eng.			90	47	57	43	43
Equipment			20	8	8		
Federal & State Taxes							
Interest			16	2	2	2	2

Fiscal Year Ended December 31, 1998

(000)	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Total		10	131	65	74	53	54
Cash provided (drained) by Op.		(10)	(131)	(50)	(39)	(3)	(4)
Investment in L/T notes rec.Bank borrowing (repayment) Sale of common stock		240					
Net increase (dec.) in cash balance		230	(131)	(50)	(39)	(3)	(4)
Opening cash balance		40	270	139	89	50	47
Closing cash balance*		270	139	89	50	47	

Exhibit 6: Pro Forma Quarterly Cash Flows

Fiscal Years Ended December 31, 1998-99

(000)	3Q	4Q	1998 Total	1Q	2Q	3Q	4Q	1999 Total
Cash Receipts								
Accts Receivable	15	135	150	160	175	80	95	510
Notes Receivable								
Interest								
Total	15	135	150	160	175	80	95	510
Cash Disbursements								
Purchase of Mtls	18	9	27	16	10	10	10	46
Service Labor	3	12	15	18	26	26	28	98
Op. Overhead	2	3	5	3	3	3	3	12
Warranty Expense								
Admin & General	137	143	280	198	85	70	55	408
Selling and Eng.								
Equipment	28	8	36	18	2			20
Federal & State Taxes								
Interest	18	6	24	6	6	6	6	24
Total	206	181	387	259	132	115	102	608
Cash provided (drained) by Op.	(191)	(46)	(237)	(99)	43	(35)	(7)	(98)
Bank borrowing (repayment)			60			60		
Sale of common stock		240		240				
Net increase (dec.) in cash bal.	49	(46)	3	(39)	43	(35)	(7)	(38)
Opening cash balance	40	89	40	43	4	47	12	43
Closing cash balance*	89	43	43	4	47	12		

Fiscal Years Ended December 31, 1998-99

(000)	3Q	4Q	1998 Total	1Q	2Q	3Q	4Q	1999 Total
Cash Receipts								
Accts Receivable	15	135	150	160	175	80	95	510
Notes Receivable								
Interest								
Total	15	135	150	160	175	80	95	510
Cash Disbursements								
Purchase of Mtls	18	9	27	16	10	10	10	46
Service Labor	3	12	15	18	26	26	28	98
Op. Overhead	2	3	5	3	3	3	3	12
Warranty Expense Admin & General Selling and Eng.	137	143	280	198	85	70	55	408
Equipment	28	8	36	18	2			20
Federal & State Taxes								

Fiscal Years Ended December 31, 1998-99

(000)			1998					1999
	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Interest	18	6	24	6	6	6	6	24
Total	206	181	387	259	132	115	102	608
Cash provided (drained) by Op.	(191)	(46)	(237)	(99)	43	(35)	(7)	(98)
Bank borrowing (repayment)			60			60		
Sale of common stock		240		240				
Net increase (dec.) in cash bal.	49	(46)	3	(39)	43	(35)	(7)	(38)
Opening cash balance	40	89	40	43	4	47	12	43
Closing cash balance*	89	43	43	4	47	12		

Exhibit 7: Pro Forma Balance Sheet

Fiscal Years Ended December 31, 1998-2003

(000)	1998	1999	2000	2001	2002	2003
Current						
Cash	43	82	(8)	5	12	25
Accounts Receivable	150	510	830	2,380	3,920	7,910
Notes Receivable						200
Inventory						
Total	193	532	822	2,385	3,932	8,135
Property, Plant and Equipment	36	20	50	80	80	80
Less: Depreciation	18	10	25	40	40	40
Total Assets	211	622	847	2,425	3,972	8,175
Current Liabilities						
Accounts Payable & Accrued	47	156	303	312	312	312
Expense	340	452	404	1,065	2,151	5,830
Bank Loans Payable		60	50		80	80
Equity						
Capital Stock - common \$. 10 par						
720,000 authorized shares	28	40	40	40	40	40
Paid-In Surplus						
Retained Earnings						
	(132)	(46)	90	1,048	1,429	1,953
Total Liabilities and Equity	208	622	847	21425	3,972	8,175

Fiscal Years Ended December 31, 1998-2003

(000)	1998	1999	2000	2001	2002	2003
Current						
Cash	43	82	(8)	5	12	25
Accounts Receivable	150	510	830	2,380	3,920	7,910
Notes Receivable						200
Inventory						
Total	193	532	822	2,385	3,932	8,135
Property, Plant and Equipment	36	20	50	80	80	80
Less: Depreciation	18	10	25	40	40	40
Total Assets	211	622	847	2,425	3,972	8,175
Current Liabilities						
Accounts Payable & Accrued	47	156	303	312	312	312
Expense	340	452	404	1,065	2,151	5,830
Bank Loans Payable		60	50		80	80

Fiscal Years Ended December 31, 1998-2003

(000)	1998	1999	2000	2001	2002	2003
Equity						
Capital Stock - common $. 10 par						
720,000 authorized shares	28	40	40	40	40	40
Paid-In Surplus						
Retained Earnings						
	(132)	(46)	90	1,048	1,429	1,953
Total Liabilities and Equity	208	622	847	21425	3,972	8,175

Break-Even Analysis

Break-even is calculated to occur at 30,000 in entries or $300,000 in sales.

Cost Control

As would be expected, the degree of OpExNeT's success will depend on its ability to control costs. To accomplish this, OpExNeT's management will have to rely on its experience in product development, project management and cost control. Software projects are notorious for coming in over budget and late. We find that most delays and additional costs are due to changes in the scope of work and poor planning. We believe that this document lays the groundwork for a definitive yet scalable and flexible product. This will be the key to the speed with which we enter the market and the adaptability that allows us to dominate it.

In further detail, software engineering projects will be benchmarked for progress. Databases are staged in three parts each with significant milestone dates identified. Costs reports from our suppliers will be updated at least every two weeks if not on a real time basis using Primavera Project Management Software and Networking. All subtasks will be identified and a critical path will be established.

After the completion of the website and related databases, ratio analysis of actual costs to estimate will be analyzed to identify any cost elements that caused significant deviation from budget.

Financing

OpExNeT, Inc. is incorporated in the state of Georgia and currently has 720,000 shares of $.10 par value common voting stock authorized and 370,000 shares issued as of June 01, 1998. OpExNeT now intends to raise $240,000 through the sale of 240,000 shares of its common voting stock at $1 per share. The common stock sold in this financing will represent about 33% of OpExNeT's outstanding common stock after the offering is completed.

Capitalization

Table 4 shows the capitalization of OpExNeT before and after the proposed offering.

Stockholders	Shares Owned Pre-Offering	Shares Owned Post-Offering	%Ownership	Investment	Cost/ Share
John F. Ellingson	200,000	200,000	32.8%	$20,000	$0.10
Luis Hernandez	150,000	150,000	24.6%	$18,248	$0.12
Kevin Spencer	20,000	20,000	3.3%	$1,752	$0.09
Investors of Offering		240,000	39.3%	$240yooo	$1.00
Totals	370,000	610,000	100.0%	$280,000	

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Luis Hernandez	150,000	150,000	24.6%	$18,248	$0.12
Kevin Spencer	20,000	20,000	3.3%	$1,752	$0.09
Investors of Offering		240,000	39.3%	$240yooo	$1.00
Totals	370,000	610,000	100.0%	$280,000	

Use of Funds

The money raised in this offering ($240,000) together with the money raised earlier by the sale of stock to OpExNeT's principals and key employees, will be used to design, test and post the website and databases for client access. An additional $60,000 in bank borrowing will occur in the first quarter of 1999 (see Pro Forma Cash Flows and Balance Sheets). By the year 2000, OpExNeT expects to have a $250,000 revolving line of credit through Atlanta banks.

CRITICAL RISKS AND PROBLEMS

As with any new venture, there are risks with OpExNeT's plans. Recognition of these risks, evaluation of their severity and proper contingency planning of outcomes must be considered, The following are a list of potential risks, although not all inclusive, which need to be addressed for impact.

Risk : Acceptance of the use of the Internet does happen as quickly as we predict.

Evaluation : While we believe this risk to be small, given the client group we are targeting it is a possibility. Additional market research will be conducted to determine exactly what the Internet usage trend is.

Contingency : OpExNeT is prepared to intensify Internet use training through BOMA/BOMI and similar organizations to accelerate use. Furthermore, our pricing comparison information can be obtained via fax or mail with a phone-in survey. The costs to mail this information and the advertising will be substantially higher.

Risk : The OpExNeT databases do not get validation from the client base.

Evaluation : A possible reaction to receiving pricing normssubstantially different from the clients existing contract may require additional reinforcing from client and more likely OEM companies.

Contingency : We are preparing a single page piece of literature explaining the methodology behind the database norm compilation. We will also keep complete statistical data on the entry content of each grouping and issue warnings for segments where entry data numbers vary greatly from the norm but not in enough numbers to justify a norm shift.

Risk : Clients do not accept confidentiality of the process.

Evaluation : It is possible that building managers will not share there existing contract information for fear of competition gaining critical insight to their operations.

Contingency : Every reinforcement will be made to emphasize the cooperative nature of this service. Each report will contain a pledge that the individual data entered will not be made available to other building management entities.

Risk : The system receives more volume than it can handle.

Evaluation : This is a condition we might relish instead of dread however the consequences can be just as damaging to OpExNeT's brand equity as too little volume.

Contingency : Our account with Advanced Web Creations of 10mb storage can be easily and quickly modified for a higher volume of transactions. AWC presently services account with ten times more volume than our estimates presently indicate we will need.

Risk : Potential competitors impart an interest in the market prior to us reaching our critical mass.

Evaluation : If there is a large enough perceived value to the database we are accumulating, other database companies may proceed into the market to compete for the information.

Contingency : This is the main reason behind our strategy to give the price comparison evaluations away for free. Association with BOMA and industry print would have to be accelerated to gain strategic alliance.

Risk : Delays in website or database design.

Evaluation : Delays for the first set of database are unlikely since they have already been created. Delays in either can be minimized to about $5,000 per month additional cash requirement.

Contingency : Strict project manager and adherence to the critical path requirements should minimize this risk. We should pursue the possibility of having another $10,000 in borrowing available, within debt-equity guidelines, to provide a another two months of room.

SUPPLIER LIST

- Advanced Web Creations
- Marketing Made Central
- WolfTech STT, LLC

STRATEGIC ALLIANCES AND ACQUISITIONS

Associations

BOMA/BOMI	LCSC	ASHE
APPA	NAIOP	AIA
IREM	IFMA	ASIS
NACORE	AFE	IIDA

BOMA/BOMI	LCSC	ASHE
APPA	NAIOP	AIA
IREM	IFMA	ASIS
NACORE	AFE	IIDA

Publications

- Buildings Magazine
- Facilities Design & Management
- Building Design & Construction
- Building Operations Management
- Today's Facility Manager
- Energy User News
- American School & University
- Health Facilities Management