



GEOGRAPHIC AND THEMATIC SEARCHES

Creators Of Geographic and Thematic Search Engines



A vertical image on the left side of the slide showing a space shuttle launching with a large plume of fire and smoke.

Mission

B-Vertical's mission is to be the premier provider of geographic and thematic searchable content by bringing refinement to the search process and partitioning Internet information into specialized databases, resulting in increased visibility to websites and a higher quality search result for the user.

Vision

Our vision involves providing seamless access to content both on a geographic and thematic basis bringing a more relevant search result to users throughout the world.

With a proprietary database we will be able to search through our data and develop specialized vertical sites to meet market demands. Our current products fill niche opportunities that exist today. As the Web continues its growth we'll have the capacity to create specialized products to meet the changing market's demand.

B-Vertical.com products enable marketing to consumers around the world by geography, interests or psychographics. Our sites present users with products unique to their geographic area in their native language or by a specific interest or theme.



Executive Summary

- **Business**
- **Industry**
- **Primary Competitive Advantage**
- **Management Team**
- **Historic and Projected Market Size and Major Trends**
- **Products/Service**
- **Market Share Goals**
- **Major Risks**
- **Amount of Capital to be raised**
- **Financial Summary**



Business:

B-Vertical.com Inc. creates specialized vertical search engines. Our products are designed to exploit niche opportunities that exist in today's Web environment. The first of which is the development of regional search sites and additionally, thematic search engines and enterprise information portals.

Most of the existing search engines on the Internet today are Horizontal. Horizontal means broad. Broad-based horizontal search engines place a focus on reaching as many users as possible providing a wide, yet shallow range of content and services across a variety of categories. Some examples of these types of search engines are Hotbot, Lycos, AltaVista, Goto, etc...

Vertical search engines in contrast, focus on a particular interest such as regions or themes, providing a much more specialized level of content and services. Thematic search engines are vertical search engines focused on a particular subject matter such as Flowers, Water, Children, and Law etc... Regional search engines provide in-depth information relating to a particular geographic area. For example to inquire about waterfront property within the state of California, a search from the California specific database would provide accurate results.

Mission:

B-Vertical's mission is to be the premier provider of geographic and thematic searchable content by bringing refinement to the search process and partitioning Internet information into specialized databases, resulting in increased visibility to websites and a higher quality search result for the user.



The Industry:

The futility facing the large Internet search engines of today is handling Web growth. This is creating a trend towards smaller; more narrowly focused search sites known as vertical search engines that concentrate on specific content, providing deeper, faster search results.

At B-Vertical.com we recognize there is an increasing need for the Web to be served in smaller more manageable pieces. This need will grow rapidly as users seek access to deep, relevant information in the face of exploding amounts of content and erosion in the percentage of coverage that is found through more traditional means.

In July 1999 the science publication Nature issued a study estimating that the Web now consists of over 800 million pages. The most comprehensive reported indexing of the Web is the search engine "Fast" which claims to cover 25% of Web content. All other major search sites cover less than 20% of Web content and the percentages have been declining as the Web's growth outstrips the ability of search engines to find new content and re-index changes to older content.

Primary Competitive Advantage:

With a proprietary database B-Vertical.com is able to search through data and develop specialized vertical search engines to meet market demands. Our current products fill niche opportunities that exist today. As the Web continues its growth we'll have the capacity to create any specialized products tomorrows Web users will demand.

Management Team:

B-Vertical's management team consists of Paulo Mylla, CEO, B.S. Engineering, M.B.A., John Turner, CFO, PhD in Finance and Economics, Kevin Casey, VP of Information Technology, Frank Tung, VP of Research and Development, Masters in Computer Science and Operations Research, , Debbie Briscoe, VP of Marketing, M.B.A., Sharon Snew, VP of Arts, Peter Savarese, Legal Council, Juris Doctor, Corporate and Securities law, William Lutz, PhD. Marketing, Advisor. Ty Adams, PhD. Research and Development Advisor, Gene Landrum, PhD., Marketing Advisor.





Historic and Projected Market Size and Major Trends:

B-Vertical business plans include two major Internet markets, the content development provider niche and the advertising niche.

Merrill Lynch estimated that the market for portal tools and services will be worth upwards of \$14.8 billion by 2002. The Gartner Group recently projected that by the year 2000, 80 percent of the country's top-tier companies will have implemented a portal project of some sort and the next will be followed by smaller companies.

Online advertising spending will reach \$32 billion in 2005, according to a survey by The Myers Group, which predicts rapid escalation in online spending. Today, advertising spending has already reached \$4.5 billion.

According to ActivMedia Research, development of website content costs have grown into a \$10 billion industry in 1999 with online growth exploding, particularly among mid-range and smaller online operations, as companies gear up to meet anticipated demand.

Products/Service

B-Vertical.com's products consist of regional vertical search engines where licensing and advertising will be the main sources of revenue.

B-Vertical.com will license these search engines through out the world. Additionally, B-Vertical will provide database content (themactic or enterprise content) to online businesses to increase their traffic and search capabilities.



Development Schedule:

B-Vertical.com's system is fully developed requiring only additional hardware and some customization. Vertical search engines for the U.S., Canada, Argentina, Brazil, Chile and Mexico are developed. Within six months, the company will be in the position to market the products in the United States and in approximately twelve months, overseas.

Market Share Goals:

B-Vertical.com would like to acquire 0.5% of the \$14 billion content development market within 60 months and 0.25% of the overall \$4 billion Internet advertising market.

Key and Target Customers:

The Internet virtually eliminates the physical and geographical barriers found in traditional business models. B-Vertical.com will target Internet businesses that have a commonality with our various search sites and are seeking visibility with their own target customers. In addition, through leasing or selling database content, B-Vertical.com will provide businesses specific searchable content. Some industry specific examples would be, Pharmaceuticals, Agricultural, Meteorological, Electronics, Automotive, Forestry, Construction, Banking etc...

Sales/Alliances/Partnerships:

The majority of our business development will be through direct sales. The management team will establish key relationships with major content providers and large Internet properties.

Key Competitors:

PortalJuice, Canada, Voila Search, France, Inktomi, United States.



Competitive Advantages:

Presently, the B-Vertical.com search system gathers and analyzes data in over 200 geographic regions in over 180 countries, with an index growth rate of 10% per day.

In recent benchmark B-Vertical.com has proved to have more regional content than any existing commercial website.

Our research provided that in normal circumstances only 20% of all websites are indexed, and frequently this data is redundant. The remaining 80% of websites are currently not indexed.

B-Vertical.com, Inc. technology is cost-effective and very current in the market place today.

Using proprietary technology combined with Microsoft solutions, B-Vertical is able to achieve the least expensive database cost per transaction existing in the market place today. B-Vertical has the ability to scale to the current needs of the market and its user while remaining within reasonably low cost parameters.

In addition, the management team has considerable understanding and experience in foreign markets.

Major Risks:

Inability to prove revenue models, lack of funding during the implementation process, resurgence of new technologies, changes in the Internet Market, loss of key employees.

Barriers of Entry

Change from “monopolistic” to “real” market industry, Economy of Scale, Pre-commitment contracts, Reputation effects, Licensing, and learning curve effect.

Capital Required

Stage	Amount required	Use of proceeds	Projected Revenues	Time Table
1	\$2,000,000 for 25% of the company	Salaries to maintain minimum staff Working Capital to move the company to stage 2	None	6 months
2	\$6,000,000	Salaries (staff increases) 35% Equipment 20% Marketing 30% Leases 10% Working Capital 15%	Revenues Projected 12 Months \$700,000	
3	\$20,000,000	Salaries (staff increases) 35% Equipment 20% Marketing 30% Leases 2.5% Working Capital 17.5% Research And Development 10%	Revenues Projected 12 Months \$3.5 million	
4	\$10,000,000	Salaries (staff increases) 35% Equipment 20% Marketing 30% Leases 2.5% Working Capital 17.5% Research And Development 10%	Revenues Projected 12 Months \$15 million	

Financial Summary

Financial Summary					
Fiscal Year	2001	2002	2003	2004	2005
Revenues	700,000	3.5 million	15 million	33 million	68 million
Net After Tax	(7.2 million)	(17.21 million)	(12.60 million)	685,000	8.92 million
Assets	1.2 million	6.7 million	30 million	110 million	280 million
Liabilities	120,000	350,000	1.5 million	3.3 million	6.9 million
Net Worth	8 million	35 million	150 million	330 million	680 million

Business Plan

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Horizontal Search Sites vs. Vertical Search Sites

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Thematic Search Sites

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5) Expansion Objectives

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Industry

Overview

In July 1999 the science publication *Nature* issued a study estimating that the Web now consists of over 800 million pages. The most comprehensive reported indexing of the Web is the search engine "Fast" which claims to cover 25% of Web content. All other major search sites cover less than 20% of Web content and the percentages have been declining as the Web's growth outstrips the ability of search engines to find new content and re-index changes to older content.

The futility facing these large search engines in handling Web growth is creating the trend towards smaller, more narrowly focused search sites, which are concentrated geographically or by specific (thematics), providing deeper, faster search results.

Research points towards the rapid development of specialized "vertical" search sites. These sites will generate traffic flows by focusing on specific user interests. Revenues will be developed from the sale of advertising directed at the site's users, through banners, keyword relevancy, licensing and sales of custom thematic search sites.

At B-Vertical.com we recognize there is an increasing need for the Web to be served in smaller more manageable pieces. This need will grow rapidly as users seek access to deep, relevant information in the face of exploding amounts of content and erosion in the percentage of coverage that is found through the more traditional means.



How Search Engines Work

It is said that eighty-seven percent of all information on the Web is accessed through search engines. These search engines use software robots to survey the Web and build their databases. Web documents are retrieved and indexed. When you enter a query at a search engine website, your input is checked against the search engine's keyword indices. The best matches are then returned to you as search results (hits).

There are two primary methods of searching for text--keyword and concept.

Keyword Searching -The most common form of text search on the Web. This is the method adopted by most of today's search engines.

Concept Searching -Unlike keyword search systems, concept-based search systems attempt to determine the meaning of or reason for your search verses matching a keyword. In the best circumstances, a concept-based search returns documents that are "about" the subject/theme you're exploring, even if the words in the document don't precisely match the words you enter into the query.

Horizontal Search site VS Vertical Search sites

Most of the existing search sites on the Internet today are Horizontal in nature. By horizontal we mean broad. Broad-based horizontal search sites place a focus on reaching as many users as possible providing a wide, yet shallow range of information across a variety of categories. Some examples of these types of search sites are Hotbot, Lycos, Altivista, Goto, etc...

Vertical search sites in contrast, focus on a particular interest such as regions or themes, providing a much more specialized level of content and services. Thematic search sites are vertical search sites focused on a particular subject matter such as Flowers, Water, Children, Law etc...



Two recent reports highlight the prospects for sites offering more specialized vertical content.

From Cyber Dialogue, 1999:

"We see evidence that the relevance of all-purpose search engines is beginning to wane," said Peter Clemente, VP at Cyber Dialogue. Segmentation means that the one-size-fits-all search sites may soon be outdated. Clemente recommends media companies integrate unique content into their Web offerings.

From Forrester Research:

Those merchants who are deriving business from directory ads are typically advertising in niche business-to-business guides, leading Forrester to predict that the massive; yellow-page-type directories may soon be replaced by smaller, more focused directories. Forrester predicts that focused directories will increase their market share of online directory spending from 10 to 80 percent over the next five years.



Overview

B-Vertical.com's sites differ from the large broad-based horizontal search engines, such as Yahoo, Go and AltaVista that focus on a broad range of content and services to draw as many users as possible. In contrast a vertical search site offers extensive information depth to a smaller more defined audience.

B-Vertical.com Inc. is an early-stage developer of vertical search sites. Our resources have been focused on developing searchable databases focused both geographically and by theme. To date, we have developed geographic sites for the U.S., Canada, Brazil, Argentina, Chile, Mexico and Venezuela. Within each of these countries a user is able to further refine a search by state or province. In addition, we have developed a thematic site totally dedicated to water.

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Vision

Our vision involves providing seamless access to content both on a geographic and thematic basis bringing a more relevant search result to users throughout the world.

With a proprietary database we will be able to search through our data and develop specialized vertical sites to meet market demands. Our current products fill niche opportunities that exist today. As the Web continues its growth we'll have the capacity to create specialized products to meet the changing market's demand.

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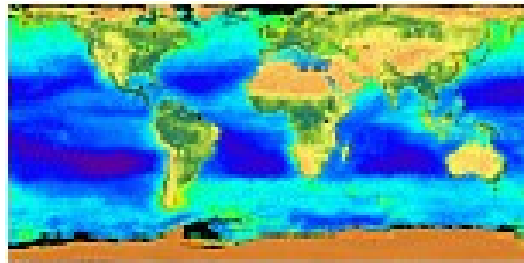




Geographical Search Sites

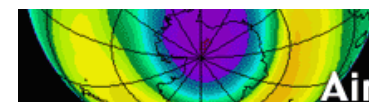
B-Vertical.com sites contain language sensitive search engines that queries a database developed from regional content. At present, B-Vertical.com has fully developed searchable sites for the U.S., Canada, Brazil, Argentina, Chile, Mexico and Venezuela.

For the future, we are building searchable databases for 170 additional countries. We plan to conceptualize these country sites by state or province. All geographical sites may be reached from our central page "B-Vertical.com" allowing for a seamless browsing of worldwide regional content.



Thematic Search Sites

B-Vertical.com's thematic site consists of data dedicated to a "theme" or "concept" on a particular subject matter, industry, hobby, or interest. Aqueous.com, is our first thematic site and is dedicated to "water". The thematic sites are developed by identifying a specific "theme" or concept, mining our existing databases through the use of an agent robot resulting in a thematic searchable site. We anticipate in the near future the development of thematic sites based on: Metals, Plastics, Pharmaceuticals, Agriculture, Mechanics, Sports, Articles, etc... B-Vertical.com will provide customization and database development to any interested business seeking increase their Internet presence and usefulness.



Target Market

Overview

The number of Internet users around the world is constantly growing. The Computer Industry Almanac has reported that by the year 2000, 327 million people around the world will have Internet access. The top 15 countries will account for nearly 82% of worldwide Internet users (including business, educational, and home Internet users). By the year 2000 there will be 25 countries where over 10% of the population will be Internet users.

There will be a 60 percent increase in Internet usage among English speakers during the next six years. At the same time, the non-English speaking market will grow by 150 percent.

B-Vertical's Niche

B-Vertical.com has two identified target markets. The first market will be geographically focused and the second will be exploring themes development.

In both target markets revenues will be generated through licensing of the content and advertising.

Historic and Projected Market Size and Major Trends

B-Vertical business plans include two major Internet markets, the advertising niche and the content development provider niche.

Online advertising spending will reach \$32 billion in 2005, according to a survey by The Myers Group, which predicts rapid escalation in online spending. Today, advertising spending has already reached \$4.5 billion.

According to ActivMedia Research, development of website content costs have grown into a \$10 billion industry in 1999 with online growth exploding, particularly among mid-range and smaller online operations, as companies gear up to meet anticipated demand.



Revenue Opportunities-Products/Service

B-Vertical.com's products consist of regional vertical search engines where licensing and advertising will be the main sources of revenue.

B-Vertical.com will license these search engines through out the world. Additionally, B-Vertical will provide database content (thematic content) to online businesses to increase their traffic and search capabilities.

Licensing will generally include minimum annual commitments and per-query or page views charges creating residual royalties. Additional charges may apply for premium services and custom options.

The existing sites will explore advertising opportunities in both in the geographic and in thematic sites. Advertisers will not only be national companies but also small business owners who can now enjoy Web visibility within their trading area.

The elimination of advertising clutter, equipping advertisers with geographic and personalized targeting options, and presenting to users products they may actually have an interest in purchasing, all comprise B-Vertical.com's objectives.

Additional revenues will be generated by custom development for the licensed sites and hosting fees.

B-Vertical will help its customers create highly profitable Internet sites by starting with best-of-breed search technologies delivered in a cost-effective manner. To this foundation, B-Vertical adds a comprehensive set of tools that enables custom integration of the B-Vertical Search Engine with a minimum of engineering effort.



Market Share Goals

B-Vertical.com would like to acquire 0.5% of the \$14 billion content development market within 60 months and 0.25% of the overall \$4 billion Internet advertising market.

Key and Target Customers:

The Internet virtually eliminates the physical and geographical barriers found in traditional business models. B-Vertical.com will target Internet businesses that have a commonality with our various search sites and are seeking visibility with their own target customers. In addition, through leasing or selling database content, B-Vertical.com will provide businesses specific searchable content. Some industry specific examples would be, Pharmaceuticals, Agricultural, Meteorological, Electronics, Automotive, Forestry, Construction, Banking etc...

According to the Open Business directory (dmoz.org) there are 75,043 different business industries.

B-vertical.com target customers for the geographic ,thematic search and enterprise search engines will concentrate sales in the following industries

Key Target Industries

**Advertising
Agriculture and Forestry
Arts and Entertainment,
Construction and Maintenance
Defense
Design
Electronics
Energy
Engineering
Financial Services
Food and Related Products
Healthcare
Hospitality
Import and Export
Industrial Supply
Information Technology**

**Insurance
Internet
Manufacturing
Maritime
Marketing
Mining and Drilling
Printing
Publishing
Real Estate
Retail
Security
Telecommunications
Transportation
Waste Management
Wholesale**

Sales/Alliances/Partnerships:

The majority of our business development will be through direct sales. The management team will establish key relationships with major content providers and large Internet properties in order to provide our unique content in a share revenue basis.

Competitive Advantages:

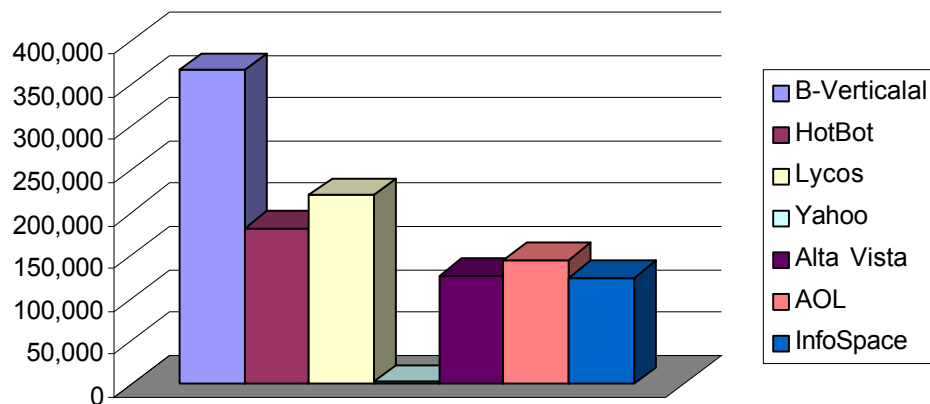
B-Vertical.com, Inc. technology is cost-effective and very current in the market place today. Using proprietary technology combined with Microsoft solutions, B-Vertical is able to achieve the least expensive database cost per transaction existing in the market place today. B-Vertical has the ability to scale to the current needs of the market and its user while remaining within reasonably low cost parameters.

B-Vertical.com is the first second tier provider of search solutions in continental US. B-Vertical.com target market is the potential customers seeking for thousands of search transaction per day opposing Inktomi the leader is this industry where targets its market in much larger customers seeking millions of transactions per day.

Presently, the B-Vertical.com search system gathers and analyzes data in over 200 geographic regions in over 180 countries, with an index growth rate of 10% per day.

In recent benchmark B-Vertical.com has proved to have more regional content than any existing commercial search provider in the market place.

Number of Links on a Regional Basis in USA



Nec Institute research provided that in normal circumstances only 20% of all websites are indexed, and frequently this data is redundant. The remaining 80% of websites are currently not indexed. B-vertical.com concentrates its efforts in this portion of the Internet obtaining unique non redundant data.



Major Risks

Substantial dependence on products with only limited market acceptance; need to expand our sales and support organizations; competition; need to manage changing operations; customer concentration; reliance on strategic relationships; and dependence upon key personnel.

Barriers of Entry

The present industry stage has a market structure of “monopolistic competition” (hybrid of competition and monopoly). Analysts estimate that there is a potential two-year window of opportunity for new companies to move from this monopolistic stage to a market stage. A pioneer in this market will enjoy the advantages of great brand awareness.

•For the next several years the industry will achieve a “large economy of scale” profile. Entrants must produce a high volume of sales to be cost effective.

3. Industry standards requires pre-commitment contracts. Existing firms will have long-term contracts and customers are pre-committed for a long-term.

4. Limited licensing will motivate clients to pre-commit to a long-term contract. Therefore, the number of available client base will lessen.

5. Learning curve effect. This is a very sophisticated industry and will require continuous technological advancements. The pioneer will benefit by experience over time and will be able to reduce cost so as to maintain their market positioning.



Marketing Plan

Overview

The ability of B-Vertical business to generate and sustain product sales and services will determine net revenues and profit.

B-Vertical strongly believes that level of sales and profits realized by our business will be directly related to our efforts to identify and respond to market opportunities.

B-Vertical experience indicates that developing a marketing plan and identifying sales goals are vitally important activities.

B-Vertical marketing plan reflects realistic assessment of the market potential of the products and services we want to sell.

B-Vertical marketing plan is based on data from census reports, trade sources, and reflects our decisions on the geographic area we intend to serve.

B-Vertical marketing plan focus on the strategy we will use to get our message to our target market (those with the purchasing power and unsatisfied needs that can be met with the product or service we plan to offer) and create more sales and profits.

B-Vertical focus its marketing efforts and advertising dollars on the market segments where customers are most likely to buy our products and services.

The following worksheet focuses on a number of issues important in our marketing efforts. It is intended to be "user friendly," with a simple questionnaire style approach. However, thorough market research was performed before marking our responses to each of the issues.



Who our target market is?

Middle market companies (with 100 to 999 employees) educational and government institutions that are looking to increase traffic to their sites or are looking to add specific search capabilities.

Lacking the purchasing clout of Fortune 500-sized businesses and the sheer numbers of the small business market, middle market companies (with 100 to 999 employees) have traditionally been overlooked as an important and distinct market for information technology products and services. According to Cahners In-Stat Group research, there are over 80,000 middle market companies operating from more than 300,000 locations in the US.

These companies spend nearly \$30 billion for information technology products and services annually. Typically two to three years behind the Fortune 500-sized businesses in their adoption of new technologies, this market provides technology vendors with an opportunity to leverage experience gained in selling solutions to larger businesses.

What that market needs?

This particular market needs a one-stop shop for their search capabilities, database and site hosting in addition to site customization at affordable prices with high level of technical support.

While many enterprises use a traditional approach of establishing an e-business presence on the Internet, a few innovative enterprises are looking to leapfrog their competition by establishing a vertical Internet portal for their industry segment. They will then use this vertical portal to subtly promote their own products and services, while at the same time tightening relationships with related businesses in their market. Gartner Group



How our product or service stands out in the crowd?

B-Vertical built its Internet solutions keeping it cost-effective and scalable. A cost-effective, scalable solution gives us the ability to use smaller, less-expensive units as the building blocks for the future. Though they might be less expensive, by deploying multiple units, these building blocks can serve data at speeds once reserved for expensive, monolithic mainframes. As storage demands and network traffic increases, we can scale to meet the challenges without having to spend massive amounts for resources upfront.

What is the feasibility of marketing our product or service in this particular market segment?

Extremely good considering our niche positioning with the geographic and thematic markets. According to market analysts there is a twenty-four month window of opportunity to establish this positioning. B-Vertical is currently in a “pioneer position” and will acquire the required market share and brand recognition. .

As enterprises seek to gain strategic positioning and viable business models for their Internet projects, they must establish an Internet portal strategy as part of the transformation process to fully engage and retain an audience of end users. The win-place-show strategy has been a successful framework since 1998. Until recently, the win strategy was the domain of the megaportals (e.g., Yahoo, Lycos, Netcenter) or Internet companies that have attempted to establish vertical portal presence.

A new trend is emerging: Non-Internet companies are seeking to become the dominant vertical portal for their market. This will typically happen via partnerships with established vertical portals or by acquisition of established or pre-launch vertical portals. A minority of enterprises will attempt to establish a dominant vertical Internet portal by building an enterprise portal and then partnering to obtain the appropriate content and industry relationships.

Gartner Group

MARKETING PLAN AND SALES GOALS

Product/Service for the Market

Our main product or service will be:

Licensing of regional and thematic or enterprise search engines.

Licensing of database content.

Hosting, management and customization of websites.

Our product/service will sell because:

There is a very high demand for targeted database content and management. Our products/services are affordable and remain “cost effective” when compared to similar products in this industry.

The benefits of our product/service are:

Enterprises are looking to jump ahead of their competition by establishing an enterprise portal for their industry segment. B-Vertical will help them use this portal to promote their own products and services, while at the same time tightening relationships with related businesses in their market.





The competitors are:

PortalJuice, Canada, Voila Search, France, and Inktomi, United States.

Location and Type of Market

Our market will be:

National and International on a regional or industry specific level

Our typical customers are:

Middle market companies (with 100 to 999 employees) educational and government institutions that are looking to increase traffic to their sites or are looking to add specific search capabilities.



The typical customer is located in:

Large, mid-sized metropolitan areas.

The number of business customers in our market is:

In the US 80,000 prospect clients, worldwide approximately two million.

Sales, Distribution, and Service

Our principal sales method will be:

Direct sales, trade shows and the Internet.

Our principal distribution method will be:

The Internet.

Our principal method of providing follow-up service to customers will be:

Through our quality assurance representatives we will monitor client needs

Advertising:

We will secure advertising advice from:

Consultants for both traditional media and the Internet .

Our principal means of advertising will be:

Internet advertising, trade shows, target publications and direct mail .



The target audience of our advertising will be:

Decision makers in IT, marketing, business development and R&D departments

The geographic area for our advertising will be:

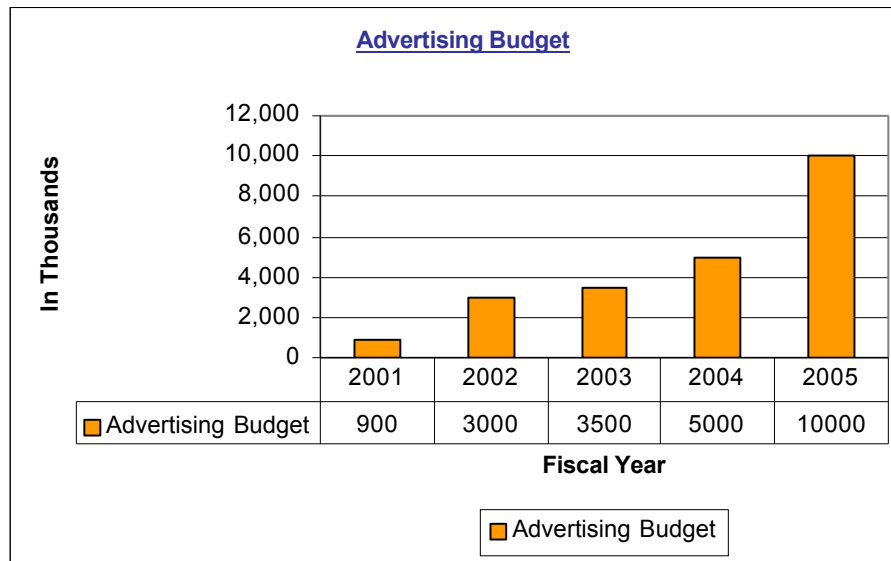
National and International large mid-sized metropolitan areas

Our advertising plan is:

Geared to sell our specific products and to bring brand awareness among middle market companies and to some extent to the public in general on the Internet through extensive viral marketing techniques .

Our advertising budget will be:

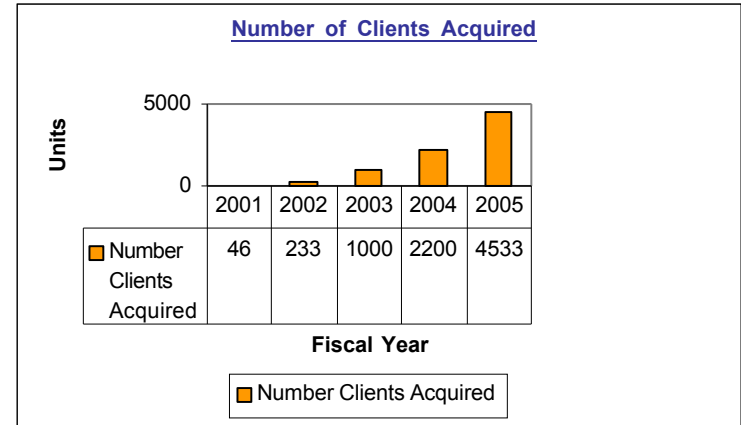
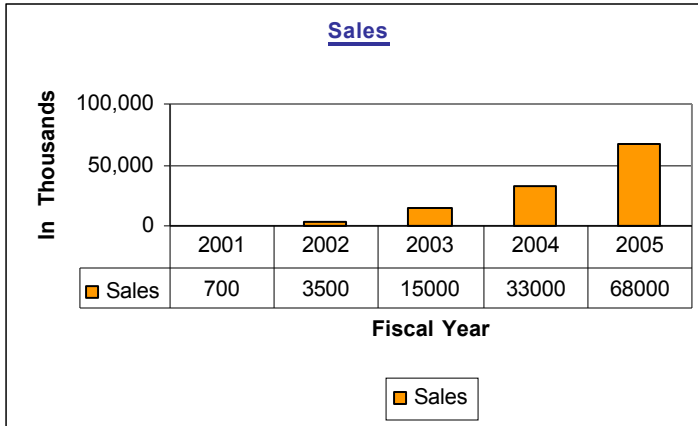
Fiscal Year	2001	2002	2003	2004	2005
Advertising budget	900,000	3.0 million	3.5million	5.0 million	10.0 million



Sales Goals:

Fiscal Year	2001	2002	2003	2004	2005
Sales	700,000	3.5 million	15 million	33 million	68 million
Clients	46	233	1000	2200	4533

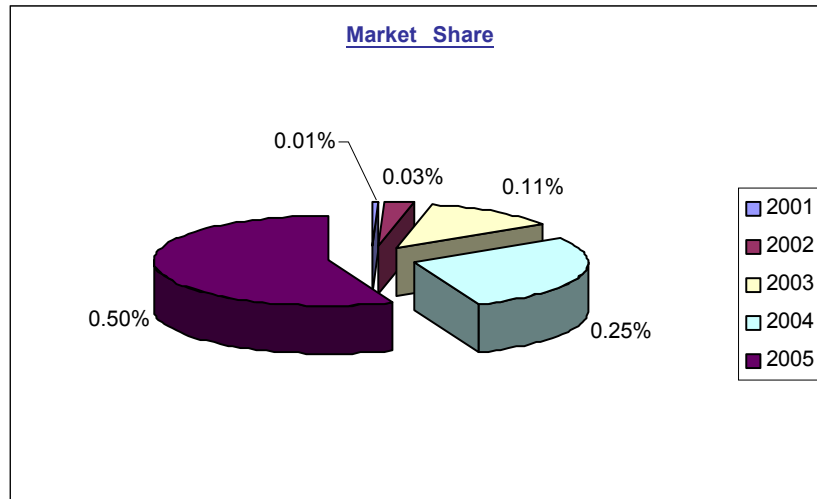
Sales Goals:



Market Penetration:

Fiscal Year	2001	2002	2003	2004	2005
% Market Share	.005%	.025%	.11%	.25%	0.5%

Market Penetration:





The Company

Organization

B-Vertical Inc. began operations under its former name BGS SW FL/DBA WhOOdoo Studios in 1997.

Through a re-organization the company is no longer public and is privately held and owned 100 percent by Mr. Paulo Mylla.

The company is dormant until a round of funding is secured. B-vertical.com is located in Naples Florida at 5051 Castello Drive, Suite 224, Naples, Florida, 34103, U.S.A.

Management Team

B-Vertical's management team consists of **Paulo Mylla**, CEO, B.S. Engineering, M.B.A., **John Turner**, CFO, **PhD** in Finance and Economics, **Kevin Casey**, VP of Information Technology, **Frank Tung**, VP of Research and Development, Masters in Computer Science and Operations Research, , **Debbie Briscoe**, VP of Marketing, M.B.A., **Sharon Snew**, VP of Arts, **Peter Savarese**, Legal Council, Juris Doctor, Corporate and Securities law, **William Lutz, PhD.** Marketing, Advisor. **Ty Adams, PhD.** Research and Development Advisor, **Gene Landrum, PhD.**, Marketing Advisor.

Current Review

To-date the principals of B-Vertical are focused on the procurement of resources and the expansion of the product base to include a "language sensitive" geographic and thematic search.

Content is being served to users through fully partitioned regional search sites found at <http://www.b-vertical.com>.

As users discover the depth of content available on our regional B-Vertical sites we will enjoy high traffic and strong revenues from advertising and licensing

The B-Vertical database currently has conceptualized 18,000,000 links. We add 100,000 newly indexed links each day to the database from the 500,000 links that we collect.

B-Vertical.com also operates the vertical search engine *Aqueous.com*. Aqueous is the Web's number one site for water related content with 10,000 links, serving 450,000 page views a month and with a subscribed newsletter database of nearly 7,000.

Aqueous was recently featured in an Internet textbook to be used at the University of Louisiana



Technology

B-Vertical.com has built its Internet solution using one central tenet: keep it cost-effective and scalable. A cost-effective, scalable solution gives us the ability to use smaller, less-expensive units as the building blocks for the future. Though they might be less expensive, by deploying multiple units, these building blocks can serve data at speeds once reserved for expensive, monolithic mainframes. As storage demands and network traffic increases, we can scale to meet the challenges without having to spend massive amounts for resources upfront.

An integral part of this technological system is the use of low-cost desktop solutions. For instance, where other search engines deploy a server to robotically collect new web sites, we can run twenty of our Robots on an off-the-shelf Pentium 120mhz with 32 megabytes of RAM.

The B-Vertical search system utilizes Microsoft Windows NT and Microsoft SQL Server on mid-range servers to store, analyze, geographically, and categorically sort the web sites the robots collect. The Microsoft family of enterprise products was chosen for its cost, flexibility, availability, and the large pool of developers servicing the Microsoft/Intel architecture. Also, by utilizing Microsoft SQL Server and ActiveX technologies the B-Vertical search system's back-end remains non-proprietary and is easily extended across multiple hardware and software configurations.

The B-Vertical search system was built from the ground up to scale. The B-Vertical robots, lightweight robotic agents, were designed for low-end desktops. These agents do most of the automated functions, from collecting links to web sites, to performing sophisticated pattern analysis of a web site's content. The B-Vertical robots retrieve the contents of a site, analyze the contents for hints as to the site's particular geographic or categorical affiliation, then store the information in the B-Vertical search system where other robots are at work, parsing the information into a searchable form using a proprietary inverted-index, and updating the information as the web site's content changes.



Technology (Cont)

While this entire process is automated, the B-Vertical search also offers a user of the web site to enter in links to their own sites. By allowing human input, the system is also guided towards a more accurate geographic and categorical index of its information.

When a particular web site is entered by a human, the system can use the human input to make a better judgment about similar, as-yet undefined content in the system. It performs as if it were a neural network, learning about its own content from information gleaned from its users.

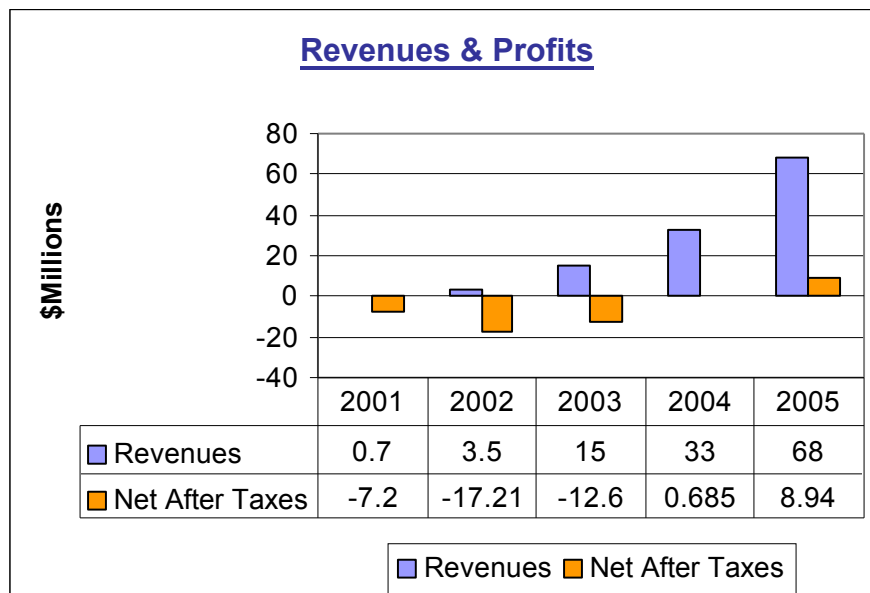
Users of the B-Vertical search system can search the various geographic and categorical indices using a familiar web interface that offers flexible search options. Our system, unlike others on the market, is geared toward the simple, unsophisticated search. While the system is capable of linguistic searching (morpheme analysis, proximity, Boolean, etc), most web users search by inputting only one or two words, possibly three words at a time. Only a small percentage takes advantage of the advanced linguistic features of a search engine. With this in mind, we have optimized our core routines for simplistic searching—aiming for simplicity, speed and accuracy—the three features most users desire in a search interface.

Development Schedule & Use of Proceeds

B-Vertical.com's system is fully developed requiring only additional hardware and some customization. Vertical search engines for the U.S., Canada, Argentina, Brazil, Chile and Mexico are developed content is growing everyday. Within six months, the company will be in the position to market the products in the United States and in approximately twelve months, overseas.

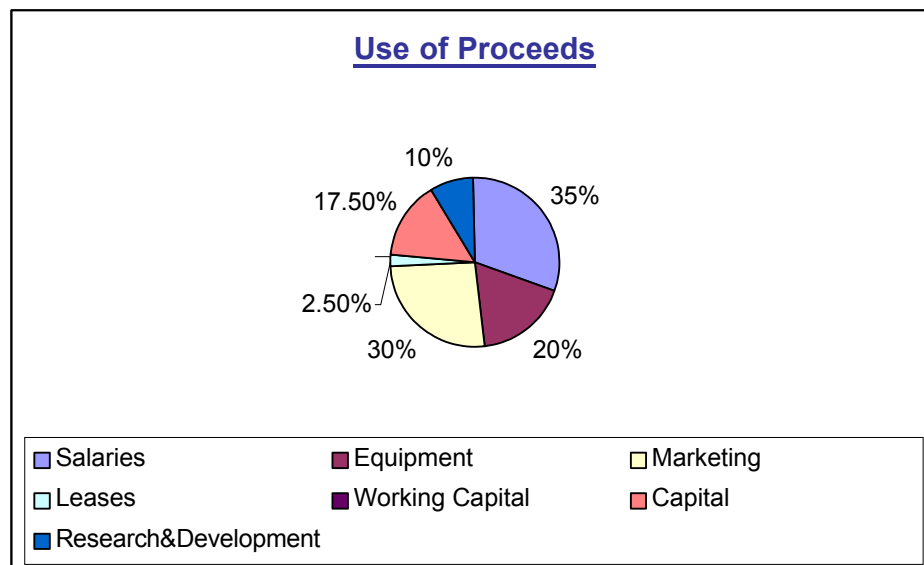
Revenues will grow from 700 thousand per year to 68 million per year after five years, profitability will be reached after three years.

Development Schedule & Use of Proceeds (CONT)



The company plans an IPO in 2004 four years after completion of second and third round of funding.

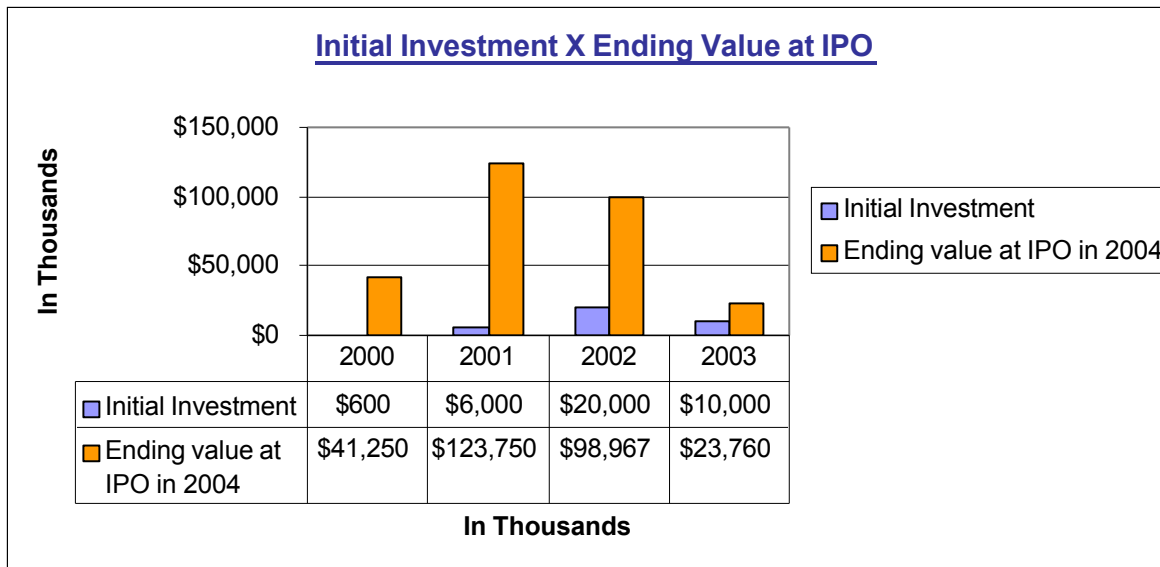
The capital raised will be mainly used for Salaries (staff increases) 35%, Equipment 20%, Marketing 30%, Leases 2.5%, Working Capital 17.5% and Research & Development 10%.



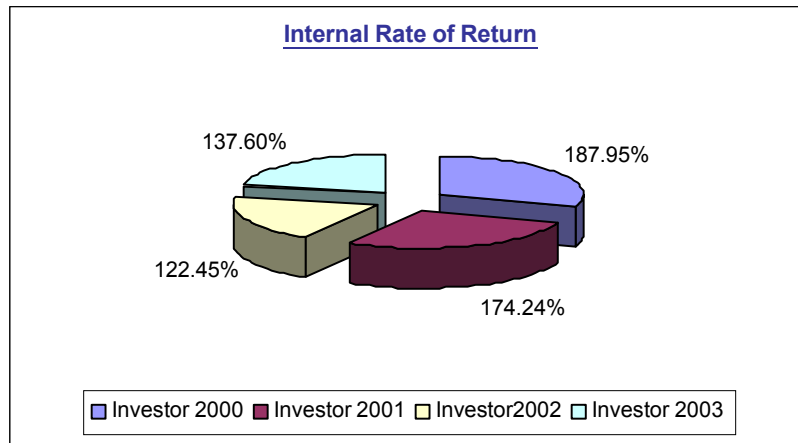
Investor Offering

This is an Internet venture that, of course, depends on the developing financial prospects of the growing Internet world. To make it work financially, we need to increase valuation on schedule to bring in substantial additional capital. The following table defines the investment offering for investors. Specifically:

1. The exit strategy is IPO, in 2004, valuing the company at market cap of \$330 million.
2. The seed investor puts in \$600 thousand in 2000. That buys 25% of the \$2.5 million valuation at the time, or 250,000 shares, which should be 12.5% of the company at the time of the IPO, worth \$41 million. That's an IRR of 187%.
3. The year 2001 investor puts in \$6 million for 750,000 shares, worth \$123 million at IPO, for an IRR of 174%.
4. The 2002 venture capitalists (VCs) invest \$20 million that year for 599,940 shares, which is worth \$98 million at IPO, for an IRR of 122%.
5. The 2003 VCs invest \$10 million that year for 142,857 shares, worth \$23.7 million at IPO one year or less later, with a 137% IRR.



Investor Offering (CONT)



Investor Offering

	2000	2001	2002	2003	2004 IPO	2005	
Total Shares	1,000,000	1,500,000	1,800,000	2,000,000			
Valuation in Millions		\$8,000,000	\$35,000,000	\$150,000,000	\$330,000,000	\$680,000,000	
Founders	2,500,000						
New Investment Amount	\$600,000	\$6,000,000	\$20,000,000	\$10,000,000			
Shares Purchased	250,000	750,000	599,940	142,857			
Dollars per Share	\$2.40	\$8.00	\$33.33	\$70.00			
Equity Purchased	25.00%	50.00%	33.33%	7.20%			
Ending Equity	12.50%	37.50%	29.99%	7.20%			
Ending Value	\$41,250,000	\$123,750,000	\$98,967,000	\$23,760,000			
Years Held	3						
NPV	\$13,036,800	\$45,888,000	\$34,671,104	\$7,206,400		NPV	IRR
Investor A IRR Calc	(\$600,000)	\$0	\$0	\$0	\$41,250,000	\$13,036,800	187.95%
Investor B IRR Calc		(\$6,000,000)	\$0	\$0	\$123,750,000	\$45,888,000	174.24%
Investor C IRR Calc			(\$20,000,000)	\$0	\$98,967,000	\$34,671,104	122.45%
Investor D IRR Calc				(\$10,000,000)	\$23,760,000	\$7,206,400	137.60%
Discount Rate	25.00%						



Expansion Objectives

B-Vertical.com will become a successful developer of vertical search engines to meet the opportunities present in an ever-changing Internet environment. We can also become a significant host to regional Web traffic. Regional markets are generally fragmented without single dominant players. We will capture these markets by maintaining a consistent network structure that delivers quality regional database searches and is surrounded with strong unique content.

Beyond the company's initial plan of operating Aqueous.com and launching 60 regional search sites lies the opportunity to make acquisitions and to take our regional concept to numerous markets around the world.

B-vertical.com plans to provide the same content available to internet users through development of content for major cellular telephone providers

Acquisitions that would be of interest to us would either improve our market position or diversify our business composition. Vertical portals that have quality content and an established brand recognition and user base would bolster our online presence and further add to brand strength. Diversification into a business that would enjoy a synergistic relationship with B-Vertical's Web business would not only support and leverage our current efforts but also diversify our sources of revenue.

Attachments

Financial History and Projections

General Assumptions:

General Assumptions						
	2000	2001	2002	2003	2004 IPO	2005
Short-term Interest Rate %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Payment Days Estimator	30	30	30	30	30	30
Collection Days Estimator	45	45	45	45	45	45
Inventory Turnover Estimator	6	6	6	6	6	6
Tax Rate %	25.00%	25.00%	25.00%	25.00%	0.00%	0.00%
Expenses in Cash %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Sales on Credit %	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
Personnel Burden %	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

Break-even Analysis

Break Even Analysis:		2000	2001	2002	2003	2004	2005
Clients to Break-even per year		84	328	1,040	1,628	1,600	1,600
Assumptions:							
Average Per-Client Revenue		\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
Average Per-Client Variable Cost		\$4,500.00	\$4,500.00	\$4,500.00	\$4,500.00	\$4,500.00	\$4,500.00
Estimated Monthly Fixed Cost		\$100,000	\$411,000	\$1,300,000	\$2,036,000	\$2,000,000	\$2,000,000

Products are licensed with an initial fee of \$5,000.
 Clients are liable for a two-year contract with monthly payments of \$1,000/Month

Income Statement-Profit loss

Profit and Loss (Income Statement)					
2000	2001	2002	2003	2004	2005
\$0	\$700,000	\$3,500,000	\$15,000,000	\$33,000,000	\$68,000,000
\$15,000	\$900,000	\$3,000,000	\$3,750,000	\$3,600,000	\$6,000,000
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(\$15,000)	(\$200,000)	\$500,000	\$11,250,000	\$29,400,000	\$62,000,000
0.00%	0.00%	14.28%	75.00%	89.00%	91.00%
\$84,000	\$840,000	\$2,800,000	\$3,500,000	\$3,500,000	\$6,660,000
\$0	\$100,000	\$300,000	\$500,000	\$700,000	\$1,000,000
\$0	\$800,000	\$2,700,000	\$3,000,000	\$4,300,000	\$9,000,000
\$0	\$120,000	\$350,000	\$1,500,000	\$3,300,000	\$6,900,000
\$20,000	\$30,000	\$50,000	\$200,000	\$250,000	\$300,000
\$0	\$50,000	\$100,000	\$200,000	\$400,000	\$450,000
\$50,000	\$500,000	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000
\$50,000	\$100,000	\$200,000	\$230,000	\$300,000	\$350,000
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\$204,000	\$2,540,000	\$7,000,000	\$10,130,000	\$13,750,000	\$25,660,000

Income Statement-Profit loss (Cont)

Sales and Marketing %	0.00%	362.86%	200.00%	67.53%	41.67%	37.74%
General and Administrative Expenses						
General and Administrative Payroll	\$73,500	\$730,500	\$2,450,000	\$3,062,000	\$3,062,000	\$5,831,600
Payroll Burden	\$63,000	\$630,000	\$2,100,000	\$2,625,000	\$2,425,000	\$4,998,000
Depreciation	\$3,000	\$10,000	\$20,000	\$30,000	\$50,000	\$70,000
Leased Equipment	\$90,000	\$230,000	\$300,000	\$500,000	\$600,000	\$700,000
Utilities	\$4,000	\$10,000	\$20,000	\$40,000	\$50,000	\$60,000
Insurance	\$12,000	\$30,000	\$50,000	\$70,000	\$90,000	\$110,000
Rent	\$42,000	\$90,000	\$150,000	\$300,000	\$450,000	\$600,000
	-----	-----	-----	-----	-----	-----
Total General and Administrative Expenses	\$287,500	\$1,730,500	\$5,090,000	\$6,627,000	\$6,727,000	\$12,369,600
General and Administrative %	0.00%	247.22%	145.43%	44.18%	20.38%	18.19%
Development Expenses						
Development Payroll	\$52,500	\$525,000	\$1,750,000	\$2,187,000	\$2,187,000	\$4,166,500
Software & Equipment	\$80,000	\$1,500,000	\$3,800,000	\$4,800,000	\$5,500,000	\$6,000,000
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Total Development Expenses	\$132,500	\$2,025,000	\$5,550,000	\$6,987,000	\$7,687,000	\$10,166,500
Development %	0.00%	289.28%	158.57%	46.58%	23.84%	14.95%
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Total Operating Expenses	\$624,000	\$6,295,500	\$17,640,000	\$23,744,000	\$28,164,000	\$48,196,100
Profit Before Interest and Taxes	(\$624,000)	(\$6,495,500)	(\$17,140,000)	(\$12,494,000)	\$1,236,000	\$13,803,900
Interest Expense Short-term	\$10,000	\$50,000	\$70,000	\$110,000	\$130,000	\$150,000
Interest Expense Long-term	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0	\$0	\$420,240	\$4,731,190
Net Profit	(\$634,000)	(\$6,545,500)	(\$17,210,000)	(\$12,604,000)	\$685,760	\$8,922,710
Net Profit/Sales	0.00%	0.00%	0.00%	0.00%	2.07%	13.12%

Balance Sheet (July 31st 2000)

Balance Sheet				
31-Jul-00				
ASSETS				
Current Assets				
Regular Checking - Pelican Nat	\$		\$34.64	
Nations Bank Old			\$2.03	
Checking Account-First Union			\$145.40	
Money Market Savings			\$61,079.48	
Client Fees Receivable			\$2,974.00	
Prepaid Expenses			\$2,656.14	
Loan to Postoffer.com			\$100.00	
Total Current Assets				\$66,991.69
Property and Equipment				
Furniture and Fixtures			\$28,040.86	
Computer Equipment			\$79,868.16	
Telephone System			\$3,956.93	
Leasehold Improvements			\$392.53	
Alarm System			\$506.69	
Office Equipment			\$8,939.41	
Software			\$21,692.66	
Communication Devices			\$294.51	
Accum. Deprec.-Furniture/Fixtu		<930.62>		
Accum. Deprec.Office Equipment		<1,374.02>		
Accum. Deprec.-Computer Equipm		<3,831.62>		
Accum.Deprec.-Software		<885.62>		
Accum.Deprec.Leasehold		<129.02>		
Accum.Deprec.Telephone		<299.66>		
Accum.Deprec.Alarm		<47.44>		
Accum.Deprec.ComDevices		<24.33>		
Total Property and Equipment				\$136,169.42
Other Assets				
Subscription Receivable			\$920.00	
Total Other Assets				\$920.00
Total Assets			\$	\$204,081.11

Balance Sheet (Cont) (July 31st 2000)

LIABILITIES AND CAPITAL		
Current Liabilities		
Accounts Payable	\$	\$77,419.07
Loan from Ixora Realty		\$10,000.00
Total Current Liabilities		\$87,419.07
Long-Term Liabilities		
Total Long-Term Liabilities		\$0.00
Total Liabilities		\$87,419.07
Capital		
Invested Capital LOM		\$425,000.01
Common Stock		\$19,588.99
Paid-in Capital		\$2,585,766.68
Retained Earnings		<2,372,756.40>
Net Income		<540,937.24>
Total Capital		\$116,662.04
Total Liabilities & Capital	\$	\$204,081.11
Unaudited - For Management Purposes Only		