CRUMMER GRADUATE SCHOOL OF BUSINESS
ROLLINS COLLEGE

FEASIBILITY STUDY

CRUMMER CHALLENGE

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PMBA 36
JANUARY 16, 2008

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EXECUTIVE SUMMARY

It is the recommendation of this analysis that Ms. Callahan not proceed with the business concept of a "one-stop-shop" for easy business traveler information. Given the targeted market of business travelers, who took 245 million business person-trips in 2007, and the financial resources needed to start an internet based company, it has been found that there is little chance to break-even. Furthermore, many viable competitors with creative designs and practical information already exist and currently fill the needs of the busy business traveler.

TARGET MARKET

WHAT ARE BUSINESS TRAVELER NUMBERS AND WHERE DO THEY GO?

Approximately 210.5 million person-trips were taken by business travelers in 2003 [1] and that number has steadily increased to its current all-time high. [2][3]

Year	Millions of Person-Trips	% Increase	Millions of Business Person-Trips
1995	1770		
1996	1779.5	0.54%	
1997	1792.4	0.72%	
1998	1817.3	1.39%	
1999	1856.7	2.17%	
2000	1892.1	1.91%	
2001	1869.9	-1.17%	
2002	1919.1	2.63%	
2003	1890.3	-1.50%	210.5
2004	1953.3	3.33%	217.5*
2005	1992.4	2.00%	221.9*
2006		0.7%[4]	237.4*
2007		3.2%[5]	245.0*

*Table 1, Millions of Passenger Trips and Business Travelers. *Calculated, assuming same growth as total passenger travel. [1]*

Table 1 shows the number of person-trips in the United States for all purposes and for business purposes. A person-trip is defined as "one person traveling 50 miles (one way) or more away from home and/or overnight." [1] The data for business person-trips taking in 2007 is not yet available. To determine current numbers, the percentage increase in total person-trips for 2004 was multiplied by total business person-trips in 2003. Likewise the same was done for the following years. The assumption is made that business travel increases at the same rate as domestic travel. Current 2007 business person-trip levels are estimated to number 245.0 million.

Although there is no definitive average length of stay for business travelers, the average is estimated at 2 - 3 days. American Express, who is considered the largest travel service provider agency [9] says that in 2005 the average length of a rental car charged to an American Express corporate card was 2.9 days. [21] BostonUSA.com, a Boston travel website, puts its average length of stay at 2.35 days for business travelers.[10]

With each state and municipality having different techniques for obtaining and reporting business traveler numbers it is difficult to clearly rank and compare any city against another. However, using secondary data such as Figure 1, and existing business traveler websites, it is reasonable to assume the most popular business destinations are: (listed in alphabetical order) Atlanta, Boston, Chicago, Dallas, Denver, Houston, Los Angeles, New York, Philadelphia, San Francisco and Washington DC.

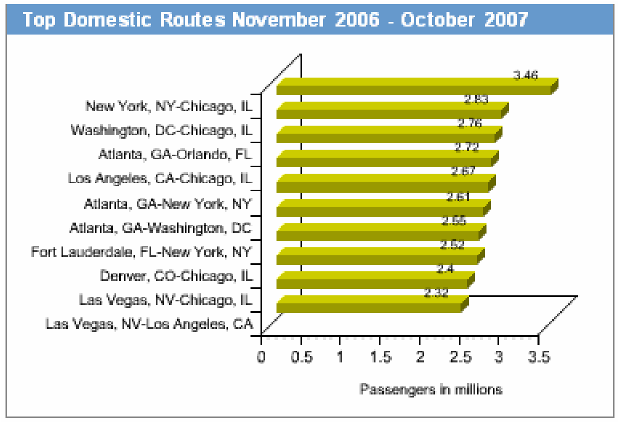

Figure 1, Top Domestic Travel Routes [11]

Figure 1 shows the most popular domestic aircraft routes from 2006 – 2007 according to the Bureau of Transportation Statistics. Although worthy to note the most popular routes, the information does not necessarily guarantee that this is the ultimate destination because of the hub/spoke system of air travel.

WHO ARE BUSINESS TRAVELERS?

About 77% of business travelers are male and likely 30 – 49 years old. The 2003 National Household Travel Survey found that "personal vehicle is the dominant travel mode for business travel, comprising 81% of all trips." Boarding a plane only occurs on 16% of business trips. [6]

Internet and online travel services continue to be highly utilized by all travelers. In 2004, 65% of persons who had internet access booked their travel plans online. [1]

Business travel costs continue to climb with an estimate of 6-8% increase in 2008 [7] causing companies and their corporate travel managers to clamp down on travel expenditures. Ballooning travel budgets have even led some companies to resort to sharing hotel rooms. [8]

WHAT DO BUSINESS TRAVELERS DO ON THEIR TRIP AND HOW IS IT PLANNED?

“One-third (34%) of business person-trips are made by those traveling for combined business and pleasure purposes,” and “one in six (17%) of business trips include multiple adults from the same household.” [1] The most popular general activities for Americans while traveling are dining, shopping and being entertained.[1] Below shows activities further broken down.

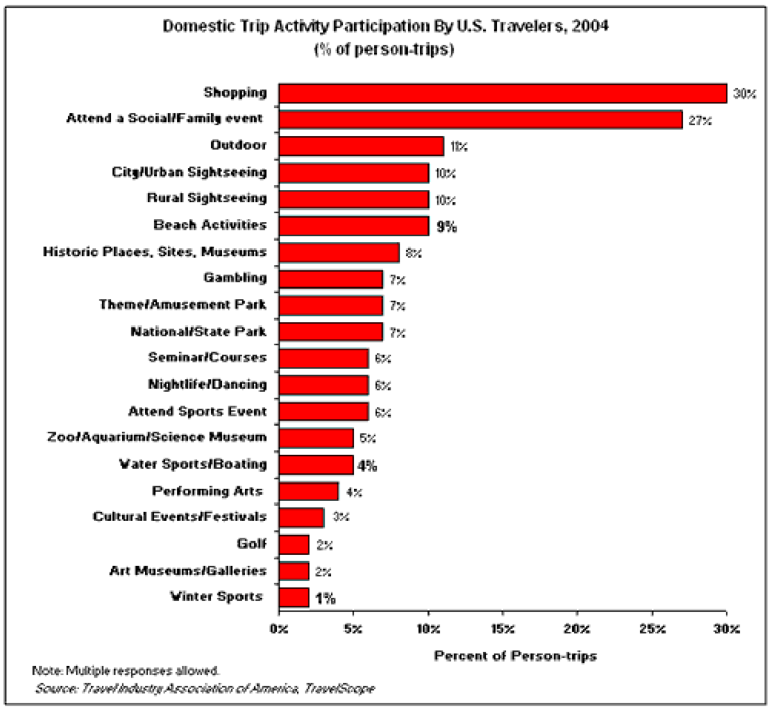

Figure 2, Domestic Trip Activity 2005 [1]

It is assumed that in the case of social/family events that the event is the purpose of the trip, so this is not a top activity of business travelers. Therefore it is found that dining, shopping and sightseeing are the most popular activities for the American business traveler. How do travelers determine how they should get to their destination and what they should do there?

Travelers use many different types of travel planning techniques, however friends and family at 43% is the most widely used for recommendations on airlines and places to stay.[1] Roughly 32% of travelers use the internet to access travel companies like hotels, rental car agencies or airlines to obtain travel information. With more and more Americans using the internet to book travel, in 2002 only 26% used a travel agent, down from 32% in 1999. Travelers who use more than one travel planning medium find internet websites most useful. [1]

THE PRODUCT

Given the information above and the problem statement by Ms. Callahan, the obvious product is internet based. More members of the target market are making travel plans online. Empirically what is being delivered to them is *information*. How do companies make money on information? They put it on the internet. For the target market it is not solely about the volume of information, as much as the *quality, reliability and rapidity* of the information. Might an off-line travel agency that books travel, sets itineraries and distributes information to business travelers be a viable option? There are two problems, financial numbers and existing perceptions. In a time when companies are clamping down on travel costs, travel agencies are an expense that can be eliminated by booking online. In addition, there is only a small subset of business travelers flying to their destination, the main purpose of travel agents. Secondly, building a business based upon overcoming the paradigm of poor phone operators and long wait times is a gigantic risk.

COMPETITION

Family, friends, word of mouth, hotel concierge, travel guides, all come with their own advantages and disadvantages. And all are substitutes for the service that is being proposed. There is tremendous competition that already exists on the market. The internet holds endless offerings; all packed with libraries of information, different twists and varying aims. Given the shear enormity of possible competitors and the multiple areas of information, a variety of the most likely competition is examined below.

HOPSTOP

Hopstop.com's main draw is its extremely user-friendly city directions. It literally provides door-to-door directions, with an itinerary function that plans your desired trip around the actual schedules of the subway or bus. Newsday, The New York Times and Frommers have all recommended its service because of the ease of use and time-saving ability. Maps of the public transportation system, sample trips and city guides are also available. City guides has professional insight, along with user reviews of each city's attractions, bars & clubs, beauty & body, hotels, restaurants, services and shopping – all neatly organized with subcategories, locations and the ability to click and add to one's "trip" itinerary. If users are not interested in making their own trip itinerary using these tools, other users offer their recommendations and experiences given their own trips around each city and neighborhood. Hopstop currently offers 5 full city guides to New York, Boston, Chicago, San Francisco and Washington D.C. They are also expanding to the tri-state region around New York City with further expansion planned. [22]

BRADMANS

Bradmans.com specifically targets the business traveler offering information from 3 different continents. The site offers information not for the typical leisure traveler including: car hire and secretary services, the major newspapers and their placement in the political spectrum as well as mobile phone rental agencies. Conventional insight is also suggested in their sections for: Dining, Accommodations, Entertainment, Getting Around, and Shopping, along with unique city facts. Bradmans' slogan is "Making Business Travel Easy", but beyond the gimmicks and Jeopardy-type trivia there is not much substance to make the business traveler have a smoother more enjoyable trip. [23]

ECONOMIST

Economist.com/cities offers business city guides for nearly 30 cities on 5 continents with customary Economist style and wisdom. Clean, well-thought-out single city pages are packed with information on hotels, restaurants, sightseeing, shopping, nightlife, city history and facts. The restaurant section splits Economist recommendations into sections like Business Lunch, Working Breakfast or Brunch and Chic Eats. The site also offers "Insider Tips", a city guide with updated economist articles on the city and "Catch If You Can"; a revolving set of recommendations for entertainment with reviews on the shows or events and their running dates. Economist also has a sightseeing section with subsets of information like "Kill an hour," "History lessons" and "Serenity in the city." [24]

ZAGAT

Zagat.com does not solely target the business traveler. However by accessing its easy-to-use searches, the business traveler can find a wealth of information. Zagat is driven by its users' unbiased ratings and reviews which have been collected over 29 years. The site has 4 main areas of review; Restaurants, Nightlife, Hotels and Attractions. Given that subscribers are the reviewers, Zagat has a real-time information stream on the latest and greatest offerings of all of its cities. Not only does Zagat offer this information to locals and visitors in big cities alike, but it also spans over all smaller US cities in printed guides, online and mobile phones. [25]

BUSINESS TRAVELLERS

Similarly to Economist, Business Traveller was originally a subscription based magazine but has expanded to the internet. It contains both City Guide and Tried and Tested sections with articles of complete reviews of airlines and hotels. The city guides contain over 60 cities with explanations of things to do and areas to visit within the city. Unlike the other sites, Businesstraveller.com has a "Plan and Book" section where one can book a flight, hotel, exchange currency and get live updates on flights and weather. [26]

CITY BUZZ

Citybuzz.com is the "Insiders guide to the city." Concentrating specifically on American cities the website is built around video reviews to provide proof of how each restaurant, hotel or experience stacks up against the rest. However by digging deeper into the site, unlike the other internet offerings discussed who provide unbiased reviews, City Buzz works as a front for advertisers. Their "clients" are not the persons utilizing the information provided but rather the establishments who want to see their attendance and revenues increase. [27]

These competitors are all established, diverse, and desperate for the use of their site and/or services. Entering this market poses multiple challenges in both drawing customers away from their preferred sites or gaining new customers and should be taken into consideration when developing the proposed product. Nonetheless the site that is most tailored to the business traveler, has most relevant information and therefore the model that the proposed website should mimic is economist.com/cities. To differentiate itself a more complete and updated set of recommended events and happenings should be offered to the user, as well as a "shallower" user interface where the business traveler can literally glance at the desired city page and set an itinerary for the day.

TYPES OF REVENUE GENERATION

Because the proposed product is an internet website, there are a number of potential avenues for internet-based revenue that must be taken into account.

SUBSCRIPTION ONLY

Examples: Napster.com, eHarmony.com, Match.com

Subscription-based websites only generate revenue from the subscription fees consumers must pay to access the site. These websites are becoming rarer as the internet ages. Economist in its Technology of 2008 article contains a heading stating: "Surfing – along with everything else computer-related – will open up." [12] "Open up" means that in information and internet serviced that were once subscription or fee based will now be offered to the consumer for free.

ADVERTISING ONLY

Examples: NewYorkTimes.com, SportsIllustrated.com

The websites in this category are generally media-related and create cash flow from the advertising they sell on their websites. Further evidence of the opening of the internet is the evolution of The New York Times website. In 2005 the Times created TimesSelect, a subscription based area of content by columnists such as Maureen Dowd and Thomas Friedman. Charging $7.95 a month or $49.95 a year, TimesSelect was closed down 2 years later and all website content became free. The Times determined that it could make more money by increasing page views and ad revenue than the $10 million it currently was making on TimesSelect. They have been proven correct.[13] Similarly, since the acquisition of The Wall Street Journal, Rupert Murdoch has made it no secret that he would like to turn www.wsj.com into an open site, thus turning away the rumored $70 million per year it makes on its subscription services. Murdoch's vision is to increase readership "instead of having 1 million, having at least 10-15 million in every corner of the earth," to increase revenue through advertisements. [14]

CONCIERGE ADVERTISING

Examples: CityBuzz.com, ConciergePreferred.com

Although not an established term, it is used here to describe how some operations like citybuzz.com and other websites offer information. These sites have a set of clients who pay citybuzz.com to "review" their hotel, restaurant or club. Given that the website primarily lives off of the clients' fees, honest reviews are unattainable. However revenue stream is achieved.

HYBRID: ADVERTISING AND SUBSCRIPTION

Examples: WallStreetJournal.com, Zagat.com, ESPN.com

Currently the Wall Street Journal online is a hybrid, offering subscription content while also placing advertising on its articles. [14] Zagat.com is subscription based but has placed ads on its site and tells its possible advertisers that it "offer[s] you national and city-specific placement of your ads, enabling you to target the specific geographic audience you want to reach." [15] Zagat also has other sources of revenue which will be discussed later.

HYBRID: ADVERTISING AND FEES

Examples: BusinessTraveller.com, Expedia.com, Orbitz.com

Each website offers services which can be utilized for a fee such as airplane or hotel reservations. The websites also sell ad space as another source of revenue.

The advertisement only business model is chosen for the proposed website as it is the easiest to create. This model has the most evidence of generating strong revenue streams without compromising the integrity of reviews, discouraging readers because of viewing fees, or requiring advanced and complicated technology for booking capabilities.

FINANCIAL ANALYSIS

START-UP COSTS

In March 2000, in the dash to become number one in the internet dinner reservations market, foodline.com received an estimated $26.5 million of first round financing for its venture. OpenTable.com, in a parallel move, raised $13 million. Not to be outdone zagat.com obtained $31 million. [16] However, those days are long gone. Private companies no longer need to set out on expeditions to raise tens of millions of dollars to start an internet company, according to Jeremy Liew. Jeremy Liew is a partner at Lightspeed Venture Partners, which specializes in early-stage IT investments and has $1.6 billion of capital actively on the market. At the Web 2.0 Expo in April, 2007, Mr. Liew gave a presentation entitled "Show me the money" outlining the current financial numbers of starting an internet based company. "It's cheaper than ever to start an internet company…" Examples of this are: Wesabe.com $200 thousand; Maya'smom.com $70 thousand; Mobissimo.com $60 thousand; freshbooks.com $20 thousand. [30] These examples of low start up costs are favorable for any entrepreneur, including Ms. Callahan to create a website quickly without substantial financing.

REVENUE GENERATION THROUGH AD SALES

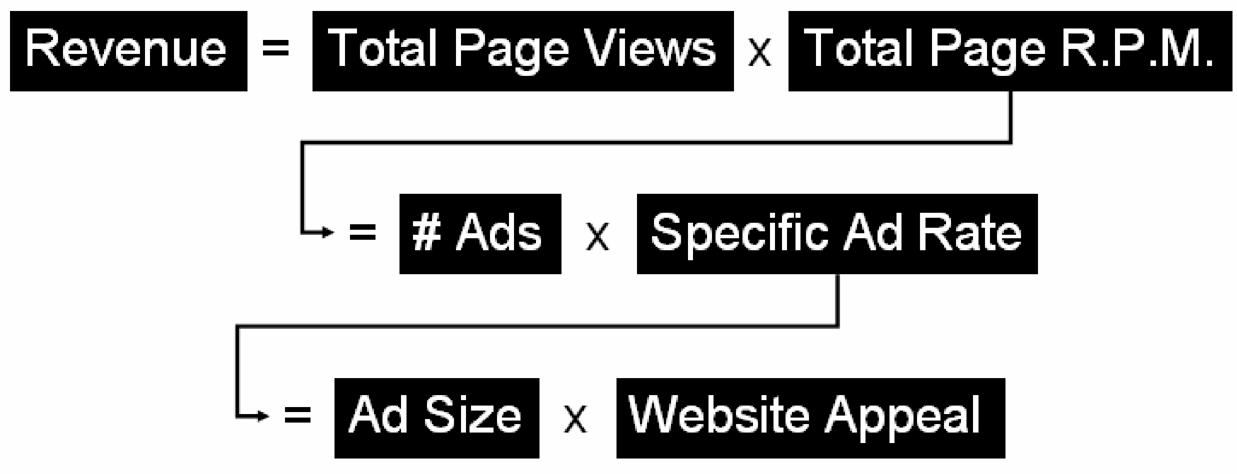

Figure 3, A flow diagram depicting how an advertising only website determines its revenue generated

Revenue is generated by the number of times a specific ad is viewed on a website and the total page RPM. The industry term is RPM or revenue per thousand impressions where an impression is a single page view. The total page RPM is a function of the number of ads on the site and their specific ad rate. Ad rates, the amount a client pays for the ad space on a website, is a factor of ad size and the website appeal. Defined in 1996 by the Internet Advertising Bureau there are 8 standard banner ad sizes, 2 examples are the typical banner ad (728x90 pixels), or the skyscraper (160x600 pixels)[17]. Reputable mainstream sites have about the same amount of ads on them so as not to displease the eye. Website appeal relates to the website's demographic draw. The broader the website's content the lower the advertising RPM. Examples of these sites might be Real.com, Whitepages.com or Tagged.com who get over 200 million page views per month but have an RPM of around $1 per thousand page views. "How Do Banner Ads Work" article demonstrates that "run of the mill" sites' ads make a RPM of about $5. [18] With a narrow target market like WinAmp.com, UFC.com or Digg.com, comes advertising coined "endemic advertising" which have RPMs of $10+ but only slightly over 10 million page views per month. As a result, Whitepages.com who has 230 million page views per month, makes about the same as UFC.com who only has 12 million pages views per month.

COMPETITORS' RPM

An email exchange with the "dot.com Advertisers" at Economist gave back up to the numbers above. Economist.com's published rates are $110 RPM for 728x90 (leaderboard), 300x250 (MPU), 160x600 (skyscraper). While viewing the economist.com/cities page, 5 ads are displayed: 1 leaderboard, 2 skyscrapers and 2 smaller rectangle ads. As stated by multiple Economist employees, their rates are "flat out high." They demand top dollar in the US and even higher abroad. However published rates do not equal the true revenue generated by an ad. Most companies including Economist use ad agencies as the middle man, who always takes a portion of the published rates. This is how Google, an ad middle man, makes the vast majority of its money, and why it is so profitable. In addition these rates are negotiated down from their published value to what is considered their market value. Economist.com expects an actual RPM of about $40 domestically. [19]

Taking economist.com/cities as a single entity it earns revenues of "about $100,000" per month. It has 450,000 page views per month. The breakdown of economist.com/cities' revenue is:

$100,000	Revenue Generated Per Month From economist.com/cities
450,000	Page Views Per Month
$222	Total Page RPM
-or-	
$0.22	Per Page View of economist.com/cities [19]

These numbers seem slightly high compared to Mr. Liews endemic advertising RPM range of $10-$40, given the fact that $222/5 ads = $44.40 RPM per ad. Nonetheless, comparing these values to the 2007 advertising rate card of vault.com, a website dedicated to professional career advice who is a private company in the endemic advertising market, shows that the economist.com/cities ad RPM Total is within reason.

2007 Advertising Rate Sheet

VAULT > Web Display Advertising

WEB DISPLAY ADVERTISING	PLACEMENT	NET CPM	SIZE/FORMAT
In-Between Page Interstitial	Content Channels	$40	Various Sizes
Video Pre-Roll	Content Channels	$40	15 seconds
Site, Page, Section Takeover (Roadblock)	Select Pages	$30	All Ads On Page
Half Page	Content Channels	$30	300x600, 35k, Flash 60k, 3 loop max
Rich Media Over page	Content Channels	$25	Variable
Big Box / Rectangle	Home Page	$35	300x250, 20k, Flash 45k
Big Box / Rectangle	Content Channels	$25	300x250, 20k, Flash 45k
Skyscraper / Wide	Content Channels	$20	160x600, 20k, Flash, 45k
Skyscraper	Content Channels	$20	120x600, 20k, Flash, 45k
Pop-Under, Frequency Capped	Select Channels	$20	720X300, 320x480, 40k max file size

Figure 4, Vault 2007 Web Advertising Rate Card For www.vault.com [20]

The homepage of vault.com has 6 large ads. Mixing and matching varying types and sizes of ads, total page RPM can add up to over $200 or about $35 RPM per ad. Comparing vault.com's numbers with the Economist's shows a further positive check to Economist.com/cities rate validity.

As a start-up company, it is unlikely the proposed website will initially achieve rates similar to Vault or Economist. Therefore it is estimated that the obtainable published RPM of the proposed website will be $200 total page RPM.

EXPENSE BUDGET AND BREAKEVEN

Mr. Liew incorporates a sample budget into the presentation at the Web 2.0 Expo:

… and cheaper than ever to run an internet company

LIGHTSPEED VENTURE PARTNERS

SAMPLE EXPENSE BUDGET

	Annual Fixed Costs	Assumptions
Staff Costs	$1.0m	▪8 employees ▪$120k fully loaded
Infrastructure Costs	$0.2m	▪$15k/month
Other Costs	$0.2m	▪Rent, Legal, etc
TOTAL	**$1.4m**	

3

Figure 5, Sample internet start-up budget [30]

It is reasonable to assume that the proposed website will follow the lead of hopstop.com or Zagat.com who rolled out usage city by city. There is no doubt that trying to tackle too much at once is a recipe for disaster for any start-up. Therefore the numbers shown above lend themselves well to a single city roll out. Eight employees are needed for: infrastructure and IT, graphic design and information gathering for the content.

As a result, getting to breakeven isn't too hard…

LIGHTSPEED VENTURE PARTNERS

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Illustrative

	Media		E-Commerce	
	$ '000s	**%**	**$ '000s**	**%**
Revenue	2,800	100%	7,000	100%
Cost of Goods	1,400	50%*	4,900	70%
Marketing	-	0%	700	10%
Staff Costs	1,000	36%	1,000	14%
Infrastructure Costs	200	7%	200	3%
Other Costs	200	7%	200	3%
EBITDA	-	0%	-	0%

* Assumes ad sales by an ad network or ad rep firm

4

Figure 6, Revenue and expense break down [30]

The relevant numbers in Figure 5 are the percentages under the media driven site. Although falling under the media end of the spectrum the proposed website does not have all of the typically characteristics of websites in that category—it will have to market itself at a cost. For example UCF.com can easily place its URL on the numerous broadcasts and merchandise that it offers. For the proposed website it is estimated that marketing costs should be about $500,000 per year. The formula to break even is:

Revenue – Fixed costs – Marketing costs – Cost of goods sold = 0

RUNNING THE NUMBERS: PART 1

It is always an unknown to predict exactly when a company will hit its breakeven point. As a result Mr. Liew's analysis must be extended slightly. For the proposed website, three different sets of numbers were created. One assuming Year 1 is break even, one assuming Year 2 is break even and the same for Year 3. It is assumed that expenses will be incurred in full on day 1 of the company but revenue will not be seen until month 6, due to the time necessary to build the site, gather information, and market it in order to build a customer base to show advertisers the number of pages views the proposed site is capable of.

Liew Breakeven Analysis

ASSUME: First sixth months of proporsed website no revenue -- time used for development and marketing

		The Year Desired To Break Even			
		1 YEAR B.E.	2 YEAR B.E.	3 YEAR B.E.	
Total Revenue (sum all years)		$ 3,800,000	$ 7,600,000	$ 11,400,000	
	Cost goods sold (50% Revenue)	$ 1,900,000	$ 3,800,000	$ 5,700,000	
	Marketing Costs (Fixed)	$ 500,000	$ 1,000,000	$ 1,500,000	
	Staff Costs	$ 1,000,000	$ 2,000,000	$ 3,000,000	
	Infrastructure Costs	$ 200,000	$ 400,000	$ 600,000	
	Other Costs	$ 200,000	$ 400,000	$ 600,000	
	Total Expenses	$ 3,800,000	$ 7,600,000	$ 11,400,000	
Break Even Revenue Per Month		$ 633,333	$ 422,222	$ 380,000	
STANDARD RPM					
$200	per RPM				
$0.20	per page view	3,166,667	2,111,111	1,900,000	Total Page Views Per Month
		604%	369%	322%	*More page views per month Compared to Economist.com/cities*

Figure 7, Financial Analysis 1

The published RPM is set at a value of $200 for the total page. In order to align with its competitors, it is recommended that the proposed website use an ad agency. Consequently the cost of goods sold is 50% of the revenue due to the ad agency's take away and rate negotiations. To break even in Year 1 the proposed website must make $633,333 per month for the 6 months revenue is seen. To make this amount at $200 total page RPM, the page would have to be viewed 3,166,667 times per month – a 604% increase to the number of times economist.com/cities is seen each month. Keep in mind that economist.com/cities has complete information on 27 cities worldwide while the proposed website has only 1! Likewise if Year 2 is the desired breakeven point, 2.1 million page views per month in the 18 months of revenue which is 369% above the page views for economist.com/cities. And Year 3 follows with extremely large page view per month numbers. In fact the fixed costs of staff and infrastructure are just too high to ever converge with the numbers from economist.com/cities. Might the infrastructure and other costs be exaggerated? According to an employee at the economist.com/cities Mr. Liew's estimated numbers seem "right on." The other budgeted costs for the proposed website such as, employee salaries are believed to be valid and realistic given the nature of the website and its need for a reasonably-sized and skilled workforce.

This first financial analysis does not present a viable business venture due to the unachievable levels of necessary page views. Consequently a second financial analysis has been run. This time the numbers needed to obtain revenue are not built from the expenses, but from possible page views.

RUNNING THE NUMBERS: PART 2

For the purposes of this financial analysis, it is assumed that of the estimated 245 million business person-trips in the US, all of them are split between the 10 largest domestic cities. That means roughly 24.5 million business person-trips per year are taken to each of these cities. Again, $200 total page RPM is assumed and the same fixed costs and costs of goods sold percentagse are used as in the previous example. However now the number of page views varies, and the proposed website's revenue, breakeven point and ultimate loss or profit is found. Under this scenario, the website will be introduced to 1 of the 10 cities.

245 Million Business Travelers Per Year Nationwide
10 Major cities
24.5 Million Passengers Per Year @ Each Major City

ASSUME 1) EVERY BUSINESS TRAVELER IS DISTRIBUTED TO ONE OF THE 10 MAJOR US CITIES
2) EVERY BUSINESS TRAVELER USES A TRAVEL WEBSITE ONCE ON EACH TRIP

Revenue = (Page Views) X ($0.20) - (CGS) - (Fixed Costs)

$ 200 RPM — Cost goods sold = 50% Revenue
$ 0.20 Per Page View — Fixed Costs = Marketing, Staff, Infrastructure, Other Expenses = $1.9 Million/Year

So,

# Page/Year	Revenue
0	$ (1,900,000)
24500000	$ 550,000

Figure 8, Financial Analysis 2

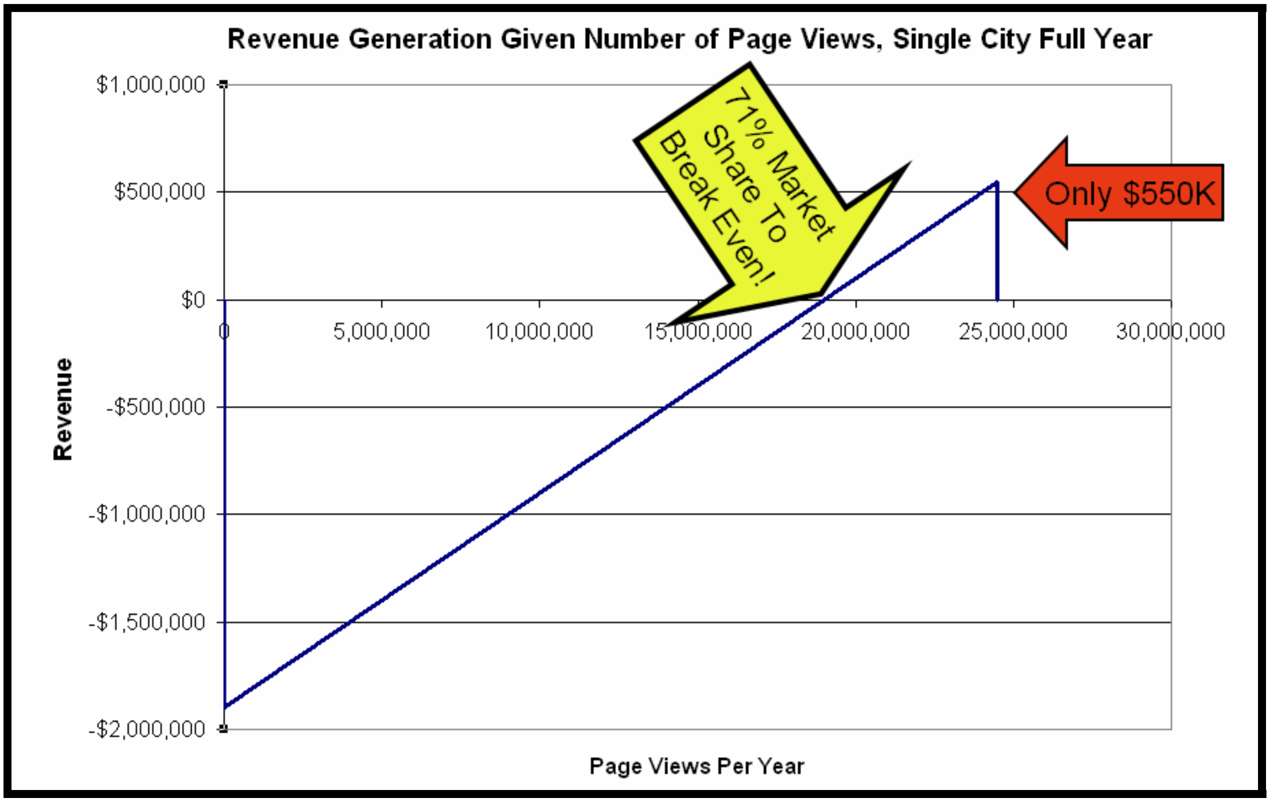

Figure 9, Graph of possible revenue generation

With fixed costs of $1.4 million, if zero of the 24.5 million person-trips visit the website, a loss of $1.4 million dollars is seen. If all 24.5 million person-trips visit the website -- a 100% market share, profits amount to $550,000. What is most frightening about this scenario is that the website must have a 71% market share in each specific city to break even! (Google only has a 65% share of then internet search market.)[29] This is in addition to the absurdly favorable assumptions that were also made: persons only travel to the 10 US cities, and every business person-trip taken results in a vist to the proposed website or a competitor's. The National Household Travel survey, the US Department of Transportation and TIA.org all list research which proves these assumptions to be implausible. Increasing the scale of the website to regional or national levels proves no better an option. There will be no reduction of risk and most importantly, it will not give the proposed website a better chance at success. Investors look for one of two things: low risk and near guaranteed return or, high risk with chance of high returns. The proposed website venture is neither; it is high risk and shows only a chance of low returns.

ANALYSIS SUMMARY

It is quite clear that this venture will be extremely difficult to succeed in if the project is undertaken. The proposal was analyzed under the most favorable market conditions yet the numbers did not project success. With a specific target of only business travelers a significant portion of the site's content will not be pertinent to the average American traveler. To analyze the potential for a broad appealing travel website is an additional feasibility study in itself.

But the question remains, how are the competitor's successful? Bradmans is not updated and information is simply trolled from other sites with nothing reveling, unique or useful. Consequently the viewership is low – shown by the fact they only have one ad per page, a sign that ad agencies will not advertise with them. Bradmans is a business travel website but solving the Crummer Challenge with a solution like Bradmans is not in the spirit of creativity.

Hopstop.com appeals not to a specific audience but to the entire market where it is located. New York City has over 10 million residents and Boston another 1.5 million to draw from each and every day. Hopstop appeals to residents, business travelers and leisure travelers which makes the site's success possible.

Economist.com/cities is just a tiny subsection of a vast network of information from the Economist. Many viewers of the page are economist readers and utilize its content because of the draw to the entire website. A revenue stream of $100,000 is a lot for some, but not huge for the economist and most likely could not keep other independent entities alive.

OTHER POSSIBLE VENTURES

This month, January 2008, the FCC will auction off a block of "700-megahertz wireless spectrum." Why is this UHF once used for TV broadcasts so important? The frequency will be for super-fast long range wireless internet broadcast, opening up wifi access nationwide to the highest bidder. AT&T and Verizon have bid, but the front runner is clearly Google who intends to bid well north of $5 billion. Parallel to the bidding war, Google has announced its own smart phone which will be a rival to Blackberry and iPhone. The only thing missing is a super fast network to run on. Beneficial to the consumer and entrepreneur is Google's smart phone open source configuration. Meaning, if there is an application that people might be interested in, this will provide an opportunity for the developer to jump ahead on the market. What is lacking in the Crummer Challenge proposal is the market "opportunity." The Google phone may provide this. For now, it is wait and see to determine who will be granted rights to this bandwidth. At that point, the proposal and feasibility of that venture should be analyzed again.[18]

CONCLUSION

Given the fact that in 1 hour's time all of the aforementioned "competition" websites along with many more viable candidates were found, it is believed the business traveler's needs are met. Despite the relatively low start up costs, there are too few business person-trips in America to support a profitable balance sheet, even if the strong cast of competitors is ignored. It is the recommendation of this analysis that Ms. Callahan should forgo a more detailed study of this concept given the research and evaluations stated above.

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