



**CONFIDENTIAL**

**Travelment.com<sup>TM</sup>**

**The First Online Person-to-Person Travel Guidance & Grading**

# **Business Plan**

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# 1. Executive Summary

Travelment.com, incorporated in Delaware USA, is the first Online Person-to-Person travel Guidance & Grading Service. Using this unique strong service as a foundation, Travelment.com intends to be a leading Electronic Commerce portal for travel-planning and travel-related content and services.

While currently all travel related services on the net are based on a single direction information flow (i.e. site to consumer), Travelment.com facilitates a friendly powerful person-to-person traveler interaction.

Travelment.com concept is based on the unique *Person-to-Person Guidance & Grading Model* (P2PGGM)<sup>TM</sup>. In the case of Travelment.com, this model supports travel-related information exchange between individuals guided by leading information contributors (*Travelmentors*<sup>TM</sup>), as well as first-on-the-net mass-participated polling system for grading travel related establishments (hotels, restaurants, sites, etc.) by the public rather by small group of nominated experts.

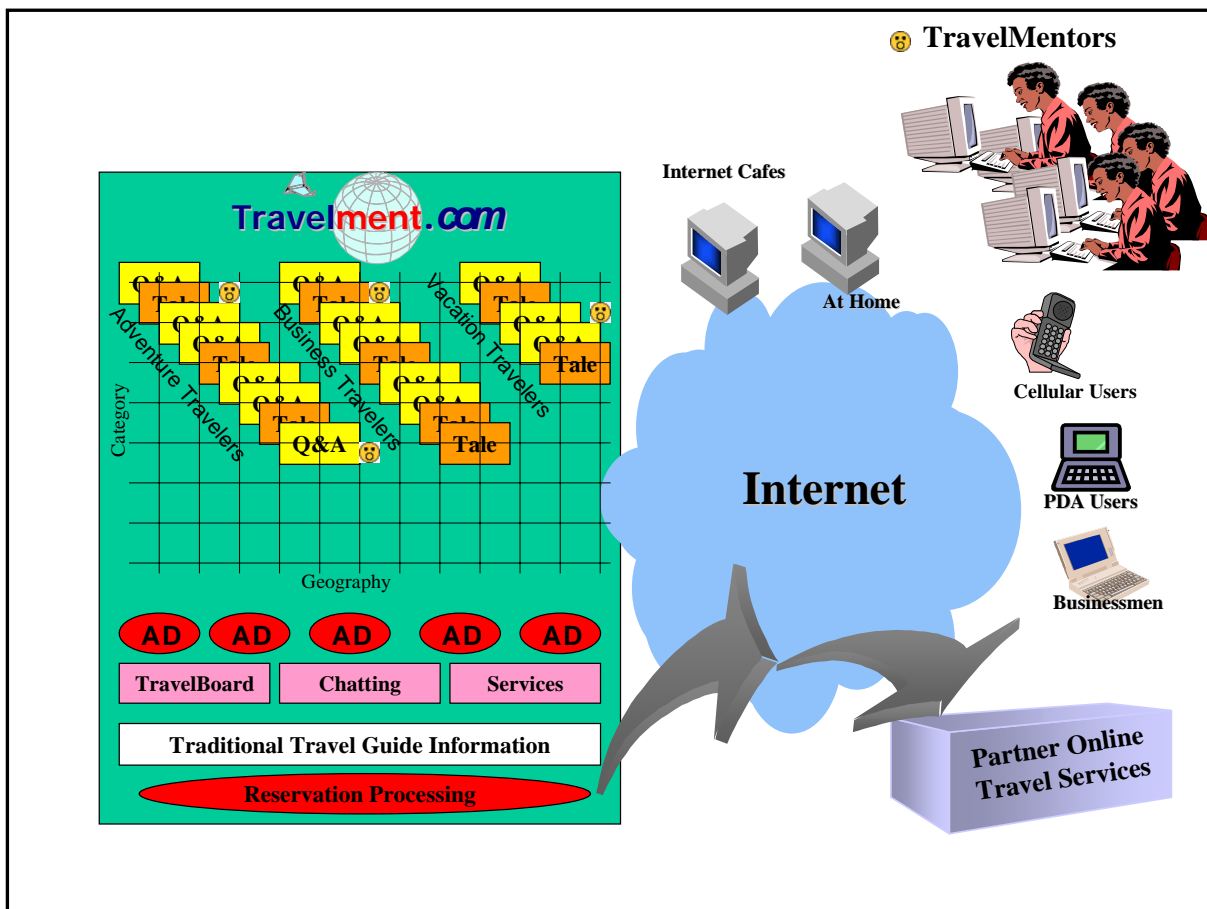


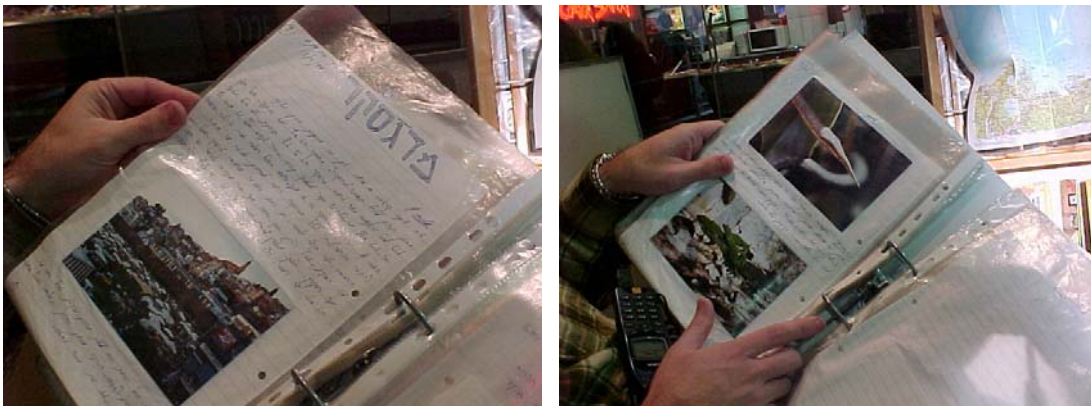
Figure 1 – The Travelment.com Model

The basic idea of Travelment.com originated from several existing real-world processes:

- “Travelers’ advice folders” - widespread phenomenon existing in the real world of travelling, especially popular among adventure travelers. In almost every hostel in South America and the Far East and in many Travel equipment stores, you can encounter such a folder in which ordinary

travelers have written valuable suggestions and advice for other travelers. Travelment.com takes this idea hundreds of steps ahead to the net with immediate open access to everyone everywhere and searching and indexing technologies.

- **Grading Guides** – Hardcopy grading guides, each focusing on certain sector of travel-related establishments (e.g. hotels/restaurants). Currently grading firms function in a limited fashion of “physical” collection of polling results from small group of nominated experts, specializing in a single type of establishment (e.g., “Zagat” and “Gomeo” for restaurants only) and publishing grading results mainly in a hardcopy format. Travelment.com will take both the grading process and the results publishing process to the web. In this way, all types of establishments could be graded, grading will be open to anyone (as part of the Person-to-Person philosophy) and grading results will be easily available to everyone through the web. In addition to publishing Travelment.com grading, Travelment.com will act as a focal point for viewing grading of all other grading brands in one place, quoting for a certain establishment, other grading guides’ scores.



*Figure 2 – Traditional travelers' advice folders*

With Travelment.com, a single item of information will be immediately available not only to travelers happening to own a certain guide book or happening to access a certain travelers' folder when visiting a certain hostel, but to all travelers accessing Travelment.com web site. Information will be available and up-to-date before the trip is taking place during the planning phase, and while travelling. Using the power of the Internet network, these capabilities plus many improvements and added value online features (such as sophisticated information indexing and retrieval) will be achieved. Furthermore, with Internet Cafes already spread in every corner of the world and with the advance of cellular appliances connected to the Internet via WAP, travelers will be able to consult or advise Travelment.com while travelling.

Business travelers, one of Travelmet.com initial target markets, will be able to access businessmen-oriented up-to-date information and recommendations regarding frequent flyer programs, luxury hotel special rates, airport lounges & facilities, special business class rates, hidden cities, tips & tricks etc. Most of this quality and qualified up-to-date information is currently not available on the net and when available, it is not consolidated in a focal point thus having most businessmen making unwise decisions as to their important travel arrangements.

Travelment.com will serve as a content-exchange platform for the masses, focusing on adventure travellers (mochileros), business travelers and gay travellers communities. Travelment.com will provide highly updated personal travel logs and related information about tourist sites, hotels, airlines, restaurants, etc., enabling its users to plan ahead and during their trips down to the smallest details, based on up to date information and valuable personal experience provided by other individuals.

Travelment.com will also provide online reservation services for hotels, flights, car rentals, etc., by co-branding and affiliating existing services, in the first stages.

In addition, travelment.com will feature the standard static travel information, in order to function as a centric portal. As with the Person-to-Person information, it will be also identified and indexed through Travelment.com specific indexing and retrieval search engines.

## **1.1. The Service**

Travelment.com intends to leverage on its unique Online Person-to-Person valuable features in order to become a leading travel portal. Only by using a Person-to-Person model with numerous individuals around the world, distinctive real-time up-to-date information can be delivered to other individuals.

### **1.1.1. Person-to-Person Travel Guidance System (TravelTale & TravelQ&A)**

Travelment.com is the first *Online Person-to-Person Travel Guidance System*. The basic underlying theme is that every travelling individual is a valuable travel guide. Together, all individuals can cover sights and distinctive attractions that no official travel guide or organization can dream to cover. Using the Person-to-Person Travel Guidance System, travelers share their personal information and opinions regarding sites, restaurants, hotels, airlines, etc., including personal travel-logs, recommendations, grades, etc.

The raw travel guidance content will be indexed and categorized into a dynamic list of topics. The initial list of topics will include:

- Restaurants
- Lodging
- Flights
- Transportation
- Entertainment
- Art & Culture
- Events & Festivals (Sports, vacations, holidays)
- Weather
- Currency Conversion
- Emergency Services
- Language
- Security
- Must See Places
- Tracks & Routes
- Internet Cafes

### **1.1.2. Person-to-Person Travel Grading System**

Travelment.com is also the first *Online Person-to-Person Travel Grading System*. Here also, the basic underlying theme is that every travelling individual (and not only nominated experts) can vote

as to a certain travel establishment and that every travelling individual can retrieve and consult voting results. Together, all individuals can grade more establishments and more types of establishments (not only “hotels & restaurants”) that no official grading institute (such as “Zagat”) can cover.

In order to become a grading focal point, Travelment.com will feature grading of other well-known grading institutes. In this way, Travelment.com will be recognized as the place to view all grading of a certain establishment in one table.

The initial list of establishments to be available for grading is:

- Restaurants
- Hotels
- Airlines
- Transportation firms
- Entertainment establishments
- Events & Festivals (Sports, vacations, holidays)
- Internet Cafes
- Sites

### 1.1.3. TravelBoard System

In addition to informatory content, Travelment.com will also provide travelers with TravelBoard™ services, which will enable travelers to use a sophisticated bulletin board for:

- *Travel Partners*
- *Personal Messages*
- *Lost and Found*
- *Flea Market (Buy & Sell items)*

This kind of information and services will attract frequent loyal users to Travelment.com web site.



Figure 3 – Traditional Travel Board Service

### 1.1.4. Travel-Related Services

Travelment.com will provide the following travel-related services:

- *Personal travel logs*, describing locations, recommendations, hotels, restaurants, etc., of travelers who have been to a specific place before.
- *Personal itineraries* of travelers during a trip. These itineraries can be limited to a specific community by way of a password, or can be shared with all Travelment.com users, according to customer's discretion.
- *Related services* such as electronic sales of travel guides via Amazon.com, travel and camping equipment, and auctions of used equipment (via eBay.com).
- *Online travels planning system.*
- *Chat forums for travel related issues.*

### 1.1.5. Traditional Travel Guide Information

In addition, Travelment.com will contain information, which is generally available on the web and other locations. This information will be categorized and indexed both geographically and according to the above mentioned categories. It is Travelment.com intention to become the major location for personal travel-related information, replacing the traditional travel guidebooks.

### 1.1.6 Travel Reservation Service

Travelment.com will offer online reservation services for air tickets, hotel reservations and car rental, as well as additional travel-related services. Based on Travelment.com marketing strategy, these services will be provided in first stage by affiliating existing online reservation sites (Travelocity.com, PreviewTravel.com, etc.), collecting referral fees. In this way, competition with existing Travel sites will be avoided leading to strategic alliances (see more details in the marketing strategy section).

In advanced stages, after the Travelment.com brand is well established, reservation will be fulfilled by standalone reservation scheme deploying a Saber-based or similar online reservation system on Travelment.com web site.

Travelment.com is planning to extend those services in the future to provide additional features such as travel coordination and Small Business Reservation System (SBRS).

### 1.1.7. Mobile Access Integration

With the increasing availability of internet-ready cell phones and PDAs, it is estimated that during the next two years these devices will gain increasing popularity among travelers, enabling them to mobile Internet connectivity. Travelment.com intends to take advantage of this trend, providing travelers with relevant on-line information regarding travel attractions via a WAP server connection.

## 1.2. Market Potential

Travelment.com is operating in the market of *online travel services*. This market is new, rapidly evolving, competitive and has relatively low barriers to entry.

Sales in the online travel services market have become the largest online retail category and a stronger online EC segment, even stronger than the online book industry. There might be no parallel to the natural fit between the Internet and the travel business. The lack of need for goods' shipment on one hand and the price flexibility and typical last-minute vacancies on the other hand make the Internet a perfect medium for this industry. While recently several key players are about to go for IPO, still very few publicly traded companies are competing in this sector.

According to Forrester Research, sales in the travel industry have become the largest online retail category, with estimated online transactions of \$7.8 billion in 1999, growing to \$32 billion in 2004.

Travel is one of the fastest growing areas of Internet commerce, surpassing PC hardware and software in online sales this year. Forrester Research estimates that more than 8 million leisure trips were reserved online in 1998, generating \$3.1 billion revenue, and projects those figures will ramp to 65.5 million leisure trips, generating \$29.5 billion, in 2003.

Jupiter Communications makes the distinction between "lookers" and "bookers" of online travel services. Currently the majority of online travel services are using the web as a tool for finding information about sites, offerings, prices, availability, etc., while not necessarily booking those services online. Travelment.com will provide both "lookers" and "bookers" with travel-related information, complimentary to the online services they are using.

According to Jupiter, "Consumers aren't only looking for airfares -- 24 percent use the web to decide where to go on vacation in the first place, boding well for destination content providers. Travel players should not overlook the opportunity to fill the role of educator and advisor in the travel purchasing process, in addition to facilitating the transaction itself".

### **1.2.1. Business Drivers**

Travelers are in need of information both when planning a trip and when actually being on the road. Most travelers will use a travel guidebook before and during the trip. These books normally represent limited numbers of opinions and are not often updated. In many cases these books do not provide relevant information for business travelers, who are in need of different kinds of information. The widely spread usage of the Internet and electronic commerce have brought Travelment.com to believe that the demand for its services will be significantly large. The Personal Device Assistants (PDA) such as Palm Pilot, Nokia Communicator, etc., providing wireless Internet communication are becoming more and more generally available. This trend is expected to increase during the next few years, which will make the use of Internet while away from a personal computer more and more common.

Currently Internet Cafes are becoming more and more trendy, especially in third-world countries, and the use of Internet as a communication platform between travelers becomes widely spread. Currently free email services such as hotmail.com are becoming popular between travelers as in information exchange devices, but are limited in nature.

### **1.2.2. Travelment.com Strengths**

The essence of the Travelment.com advantage lies in several key factors:

- Understanding electronic travel market needs
- Knowledge and experience of its founders in the travel industry, both as professionals in the travel industry and as business and leisure travelers.
- The strong background of its founders in the software industry in marketing, business development and technical aspects.

### 1.3. Business Strategy

The Travelment.com business concept is to leverage on its unique free-of-charge Person-to-Person service value together with its smart aggressive marketing, in order to establish branding rapidly and consequently maximizing Travelment.com company value. The company goal is to seek a short-term attractive buyout (1 year term) or facilitate an IPO within 2 years and consequently achieve the best return on investment currently existing, in the Internet Service industry.

Travelment.com business objectives are:

- Maximize company value
- Maximize revenues

During the first term, it is a conscious business strategy of Travelment.com to prefer the maximization of company value to maximization of revenues. This conscious decision is based on Internet Industry's business dynamics and is coherent with the above goal of seeking the best return on investment via Buyout/IPO. Furthermore, this strategy is vital for assuring brand recognition and awareness as a portal. This strategy means that operational revenues might not cover operational costs at the first term of operation. As for example for the derivatives of this strategy, Travelment.com will fulfill reservation requests using affiliate networks of existing travel reservation portals rather than using an in-house reservation system. In this way, income per reservation will be lower (affiliate fees vs. full reservation fees) but non-competitive status will be assured with those portals that we perceive as vital partners.

Travelment.com's two business objectives will be achieved utilizing the business strategy as described in chapter 5.

#### 1.3.1 Maximizing Company Value

- The market tends to evaluate Internet Service firms more as to the magnitude of influence on communities of users, rather than in the traditional accounting measures. Magnitude of influence is derived from various quantitative measures such as number of users, number of loyal users, number of profiled users, number of page hits. Maximizing company value is extremely important during first stages after constructing critical mass in order to prepare for a successful early buyout.

Travelment.com valuation will be driven from the number of users and page hits, based on the total value of each category. In general, a user is worth anywhere between \$200 to \$2,000, depending on the type of user and the type of service a company is offering on the net. Travelment.com believes that its valuation during the first two years will be driven according to the matrix mentioned in chapter 5.

Travelment.com plans to work in several parallel channels to increase its users base and revenue goals set forth in its business plan. Travelment.com marketing strategy calls for a direct sales effort and a joint marketing with strategic partners from both travel and e-Commerce areas. Travelment.com intends to work in cooperation with several types of strategic partners:

- E-Commerce partners:

Travelment.com intends to cooperate with strategic partners, (e.g., Amazon.com, eBay.com, etc.) in order to gain market awareness, achieve revenue goals, and utilize their user base to create significant number of web site hits per day. Travelment.com also intends to cooperate with other E-Commerce and internet portals in order to become their default travel hyperlink.

- Strategic partners from the travel industry:

Travelment.com intends to establish strategic cooperation agreements with airlines and leading travel agencies, for the purpose of jointly offering Travelment.com services combined with flight tickets, hotel reservation, and other related services. Such alliances will also assist Travelment.com users to gain better prices on such services. Travelment.com intends to cooperate with leading travel web sites such as Travelocity and Preview Travel and to incorporate some of their services in its web site.

### 1.3.1. Business Model

#### 1.3.1.1. User Base

Travelment.com strategy is to initiate a massive user base for its web site before starting business development efforts. For achieving this purpose Travelment.com intends to combine both mass information quantities by automatically searching and indexing existing travel-related information on the web, creating a smart access (both geographic and topic based indexes) mechanism to this information. While creating the content amounts, Travelment.com will also focus on creating high quality content. For that purpose, Travelment.com has hired a well-known travel expert with more than 15 years of experience in the travel industry, both as a professional traveler and as a manager of an adventure-travel agency. Travelment.com also intends to utilize its founders travel logs and experience to create a knowledge attraction center for specific areas such as Thailand, India, Australia, Europe, etc.

During this phase Travelment.com will create its world wide net of Travelmentors™ who will contribute their own personal information regarding travel-related sites. In order to motivate the Travelmentors™, Travelment.com has come up with Travelmentors Stock Option Plan (TSOP) that will credit Travelmentors with Stock Options, based on the number of hits per item written by them. This plan will not only motivate Travelmentors to write items for Travelment.com web site, but will also encourage them to make sure that their friends will be hitting Travelment.com web site constantly.

A large number of Travelmentors will be recruited from travel-related positions, which require persons to travel as part of their jobs. Airline crews are a good example for such recruitment. Travelment.com is already in the process of recruiting Travelmentors from Northwest Airlines and El Al Israeli Airlines.

Travelment.com also intends to implement a “ZAGAT” like rating model for sites, hotels, airlines, restaurants, etc. This model will enable visitors to rank a site according to different criteria’s influencing the final rating for a specific site. Travelment.com believes that this will also increase its users-base significantly.

#### 1.3.1.2. Revenues

Travelment.com revenues will be generated from several key activities:

- **Advertisement** revenues will be created from publishing banners and other forms of on-line advertising based on Travelment.com user base. Travelment.com will direct advertisement at special target groups, according to the viewed topics and web pages.
- **Referral Fees** will be collected from related web sites which will contain complimentary information to Travelment.com.

- **Commissions from travel services** will be collected from related web sites to which Travelment.com users will be referred. Users will be referred to sites such as Travelocity and Preview Travel for purchasing tickets and hotel reservation, and Travelment.com will be credited commissions for that.
- **Small Businesses Reservation System (SBRS)** will be implemented, offering small hotels and guesthouses the opportunity of using a web-based reservation system at Travelment.com web site. This system is targeted at small businesses who do not have the capacity of developing or acquiring on-line reservation system, or creating their own web sites.
- **Paid premium services** such as personal travel consulting, personal travel planning, special adventure planning, etc., will be provided by Travelment.com experts. Users will be charged for these services on a pay-per-use basis.

## **1.4 Financing**

Travelment.com is seeking an equity investment of \$500,000. In case of overbooking, management may consider increasing this round of financing up to \$2,000,000. Use of the proceeds from this investment will be as follows:

- Developing Travelment.com web site up to a production level
- Marketing & Business development

### **Profit & Loss statement (in US\$)**