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"It is more about your passion, drive, and belief in yourself than it is about your intellect, who you know, or good luck"
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1. EXECUTIVE SUMMARY

For the past decade, the usage of Internet had a huge impact on the way of conducting business. Many dot-com companies were launched, but many collapsed due to a lack of market research, excessive competitors, low product differentiation and lack of consistent strategies. However, the surviving dot-com companies were able to take advantage of all the opportunities that were available in the market.

talkwithmi was established on January 8th of 2008 in Irvine, California by Delia Guerra and Ildefonso Olmedo, after many experiences that these two decisive and ongoing classmates had gone through in their MBA year.

talkwithmi is not a dream anymore. It is already available for all users to start enjoying the great experience of becoming part of this online global community. Go and check it yourself, enter www.talkwithmi.com and start getting the benefits that a website like this can provide for you.

1.1 OBJECTIVES OF THE PROJECT

We plan to raise money from our future investors after 2 years and 9 months that talkwithmi has its first payback period, meaning that after this period of time all the money that the company earns will represent profits for the company.

talkwithmi will go after the mentioned period of time, to the investors with real data, with a developed website that is going to provide security to the investors at the moment of putting their money in our company.

The aim of this website is to match English and Spanish speakers with similar interests so ‘pals’ may communicate with each other and improve their language skills.
talkwithmi sees a huge opportunity in the e-learning business due to the rapid growth of the Internet and the constant necessity of learning a foreign language.

1.2 E-LEARNING
Some definitions of e-learning are:
- The convergence of the Internet and learning, or Internet-enhanced learning
- The use of network technologies to create, foster, deliver, and facilitate learning, anytime and anywhere

The global market for e-learning will grow nearly 27%, compounded annually. IDC (International Data Corporation) forecasts that the e-learning market, which was about $6.5 billion in 2003, will increase to more than $21 billion by 2008, and hit $52.6 billion by 2010.

![Projected Corporate e-Learning Growth](http://www.idc.com/)

1.3 ORIGIN OF IDEA
Our business idea is to set up a dot-com company:
- Our websites users will be able to sign up for free, actually in this our users can take advantage of our services
- When a user signs up, we will categorize them according to their languages needs. They will be asked to put their mother language, which languages they speak, with their knowledge levels and which languages they are interested in learning, with their current learning level
- After the registration there will be a matching process in which people would get connected with each other, depending on the languages they want to learn and the ones that they can offer.

- There will be an optional test level, in order for them to see how they are doing nowadays with their languages skills, in this way for the future matches that the website will do, they will be matched with people who have the level of knowledge that this person is looking forward to.

This idea has been chosen according to a need that we personally had suffered. We would have appreciated in a large extent to find one of this websites before starting the MBA, in order to improve our English skills. In addition to this, we think that this project is a perfect ending for this international program.

1.4 CONCLUSIONS OF EXTERNAL AND INTERNAL ANALYSIS

1.4.1 Pest
At the end of the PEST analysis, we saw the influence that external factors have on the dot-com sector. How the credibility and loyalty of a dot-com company can be affected due to privacy and piracy problems. Furthermore, it is important to mention that new trends of lifestyles are turning around the idea of doing businesses through Internet instead of face to face businesses which gives a great opportunity to the creation and improvement of dot-com companies.

1.4.2 Porter
After doing the external structural analysis and given that there are low entry barriers, powerful suppliers, powerful customers and strong competitive climate a language learning online business need to see different revolutionary ways to launch a website that can attract all these people anger for a type of service of this kind. One of the methods could be through specialization.

1.4.3 BCG
After realizing that the industry is in the fragmented stage, a company can easily start building new entry barriers for their competitors, because when
competitors are developing their strategies to get into the industry, the existing companies can be already ahead taking advantage of the “first movers”.

1.4.4 Product Life Cycle
Whenever we analyze the life cycle of dot-com companies that contact people with language learning needs, we came into conclusion that is in the growth phase. The business industry has been one of the most revolutionary businesses, since every company is or wants to be in the Internet.

1.4.5 Value chain conclusions (Critical Success Factors)
After the internal analysis we have come to the following conclusions:

- The user community is a key factor when building this kind of websites. Website’s admin have to control users’ accounts, forums and so forth in order to protect users from users with bad intentions. These users have to be banned by website admin. Social networks must build a strong and loyal user community in order to be successful

- Either customers (advertisers) or suppliers are key factors when building websites:
  o Customers: choosing the advertisers portfolio is a critical activity when setting up a dot-com company since they will represent an important percentage of the company revenues. Choosing advertisers in line with the subject of the website is the best way to ensure revenues coming from this source
  o Suppliers: the suppliers will determine the people your company is reaching with the advertising campaigns.

- Outstanding customer service must be provide in order to improve steadily the website and also to create a strong user community

- Promotion through advertising, word of mouth, network effect and so forth is a key factor when building website awareness
- Customer friendly websites: making easy for customers to get through the different sections in order to find what they’re looking for. Not building a too busy looking website and using the appropriate colors and graphics

- Website awareness: offering outstanding customer service and making great advertising

1.5 DESCRIPTION OF THE SERVICE AND STRATEGY
talkwithmi is an e-learning business which matches English and Spanish speakers with the aim of helping each other improve their language skills.

Customers are going to be able to choose between two types of accounts. The first one is a basic service which is for free that just matches people with similar backgrounds for them to interact between each other.

The second is called premium service, which is $29.99 a year and is focus on business people who want to improve their business language skills. talkwithmi will offer specialized matching, daily news, stock market quotes, currency quotes and the most important value of this service, is that subscribers are going to be able to take advantage of Monsters.com which means that they are going to be part of a huge business network.

The customer service is going to be offered through 3 different pages in the websites: feedback page, contact_us page and about_us page (see 8.1.7.2, 8.1.7.5 and 8.1.7.6 sections for further information). Through these pages users will be able to help us to improve the website, ask all the questions they have and so forth.

talkwithmi is going to offer a better service than sector competitors through added value services and through specialization in the Spanish-English learning. This will allow the company to have a big portion of the pie.
1.6 MARKETING PLAN

1.6.1 Domain name
The domain name (talkwithmi.com) was chosen trying to fulfill the following conditions: short domain name, easy to remember, easy to spell, com extension, descriptive, brandable domain and not keyword based and no hyphens or number.

1.6.2 Search engine optimization
The first action in any successful search engine optimization (SEO) campaign is choosing and incorporating the correct keywords for the site. It can make the difference in generating the maximum amount of targeted traffic to the site or just getting more hits for associated queries.

Once the keywords have been chosen, next step is placing them in key positions of the page to take advantage of them, and optimize the page positioning in Search Engines. The keywords will be placed in the following strategic positions: title of the webpage, Meta description tag, first paragraph, headline tag and ALT tags.

The keywords chosen are displayed in the section 8.1.4 of this document.

1.6.3 Core Competency
1) Focusing on English and Spanish: the competitive advantage of the website is to provide specialized and unique service to our customers.
2) Services:
   - Regular: Matching people (Spanish with English speakers and vice versa); Sign-up Profile (friends and interest); Black board (Questions); Language Resources (Vocabulary (10 words a day), tips and links).
   - Premium: $29.99; Regular affiliation service; Special Matching with business language partners; Business vocabulary; Business Articles; Provide information of business trade; Shows at user hometown, country and abroad; Interactive with customers and needs
1.6.4 Advertising

Advertising will be done mainly through Facebook. We will invest $10000 the first year which will be distributed $900 a month, $30 a day, for our Ad to be shown many times a day, thinking that Facebook charges $0.27 cents each 1000 impression.

We will start with language school meetings. We will promote our website in these educational institutions in order to become a part of their teaching process. All the alliances made with language schools will be the start up of the LAPCO (Language Partner Community)

For the remaining years, we will continue using social networks as advertisers, plus language schools and the most importantly the promotion of the community we want to create and make people believe in the chance of a new way of learning.

Strategies:

The main strategy that talkwithmi has, is called Facebook strategy. According to different surveys Facebook is one of the most popular social networks. Therefore, we will do most of our advertising through them and all the database that we gather was according to their numbers, since we want to be as accurate as possible.

Other strategies that are going to help talkwithmi be successful are:

- Building customer loyalty through strong measures to protect private customer data, making registered users feel safe in terms of privacy by informing them about the company’s data retention practices and the ways in which their data is shared with third parties
- Implementing new features that will help English and Spanish speakers to meet their necessities regarding the usability of these two languages since nowadays are the most common languages around the world.
- Taking advantage of the interactive features provided by the new Webs 2.0 to involve customers in quality management processes allowing them to customize their profiles and offering ongoing feedback through surveys, rating, rankings, reviews or comments.

1.7 SOURCES OF INCOME

Premium Service: talkwithmi charges a fee of $29.99 a year for a more specialized matching based on background and business preferences.

Google Ad Sense: Different companies that will request having their Ads in our website in order to advertise themselves. Each company has different way of payment depending if a customer just clicks or actually buys from them.

Affiliate Programs: Companies that talkwithmi will be interested in having as links in the website. Affiliate programs will help us increase traffic to the website as well as with revenues, since they charge a different amount of money whenever a user clicks and/or buys something from them.

Main Expenses:

Salaries: talkwithmi owners will receive $1500 each and $5000 on outsource services such as legal, accounting and marketing.

Rent: talkwithmi has a virtual office which costs $175 a month.

Advertising: talkwithmi will advertise only on Facebook the first year according with our main strategy of focusing in real and accurate data provided by Facebook. The amount is $900 per month which represents $30 per day.

Promotion: talkwithmi has as long term goal, the creation of LAPCO (Language Partner Community) therefore, starting from the first year we will promote the brand in language schools and business schools, to build strong and solid basis for one of the most interesting and cross cultural communities in the world.
Taxes: talkwithmi is a Limited Liability Company. In the United States a LLC will just pay federal tax, that in this particular case accounts for $800 a month.

talkwithmi has a break even in dollars the first year of $132000.

talkwithmi has break even in users as well, which is the point at which number of users covers total charges. Our operation breakeven per year, is 4436 users 2008. As time passes and our brand awareness increases the number of users increases around 12% to 13% growth each year. This number of users is only related with the premium users.

1.8 FINANCIAL PLAN

talkwithmi owners are going to ask families and friends $20000 to avoid interest from the banks at the beginning of the business. Furthermore, owners are going to invest $7500 from their savings. We are going to put all of our time, effort and money, to show our future investors the commitment that we have with our company.

It's important to mention the plan that talkwithmi has for the future. The reason why we have decided to start with a small amount of money invested is because we want to go to our investors in 2 years and 9 months and show them real and accurate history data provided by our own website, for them to see how successful their investment is going to be and furthermore, show them the commitment that the owners have not only with talkwithmi but with the money of each one of the people that wanted to be part of this innovative and modern project.

In this case, with an investment of $27500 and a 25% of interest rate the value of the future cash flow will be $146,062.81.

1.9 SHORT TERMS AND LONG TERM GOALS

• **Short-term goal**: To be known as a website not only for being a great tool to improve someone's language skills, but also to interact with people around the world
• **Long-term goal:** To create an effective LAPCO (Language Partner Community) to match Spanish and English speakers with the intent of introducing more language options besides English and Spanish in our website

1.10 CONTINGENCY PLAN

Our contingency plan includes the following actions:

- Getting alliances with Language School: getting alliances with language schools and these schools will use talkwithmi as a tool for learning either Spanish or English. The agreement will be that we will put the link of their website in talkwithmi and the language school will sent students to talkwithmi

- Going to universities: with an important amount of international students trying to improve their language skills, for example UCI Irvine. All these students are within the age range that talkwithmi is going to target

- Going to companies: especially those that pay attention to the language skills of their employees, for instance Accenture. They could offer training to their employees through our service

- Going to mass communication: such as radio or newspaper in order to promote the website
2. BUSINESS PHILOSOPHICAL STATEMENT

2.1 MISSION
- talkwithmi is a social network anger to show their users a fun, interactive and productive way to learn a foreign language, besides learning new cultures and lifestyles
- talkwithmi purpose is to match English and Spanish speakers for them to start getting the benefits of a language partner community

2.2 VISION
Become the best global language exchange community which will be consider as a revolutionary tool for language e-learning

2.3 OUR PHILOSOPHY
Our company foundations are dedication, customer loyalty and building faith with our clients. Our main objective is solving customer needs through our effort, analyzing each particular case in order to offer them the best way to achieve their goal. talkwithmi keeps always in mind that customer ought to have the highest respect. We are aware of the fact that customers need a company they can trust when fulfilling needs they have. Our customers must never forget they are the leading actors and our company is just a tool to make their life easier. We supply our customers with better-quality service by adding these values in everything we do.

2.4 OUR VALUES AND BELIEFS
a) Customer focus
It is very common to find “customer is our main priority”, and at the end we see that sometimes they do some adjustments which can affect the relationship in long run. That is why talkwithmi is focus directly with the customer, meaning with this that every change that we do, are being notify to our clients as soon
and effective as possible, since all the adjustments that we do are always going to provide a benefit to our customers.

- The page is always as clear and simple as possible
- Page load instantly
- Banners or advertisements are always providing useful and relevant information and not being a distraction

One of the many reasons why we emphasize this value is because our best way to let people know about us is by word of mouth.

b) Maximum Effectiveness

We put a lot of effort in surpassing our customer’s expectations as well as ours. It is very important for talkwithmi all the suggestions that our customers make to us, since we know what we do well it is much easier to solve any problem and improve our service. In one hand this will allow us to explore other language markets and be able to fulfill as many as our customers request and in the other hand with the surveys that are being done once our customer is done with the conversation.

c) Complete Availability

"Where ever you are, where ever you go, we are always available as long as you have an Internet connection". Our customers are not worried about not finding us if they are in another country, because talkwithmi is available at any time, any moment that its need it.

d) All Inclusive

Our service can be use by anybody, it doesn’t matter age, sex, race, religion, etc, as long as you are willing to learn Spanish or English and of course the upcoming languages that in the long run we will add, since everyone has the right to learn.
e) Complete Privacy

We respect each one of our customers. We do our job in providing the best match that you require and giving you the best service, therefore our customer's privacy will always be protected. You are the only one that can get into your account, making yourself visible to your contacts; therefore whenever you identify something unusual, you can feel free to contact us since we will deal with the inconvenience.

f) Commitment to improve your language skills

We assure you the best links and information available in the market, for you to improve your language skills. It is our commitment to you that we will be always updated and seeking for new learning techniques for your language success.
3. EXTERNAL GENERIC INDUSTRY ANALYSIS

3.1 PEST

3.1.1 Political Factors

3.1.1.1 Common International Laws
The government in general, has a big responsibility when it comes to the Internet Industry.

Since the world is moving into the Globalization trend, taxation and legal areas should be consider as well, in order to have everyone enjoying the same types of benefits. The biggest goal in this environment is the creation of common international laws which will look upon to fraud, e-commerce and fraud, that will support the private sector in this area.

With the creation of these types of laws, the Internet will be able to enjoy this freedom that has made it one of the most used sources around the world.

The governments need to realize the necessity that the people have in going online, therefore the access/connectivity policies should promote access on fair terms and at competitive prices to all communities, in order to appreciate the full benefits of broadband services. Where market-driven availability and diffusion of broadband services is not enough, government initiatives should promote such availability.

Regarding content, governments should improve access to public sector information, for example by introducing open access requirements for public funded research, by making available public sector content and information.

3.1.1.2 Intellectual Property Rights
One of the areas that concern is the copyright and other intellectual property rights, within the regulatory frameworks because it should balance the interests of suppliers and users, without harming innovative e-business models.
In the past decade everyone who was involved in this market, had seen the importance of protecting the originality of the author. The biggest reason for this is that the intellectual property has become an important source of revenue to the company/author owning the original concept.

The most obvious case is the music industry, which has been affected due to customer's ability to purchase and redistribute music in a digital format through the Internet.

![Global Spending on Physical Recorded Music and Licensed Digital Downloads (US$ Millions)](image)

Source: PricewaterhouseCoopers

3.1.1.3 Attempts to monetize social networking websites will drive interest in regulation and legislation

Social networking is now a global Internet phenomenon that is manipulating the way websites are being managed, since the information that these sites contain are usually private and/or information that children under the age of 15 are not allow to visit.

In order to protect children rights, many websites are adding policies as well as methods of payments. Institutions as UNICEF will make everything to guard children from inappropriate information that can be available at a social
network, reason why local and federal governments are putting a huge effort to create policies for the children protection. All it will take is one or two widely covered exploits to make this happen. The European Union and the U.S. government are beginning serious inspections on this in 2008, having as partners many other governments that want to follow the trend.

Therefore, good citizenship sites that manage social networks will be essential to prevent excessive government involvement, since not every site contains prohibited information and also because if governments start charging for the use of social networking, it has to be a reasonable price, affordable for a large proportion of the social networking community.

The dot-com sector is becoming more knowledgeable day after day about this issue reason why they try to keep update every one of their policies to counter any future problem.

Source: http://web2.socialcomputingmagazine.com/3-2 Social network example
3.1.1.4 Customer data protection

Issues regarding customer protection have attracted huge attention in the 21st century. Many companies have violated many rules and regulations regarding the protection of private data, reason why implementing new or better global privacy policies is necessary.

The aim of a global privacy policy is to protect, collect and use personal information provided to websites as the most valuable record that a website can have. New policies are being implemented to control the trade, sell or lease personal information that has being entrusted to a website.

Recently it was introduced the TRUSTe, which is a program that is consistent with government and industry guidelines concerning the use of personal information. These standards include the Organization for Economic Cooperation and Development (OECD) Guidelines on the Protection of Privacy and Transborder Flows of Personal Data, the Federal Trade Commission and Department of Commerce's Fair Information Practices and the Online Privacy Protection Act.

However, not all websites are aware of this important tool, reason why the internet credibility is being questioned. Therefore, measures are being put in place like the creation of new policies in order to help online businesses prevent and recover the image that has being damaged because of websites such as Yahoo, that have leaked private information to the public.

In April 2007, Yahoo was sued after two Chinese citizens declared that Yahoo Hong Kong willingly provided their e-mails, IP addresses, and physical addresses to the Chinese government. Even though, Yahoo denied responsibility, its credibility was questioned and furthermore, the entire internet industry was affected since users were afraid to provide any type of information through any website.
There is an institution in the United States called BNA Patent, Trademark & Copyright Journal, which is in charge of safeguard client interests with confidence. Keep up to date with the latest intellectual property legislation, regulations, litigation, industry news, and selected international developments across the full spectrum of issues. Also, BNA’s objective is keep customers aware of new rules promulgated by the Copyright Office, PTO and International Trade Commission.

Language dot-com websites as well as many other websites in which a person has to give personal information in order to be registered as user of a website or of the Products and Services is classified as Registration Information. Registration Information is protected in several ways. Registration Information is available through a password and unique customer ID selected by the future customer. This password is encrypted. Therefore, with the help of organizations and technology, private information will be able to remain confidential regaining in this way, the trust on the online community.

3.1.1.5 Payment protection

While the Internet has opened up new ways of reaching out to customers, at the same time it has also increased public awareness of identity theft and credit card fraud, two issues that can be prevented with the use of different technology available in the market. These new solutions are helping online business achieve their goals of reaching out to security-conscious or credit-card-less customers especially when it comes to supporting Web based payment options. But what about those people that do not have credit cards? On-line checkout options for these shoppers previously were limited by credit-dependent cyber stores.

Therefore, new alternative payment options like PayPal and Secure-eBill are quickly being added by savvy online retailers. Secure-eBill is the newest
solution from Ottawa, Canada, that permits Internet shoppers to pay for goods or services through their electronic checking accounts, a process very similar to online bill payment.

By using this payment option at checkout, shoppers receive an eBill from the merchant and use their on-line bank account to complete the purchase.

During checkout, the shopper inputs his e-mail address, name and phone number. Once he clicks on the SECURE-eBill option, his transaction is complete. Shortly after, the consumer receives an eBill from the merchant. These types of processes are not different than paying other bills on line, such as utilities or credit-card bills.

The use of secure encryption technology to keep information confidential has increased consumers loyalty. One good example is that if someone uses somebody else credit card without consent, customers will never pay any part of the fraudulent charges.

If any fraudulent charge appears on the credit card statement, the only thing that a customer has to do is simply notify at the 800 numbers or at any specific number suggested for this cases, or access your account online and notify by e-mail.

One of the most promising payment methods is the use of micro payments which is the ability to pay for data or services in small increments. Micro payments can be seen as a solution to allow low-value payments for purchasing news articles, stock quotes, index queries, per-click purchase and other services over the Internet.

This method is consider as an advantage for the language dot-com sector, since some of them charge little amounts of money to use the service. However, there are some others that do not charge any money for this service, but in the future they could start charging as well.
3.1.2  Economical Factors

In the Internet industry the world economy has a very important role because it influences considerably on it. Internet has a direct effect on many aspects such as management and society. One of the main reasons for this is because in the 21st century there was a strong trend of competition which is making businesses cut their costs and use less human resources in order to be able to compete in the global market. Therefore, analysts are always evaluating the status of the strong economies in order to be able to forecast how the economy trend will be.

3.1.2.1  Evolution of the economies worldwide

At the beginning of the decade worldwide economy was in a slow trend which affects directly the Internet and the Information Technology industry. From 2001 to 2002 most of the economies were weak. During the past 2 or 3 years things have started to change.
On 2003 economical indicators started to show the new trend in which the world was moving into. 2004 was one of the most important years, since here is when most of the economies were able to prove of what they were capable of doing. Latin America had a great increase of 14% higher than the year before which made the IT industry confident enough for their upcoming launches.

In the past few years the trend has been moving towards the Asian countries, with a huge impact especially in China. The United States in the other hand is entering into a recession period which will produce an important shock on the weakest economies such as countries that have pegged their currencies to the dollar or to economies that use the dollar as their currency.

This new trends have cause a considerable change towards the use of the Internet in Asian Countries.

### Internet Usage by World Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Millions of Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>437</td>
</tr>
<tr>
<td>Europe</td>
<td>322</td>
</tr>
<tr>
<td>North America</td>
<td>233</td>
</tr>
<tr>
<td>Latin America</td>
<td>110</td>
</tr>
<tr>
<td>Africa</td>
<td>34</td>
</tr>
<tr>
<td>Middle East</td>
<td>20</td>
</tr>
<tr>
<td>Australia/Oceania</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: www.tenerife-training.net/...

3-4 Internet Usage by World Region

After analyzing the usage of the internet world wide, we saw a potential market in Asia, Europe and North America. These statistics show us that since there are
many different spoken languages in the potential market mentioned before, the need to learn a foreign language is increasing in such a way that many social networking websites in language education are going to be launched very soon. This trend gives a big opportunity for future investors to think into the possibility of investing in an online business that could be related with education since there is a huge market share available.

3.1.2.2 Worldwide GDP

It is important to mention that the world economy back in those days enter into an expansion cycle with a GDP that was in a constant growth, but moderated if we compared with 2004.

The global GDP in 2005 was 3.4% having the U.S and Latin America’s economies as the fastest ones, 6.4% each one. Followed by the Asia Pacific countries with 5.9% which actually was in discrepancy since the PCR, India, Indonesia, Philippines had a 2 digits growth, being Japan the one that made the off set for the mention countries. One of the main reasons why the Japanese economy is the slowest in the Asia Pacific region is because of the way they manage their banking system. If we take the GDP excluding Japan which is the biggest economy in Asia, we end up having 9.5%.

In 2006 the global GDP increase 3.9% which actually was following the trend since 2003. But in 2007 it started to decrease, there are many reasons for that, but probably one of the most important is the financial system of the U.S since experts are saying that the United States economy it could probably move into a recession and here is when we could probably say that if the “United States get a cold, the world would get Pneumonia”.
Therefore, there is a need to focus more in Latin America, Europe or Asian
Pacific GDP, since their growth is going to represent a huge advantage for online
businesses that will try to break any type of barrier such as the language barrier.
The aim of the language online businesses, therefore, will be to form a
community able to communicate, create a friendlier environment, unified and
integrated world.

3.1.2.3 The oil price increases

Other major factor that affects the Internet industry is the oil price. During the
past decade, the increase of the oil price had has a major influence over this
industry. When we compare prices from the digital formats with the physical
formats, we can see in most of the cases a big difference, due to the fact that it
is not just the price of the good itself, but all the other expenses that comes
with it, such as transportation that the final consumer has to make in order to
be able to fulfill the need this person has.

When the oil price increase, in most cases the final price of any good or service
will increase as well, making the Internet industry the best solution of the
market in order to be able to compete with a more efficient system at lower
prices.

Increasingly companies are taking advantage of modern communications
technology, and particularly the Internet, to outsource service activities to low-
cost producers in other nations.
In 2007 the oil price went up to $100 per barrel, having as an average of $71 in the same year which in fact left the increasing trend for the upcoming years.

Therefore, many people are looking for the best way to cut expenses in their daily life. An example of this, is people using more Internet for learning a new language instead of going to language schools since that includes driving every day or as many times its need it, to go to class and that is becoming a major problem due to the high oil price. Here, is where most of the Internet companies are going, since there is a considerable market willing to take advantage of free ways of learning foreign languages.
3.1.3 Social Factors

3.1.3.1 World population growth forecast

The planet population, based on 2007 estimates is 6.6 billion and is expected to reach 9 billion in 2050. This figure continues to grow at rates that were unprecedented before the 20th century.

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (2007 Est.)</th>
<th>% of World Population</th>
<th>Population Growth Rate</th>
<th>Expected Pop. for year 2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,321,851,888</td>
<td>20.0%</td>
<td>1.1%</td>
<td>1,470,468,924</td>
</tr>
<tr>
<td>India</td>
<td>1,129,866,154</td>
<td>17.2%</td>
<td>1.7%</td>
<td>1,619,582,721</td>
</tr>
<tr>
<td>United States</td>
<td>301,139,947</td>
<td>4.6%</td>
<td>0.8%</td>
<td>403,943,147</td>
</tr>
<tr>
<td>Indonesia</td>
<td>234,693,997</td>
<td>3.4%</td>
<td>1.8%</td>
<td>337,807,011</td>
</tr>
<tr>
<td>Brazil</td>
<td>190,019,514</td>
<td>2.8%</td>
<td>1.4%</td>
<td>266,751,477</td>
</tr>
<tr>
<td>Pakistan</td>
<td>164,741,924</td>
<td>2.6%</td>
<td>2.6%</td>
<td>267,813,496</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>150,448,339</td>
<td>2.5%</td>
<td>2.6%</td>
<td>205,093,861</td>
</tr>
<tr>
<td>Russia</td>
<td>141,377,752</td>
<td>2.2%</td>
<td>0.5%</td>
<td>118,233,243</td>
</tr>
<tr>
<td>Nigeria</td>
<td>135,031,164</td>
<td>2.1%</td>
<td>1.1%</td>
<td>205,093,861</td>
</tr>
<tr>
<td>Japan</td>
<td>128,646,345</td>
<td>2.0%</td>
<td>0.1%</td>
<td>101,228,471</td>
</tr>
<tr>
<td>TOP TEN Countries</td>
<td>3,996,955,300</td>
<td>60.0%</td>
<td>-</td>
<td>5,034,508,670</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>2,716,374,860</td>
<td>41.0%</td>
<td>-</td>
<td>4,049,986,735</td>
</tr>
<tr>
<td>TOTAL World Population</td>
<td>6,713,329,165</td>
<td>100.0%</td>
<td>-</td>
<td>9,084,495,405</td>
</tr>
</tbody>
</table>

Source: http://www.internetworldstats.com/

This fact, in addition to other factors that will be mentioned later (internet usage growth or new life styles) increase the amount of potential customers for internet businesses.

3.1.3.2 Digital distribution technologies are gaining ground to physical formats

Growth in categories previously dominated by physical formats (DVDs, music in physical formats, print book etc.) has been slow in the past five year. Physical recorded music spending will persist in falling at double-digit annual rates. Consumers are fascinated with digital distribution technologies that allow them...
to purchase products anytime and anywhere and have them delivered immediately. These technologies are changing consumer behavior. Exodus from traditional distribution to online distribution will balance other factors that will boost these markets and maintain physical growth at only 1.7 percent compounded annually through 2010. During the next decade, as digital channels become completely established, we would expect an even greater shift from physical to electronic distribution.

3.1.3.3 Wide range of languages in the web

There are 3 different studies about the languages used in websites. The first one performed by funredes.org and based on the frequency of words in AltaVista (the search engine). The second one, carried out by Alis Technologies that sampled 8000 servers. The last one belongs to OCLC and estimates the number of web servers in each language.
Nowadays, servers allocate websites written in more than 100 different languages. Therefore, in order to look for information, it's usually needed, for people, to be able to read in different languages.

<table>
<thead>
<tr>
<th>Language</th>
<th>Funredes (%)</th>
<th>Alis Tech (%)</th>
<th>OCLC (%)</th>
<th>Parlantes (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>76.4</td>
<td>82.3</td>
<td>71</td>
<td>450</td>
</tr>
<tr>
<td>Japanese</td>
<td>4.8</td>
<td>1.6</td>
<td>4</td>
<td>126</td>
</tr>
<tr>
<td>German</td>
<td>4.4</td>
<td>4.0</td>
<td>7</td>
<td>118</td>
</tr>
<tr>
<td>French</td>
<td>2.9</td>
<td>1.5</td>
<td>3</td>
<td>122</td>
</tr>
<tr>
<td>Spanish</td>
<td>2.6</td>
<td>1.1</td>
<td>3</td>
<td>266</td>
</tr>
<tr>
<td>Italian</td>
<td>1.5</td>
<td>0.8</td>
<td>1</td>
<td>63</td>
</tr>
<tr>
<td>Portuguese</td>
<td>0.8</td>
<td>0.7</td>
<td>2</td>
<td>175</td>
</tr>
</tbody>
</table>

Source: [http://www.internetworldstats.com](http://www.internetworldstats.com)

3.1.3.4 Concern about the safety and privacy of online transactions

We can see the change in purchasing patterns, with more and more customers taking advantage of using online services such as electronic books, flight e-tickets, online casino gaming and online grocery shopping. Nonetheless, some people (typically older generations) continue to be concerned about the safety and privacy of online and kiosk transactions.

While total trust may not be completely achievable through technical design, it is necessary to impose constraints on Internet transactions so that they are safe enough for people to want to use the Internet. In addition to this, to determine what constitutes safe enough, the level of security of transactions should be measurable.
3.1.3.5 **Easier movement of human capital**

In the last years the immigrations barriers have been lowered. For example, the European Union allows free movement among member states with the right documentation. Most immigrants are from former eastern states to the developed western European countries, especially to Italy, Spain, Germany and Britain. For instance, there are huge numbers of Poles who have moved to the UK, Ireland and Netherlands, while Romanians have preferred Italy and Spain. While France and Germany set new measures to limit Eastern European migration, the UK (along with Ireland) did not impose restrictions. It is estimated that by the start of 2008, 375,000 Poles have registered to work in the UK, although the total Polish population in the UK is believed to be 750,000. The EU, in 2005, had an overall net gain from international migration of 1.8 million people. At the beginning of 2007, there were 415,300 persons in Norway with an immigrant background. British emigration towards Southern Europe has an especial importance. Citizens from the European Union constitute an important part of immigrants in Spain. They principally come from countries like the UK and Germany, but the British case is of particular importance because of its magnitude. The British authorities estimate that the real population of UK citizens living in Spain is much larger than Spanish official figures suggest, establishing them at about 1,000,000, about 800,000 being permanent residents.

Canada has the highest per capita net immigration rate in the world, motivated by economic policy and family reunification. In 2001, 250,640 people moved to Canada. The overall level of immigration to Australia has grown considerably during the last years. 131,000 people moved to Australia in 2005-06 and migration goal for 2006-07 was 144,000. New Zealand has reasonably open immigration policies. 23% of the population was born out of the country, chiefly in Asia, Oceania, and UK, one of the highest rates in the world. After 2000, legal immigrants to the United States numbered approximately 1,000,000 per year. In
2006, 1.27 million immigrants were granted legal residence. Mexico has been the most important source of new U.S. residents for more than two decades, and since 1998, China, India and the Philippines have been in the top four sending countries every year.

This obvious growth in the human movement among countries increase the need of learn a different language beside your mother tongue.

3.1.4 Technological Factors

3.1.4.1 Broadband will be the principal driver of the Internet segment

Today, business information is now mainly primarily an electronic digital format. Internet online editions will facilitate the magazine and newspaper markets, electronic books and website search capabilities will increase book publishing. Online gaming will be a key driver of casino and other gaming, and Internet and mobile rights will stimulate the sports market. Direct spending on content distributed through online channels and to wireless devices represents just a piece of the impact of these technologies on entertainment and media. Global spending through online and wireless channels consists of online rental subscriptions and digital streaming in filmed entertainment, licensed digital downloads and mobile music in recorded music, online and wireless video games, electronic books, and online casino gaming. These five categories produced $39 billion in 2007 and will augment to $67 billion by 2010.
Online and mobile content have a considerable impact on overall spending in the five segments, accounting for 41 percent of total growth in those segments during the next five years. As a group, the segments will increase at a 6.0 percent compound annual rate. Not including online and mobile content, growth slump to 3.9 percent compounded annually.
Online distribution is being facilitated by fast growth in the number of households that access the Internet through a broadband connection. In 2007, the broadband users accounted for 286 million, up from only 30 million in 2001. By 2010, there will be an extra 147 million broadband households, for a total of 433 million. Content can be downloaded much faster through broadband, making it more attractive to use than dial-up Internet alternatives. The expectation is that demand for content distributed online will ascend.

![Broadband Households (Millions)](image)

Source: PricewaterhouseCoopers

3.1.4.2 Growth in wireless telephone subscription

The number of people with a wireless telephone subscription is growing quickly as well, accounting for 2.2 billion worldwide in 2007. That figure is estimated to grow to 2.8 billion by 2010, adding 1 billion possible customers to mobile content during the next five years. Growth in the wireless telephone market will stimulate demand for mobile content.
3.1.4.3 Rapid growth of the Internet

The rapid growth of the Internet and the associated World Wide Web (which utilizes the Internet to communicate between World Wide Websites) is the latest expression of communication technology development.

**World Internet Users - November 2007**

Source: [http://www.internetworldstats.com](http://www.internetworldstats.com)

3-14 World Internet Users - November 2007
As the following chart shows, the growing in the Internet usage, between 2000 and 2007, soars.

### WORLD INTERNET USAGE AND POPULATION STATISTICS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>941,249,130</td>
<td>14.2 %</td>
<td>44,234,240</td>
<td>4.7 %</td>
<td>3.5 %</td>
<td>879.0 %</td>
</tr>
<tr>
<td>Asia</td>
<td>3,733,783,474</td>
<td>56.5 %</td>
<td>461,703,143</td>
<td>12.4 %</td>
<td>36.6 %</td>
<td>303.9 %</td>
</tr>
<tr>
<td>Europe</td>
<td>801,821,187</td>
<td>12.1 %</td>
<td>343,787,434</td>
<td>42.9 %</td>
<td>27.2 %</td>
<td>227.1 %</td>
</tr>
<tr>
<td>Middle East</td>
<td>192,755,045</td>
<td>2.7 %</td>
<td>33,510,500</td>
<td>17.4 %</td>
<td>2.7 %</td>
<td>920.2 %</td>
</tr>
<tr>
<td>North America</td>
<td>334,668,631</td>
<td>5.1 %</td>
<td>237,168,545</td>
<td>70.9 %</td>
<td>18.8 %</td>
<td>119.4 %</td>
</tr>
<tr>
<td>Latin America/Caribbean</td>
<td>569,133,474</td>
<td>8.6 %</td>
<td>122,384,914</td>
<td>21.5 %</td>
<td>9.7 %</td>
<td>577.3 %</td>
</tr>
<tr>
<td>Oceania/Australia</td>
<td>33,568,225</td>
<td>0.5 %</td>
<td>19,243,921</td>
<td>57.3 %</td>
<td>1.5 %</td>
<td>152.6 %</td>
</tr>
<tr>
<td>WORLD TOTAL</td>
<td>6,606,970,166</td>
<td>100.0 %</td>
<td>1,262,032,657</td>
<td>19.1 %</td>
<td>100.0 %</td>
<td>248.6 %</td>
</tr>
</tbody>
</table>

Source: [http://www.internetworldstats.com](http://www.internetworldstats.com)
3.1.4.4 Development of new technologies

The development of new technological devices along with the deployment of 3G and 4G networks are in their heyday as we can see in the following points:

- Nowadays, all the big technological companies are struggling for launching the total device. The idea is integrating, in the same device technologies such as Wi-Fi, Bluetooth, GPS, camera, mp3 player and so on. As a evidence of this fact, we just have to keep an eye on the new products that companies such as Nokia, HP or Apple are launching:
  - Nokia N95: 3G, 5 megapixels camera, multimedia, Wi-Fi (802.11b,802.11g), Bluetooth, GPS, additional camera for video calling...
  - iPhone: 2.5G, 2 megapixel camera, multimedia, Wi-Fi, maps, multi-touch...
  - HP iPAQ hw6515: 2.5G, 1.3 megapixel camera, Wi-Fi, Bluetooth, GPS, multimedia...

- Cellular mobile telecommunications networks are being upgraded to use 3G technologies. By June 2007 the 200 millionth 3G subscriber had been connected. The most significant feature of 3G mobile technology is that it supports greater numbers of voice and data customers (especially in urban areas) and higher data rates at lower incremental cost than 2G. It also allows the transmission of 384 kb/s for mobile systems and 2 Mb/s for stationary systems. 3G users are expected to have greater capacity and better spectrum efficiency, which allows them to access global roaming between different 3G networks. 3G handsets usually have cameras (this fact along with the high data rates allows, for example, video conference services) music players, video players, contactless smartcards for payment functions (wallet phones), Web browsers, email clients and more.
The core value of 4G is not clear, though the improved bandwidths and data throughput offered by 4G networks should provide opportunities for previously impossible products and services to be released. Perhaps the core value is simply to have mobile always on Internet, no walled garden and reasonable flat rate per month charge. Existing 2.5G/3G/3.5G phone operator based services are often expensive, and limited in application. Already at rates of 15-30 Mb/s, 4G should be able to provide users with streaming high-definition television. At rates of 100 Mb/s, the content of a DVD, for example a movie can be downloaded within about 5 minutes for offline access.

3.1.4.5 Expenditure in on-line advertising

Expenditure on Internet advertising is expected to have continued rising at a strong rate during 2008, reflecting confidence in online advertising by the marketing community, and securing the position it had established since 2003 as the fastest-growing advertising medium.

Paid-for search marketing, first adopted in 2001, largely by online businesses in the travel and finance sectors, continues to be an increasingly important element within the Internet advertising mix. It is popular with media buyers because it is simple and its success is easily measurable.

Key Note’s original research found that 93% of respondents who had accessed the Internet in the 12 months leading up to the survey could now access the Internet at home. The survey also revealed that 78% of those who had used the Internet in the previous year had broadband Internet access, at home, at work or in their place of education.

The marketing of websites through other media continues to be successful. In addition, the percentage of Internet users who had been directed to websites from advertisements on other sites was an impressive 61%, according to the findings of Key Note’s research.
A quarter of Internet users said that they had clicked on Internet advertisements, while 52% said that they thought rich-media Internet advertisements that included music and/or animation worked better or attracted more attention than those without. However, despite this implied interest in online advertising, 73% of Internet users stated that they had software that blocked Internet advertisements.

E-mail marketing was acceptable to 38% of Internet users, but only 9% of respondents who had used the Internet in the previous 12 months agreed that they had been influenced to visit certain websites online by messages sent to their mobile telephones, containing information or advertising about websites.

Key Note forecasts that the Internet advertising market will continue to grow at a strong pace for the next 2 years (2008 and 2009) and maintain a steady momentum thereafter to 2011.

![Internet Advertising Graph](image_url)
### Internet Advertising and Access Spending Market (US$ Millions)

<table>
<thead>
<tr>
<th>Region</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004q</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>AsiaPacific</td>
<td>12,790</td>
<td>17,070</td>
<td>23,126</td>
<td>30,849</td>
<td>36,923</td>
<td>54,064</td>
<td>72,471</td>
<td>93,275</td>
<td>113,886</td>
<td>132,804</td>
<td>12.4</td>
</tr>
<tr>
<td>% Change</td>
<td>134.5</td>
<td>34.1</td>
<td>35.5</td>
<td>33.4</td>
<td>29.4</td>
<td>35.4</td>
<td>34.0</td>
<td>26.7</td>
<td>22.1</td>
<td>16.6</td>
<td>27.2</td>
</tr>
<tr>
<td>LatinAmerica</td>
<td>860</td>
<td>1,293</td>
<td>1,624</td>
<td>2,111</td>
<td>2,647</td>
<td>3,288</td>
<td>4,154</td>
<td>5,151</td>
<td>6,176</td>
<td>7,246</td>
<td>2.4</td>
</tr>
<tr>
<td>% Change</td>
<td>112.6</td>
<td>46.9</td>
<td>25.6</td>
<td>30.0</td>
<td>35.4</td>
<td>34.0</td>
<td>34.2</td>
<td>32.5</td>
<td>22.1</td>
<td>16.6</td>
<td>22.3</td>
</tr>
<tr>
<td>Canada</td>
<td>852</td>
<td>1,049</td>
<td>1,298</td>
<td>1,976</td>
<td>1,569</td>
<td>1,856</td>
<td>2,070</td>
<td>2,311</td>
<td>2,558</td>
<td>2,755</td>
<td>10.9</td>
</tr>
<tr>
<td>% Change</td>
<td>55.2</td>
<td>23.1</td>
<td>15.0</td>
<td>11.3</td>
<td>16.0</td>
<td>15.0</td>
<td>11.8</td>
<td>11.0</td>
<td>9.8</td>
<td>8.6</td>
<td>11.5</td>
</tr>
<tr>
<td>Total</td>
<td>53,671</td>
<td>70,376</td>
<td>96,588</td>
<td>107,549</td>
<td>132,085</td>
<td>160,595</td>
<td>192,724</td>
<td>226,084</td>
<td>258,889</td>
<td>286,757</td>
<td>6.7</td>
</tr>
<tr>
<td>% Change</td>
<td>97.2</td>
<td>39.1</td>
<td>23.0</td>
<td>24.2</td>
<td>22.8</td>
<td>21.8</td>
<td>19.8</td>
<td>17.3</td>
<td>14.5</td>
<td>11.5</td>
<td>10.9</td>
</tr>
</tbody>
</table>

Source: PriceWaterhouseCoopers LLP, Wilkofsky Grain Associates

#### 3.1.4.6 Rapid rise of the web 2.0 websites (social networking services)

Social networking is growing around the world, everywhere people have Internet connections. Most large social networking services, especially those which allow the distribution of content like video, are expanding meteorically. For social networking services, barriers to entry are virtually non-existent.

Active memberships in social networking sites reached 230 million at the end of 2007 (including multiple memberships by users), and revenues from social-networking services should reach $965 million, growing to $2.4 billion by 2012, according to a new report.

At the end of the year 2007:

- Asia Pacific will account for 35% of the world’s social-networking memberships.
- Europe, the Middle East and Africa (EMEA) will account for 28%.
- North America, 25%.
- The Caribbean and Latin America (CALA), 12%.
The extraordinary proliferation of online social networks is fuelled by real innovation and is substantially changing the way people communicate.

Some statistics about Top social networks are displayed in the following chart:

<table>
<thead>
<tr>
<th>Website</th>
<th>Monthly Visitors</th>
<th>Monthly Visits</th>
<th>Change in Total Visits from February 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  myspace.com</td>
<td>65,744,241</td>
<td>965,067,926</td>
<td>-1%</td>
</tr>
<tr>
<td>2  facebook.com</td>
<td>28,563,963</td>
<td>326,418,900</td>
<td>77%</td>
</tr>
<tr>
<td>3  classmates.com</td>
<td>11,970,060</td>
<td>22,489,912</td>
<td>11%</td>
</tr>
<tr>
<td>4  myyearbook.com</td>
<td>3,019,762</td>
<td>20,022,490</td>
<td>284%</td>
</tr>
<tr>
<td>5  bebo.com</td>
<td>3,540,465</td>
<td>19,292,335</td>
<td>3%</td>
</tr>
<tr>
<td>6  livejournal.com</td>
<td>3,269,935</td>
<td>16,549,088</td>
<td>10%</td>
</tr>
<tr>
<td>7  blackplanet.com</td>
<td>2,109,069</td>
<td>13,746,246</td>
<td>3%</td>
</tr>
<tr>
<td>8  hi5.com</td>
<td>2,424,699</td>
<td>11,328,458</td>
<td>1%</td>
</tr>
<tr>
<td>9  linkedin.com</td>
<td>3,826,407</td>
<td>11,155,614</td>
<td>72%</td>
</tr>
<tr>
<td>10 tagged.com</td>
<td>2,376,671</td>
<td>10,599,014</td>
<td>13%</td>
</tr>
<tr>
<td>11 reunion.com</td>
<td>6,741,579</td>
<td>10,109,503</td>
<td>26%</td>
</tr>
<tr>
<td>12 360.yahoo.com</td>
<td>2,682,277</td>
<td>9,995,483</td>
<td>61%</td>
</tr>
<tr>
<td>13 imeem.com</td>
<td>3,342,502</td>
<td>9,426,900</td>
<td>26%</td>
</tr>
<tr>
<td>14 friendsler.com</td>
<td>1,887,423</td>
<td>8,826,522</td>
<td>25%</td>
</tr>
<tr>
<td>15 orkut.com</td>
<td>469,664</td>
<td>7,932,888</td>
<td>74%</td>
</tr>
<tr>
<td>16 flotter.com</td>
<td>3,311,187</td>
<td>6,752,496</td>
<td>113%</td>
</tr>
<tr>
<td>17 fubar.com</td>
<td>1,667,362</td>
<td>6,610,080</td>
<td>3272%17%</td>
</tr>
<tr>
<td>18 ticlicom</td>
<td>2,105,741</td>
<td>6,320,987</td>
<td>61%</td>
</tr>
<tr>
<td>19 cafemom.com</td>
<td>1,572,830</td>
<td>6,009,659</td>
<td>49%</td>
</tr>
<tr>
<td>20 xanga.com</td>
<td>1,497,246</td>
<td>6,339,039</td>
<td>68%</td>
</tr>
<tr>
<td>21 yuku.com</td>
<td>921,196</td>
<td>5,483,537</td>
<td>1400%</td>
</tr>
<tr>
<td>22 twitter.com</td>
<td>629,531</td>
<td>4,166,088</td>
<td>4388%</td>
</tr>
<tr>
<td>23 ring.com</td>
<td>1,181,109</td>
<td>3,516,990</td>
<td>4003%</td>
</tr>
<tr>
<td>24 urbanchat.com</td>
<td>386,736</td>
<td>3,947,272</td>
<td>1609%</td>
</tr>
<tr>
<td>25 asiantown.net</td>
<td>147,039</td>
<td>2,829,015</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: [http://blog.compete.com](http://blog.compete.com)

3-19 Top social networks - Feb 2008

At the end of the PEST analysis, we could see the influence that external factors have on the dot-com sector. For example the increase of digital formats vs. physical due to high prices that the end user pays after adding extra expenses such as gasoline.

Furthermore, how the credibility and loyalty of a dot-com company can be affected due to privacy and piracy problems. Many people over the world trust the World Wide Web, but there are still many problems and tricks to be solved.
and discovered, resulting into an important concern for online business, but for all of them, there are solutions to be applied and be successful in this environment.

However is important to mention that new trends of lifestyles are turning around the idea of doing businesses through Internet instead of face to face businesses which gives a great opportunity to the creation and improvement of dot-com companies.

3.2 EXTERNAL STRUCTURE ANALYSIS

The graphic above helps the marketer contrast a competitive environment. It has similarities with other tools for environmental review, such as PEST analysis, but tends to focus on the single, stand alone, business or SBU (Strategic Business Unit) rather than a single product or range of products.

It looks at five key areas namely the threat of entry, the power of buyers, the power of suppliers, the threat of substitutes, and competitive rivalry.
3.2.1 Entry barriers

Entry barriers to the dot-com sector are rather low in terms of capital investment. However, the investment needed to compete with the sector leaders is higher.

The sole requirements when building a dot-com company are:

- Basic computer skills: medium user level knowledge is enough to create a website.
- Access to a personal computer: the last computer technology is not required for this purpose.
- Access to Internet: it doesn’t matter if the connection is not the fastest one.
- A free HTML editor: or any other web page construction tools, such as Dreamweaver, Flash, FrontPage, PHP and so forth.
- A place on the world wide web to publish the page: free hosting websites are also available offering free domain name hosting services, but having own virtual domain name brings more benefits (the price of buying a domain name registration and a web hosting is between 10 to 20€ per year)

Dot-com companies, at least when they are starting up, are not sensitive to factors such as change of supplier costs or changes in distribution channel access. In fact these enterprises can start to make money using free tools such as Tradedoubler, Google-Adsense, eXponsor, Affiliate Future and so forth.

The requirements change once the company grows and next step is competing with larger dot-com companies. In that situation the company may need, for example, to purchase additional servers in order to satisfy traffic needs and, therefore, a bigger investment.
3.2.2 Exit barriers

Dot-com companies have low exit barriers because:

- They do not need a large number of employees.
- Although they can use some specialized assets, they are just required in case they are large dot-com companies in order to purchase new servers or hire specialized personal such as programmers, graphic designers, publicist and so forth.
- The lack of strong labor unions of the employees and because the cost that would imply in letting them go would not be very high.
- Despite having strategic inter relations with advertisers, publishers or agencies the contracts with them are not long-term contracts (usually 1 year), making easier to leave this market.
- This sector does not have any kind of emotional barriers or social restrictions, it means less complications in dissolving the company.

Only the larger dot-com companies can have higher exit barriers since they own a larger amount of specialized assets to fulfill customer needs; however a large percentage of the market belongs to thousands of small companies which do not need very complex processes to leave the market.

Usually, these companies just have to stop updating its contents to leave this specific market, because they will start losing visitors since the moment they stop offering attractive contents.

3.2.3 Customers

Are those visitors that are going to not only come to your site, but your competitor as well. This is one of the main reasons why it is important to have a website that can attract as many customers as possible.

Here we could divide into 2 types of customers: the general visitor and advertisers.
The general visitor can be from all ages, sex, religion, etc. In this business there is no discrimination, since everything is being done by the net through the most affordable device this person have. The sector of the customers is less concentrated therefore, they have less negotiating power.

It is hard for customers to choose between one website and other because products or in this particular case websites that can not differentiate widely between them. Whenever we are talking about the language website sector, it is important to mention that most of the times this service is for free or depending on the page it could be paid, which allows customers to switch from one website to the other without any problem, depending on the amount of money they are willing to pay or in case customers don’t want to pay anything.

Source: http://www.iranonline.com/about_us/demographic/gender.gif

3-21 Gender Internet Users

Source: http://www.itu.int/iso/spu/newslog/content/binary/Internet%20Distribution%20Demographics_2001-2004.jpg

3-22 Geographic Distribution of Internet Users 2000-2008
The two graphics above besides showing that the Internet is being used by all genders, it also shows how is being used all over the world, creating a huge opportunity for businesses that have as it aim to get into the online language teaching sector.

The advertisers, in the other hand are the ones that will pay for having their Ads in each one of the portals. Furthermore, advertisers have a huge choice between websites to choose from making their bargain power very high regardless of their size thus they are able to drive advertising costs down.

The advertisers, in the other hand are the ones that will pay for having their Ads in each one of the portals. Depending on the size and the representation of their investments on the business, that is how much negotiation power they will have.

![Graph showing online advertising spending growth]

Source: [http://www.dealerrefresh.com/photos/uncategorized/online_advertising.pdf](http://www.dealerrefresh.com/photos/uncategorized/online_advertising.pdf)

3-23 Online advertising spending is now growing at over 30%

Nowadays advertising online is one of the most used ways since is very cheap and you are able to reach many people around the world.

It is important to mention that the way in which you will advertise online it is going to determine if you reach the target that you had in mind or not. The reason why we say this is because each advertising company need to make sure that they are being advertise in a page where their ads are going to help and get profit out of it, instead of distracting the customer and wasting time and money from their side.
However, due to the low level of product differentiation and ease to switch websites, customers have a strong power over the dot-com sector, even though their negotiation power is less since customers sector is not concentrated.

3.2.4 Suppliers

Suppliers in this industry are the ones that will provide you with the service or product you are going to offer. There are other type of suppliers such as web hosting, software, content providers, website designers and servers that will supply web enabling technology.

There are a wide range of suppliers in this industry; therefore, they are not very concentrated, since they have a wide choice of websites to supply their services and/or products, making their negotiating power very high. Here the suppliers play a very important role since actually it can help with a better development of the website itself.

One of the main purposes of the suppliers in this industry is to make the website more attractive to the people that will go in it. Depending on the target that the website is focused on, the suppliers are going to differ from one to another.

As many useful suppliers you have, as attractive your web page will be.

Most of all are distributed in contracts with different competitors (portals), for example: Reuters, CNN news, ABC news, New York Times, ESPN, Fox Networks, Visa, Master Card, etc.

In this sector the type of contracts that are signed with suppliers are going to depend in the type of business that a website is offering. A general rule is that the contracts with suppliers are within one year basis, meaning that it is not difficult to end a contract them.
One type of suppliers are the websites that led other dot-com companies place their advertisement in their pages, as an example of this we can mention Facebook, which allows other websites such as generalcarinsurance.com, put their ads in order for them to be able to reach more people around the world. Ads placed in Facebook need to be somehow related with their overall strategy, since it will make both dot-com companies and Facebook reach their own goals.

Therefore, the reputation of a website is very important, as if it is a well known site the best suppliers will come after them.

3.2.5 Substitute products
The substitute products that are about to be described, are offering similar services to the ones aimed by the dot-com companies with language teaching purposes or people connecting purposes. The ways they fulfill these necessities are either contacting people with complementary needs (talking about learning languages) or helping the person concerned to improve his or her language skills, in the case of interactive courses, for instance. The latter, is also considered a substitute product because although, being a different service that the one is going to be described in this document, is stealing from it potential customers. Actually, the idea is taking advantage of both services, the one that is described in this document couple with the substitute products are going to be described in this section. That is the best way to improve all the aspects of the language skills.

Substitute products can be easily identified when learning languages is the goal. They could be:
Language academies: they are considered substitute products since these places gather people with similar learning needs. They use different teaching methods because they are in-class lectures instead of on-line sessions. Usually students have to pay these courses monthly or by quarters, and the price varies depending on the number of people enrolled in the program. These courses usually include text books since they are focus in grammar, although they also try to improve the listening and speaking. These academies also offer libraries with books written in the language they're teaching. The main advantage of this method is the grammar learning, and the main drawbacks are the non flexible schedule, the fact that these academies are usually expensive and the time you waste going to the physical place.

Language learning software: although is offering a different service (since this software is not matching people with complementary language needs), is one possible choice for that group of potential customers interested in improving their language skills. These products also have as a downside that they are not offering a free service, because costumers need to buy the product. They are more focused on grammar and listening, but users have more flexibility since it is up to them to choose the place and the time to complete the lessons. Some of them can be found in the following links: [http://www.auralog.com/](http://www.auralog.com/) and [http://www.rosettastone.com/](http://www.rosettastone.com/)
- Audio learning: again is a different service but aimed to the same group of potential customers. This method is focused on listening and conversation. It’s not a free service either. Users of this method will find they’re going to improve their conversation abilities but not their reading and writing. Therefore on the one hand users don’t need a partner to improve the conversation skills but on the other hand this is not a free service. This is a popular one:  
http://www.pimsleuraudio.com/pimsleur_languages.php

- Immersion programs: such as Erasmus programs, internship, exchange programs and so forth. For this kind of programs, those interested will have to pay an important fee. They also will need total availability for travelling, be willing to meet new people and to be 24 hours per day immerse in a foreign language. The customer will improve their language skills in all the senses. It’s probably on of the best choices when learning languages but users need a lot of free time and money to enroll in these programs. The next one is an example of immersion program: http://www.puebloingles.com/

- Social networking websites: such as Facebook, Hi5 or Wayn. Those tools connect people with friends and others who work or
live around them, or just with people who share the same liking or hobbies. Those websites can also be used to find people from all around the world in order for them to help the users to improve their language skills. They offer a free service, just requiring a registration process but they don’t have learning purposes, people can use these places to find language partners but they’re not specifically designed for this purpose.

The services offered by these products can definitely be considered complementary tools to complete the formation.

3.2.6 Rivalry among competitors

Analyze competitors in the language online sector, requires a certain amount of aspects to consider in order understanding how they function. Those aspects are:

- Entry barriers: barriers, as mention before, are weak due to the low investment made at the beginning of the business.

- Exit barriers: exit barriers are low, since the amount of assets that the company have are not high cost and easy to sell or get rid off and contracts are not longer than in a year basis.

- Unbalanced structure: constant imitation & innovation, means that there are similar platforms in which people develop their website. Since it is very hard to differentiate between websites due to the fast growth speed of the Internet industry, the competition is very strong. Every competitor is trying to offer diversity and uniqueness, for example faster speed and new applications that can help to make customer’s access to information on the website easier.
- Growth: it is the market that has the fastest growth rate compared with any type of business

- Seasonality: it is not a seasonal product. It is use all year long

- Production capacity available within sector: the development of this type of services has being slow for the past 5 years, however, it is becoming one of the most popular ways of learning not just a language, but also cultures and environments due to the boom of globalization

It is difficult to have a high product differentiation, as the basic service offered is similar but it may be possible to differentiate based on the quality of the suppliers, quality of customer service and the add-on services offered.

Suppliers play a very important role, because suppliers are the ones that are going to give an added value to the website, since it can provide more information about a specific topic, other ideas, related subjects and innovative ideas, which will make the difference at the moment of choosing between websites.

In conclusion the competitive climate is medium for now, but in the near future is going to be high, since many people will see how easy and profitable an online company can be. The way to measure if a sector is low or high is depending on the number of companies in a specific industry. In this particular case since the sector of language learning companies is not developed we can say that is medium, but it is not going to take long for it to grow. We need to emphasize that the reason for this is because nowadays, due to the low entry barriers everybody is able to have any type of business online.
In the specific segment of the language industry due to globalization, each day it is becoming more important to learn another type of language, consequently business people will see this as an opportunity and start launching more language websites. This business model change will increase the future competitive climate.

The language segment has yet to be explored which explains why just few companies providing the same matching service for languages. Some of the competitors for this business include, but not limited to:

- www.italki.com
- http://www.websitemarketingplan.com/marketing_management/marketing_strategy.htm
- http://www.coursework4you.co.uk/porter.htm

All this companies mention above have one thing in common; all of them have many languages in their websites, which mean that they have no specialization at all in any language. The type of advertising that they use is indirect, which means that are mainly through search engines with a very good choice of keywords. However, italki.com for example is not using this tool effectively since if you put too many words as keywords in your website sooner or later the search engine will start putting you aside, since search engines like Google each 6 months change their position strategy since they want fair competition through their website.
The service each one of them offers is very basic, it is just based on matching people with the same interests. They do not have any forums or links where to ask common questions or where users can post their concerns, for the owners to improve and give a better service day by day.

Most of them offer online translations, that sometimes can be considered as a very good service depending if the program used for this purpose will translate exactly from one language to another or if it actually will analyze and try to make sense depending on the situation, meaning with this that probably there will be a person at the other side trying to give a more personalize service, which at the end will give an important added value to the company.

After doing the external structural analysis and given that there are low entry barriers, powerful suppliers, powerful customers and strong competitive climate a language learning online business need to see different revolutionary ways to launch a website that can attract all these people anger for a type of service of this kind. One of the methods could be through specialization. In which there will be just a few foreign languages in which a website can focus and provide all type of services according with the language of choice. Furthermore, take advantage of the strong online advertising that exists in the 21st century, in order to reach more and more people every day.
The language dot-com sector it is located in the fragmented environment of the BCG. In this stage the growing barriers are scarce or low since it does not require large amounts of money and the competitive sector is not yet hostile.

There are few sources, which can help a language dot-com to differentiate from one to another. The factors of differentiation depend on how much money the company is willing to spend on language segments or how innovative are the people that work for the website, in order to get as many resources as possible. Knowing that there are few advantage sources in the environment it is fundamental a market research that can help dot-com companies seek the best way to perform and differentiate itself from its competitors.
However, in this environment there is no correlation between quota and profitability, meaning with this that there can be a small company that is profitable or a large company not very profitable. Furthermore, other important barriers may be developed and if one form had imposed over the rest, the environment would evolve towards volume or if great differentiation was possible and perception of greater exclusivity was perceived among customers, environment would evolve towards high specialization.

Therefore, the new trend for not just language learning dot-com but for the entire Internet industry will be to go into a specialized stage where there is a greater chance of attracting customers and get much more profit out of it.

Since most of the websites in this sector are small, there are not relevant scales economies involve at the moment of selling the product, which could be taken as an advantage at the moment of building the strategies for the company: like the “first mover strategy”.

Therefore, the company easily can start to build new entry barriers for their competitors, since they are developing their competitive advantages that are going to make their competitor’s entrance and development harder, due to active and smart actions taken at the starting stage of a business.
Whenever we analyze the life cycle of dot-com companies that contact people with language learning needs, we came into conclusion that is in the growth phase. The business industry has been one of the most revolutionary businesses. Nowadays every company is or wants to be in the Internet. Therefore, we are looking at a sector that will be in the growth phase for many years, due to the constant innovation of technology and the powerful tool called Globalization.

The demand of dot-com companies that match people with language learning similarities is in constant growth. Here is when specialization comes, since the needs and preferences of the people change and improve constantly, looking for more and more every time. Because of this, businesses have the obligation to keep launching new features and products in order to survive in this competitive environment.
Nowadays it is noticeable that the capacity of the Internet is massive in such extent that there is always a possibility of constant growth due to the continuous increase on demand.

There are still some sensitive issues in the Internet that have influence in the way that, dot-com companies which offer to match people with language learning similarities, will purchase online with credit card. A long the years this topic has change in a positive way, even though there are still some doubts about it, basically because of constant robberies that come from either hackers or piracy. But other than that, there are many people in the world that have change their way of shopping, searching, dating, etc, due to the Internet. It is common practice a person to do almost everything through devices, such as laptops, PDA's, cell phone, palms, etc, thanks to the www (World Wide Web) which at the end help the dot-com language matching companies to succeed.

In the growth phase some risks are eliminated due to the fast and high growth of demand in this type of industry. However, dot-com companies will remain having some risks even at this level since most websites are new ideas.

Therefore, the language learning sector is in the growth phase, but the new companies trying to enter in this sector will be at the introduction phase with many other challenges that characterize this stage.

3.5 RELEVANT FACTORS
These are the meanings of the numbers located next to each one of the factors:

<table>
<thead>
<tr>
<th>5</th>
<th>Super Strength, it is a competitive advantage.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Strength, with a change to turn into 5, after corrective measures.</td>
</tr>
<tr>
<td>3</td>
<td>Will be subjected to corrective measures to become a 4 or 5</td>
</tr>
<tr>
<td>2</td>
<td>Weaknesses that will be subjected to corrective measures to fight against them</td>
</tr>
</tbody>
</table>
3.5.1 Pest

- Common international laws (5): everyone will be able to go online, it will not matter which country they are in, since the World Wide Web will be common laws for everyone.

- Intellectual property rights (2): it will be hard and costly to copy, making consumers go back into the old way of buying physical formats more than digital ones.

- Monetize social networks (1): most online businesses are for free, if a fee starts to be required not very many people will be able to afford it.

- Worldwide economy (3): can help with the proper development of dot-com businesses.

- Oil price (4): will add an extra expense to the price of the final product, helping the growth of the digital market.

- World population (4): will help expand the market, since the amount of people around the world is increasing constantly.

- Life style (4): new trends of doing everything through the Internet will help with the growth of it, besides the launching of many new ideas of doing business.
- Digital vs. Physical formats (5): will help with the development of new ideas over the Internet in order to have them faster and sometimes cheaper or free i.e. Change from a regular school class to an online class

- Languages diversity (5): huge strength since it gives a wider range of ways to differentiate in between dot-com companies

- Safety and privacy (2): people do not trust completely having as a consequence a lack of loyalty to any online business

- Broadband (5): faster connection to the web, enabling people to download many programs and features for them to use as fast as possible

- New wireless devices (4): making it easier be in contact with many people around the world regardless where a person can be

- Internet growth (5): it's enabling people launch as many dot-coms as possible since with the Internet is much easier to reach people and locations around the world

- Online advertising (4): it is the easiest and cheapest way to reach as many people as possible around the world

- Web 2.0 (5): hosted services such as social-networking sites, wikis and blogs which aim to facilitate creativity, collaboration, and sharing among users
3.5.2 Life cycle

3.5.3 BCG Model
- Fragmented environment (3): hard to differentiate, forcing dot-com companies to specialize and develop competitive advantages as well as important barriers for new competitors

3.5.4 Five Porter forces
- Entry barriers (4): there are not very many entry barriers for this sector, becoming an interesting strength for startup companies

- Competitive climate (2): it is hard to fight against existing companies since it is hard to differentiate from one another and is also hard to keep loyal customers due to a huge demand

- Substitute products (physical product) (1): many people have still doubts and concerns about the use of online services or products, therefore physical products will always have a portion of the market share
4. INTERNAL GENERIC INDUSTRY ANALYSIS

4.1 VALUE CHAIN

The main players in the value chain of social networking websites (SNW) are:

- Partners: websites that make advertising of SNW at the same time that SNW give them a space in their place as well. It’s an agreement in which both parties win since both get free advertising. For example, in the case of social networking websites with English teaching purposes these partners could be websites such as WordReference or LEO (translation dictionaries).

- Suppliers: websites that charge an amount of money to SNW, giving them a space to place advertisement (usually websites with a huge flow of visitors for example Facebook or MSN) or extended applications, for example Messenger that counts on millions of users all around the world. Supplier will also be the web hosting services, content and software providers.

- Customers: Categorized into the companies (usually websites) that place advertisements in SNW and the user’s community.
User's community is especially important in this chart since most of SNW are Web 2.0 applications, that is, users control several elements and features. Their interaction and their contributions make possible the feasibility of this business model.
4.1.1 Primary activities

4.1.1.1 Internal logistics and external logistics

The internal and external logistics consist of the next categories:

- Product development center location: is the element called "Institution" in the chart 3-1. It depends on the size of the company whether or not there is a unique product development center location. But, even for big companies one center must be able to fulfill all the requirements.

- Internal logistics: the internal logistics in this kind of companies don't pose any complexity due to the extended use of Information Technology. Hard data almost does not exist in these businesses, so data and applications can be share using either the intranet of the company or Internet.

- External logistics: all the contents sent by the providers as well as the activities that can be outsourced (computer programming, graphical design...), will be sent through internet making this process easier.

- Distribution center location: the distribution center location will be the same facility as the product development center location. In the case of outsourcing activities, such as programming, they will be in separate locations. The server hardware will be allocated in it.

- Distribution costs: the distribution costs, in this sector, are very low since all the services are provided through Internet. Therefore the sole distribution cost will be the monthly fee paid to the ISP (Internet service provider)
4.1.1.2 Production

The production activities are categorized as follows:

- Production organization: the production organization can be separated into:
  - Portals: this service is totally provided by content suppliers
  - Forums: this service can be either developed by the own company or outsourced. Once the service is working, the maintenance is provided by users (they exchange information with each other)
  - Applications: in the same way as the forum, the applications can be developed by the company or outsourced, although, even in this area, users are becoming more important as the following chart shows

![Diagram of Production Organization](http://web2.socialcomputingmagazine.com/

4-3 Architecture of participation reinforced by a social architecture

- Accounts: the template and the fields for the account are designed and developed by the company and supported by database
- Production costs: the main production costs come from product development team (mainly programmers) as well as the APIs (Open application programming interface) the Web 2.0 applications use to interact with each other.

- Quality management: the quality management is provided according to users' feedback, through rating, rankings, reviews or comments. Along with the customer experiences, testers will be used to check the speed access and stability of the system. Examining this information reveals, corrective measures to be taken to improve the service.

4.1.1.3 Marketing
Analyzing the dot-com sector, specifically social networking services, several factors can be identified in order to differentiate winners from losers in this sector. Compared with dot-com failures, successful dot-coms have:
- Strong management with clear vision

- Impeccable execution of customer-friendly websites

- Excellent customer service, which results in:
  - Very positive reputation
  - Strong customer loyalty
  - Market-share leadership

Feeling well served, customers spread the word and help develop a positive reputation for the dot-com. This results in increasing customer loyalty, manifested in repeat purchases by an increasing number of customers. Market-share leadership is the natural result of this process.

- Market information: large Corporations have a good knowledge of the SNW market. The purpose is to use this knowledge to identify individual needs/wants in order to launch a profitable business

- Competition knowledge: having internet access, it is easy to know if competitors are offering new products, if new players are getting into the market and, how the company can offer products/services to gain an advantage over competitors

- Customer portfolio: the customer portfolio consists of users’ community and the companies that are advertised in the SNW. Choosing these companies is a critical decision for SNW, since an important percentage of the revenues will be generated by the advertisers. Therefore SNW must choose companies in line with the service they are offering in order to incline their visitors towards visiting the websites of those companies. For instance, if the SNW’s goal is teaching languages, banners of
translation dictionaries are a recommended choice. On the other hand, the users' community follow the next growing model:

- **Product range:** the product range offered in this sector is broad but the main services are:
  - Interactive entertainment:
    - Games: the websites developed using Web 2.0 applications often offer to their customer mini-games on-line to compete with other members of the users' community
    - Video: as for example in YouTube ([http://youtube.com/](http://youtube.com/)), a website users share and comment on videos
    - Music: websites to listen music on-line are becoming popular in the last five years
  - Media:
    - News: International and domestic news, delivered in a format easy for the reader
    - Entertainment: Entertainment magazines feature celebrity parties, fashion, projects, gossip, etc.
    - Sports: Sports magazine features sports news, game scores and information about sports stars
  - Community:
- Chat: chat services usage is highly extended between the Internet users
- Dating: dating services are offered through websites such as http://www.match.com
- Photo albums: allowing friend to create albums and to share their photos on Internet
- Friends' community: User chooses their friends and just they can access to their information and exchange private messages

- Price policy: most of these SNWs do not charge customers for using their services

- Publicity and promotion: Viral propagation, network effects, word-of-mouth, user generated and other two-way advertising. For instance, in websites such as Facebook (http://www.facebook.com/), when users sign up, an email is sent to all their contacts (they are required to give their email address) inviting them to join Facebook. The other way of promotion is placing the banners, text link or button advertisements in other websites, with the downside of having to pay high fees. There are three types of tariffs for this kind of services in the sector:
  - Cost per thousand (CPM): if a website sells banner ads for a $20 CPM, that means it costs $20 to show the banner on 1000 page views
  - Cost per click-through: advertisers only pay when a user actually clicks on an ad to visit the advertiser's website
  - Cost per acquisition (CPA): the advertiser pays for each specified action (a purchase, a form submission, and so on) linked to the advertisement
- Customer Service: the customer service is provided in two ways:

  o Directly:
    - Towards the provider's customer service department.
      The way to contact this department is usually sending an email
    - Through FAQs (Frequently Asked Questions) provided in the website

  o Indirectly, outsourcing this service to another company
4.1.2 Support activities

4.1.2.1 Supplies
Advertising in other websites are the highest expenses aside from personnel, servers, computers, software, office equipment, web hosting services and content providers. For example, to place an advertisement of a website in Facebook, the minimum budget is $5 per day, just to keep the ad there, and $0.01 more, each time a visitor clicks on your ad (Pay per click).

The revenues of these companies are closely linked to traffic that passes through servers. From time to time, they need to purchase additional servers to accommodate increased traffic.

Choosing the right suppliers is a key issue (if the goal of the website is teaching German to Spanish people, it's not a good strategy to place the ad in a French website).

Regarding the security of the key suppliers, these companies have to trust either in the physical network (Internet) and in the Internet service provider (ISP), since any failure in these systems would prevent their customers from accessing the websites. Choosing the right server hardware will determine the speed that these companies offered to their visitors when surfing their websites (several factors have to be taken into account such as CPU, RAM and so forth).

4.1.2.2 "Know-how"
The "know-how" in this sector is totally specialized. They need a strong knowledge in several areas such as:

- Internet: They need to know, for example, how servers work in order to allocate the portals, or the types of tariffs in this sector

- Programming Languages: such as HTML, Dreamweaver, Flash, FrontPage, PHP, Perl, Python, ASP and so forth. Each company will
choose the tools they consider adequate to build their space having always as final goal, create the most attractive website for their customers

- Database languages and database management: database is requires in order to have a discussion forum or to allow visitors to sign up and to interact (main feature of social networking services). The databases available are, for instance, Oracle, SQL Server, MS Access, MySQL, Crystal Reports, MS ADO and so on. Databases management is not a trivial issue and failures in the database operations cannot be consider since they contain all the customers' information and this information is one of the keys in social networking services

- Graphic design: Photoshop, Freehand, Illustrator, Quark Xpress, Adobe InDesign, Creative Suite, Graphic converter are some of the tools available for the graphic design of the website. Building friendly (culturally aware) websites for customers is the main reason to pay attention to this area

- Strategic marketing: important knowledge about advertising networks (Google AdSense, TradeDoubler and, in conclusion all the advertising options listed in the Exhibit I) is needed, since they constitute one of the main sources of revenues. Choosing the right place to allocate the advertising will be a decisive issue when trying to increase the revenues through this mean
Languages: the websites aimed toward people from different countries (and with different mother languages); depend on native language skills to ensure different idioms are reflected in the translations.

Of course, these companies must carry out ongoing research and development (R + D) to be at the vanguard of the sector.

4.1.2.3 Human resources

Human resources categories include:

- Head Hunting: Individuals or companies seeking to hire or place the most talented people in the industry; the focus in generally on young workers with new technological knowledge and capacity to learn new concepts quickly. Head hunter assist in updating the “know-how” of the company and face the fast evolution in the sector. Also, head hunters search for people with wide range of experience developing applications and successful experience in the sector.

- Training: Companies offer training steadily to their staff because this sector is changing at a rate of every 18 months. Available advertising networks (Google AdSense, Ad Solutions Network, AdBonus, EuroClick, Yes Advertising, Revenue.net, Strategic Affiliates, Yahoo Publisher Network, AdForce, BClick, AdBright, PayPerPost, ReviewMe, HispanoClick, PeakClick, TradeDoubler, AdLink and more than 120 online advertising opportunities that are available for blog and site owners) or in the tools (programming languages such as Dreamweaver, Flash, FrontPage, PHP and so forth) used to develop websites are the most volatile sectors in the industry.
- Company Culture: Important to maintain high levels of motivated staff. Motivated and satisfied employees offering value added services will achieve their goals faster and more efficiently. With this in mind, it is important when recruiting to look for employees that are in line with the company’s vision and mission.

- Internal Communication: Key in the organization of the company is communication. Appropriate communication between departments, reduce decision making bottlenecks and increase company efficiency. It is important for all employees to feel appreciated, that their opinions matters and their opinions can make a difference in the company. This includes all levels informatics, graphical designers, marketing, etc.

- External Communication: is also key in this market because the succes of dot-com companies depend, to a large extent, on the communication with customers and suppliers. User feedback, through rating, rankings, reviews or comments, has to be consider for the good of the business. Relations with suppliers are also a mani issue when running your business. Also, media relations i.e. MTV or equivalent media serving the target market

- Auto-renewal: as soon as new technologies or tools are identified, the company has to look for the way to take adventage of them, to offer a more attractive service to customers

4.1.2.4 Infrastructure and resources

In web 2.0 applications, users are the main infrastructure of the business since they interact each other to build a network similar to the one showed in the chart 3-3. People, referred to as nodes, are connected together by vertices (better known as links or connections) that reflect their social relationships. You can see a conceptual social graph above, showing the typical distinction of social
networks to reflect whether a connection with another person is direct or indirect.

![Diagram of social relationships]


4.7 The pattern of social relationships between people

### 4.2 CRITICAL SUCCESS FACTORS

These are the meanings of the numbers located next to each one of the factors:

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Super Strength, it is a competitive advantage.</td>
</tr>
<tr>
<td>4</td>
<td>Strength, with a change to turn into 5, after corrective measures.</td>
</tr>
<tr>
<td>3</td>
<td>Will be subjected to corrective measures to become a 4 or 5</td>
</tr>
<tr>
<td>2</td>
<td>Weaknesses that will be subjected to corrective measures to fight against them</td>
</tr>
<tr>
<td>1</td>
<td>Super Weakness</td>
</tr>
</tbody>
</table>

- Advertisers Portfolio(5)
- Suppliers Portfolio (5)
- User’s community(3)
- Production Activities(4)
  - Portals
  - Forums
  - Applications
  - Accounts

- Production Costs(3)

- Quality Management(4)

- Customer friendly websites(5)

- Customer loyalty(2)

- Management vision(1)

- Website awareness(2)

- Product range(2)

- Specialization(4)

- Promotion (4)

- Customer Service(5)

- Server hardware(3)
- Know how(3)

- Human Resources (Head Hunting, Auto-renewal)(4)
5. SWOT ANALYSIS OF THE COMPANY

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertisers Portfolio</td>
<td>Customer loyalty</td>
</tr>
<tr>
<td>Suppliers Portfolio</td>
<td>Management vision</td>
</tr>
<tr>
<td>Production Activities</td>
<td>Website awareness</td>
</tr>
<tr>
<td>Portals</td>
<td>Product range</td>
</tr>
<tr>
<td>Forums</td>
<td></td>
</tr>
<tr>
<td>Applications</td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td></td>
</tr>
<tr>
<td>Quality Management</td>
<td></td>
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<tr>
<td>Customer friendly websites</td>
<td></td>
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<tr>
<td>Customer Service</td>
<td></td>
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<tr>
<td>Specialization</td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td></td>
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<tr>
<td>Human Resources</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>World population</td>
<td>Monetize Social Networks</td>
</tr>
<tr>
<td>Common International Laws</td>
<td>Intellectual Property Rights</td>
</tr>
<tr>
<td>Life Style</td>
<td>Safety and privacy</td>
</tr>
<tr>
<td>Digital vs. physical formats</td>
<td>Competitive Climate</td>
</tr>
<tr>
<td>Languages diversity</td>
<td>Substitute products (physical</td>
</tr>
<tr>
<td>Broadband</td>
<td>products)</td>
</tr>
<tr>
<td>New wireless devices</td>
<td></td>
</tr>
<tr>
<td>Internet growth</td>
<td></td>
</tr>
<tr>
<td>On-line advertising</td>
<td></td>
</tr>
<tr>
<td>Web 2.0</td>
<td></td>
</tr>
</tbody>
</table>
5.1 STRENGTHS AND WEAKNESSES

- Advertisers Portfolio: by managing properly affiliate programs we assure quality advertisers that will not only bring revenues to the company but also will attract customers.

- Suppliers Portfolio: talkwithmi will seek for good advertisers to keep the website updated not only with new information but also to be advertise in sites and places where we can reach our target. In our case, Facebook strategy the first year.

- Production Activities: talkwithmi will have any tool that will help users improve their e-learning. Each one of our users are welcome to give us suggestions and tips for them to have a useful website.

- Quality Management: we have a young a prepared staff, who have the needed knowledge to overcome any problems and be able to understand the needs and fulfill customers’ expectations.

- Customer friendly websites: we have been testing many websites before building our website, Therefore, our customers can feel identify with a website that is fast, easy to understand and manage.
- Customer Service: talkwithmi will have a link where customers can go and ask many questions or express their concerns. There will always be someone that will answer as soon as possible to each one of our users.

- Specialization: we will give to our users the most complete database in Spanish and English. They will find everything that they need in order to improve their language skills.

- Promotion: we will do personalize promotion of our website, going to each one of the language schools in order for them to know how important is to have talkwithmi in their educational process as well as how important is the creation of the LAPCO.

- Human resources: having a motivated staff is very important for us, since this will be reflected in the way our customers will be treated, that is why we take good care of the recognitions and incentives that our employees can receive.

- Customer loyalty: since we are a new website, it will be hard but not impossible, at the begging to have customer loyalty community until they test our site.

- Management vision: we have a qualify staff in our company but without much experience therefore we need to work hard and always learn from possible mistakes.

- Website awareness: talkwithmi is a new website, therefore not many people know about it, until is advertise and promote properly.
- Product range: we offer Spanish and English only, therefore people seeking for other languages that are not very much spoken will go to other sites that offer more variety.
### 6. IMPROVEMENT PROPOSALS

#### 6.1 COMPETITIVE ADVANTAGES

<table>
<thead>
<tr>
<th>Competitive Advantages</th>
<th>Advertisers portfolio</th>
<th>Suppliers portfolio</th>
<th>Customer friendly website</th>
<th>Customer service</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How to sustain it?</strong></td>
<td>Maintaining a honest and respectful relation with each one of them</td>
<td>Keeping good relationship by the developing communication skills that will enforce present relations</td>
<td>Being aware of technologies used to improve or develop new tools in order for the company to ensure an updated website</td>
<td>Keeping our employees motivated in order for them to deliver the right company message to our customers</td>
</tr>
<tr>
<td><strong>How to increase it?</strong></td>
<td>Updating our website constantly in order to showcase the potential of advertiser</td>
<td>Making constant research on which are the best suppliers for the company to place our advertisements</td>
<td>Doing research of how competitors and other websites manage their information in order to add or improve features in the company’s website</td>
<td>Adding new and faster features in order to satisfy each one of the questions, suggestions or complains from our customers</td>
</tr>
<tr>
<td><strong>How to</strong></td>
<td>Giving some benefits to</td>
<td>Creating policies that will increase</td>
<td>Keeping record of the good</td>
<td>Training people with the latest tools</td>
</tr>
</tbody>
</table>

89
armour it? advertisers demonstrate their importance to the company
the trust and confidence of the company’s suppliers
and bad features on the Internet in order for us not to make the same type of mistakes
for successfull customer service development

<table>
<thead>
<tr>
<th>Correct</th>
<th>Customer loyalty</th>
<th>Management vision</th>
<th>Website awareness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrective measures</td>
<td>Offering ongoing customer service through email, FAQs and so forth to provide outstanding services to visitors and develop loyalty</td>
<td>Compensating the lack of management experience with hard work coupled with analysis of the most successful websites</td>
<td>Placing our advertising in the most appropriated websites and offering exceptional customer service in order to build awareness by word-of-mouth</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Correct</th>
<th>Product range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrective measures</td>
<td>Being the best one in our sector (English -Spanish) in order to grow offering the best product to our customers, and then, being leader in that area, wider</td>
</tr>
</tbody>
</table>
the product range (for example to English - Chinese), but always step-by-step

### 6.3 OTHER IMPROVEMENTS

<table>
<thead>
<tr>
<th>Corrective measures</th>
<th>Users' community</th>
<th>Production costs</th>
<th>Server hardware</th>
<th>Know how</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating forums for our customers in order to develop a loyal relation between users and the company</td>
<td>Seeking the best suppliers to produce in order to develop a competitive advantage that will help us differentiate among our competitors</td>
<td>Making constant research to update in which server is the best in the market.</td>
<td>Hiring the right personnel to compensate the lack of know-how in some technical areas and offering steadily training in order to build strong foundations</td>
<td></td>
</tr>
<tr>
<td>Corrective measures</td>
<td>Other improvement</td>
<td>Production activities</td>
<td>Quality management</td>
<td>Promotion (email)</td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------</td>
<td>----------------------</td>
<td>-------------------</td>
<td>------------------</td>
</tr>
<tr>
<td></td>
<td>Using the most advanced tools to promote the website in order to be at the vanguard of the sector and trying to expand the social network having access to our registered users websites and emailing their contacts with advertising and promotions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Either outsourcing some of them or hiring the right people to perform them and encouraging customers to participate actively in the website offering them the right tools for this purpose.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offering to our customer the best ways to give us feedback about their grade of satisfaction with the website and taking into consideration all the information received from them in order to take corrective measures.</td>
<td>hiring highly qualified personnel with extensive industry experience to provide Know-how and organizational skills.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# 7. STRATEGY PROPOSALS

## 7.1 OFFENSIVE STRATEGIES

<table>
<thead>
<tr>
<th>OFFENSIVE STRATEGIES</th>
<th>Advertisers Portfolio</th>
<th>Specialization</th>
<th>Production Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-line advertising</td>
<td>Choosing the most interesting advertisers for our website since the more appealing they are for our customer the higher our profits are and nowadays, due to the steadily growth in on-line advertising, the advertisers portfolio consists of companies of all the sectors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Languages diversity</td>
<td>Taking advantage of the large range of languages demanded by people and the fact that our competitors try to offer support for all those languages, to specialize ourselves in</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
English – Spanish and build the best website for learning those two. Then when learning another languages maybe users sign up for another websites but when learning Spanish – English they will know our space is the best one

Fulfilling customer needs that have to do with Spanish – English; either when learning the language or when going to a foreign country to look for a job (a country whose mother tongue is Spanish or English). In order to fulfill these needs Forums to exchange information and portals to give news and support about the desired country issues will be developed
<table>
<thead>
<tr>
<th>OFFENSIVE STRATEGIES</th>
<th>Customer friendly websites</th>
<th>Quality management</th>
<th>Customer service</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Web 2.0</strong></td>
<td>Combining the last innovations in web development to offer visitors an attractive space, not too busy looking (using appropriate colors and graphics), where is easy to get around and to find what user is looking for, and especially a website that fits computer skills of the targeted customers</td>
<td>Taking advantage of the interactive features provided by the new Webs 2.0 to involve customers in quality management processes allowing them to customize their profiles and offering ongoing feedback through surveys, rating, rankings, reviews or comments</td>
<td>Combining these new tools to offer users multiple and effective ways to let us know any issue related to the company and the service given</td>
</tr>
</tbody>
</table>
7.2 REACTIVE STRATEGIES

<table>
<thead>
<tr>
<th>REACTIVE STRATEGIES</th>
<th>Production Activities</th>
<th>Specialization</th>
<th>Quality Management</th>
<th>Customer Friendly Websites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substitute Products</td>
<td>Developing new activities according with the necessities and needs of our users.</td>
<td>Creating a fully specialized website in a specific language that will provide every tool necessary to help with the improvement of language skills.</td>
<td></td>
<td>Developing friendly features that will differentiate us from our competitors and become an example of success for the industry</td>
</tr>
<tr>
<td>Competitive Climate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety and Piracy</td>
<td></td>
<td>Keeping strict control over every type of information that comes in the company in order to maintain the information safe and secure.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual property</td>
<td></td>
<td></td>
<td>Establishing policies that emphasize the protection on</td>
<td></td>
</tr>
</tbody>
</table>
7.3 ADAPTATIONAL STRATEGIES

<table>
<thead>
<tr>
<th>ADAPTATIONAL STRATEGIES</th>
<th>Website Awareness</th>
<th>Customer Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online advertising</td>
<td>Using each one of the sources available in the market to create awareness of internet users aware of the existence of our website</td>
<td></td>
</tr>
<tr>
<td>Internet growth</td>
<td>Taking advantage of the Internet growth to reach more people, as well as, diffusing our brand not only for our target customers but for the entire Internet community.</td>
<td></td>
</tr>
<tr>
<td>Life Style</td>
<td>Implementing new features that will help English and Spanish speakers to meet their necessities regarding the usability of these two languages since nowadays are the most common</td>
<td></td>
</tr>
<tr>
<td>Web 2.0/ New tools</td>
<td>Implementing new technologies such as Web 2.0 that will attract more users to the site and that at the same time will enforce our customer service that will end it up creating customer loyalty.</td>
<td></td>
</tr>
</tbody>
</table>
8. OPERATING PLAN

8.1 EXTENSIVE DESCRIPTION OF THE SERVICE

8.1.1 Introduction
talkwithmi is an online business that matches people with contrary language skills in order to help each other with the improvement of in this case English or Spanish skills. This is the basic service that the company offers. However, talkwithmi has seen a strong potential market in the professional area, meaning with this that today is very important to communicate with the proper language at work, especially when doing business. Therefore, talkwithmi will charge a $29.99 fee to this portion of the target. The aim of this matching will be helping people to become more competitive and capable of performing with proper jargon.

The idea is that users do not have physical barriers, that is, they just need a laptop and an internet access in order to learn language from native speakers. Actually, when matching a user, the first option will be finding native speakers living in his/her current city, in order for them to make the language exchange face to face. But, the main advantage of this method against others comes from the fact that users do not have time or distance limitations, they can improve their language skills being at home in the same way they would do living abroad.

The company would be in charge of the constant update of the page as well as the new alliances that will help customers with their day by day learning. Also is important to mention that talkwithmi will be always seeking for educational alliances in order to become a part of the service provided by other businesses such as Language Schools as well as Travel Agencies.

The purpose with the travel agencies is for travelers to go online and start practicing the language of interest, to get a better knowledge of the place that they will be travelling to and be aware of difficulties that a foreigner can have at the moment of entering a country with a different language, since most
travelers buy guide books that are consider as a “Bible” at the moment of travelling.

8.1.2 Premium service
The premium service is a key success factor for the company since it will be one of the main sources of revenue in addition to Google Ad sense and Affiliate programs.

The idea is to attract:

- People interested in learning business English or business Spanish. It can be business people, people studying business abroad and so forth.

- Make business companies use the services of talkwithmi when training their employees. International companies often offer their employees economic support when improving their language skills. For instance, Accenture Spain offers employees paying 70% of their English classes. But the downside is that employees sometimes do not find companies that accept the terms of payment or just they do not feel like taking English classes after a whole day working. But if they could take the English or Spanish classes being at home and wearing pajama. talkwithmi want to take advantage of this fact. To achieve this goal, the website will match their premium users with other premium users in order for them to improve their language skills talking with business people living in a foreign country. In addition to this service they will be provided with business vocabulary, business articles, and, in conclusion, with any kind of multimedia content to help them with their business second language.

Either business people or companies identify a good opportunity here, since English is the Universal language for business and Spanish is also an important language due to the growth of the international companies’ presence in South America.
8.1.3 **Domain name**

The domain name (talkwithmi.com) was chosen trying to fulfill the following conditions:

**8.1.3.1 Short domain name**

There are a range of opinions on what the ideal length of a domain name is. Technically you can have one with up to 67 characters in it but it is generally accepted that short ones are better for a number of reasons including that they are easier to remember, that they provoke less mistakes when typing them in, they are good for word of mouth marketing, that they are more visually pleasing and so forth.

It is not a coincidence that all the three-letter and four-letter dot-com domains are already gone, and that the five-letter ones are going fast as well. This was the main obstacle found.

The other argument is that if you are looking for SOE (Search Engine Optimization) traffic that you might like to consider a longer domain name with a number of the keywords. But currently, the domain name is not a critical issue when trying to get a good SEO position. Presently, their key words choice will be the critical factor in the SEO positioning, but this topic will be explained later.

**8.1.3.2 Easy to remember**

Many Internet users do not use bookmarks. They just memorize the domains of their favorite websites and type them whenever they want to visit one. If your domain is complex and not easy to remember you will lose these visitors along the way.

As a result the easier you can make your domain to remember and access the more chance you have of traffic to it from repeat readers.
8.1.3.3   Easy to spell

If a domain name requires considerable attention to type correctly, due to spelling, length or the use of unmemorable words or sounds, marketing value can be lost.

If visitors misspell the domain they may end up somewhere else.

Avoid unusual foreign words, words that have complex pronunciation, strange combinations of letters and anything else that might cause someone to misspell the address.

8.1.3.4   Com extension

A dot-com domain is always the best way to go. This extension is the most popular around the world, and it is already stuck in people’s mind.

Visitors going to websites via search engines or organic links will pay attention mostly to the name and not to the URL. The next time they want to visit the website it is very likely that they will just type its name followed by a .com.

It’s also recommended to secure other similar domain names to the one purchased. For example, if a .com domain name is chosen it might be worth getting the dot-net and dot-org ones as well or perhaps even getting plurals or other logical similar ones. This is not essential but might help to protect the niche in some circumstances.

For this reason talkwithmi.net, talkwithmi.org, talkwithmi.info, talkwithmi.us, talkwithmi.biz were all purchased in addition to talkwithmi.com.

8.1.3.5   Descriptive

When someone hears about a domain name for the first time, they should be able to instantly and accurately guess at the type of content that might be
found there. Some examples of this fact are Hotmail.com, CareerBuilder.com and AutoTrader.com.

8.1.3.6 Brandable domain and not keyword based

A brandable domain will have a nice pronunciation, an interesting combination of letters or simply an appealing visual effect. Sometimes they will not be descriptive, but they can be equally efficient.

Brandable domains will make visitors associate the name with the website and its content.

8.1.3.7 No hyphens or numbers

Domain names containing hyphens and numbers are cheaper for a reason. They suffer the same problem of domains not using a .com extension or with complex spelling. Many visitors will just forget the hyphen along the way. Eventually they will try to access the site by typing the name without the hyphen, in vain. Numbers, on the other hand, will confuse people with the spelling.

Surveys were performed in China in order to choose the name that fulfilled as many of these characteristics as possible. For example, the following chart shows a survey carried out in 2007 November and the sample of this survey were 90 people:

<table>
<thead>
<tr>
<th>Domain name</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>irasmus.com</td>
<td>12</td>
</tr>
<tr>
<td>yourbetterhalf.com</td>
<td>3</td>
</tr>
<tr>
<td>chitchatchating.com</td>
<td>18</td>
</tr>
<tr>
<td>bestchat.com</td>
<td>5</td>
</tr>
<tr>
<td>chatreference.com</td>
<td>10</td>
</tr>
<tr>
<td>idletalk.com</td>
<td>1</td>
</tr>
<tr>
<td>talkwithmi.com</td>
<td>37</td>
</tr>
<tr>
<td>JinJang.com</td>
<td>4</td>
</tr>
</tbody>
</table>

8-1 Survey performed to choose the domain name
Due to the outcomes gotten in this kind of survey in addition to the advice of some experts in the area, talkwithmi.com was purchased:

Domain Name: talkwithmi.com
Registrar: Name.com LLC

Expiration Date: 2009-01-11 00:00:00
Creation Date: 2008-01-11 17:26:13

Name Servers:
NS1.NAME.COM
NS2.NAME.COM
NS3.NAME.COM
NS4.NAME.COM

REGISTRANT CONTACT INFO
UCI
Della Guerra
9210 Palo Verde Rd
Irvine
CA
92617
US
Phone: +1.9494004852
Email Address: delia_guerra@yahoo.es
8.1.4 Keywords

The first action in any successful search engine optimization (SEO) campaign is choosing and incorporating the correct keywords for the site. It can make the difference in generating the maximum amount of targeted traffic to the site or just getting more hits for associated queries.

Single keywords alone don't mean much, since research shows that most search engine queries are a combination of key phrases that people use to narrow down the most related sites returned for accurately what they're looking for. People don't search on single keywords, unless they are looking for a name brand or high profile site that's well known through other ways of advertising and marketing.
As a general rule, each page on the website should be optimized for one key phrase. Two to four word phrases are typical, longer phrases are less commonly used in searches.

While it's tempting to choose very general keywords, it is not recommended for a number of reasons.

First, the competition will be fierce. And, more and more searchers are realizing that they can tune their searches searching for phrases rather than single keywords.

Also, research has shown that when a searcher wants to purchase something, he conducts extremely tuned searches to find it. So, while having a website that ranks extremely well for a very general keyword seems like the ideal situation, the site may get more traffic but it will not necessarily mean more sales.

A great source of research for keywords is the server log files. When a visitor finds the website using a search page, the words they used to find it are entered in the server log files.

Using tools such as Google Zeitgeist the top search queries can be identified:
Fast Gainers by Quarter (U.S.)

Source: Google Zeitgeist 2007

8-3 Top search queries

Fastest Rising (global)
1. iphone
2. badoo
3. facebook
4. dailymotion
5. webkinz
6. youtube
7. ebuddy
8. second life
9. hi5
10. club penguin

Fastest Rising (U.S.)
1. iphone
2. webkinz
3. tmz
4. transformers
5. youtube
6. club penguin
7. myspace
8. heroes
9. facebook
10. anna nicole smith

Source: Google Zeitgeist 2007

8-4 Last trends

The keywords are going to be shown next, have been found following these steps:

- Brainstorming
- Looking for keywords in competitors’ websites
- WordTracker tool
- Google Keyword tool
- Miva's keygenerator
- Free Monitor for Google tool

The KEI compares the count result (number of times a keyword has appeared in Wordtracker database) with the number of competing web pages. This way is easier to pinpoint exactly which keywords are most effective for the campaign.

8.1.4.1 Spanish pages
Since the target of talkwithmi is people who speak either English or Spanish, two versions of the website will be developed. Therefore keywords in both languages will be needed since most of the Spanish language people will resort to Spanish queries when using search engines.

The selected Spanish keywords are:

<table>
<thead>
<tr>
<th>Nº</th>
<th>KEYWORDS</th>
<th>KEI</th>
<th>COMPETING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ingles curso aprender</td>
<td>37.333</td>
<td>21</td>
</tr>
<tr>
<td>2</td>
<td>ingles online</td>
<td>25.496</td>
<td>123</td>
</tr>
<tr>
<td>3</td>
<td>aprender ingles online virtual</td>
<td>25.000</td>
<td>0</td>
</tr>
<tr>
<td>Nro.</td>
<td>Palabras clave</td>
<td>Competencia del anunciante</td>
<td>Febrero Volumen de búsquedas</td>
</tr>
<tr>
<td>------</td>
<td>----------------------------------------</td>
<td>---------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>4</td>
<td>academia inglés negocios</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>clases ingles empresas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Diccionario inglés español</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>aprender inglés por videoconferencia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>aprender inglés mediante internet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Clases ingles conversación</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>aprender inglés con pronunciacion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Traductor inglés español</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>cursos ingles negocios</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: http://www.wordtracker.com/
8-5 Spanish keywords chosen through Wordtracker

<table>
<thead>
<tr>
<th>Keywords</th>
<th>Advertiser Competition</th>
<th>February Search Volume</th>
<th>Avg Search Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>español inglés</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>diccionario inglés español</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>traductor inglés español</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>inglés español</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: http://www.google.com/
8-6 Spanish keywords chosen through Google

<table>
<thead>
<tr>
<th>Palabras clave</th>
<th>Competencia del anunciante</th>
<th>febrero Volumen de búsquedas</th>
<th>Prom. volumen de búsquedas</th>
<th>Tipo de concordancia</th>
</tr>
</thead>
<tbody>
<tr>
<td>recursos inglés</td>
<td></td>
<td></td>
<td></td>
<td>Inglés</td>
</tr>
<tr>
<td>recursos inglés</td>
<td></td>
<td></td>
<td></td>
<td>Inglés</td>
</tr>
</tbody>
</table>

Source: http://www.google.com/
8-7 Spanish keywords
### Palabras clave

<table>
<thead>
<tr>
<th>Palabras clave</th>
<th>Prom. volumen de búsquedas</th>
<th>Tendencias de volumen de búsquedas (dic 2006 - nov 2007)</th>
<th>Volumen más elevado registrado en</th>
</tr>
</thead>
<tbody>
<tr>
<td>curso de ingles</td>
<td></td>
<td></td>
<td>sep</td>
</tr>
<tr>
<td>ingles cursos</td>
<td></td>
<td></td>
<td>jun</td>
</tr>
<tr>
<td>mansion ingles</td>
<td></td>
<td></td>
<td>oct</td>
</tr>
<tr>
<td>juegos aprender ingles</td>
<td></td>
<td></td>
<td>nov</td>
</tr>
<tr>
<td>cursos de ingles</td>
<td></td>
<td></td>
<td>jun</td>
</tr>
<tr>
<td>ejercicios ingles</td>
<td></td>
<td></td>
<td>nov</td>
</tr>
<tr>
<td>vocabulario ingles</td>
<td></td>
<td></td>
<td>oct</td>
</tr>
<tr>
<td>como aprender ingles</td>
<td></td>
<td></td>
<td>oct</td>
</tr>
</tbody>
</table>

Source: [http://www.google.com/](http://www.google.com/)

8.8 Spanish keywords

#### 8.1.4.2 English pages

The selected English keywords are:

<table>
<thead>
<tr>
<th>Nº</th>
<th>KEYWORDS</th>
<th>KEI</th>
<th>COMPETING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>importance of learning a second language</td>
<td>87.510</td>
<td>1070</td>
</tr>
<tr>
<td>2</td>
<td>free spanish lessons for children</td>
<td>46.286</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>languages exchange with skype</td>
<td>25.000</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>site spanish teacher web</td>
<td>13.021</td>
<td>48</td>
</tr>
<tr>
<td>5</td>
<td>spanish dictionary</td>
<td>12.676</td>
<td>764000</td>
</tr>
<tr>
<td>6</td>
<td>learn speak spanish free online</td>
<td>11.676</td>
<td>111</td>
</tr>
<tr>
<td>7</td>
<td>fast learn online Spanish</td>
<td>10.470</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Frequency</td>
<td>Rank</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
<td>-----------</td>
<td>------</td>
</tr>
<tr>
<td>8</td>
<td>learn spanish words online english to Spanish</td>
<td>9.333</td>
<td>21</td>
</tr>
<tr>
<td>9</td>
<td>technical english required for work</td>
<td>9000</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>language learn online Spanish</td>
<td>8.961</td>
<td>129</td>
</tr>
<tr>
<td>11</td>
<td>free spanish lessons for kids</td>
<td>6.760</td>
<td>25</td>
</tr>
<tr>
<td>12</td>
<td>advanced spanish language training</td>
<td>5.513</td>
<td>80</td>
</tr>
<tr>
<td>13</td>
<td>learn to speak spanish for business</td>
<td>4.313</td>
<td>67</td>
</tr>
<tr>
<td>14</td>
<td>exchange language pal pen</td>
<td>4.000</td>
<td>0</td>
</tr>
<tr>
<td>15</td>
<td>learn spanish words online english to</td>
<td>2.857</td>
<td>140</td>
</tr>
<tr>
<td>16</td>
<td>learn business spanish online</td>
<td>2.570</td>
<td>263</td>
</tr>
<tr>
<td>17</td>
<td>easy spanish lessons</td>
<td>2.172</td>
<td>203</td>
</tr>
<tr>
<td>18</td>
<td>spanish lessons for kids</td>
<td>1.776</td>
<td>352</td>
</tr>
<tr>
<td>19</td>
<td>spanish english dictionary</td>
<td>1.561</td>
<td>609000</td>
</tr>
<tr>
<td>20</td>
<td>spanish words</td>
<td>1.190</td>
<td>320000</td>
</tr>
<tr>
<td>21</td>
<td>vocabulary lists Spanish</td>
<td>1.185</td>
<td>216</td>
</tr>
</tbody>
</table>


8-9 English keywords chosen through Wordtracker
8.1.4.3 Keywords placing

Once the keywords have been chosen, next step is placing them in key positions of the page to take advantage of them, and optimize the page positioning in Search Engines. These search engines looking for the keywords in specific places within the website. Therefore the keywords will be placed in the following strategic positions:

- Title of the webpage: including the keyword in the title is very important for this page to have any chance of ranking high for that keyword. A carefully thought out title is the most crucial SEO part of a webpage. Going into detail, to modify the title, a HTML editor is required since the title is code between the tabs <title></title> in the head section of the source code. The title can be easily identified in the following picture. It is the text written in the blue area.

### Keywords

<table>
<thead>
<tr>
<th>Keywords</th>
<th>Advertiser Competition</th>
<th>February Search Volume</th>
<th>Avg Search Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>spanish english online</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>english to spanish online</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: [http://www.google.com/](http://www.google.com/)

8-10 English keywords chosen through Google
Meta Description tag: should include a sentence rich in keywords to describe what is on your webpage. The Meta tags are situated between the HEAD tags in the source code (<HEAD> and </HEAD>)

First paragraph: body text should contain the keywords, especially in the first 300 words

Headline tag (H1, H2, H3): should contain the keywords

ALT tags: specially in the pictures if they are pointing to another website (img src="sitebuilder/images/web1_WinCE_-274x207.jpg" width="274" height="207" alt="")</div>)

Implementing these strategies mentioned, may not get the website a number one ranking in the Search Engines, but it definitely has a distinct advantage over those websites that have not done any optimizing.
8.1.5 Website map diagram

This chart depicts the website structure. It is only showing the English pages but the Spanish section will have exactly the same organization since every page will be built in Spanish and English. The index page is called the home page and the first page that users find when going to talkwithmi.com.

From this page users can access to the rest of the pages (that will be explained next). But non registered users will just be able to access to the following pages:

- privacy page
- conditions page
- feedback page
- about_us page
- contact_us page

They will also have the option of signing up in order to be able to access to the whole website. For more information about the pages read the following chapters.
8.1.6 Website logo

Blue colour was chosen because traditionally, blue has been considered a primary colour in painting and talkwithmi aim for being the primary tool for people when learning Spanish or English. According to mystic beliefs people with blue auras are said to be interested in social service work and to be in occupations such as social worker, counsellor, teacher or writer.
8.1.7 Pages description

All the pages will be available in Spanish and English. The pictures are going to be shown in the following chapters correspond to Spanish version of the website.

8.1.7.1 Index page

The index page (file index.html) is the home page, that is, the first page the user will see when typing talkwithmi.com in the browser. The page will have roughly the following appearance:
From this page the rest of the website can be reached. If the user is not identified the page will be shown in Spanish, but once the user is identified, the page will be automatically show in his/her mother tongue. But the user will always be able to shift from Spanish to English and vice versa.

The registered are allowed to access the rest of the website from here, but the visitors (non registered users) will not be able to visit the resources section. A section with news and the last updates have also been included in this page.

For this page, the next SEO strategies have been followed:

- Keywords chosen: “español inglés, ingles curso aprender, ingles online, aprender ingles mediante internet, clases ingles conversación, cursos ingles negocios, clases ingles empresas”
- Title: “talkwithmi - comunidad online de intercambio de inglés y español”. In chart 7-11 the title can be identified on the top, in the blue bar of the browser.

- Description: “Clases de conversación en inglés y español sin moverte de tu casa. No pierdas tiempo con ese curso que después dejarás a la mitad y prepárate para aprender inglés y español de verdad. Con la cuenta premium tendrás cursos de inglés de negocios”. The description is a critical part in the design since it’s the first text that internet users can read below the website when using SE.”

All the key words were placed in these strategic areas of the page. The window that confirms this fact will be shown in the following chart:
In the chart 7-11 keywords can also be identified, especially within the first 300 words.

8.1.7.2 Contactanos (contact_us) page

Users can find in this page (contactanos.html) contact information such as address, telephone number, a map with the location of the office and an application to send mails to the company.

This page can be accessed by all visitors either registered or non-registered. Two pictures of the headquarters have been also included.
The SEO strategy chosen for this page is the same than for the former one.

8.1.7.3 Privacidad (privacy) page

This page (privacidad.html) just provides customers with the private policy of the company. It is also accessible for all visitors (registered and non-registered).

The whole policy can be read in the Exhibit III. The SEO strategy chosen for this page is again the same than for the former one (see chart 8-16 for more information).
La siguiente Política de Privacidad ha sido redactada para informarle sobre el tratamiento de sus datos personales. Se informará sobre la recogida y procesamiento de datos, y la manera en la que los protegemos. Dicha política será aplicable a los usuarios registrados en la red de talkwithmi. 

La información personal sobre el usuario es recogida cuando este se registra, cuando usa servicios de talkwithmi o cuando, simplemente visita la página. 

El registro implica información como nombre, correo electrónico y ciudad de residencia. Desde ese momento en adelante, será reconocido como un usuario, no un visitante, y podrá acceder a todos los contenidos de la página. 

Usando las cookies de nuestro web, también recibiremos información, como su dirección IP. 

La información recogida es usada para diferentes propósitos, como personalizar publicidad y contenido según los datos proporcionados en el registro y la actividad en la página o proporcionar información sobre tráfico a nuestros socios. 

Source: http://www.talkwithmi.com/privacidad.html

8.1.7.4 Condiciones (conditions) page

Users can find the Terms of Service of talkwithmi in this page.
8.1.7.5 Acercade (about_us) page

This page (Acercade.html) provides the following information:

talkwithmi was created the January 8th 2008, in Irvine, California. The idea of the company was based after the experience had by the owners, who are Spanish speaking, through their International MBA, since it was all taught in English.

The two owners saw an opportunity of having a website that can help people learn a foreign language, not through regular language schools, but through Internet. The reason for choosing the Internet is that they saw how the World Wide Web works around the world and how useful it is.
Board of Directors: It is formed by two owners and 3 people that are the major money lenders.

President: One of the owners of the company that will be in charge of all the promotion strategy with language schools and seek for new opportunities available in the market. Will also be in charge of the operation management in order to coordinate the outsource services.

IT Manager: It is the other owner of the company that is a telecommunication engineer and will be in charge of the page design, structure and advertising strategy.

Marketing Manager: The outsource person, that will be working at the beginning 20 hours a week and it will be subject to change upon on the number of users.

Outside Services: talwithmi.com will request these services as needed.
8.1.7.6 Feedback page

Making use of this page, customers can easily give feedback about the any issue related with the company and the website. All the opinions will be taken into account in order to improve the quality of the service and offer to users a better customer service.
8.1.7.7  **Recursos (resources) page**

Visiting the resources page (recursos.html), users can access to different resources to improve their language skills. This page is going to be accessible just for registered users (either normal users or premium users). The offered resources can be broken down into the following fields:

- **Enlaces de interés (links):** links to different websites in order to help our users to improve specific language skills

- **Consejos (tips):** tips based in experts opinion and in our own experience to make the learning process easier for our users. The main goal of this section is helping users to take advantage of the time they are investing in the study of the language
- Vocabulario (vocabulary): ten words will be added every day. This the homework assigned to our users to complement their conversation training. These words are not added randomly since they have been chosen based in the own experience of people that have been living abroad, that is, this vocabulary is fruits of their own learning process in a foreign country.

Since users have to log in talkwithmi to be able to access to this section, this page will be automatically shown in the mother tongue of the user that is visiting it according to the information given during the registration process.

The SEO strategy for the page has the following points:

- Keywords chosen: “español inglés, ingles curso aprender ,inglés online, aprender ingles mediante internet, clases ingles conversación , cursos ingles negocios, clases ingles empresas ,recursos ingles”

- Title: “talkwithmi - Recursos para aprender ingles”

- Description: “Recursos para aprender ingles. Clases de conversación en inglés y español sin moverte de tu casa.com la cuenta Premium tendrás cursos de ingles de negocios”
8.1.7.7.1 Links page

In this page (links.html) users can find a lot of links to help them with their learning process. These links provide tools to improve the vocabulary, reading, listening, pronunciation, writing and, in conclusion, almost every aspect of the language.

Two different pages have been built, one including links to learn Spanish and the other one with links to learn English. All the links included can be found either in Exhibit V or in www.talkwithmi.com.

For this page, the next SEO strategies have been followed:

- Keywords chosen: “español inglés ,ingles curso aprender, inglés online, aprender ingles mediante internet, clases ingles conversacion, cursos ingles negocios, clases ingles empresas, diccionario ingles español”
- Title: “talkwithmi - Enlaces para aprender Inglés”
- Description: “Clases de conversación en inglés y español sin moverte de tu casa.com la cuenta Premium tendrás cursos de ingles de negocios. En esta sección podrá encontrar, por ejemplo, un diccionario inglés español y español inglés”

8.1.7.7.2 Consejos(tips) page

This page (consejos.html) includes tips based in the experience of learning a foreign language. Two pages have been built in order to help people either learning English or Spanish (there the page has Spanish and English version).

The SEO strategies followed for this page are:
Keywords chosen: “español inglés, ingles curso aprender, inglés online, aprender ingles mediante internet, clases ingles conversacion, cursos ingles negocios, clases ingles empresas, diccionario ingles español”

Title: “talkwithmi - Consejos como aprender Ingles”

Description: “Clases de conversación en inglés y español sin moverte de tu casa. Con la cuenta Premium tendrás cursos de ingles de negocios. En esta sección podrá encontrar consejos sobre como aprender ingles correctamente. Es otro recurso más para aprender ingles”

Source: http://www.talkwithmi.com/consejos.html
8-25 talkwithmi – Learning English tips
8.1.7.7.3 Vocabulario (vocabulary) page

In this section (vocabulario.html) users are provided with 10 words every day. The main goal is making users come to our place every day in order to review the last 10 words and study the new ones.

For this page, the next SEO strategies have been followed:

- Keywords chosen: “español inglés, ingles curso aprender, inglés online, aprender ingles mediante internet, Clases ingles conversacion, cursos ingles negocios, clases ingles empresas, Diccionario ingles español”

- Title: “talkwithmi - Vocabulario Ingles Español”

- Description: “Recursos para aprender ingles. Vocabulario Ingles Español. Clases de conversación en inglés y español sin moverte de tu casa. Con la cuenta Premium tendrás cursos de inglés de negocios”

Source: http://www.talkwithmi.com/vocobulario.html

8-26 talkwithmi – Vocabulary
8.1.7.8 **Normal_premium page**

Before signing up, users will be able to choose between creating a Normal account or a Premium account.

After clicking on the "registrarse" option (sign up) in the index page, and selecting "Crear cuenta normal" (Create normal account) in the normal_premium page, users will reach this page.

The information required to the user in order to create the account is the following:

- **Display name**: name to show other users

- **Birth date**
- Email: the email address will not be displayed. A confirmation email will send to the user after the registration to activate the new account

- Password: the password is used to login

- Confirm password

- Current country

- Current town

- Mother tongue (Spanish or English)

- Where did you learn your mother tongue?

- Language you’re currently learning (English or Spanish)

- You want to learn Spanish or English from (UK, US, Spain, Mexico...)

- Level in the language you want to learn (1. Very low/ 6. Very high): online tests to figure out users’ level of Spanish/English are included in the website to help users that are not sure about their level. These tests will be described in the next section

- Display photo: upload profile photo

After writing all the information the user will click on the “Registrarme” Button (sign up) and then, the most important service of this website takes place. It’s called matching process, and, during this process, the user account is created.
To clarify how this process works an example will be used. For instance, imagine one user sign up with this information:

- Alfonso

- 04/05/08

- ildefonsolmedo@gmail.com

- xxxx

- xxxx

- US

- Irvine

- Spanish

- Spain

- English

- US

- 4

Then, when this user clicks on “Registrarme” (sign up) all the users will be checked in order to find the ones that whose mother tongue is English from US. Then, the user Alfonso is redirected to the n_account page in which he will see
all his information in addition to all that possible "language friends" found during the matching process. These possible language friends are displayed according to the following order:

1. Mother tongue - English. Therefore, the mother tongue is the field with more importance (always matching English with Spanish and vice versa)
2. Where did you learn your mother tongue? - US. The origin country (if Alfonso wants to learn English from US the program will try to match him with people that fulfill the requirements)
3. Level of the complementary language (Spanish) - 3. The idea is matching people according to the next criteria:
   a. English (mother tongue)/Spanish (1) – Spanish(mother tongue)/English(6)
   b. English (mother tongue)/Spanish (2) – Spanish(mother tongue)/English(5)
   c. English (mother tongue)/Spanish (3) – Spanish(mother tongue)/English(4)
   d. English (mother tongue)/Spanish (4) – Spanish(mother tongue)/English(3)
   e. English (mother tongue)/Spanish (5) – Spanish(mother tongue)/English(2)
   f. English (mother tongue)/Spanish (6) – Spanish(mother tongue)/English(1)

4. Current city – Irvine. The idea is to help users to meet language partners in their current location in order to practice the language face to face

Of course costumers have always the last word and they will choose the language partner they want to have. Once Alfonso has chosen the language partners from the list was given to him, a friend request will be sent to these
users asking them whether they want to accept Alfonso as language partner. If they accept Alfonso, the former one will be able to contact them via Email, MSN, Skype or whatever the contact information they gave during the sign up process.

The matching process can be repeated whenever users want. They just have to login (then they will be driven to the n_account page) and search for new friends. Actually the can use filters such as current location or age to get a more accurate outcome in the matching process.

In their account, users also have a "blackboard" to post questions that can be answered by their friends.

The SEO strategy for this page is the same one than for the index page.
To create a premium account the user is required to make a payment of 15$ (per 1 year) thorough PayPal [www.paypal.com].

The main difference among the normal and the premium account is the fact that with the premium account the user will have business English or business Spanish and information and resources related with this topic will be attached to his/her blackboard during the whole year.

Therefore, the user will be able to improve his/her second language skills within this field. This option is really useful, especially for someone who starts working in a foreign country or students studying one year abroad.
These users, when accessing to their accounts, will be able to download all the resources from their blackboard and visit all the links, provided day by day by our company.

The SEO strategy for this page is the same one than for the index page.

8.1.8 Checking your level online

Users have the option of checking their level through different online tests offered in other websites. Once they have signed up, they have to go to the "Resources" section they will find these tests in the "Links" subsection (see the website map diagram in order to find this section).

Although all these links are showed in the Exhibit IV, talkwithmi recommends the following method to determine users' level:
Check English level: the English as a second language website has great online tests to check the level. The company proposes to users to complete the TOEFL Grammar Practice Quiz (http://esl.about.com/library/quiz/bl_toefl1.htm) and the Toefl Vocabulary Practice Quiz (http://esl.about.com/library/quiz/bl_toefl2.htm). Then users will get an outcome between 0% and 100% for both tests. The next step is calculating the average of the two tests and get the level according to the following criteria:

- 0-20%: Level 1
- 21-40%: Level 2
- 41-60%: Level 3
- 61-80%: Level 4
- 81-100%: Level 5

Check Spanish level: in order to check their Spanish level users can complete the Spanish quizzes they will find in the 123teach website (http://www.123teachme.com/learn_spanish/online_spanish_test) and then classify their level according to the following criteria:

- Level 2: he/she must be complete successfully the Beginning Spanish Placement Test and the Intermediate Spanish Placement Test otherwise he/she will be level 1
- Level 3: complete successfully the Intermediate Spanish Placement Test
- Level 4: complete successfully the Advanced Spanish Placement Test1 and the Advanced Spanish Placement Test2
- Level 5: complete successfully Superior Spanish Placement Test1 and the Superior Spanish Placement Test2
This is one of the multiple options that users can choose to determine their level in case of not being sure about this issue.

8.1.9 Software and database

In order to build talkwithmi the following tools have been used:

- PHP-Nuke: this tool allows websites administrators have total control of the website and registered users. It provides tools to maintain an interactive website using databases

- MySQL database server: to store and manage registered users' information

- PHP and Apache web server: to complement all the functions provided by PHP-Nuke

All these tools are freely downloadable from their websites.

8.1.10 Customer data protection

talkwitmi signed up Yahoo web hosting services (11'95 per month) that ensure reliable and secure hosting through:

- Consistent performance: sites are up and running 99'9% of the time

- Backups of the website: in different geographic locations in case of emergency

- FreeBSD (Unix) operating system and Apache servers: ensure stability
- Shared SSL certificates and encryption: SSL (Secure Sockets Layer) is a method (protocol) of scrambling customers' sensitive information, like contact details, to protect it from hackers

8.2 MARKETING PLAN

8.2.1 Customers
talkwithmi is focus on women and men from 18 to 34 years old. Our strategy for the first year is based on Facebook. Our goal with this strategy is to reach as many Facebook users as possible. Today Facebook has 2.8 million Spanish speaker users. Both genders are welcome to join and participate in one of the most exciting language websites. talkwithmi target is 80960 people. The information gathered was as follows.

- United States 77180
- United Kingdom 2860
- Chile 60
- Colombia 120
- Mexico 240
- Panama 40
- Peru 40
- Spain 420

All these numbers will give us the target market. These amounts of people are the ones that are interested in English, Spanish or belong to a Spanish or English Club or like the idea of a foreign language. Our Ad will appear in each one of these people whenever the go to their Facebook account. More people can be
added to our target, but we want to be as realistic as possible, since for example as soon as we start growing more and more we will go to Twenty.com, which is a social network in Spain that is as famous as MySpace in the United States and Facebook in most of South, Central and North America.

It does not matter the race, as long as they speak English or Spanish, for them to be able to use the website entirely.

Source: www.soumu.go.jp/_Vol18/Vol18_13/Vol18_13.html

8-31 Internet Users by Age

Across age groups, the impact of online is greatest for American adults under the age of 34 who have a high-speed internet connection at home.

Source: http://wintranslation.com/images/graph_june.jpg

8-32 Percentage of Internet Users around the world

141
There is no level of education required, talkwithmi, just requires people that at least know how to read, write and have a little bit of knowledge about how to use a website. The user may have a MBA, PhD or probably bachelor’s degree, as long as they meet the characteristics mentioned above.

talkwithmi, do not charge any type of fee to our customers, at the moment of using the basic service which means that we don’t classify our customers by how much their income is, therefore people can feel free to enter our website to learn and take advantage of nowadays technology.

However, one of the aims that talkwithmi has is help people with their professional language skills since for example in Latin America the unemployment rate was 8% in 2007, which show us a great potential market that will be willing to learn English or Spanish that will help them improve their language capacity and be more competitive at the moment of seeking for job. Furthermore, the amount of people working abroad is increasing substantially, being this another major reason for people to enter in talkwithmi and learn the proper and specialized language depending on their career.

For example, the most important factor regarding the needs of skilled language individuals is how recently they have immigrated to the United States. Recent immigrants need to be able to understand, communicate and assimilate into the new culture of the United States.

However, talkwithmi charge a fee for the premium service that will cost $29.99 per year for people that will use this advanced service we offer.

Therefore, having medium range of purchasing power could will help not only to pay the premium service, but also be able to get some benefit, since there are going to be ads in which you can click and buy devices or software with the aim of helping customers to improve their language skills.
The Geographic characteristics of our customers need to be from Spanish speaking countries and English speaking countries that are willing to look for a language partner for English or Spanish. We emphasize this aspect since all our ads, banners and links are going to be in English and Spanish only, since the aim of the website is to provide specialized and unique service to all our customers.

In South America there is an approximate of 5 million people between the age of 20 and 30 that go online every day. As an example there are around 2.8 million people that go to websites like hi5 or Facebook.
After doing research we found that this targeted market is very powerful and it is in constant growth due to an increase in the demand of people willing to learn English or Spanish as a result of globalization.

8.2.2 Competitors

The language partner business is in their start ups. There are not many websites that provide this type of service or that lack from special features that are key in order for the users to make a better improvement in their languages skills.

However, the growth of this industry is growing fast due to a high demand of people that need to learn another language for them to be able to get better jobs, salaries or to expand their horizons and be a more knowledgeable person.

In this area talkwithmi, divide the competitors in 2 groups, direct and indirect competitors.

Direct competitors are the ones that do exactly the same as we do, specialized website in Spanish and English only. Therefore, there are not direct competitors at the moment.
However, the only website that we could probably mention as a direct competitor is italki. The reason why we say this, is because in this website you are allow to do a search of your needs and preferences in English and Spanish, besides many other languages that they have, so customers are going to have a more accurate information of what they are looking for. This particular website is friendly user which means that customers feel comfortable whenever they go in since they make users feel a more personalize service. Italki is able to attract more customers, through different ways, such as colors, maps, diversity of features and a short name easy to remember.

Italki.com do not have any type of paid service, everyone receive the same. Each one of the users has their own account for them to contact other users and start chatting. They have been 8 months online; their brand awareness is considerable, but not too much. Italki.com has take advantage of technology and other internet sources that have make them known. They do not sell any type of products

Source: www.italki.com
8-36 Italki.com icon

In the case of indirect competitor are the ones that do something similar, as we do. In this particular case, we found a few of them that will help us make the comparison between the features and characteristics that they have and which can we can adopt or reject.

We have found the following indirect competitors:
The common characteristic between them is that they provide a wide diversity of languages that customers can take advantage of. After making the analysis we found all of them to be poor regarding additional information that can help improve the languages skills of the users.

Therefore, the way that talkwithmi would compete, will be by adding every type of feature that we found is necessary for a good language development and that are our competitors weakness. Also since we will provide a specialize service focused only in Spanish and English, we will be able to fulfill more the expectations of our Spanish and English speakers, by offering a complete service regarding other useful sites to go, like dictionaries, travel agencies and some other software that will help our users succeed from an educational point of view.
After looking at all the different styles of icons, we can have an idea of how these pages differ from one another and that talkwithmi has a big opportunity in this sector considering that they can put many features together to create the best language partner website.

8.2.3 Advertising

Online advertising is a way of advertising that uses the Internet and World Wide Web in order to deliver marketing messages and attract customers.

Online advertising revenues exceeded $21 billion for the first time in 2007. The latest record numbers demonstrate that interactive media continue to be important to consumers and marketers.

![Graph showing online advertising growth](source: www.iexpound.com/2007_06_01_archive.html)

Taking advantage of the online advertising growth, talkwithmi, will diffuse the brand in a number of ways. However, the first year will be mainly focused on Facebook. The Ad will be shown in Facebook, every single day for one year. We have seen a huge potential market with we pegged our advertising to Facebook success. They target the same market as talkwithmi does.
An estimated 34% of the Internet user population has had a purchase influenced, one way or another, by one of these sites.

Other ways of advertisement starting the second year will be hi5, travel agencies, embassies, dictionaries and languages schools. All of them with the aim of reaching our target market as fast as possible. All of the online sites mention above will play a fundamental role in the way our website is advertise.

Nowadays, online advertising is becoming one of the most popular way of promotion around the world, therefore, putting our link in all this related sites, will ensure as that a considerable percentage of our target market will be address to our site.

The reason for the selection of the sites mention above is because those are somehow related with our business purpose.

well, which are tools developed by Google, that are going to be very useful at the moment of advertising the brand. All these tools do, is look for all the words that are related with our name or description of the service, and help us see which words are the more used among competitors, enabling us to pick the correct words, therefore we will be able to locate the website in the highest positions, whenever our customers are looking for talkwithmi. We want to take advantage of these tools, since it will let us know what to put in the description of the service that we provide, when our site appears online, for customers to read it and get interested in our service.

talkwithmi will use two other sources for advertise the brand. The first one is Craiglist.com, in which we post a brief description of our service to attract new customers to the website. The second way of advertisement is Monster.com since it will help with the extra service that we provide when a user pays $29.99 to take advantage of the great networking that a page of this characteristics can offer.

talkwithmi will also be promoted by language schools, which are going to include in their educational system the usage of a foreign partner, to encourage students to go into our site, log in and be part of this great adventure called talkwithmi. In our fifth year will launch LAPCO, Language Partner Community, which will bring a huge traffic into our site. This and many other ways are strategies that we will put to work in order to leverage our position with all the future direct competitors, becoming for us a competitive advantage against them.
The growth strategy will be done by using each one the tools at a time. Meaning with this that we will change or add tools according with the development of the website. All of the tools will be used strategically. The aim of this strategy is to keep a constant improvement that will go along with our financial forecast.

8.2.4 Pricing
talkwithmi, do not charge for the service provided. The way to make money is through different types of advertising. Therefore, we want to emphasize that our language service do not charge any fee to our customers. However the price that we will charge for the premium service is $29.99.

8.2.5 Delivery & payment
We do not deliver any physical product. The way our customers can enjoy the benefits of our service is by going online to our website.

We will receive the payment of our premium service will be through PayPal.
8.2.6 Risks

The major risk that talkwithmi has is not being able to attract people to the website.

talkwithmi does not have direct competitors. There is no other website that offers a specialized service in English and Spanish only. Considering that our main source of revenue is advertising, we need to make sure that all the available links have to be useful for our customers in order for them to click on the links and in that way make money.

8.2.7 Financial

In order to develop our financial statements we need to make some assumptions.

Sales: We are going to have a target market of 80960 people. This assumption was taken from the data that is available in Facebook, since our strategy is based on what they have in their database in order for us to have a more accurate projection for the future, at least for the first year that is the critical part in most of the start-up business.

We are going to have sales that are going to come directly to us, through the premium service which is going to cost $29.99 per year, we charge this amount of money after analyzing our financial situation, according to the expenses that having our customers updated suppose and also looking at how much other websites could charge for a service like this. People will pay this amount per year for an added value service which it will be based on daily business news in each one of the accounts of our users, be part of a database that employers will check in when they are seeking for new employees and therefore, the networking for each one of our users will be expanded, with the help of Monsters.com.
In accounts receivables we are going to have the monthly amount of money that talkwithmi will gain through Google Adsense and Affiliate programs. This money is collected at the following month.

Therefore, we did some key assumptions that can support all the numbers that we are going to show in our report.

- Number of users: we will start our company with 100 users for the premium service and at the end we will have 4440 users for premium service, this is based in data gathered from competitors and considering the advertising on Facebook and language schools. The following years we will always have a 20% of users that will leave the website and we will have old customers that will renew the contract with us

- $0.55 cents: this amount of money is based on an average, after analyzing many affiliate programs and Google Ads since all of them charge under different parameters, therefore, we decided to have this average between clicks and/or sales these websites would make through us

- $29.99 a year for the premium service: as mention before, we charge this amount of money after analyzing our expenses, similar websites and knowing that our service is very useful for our target market

With the amount of money that we are going to spend the first year in advertising and promotion we will expend $3.91 in each one of our users, assuming that in the first year we will have 8880 users.

Since our business is a part time business, we are planning for the 3 first years to have a fixed salary for the owners of $1500 and the third person will outsourced. The company has to pay $5000 a month to the outsourcing service. However, salaries and payments will be subjected to an increase depending on
the revenues produced and the amount of users. Therefore, salaries taxes will not be charged to our company since we are using outsourced and they are the ones paying taxes.

**NPV**

NPV $146,062.81

If the VAN is positive it's a good sign for investors that they should invest in your company. We used a 25% interest rate in order to make this calculation. It represents the value of cash flows linked to the investment discounted at the rate of return required by the market for the level of risk of the investment. Hence, NPV represents the amount of value creation anticipated for this investment.

In this case, with an investment of $27500 and a 25% of interest rate the value of the future cash flow will be $146,062.81.

Since talkwithmi do not have liabilities, some ratios cannot be used, but some others will help us understand a little bit more the financial situation of the company in the short and long run.

**ROE**

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<td>ROE</td>
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<td>30.72%</td>
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**ROA**

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<th>2011</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td>ROA</td>
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<td>22.71%</td>
<td>38.24%</td>
<td>43.13%</td>
<td>42.38%</td>
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</table>
8.2.7.1 Revenues

We will use tools like www.adgridwork.com, www.SaleSpider.com, http://www.tradedoubler.es/pan/cms which are sites that will provide advertisement for free. We will choose the companies and every time one of our users clicks on these links, the companies will pay us a commission depending if they just view the website or actually bought something from it.
Affiliate marketing programs are a web-based marketing practice in which a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's marketing efforts.

Source: http://en.wikipedia.org/wiki/Affiliate_marketing

8-45 Affiliate Program

There are advantages and disadvantages when using these programs. The main advantage is that it is for free, you do not pay anything when you get affiliated to one of this websites, which enable talkwithmi to have as many as possible. But the disadvantage is that when Google finds out that a website is using too many affiliate programs, they will penalize you. Google penalize by locating the website in lower positions, since they have a fair policy, that says that everyone should compete fairly and since the affiliate programs are free you can just use a specific amount, you cannot exceed the amount so everybody can have the same opportunity of being in higher positions.

This brings many advantages since as more websites have your site, as higher the site will be able to appear on the search engines like Google, but taking into consideration that you cannot have too many pages pointing at you, because Google will penalize the website. This tool is called affiliate programs.
Estructura de comisiones

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<td>5.00%</td>
</tr>
<tr>
<td>Business Deliver</td>
<td>5.00%</td>
</tr>
<tr>
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<td>2.00%</td>
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<tr>
<td>Business Enterprise</td>
<td>3.00%</td>
</tr>
<tr>
<td>DHS</td>
<td>3.00%</td>
</tr>
<tr>
<td>BSD</td>
<td>3.00%</td>
</tr>
<tr>
<td>DHS/SnP</td>
<td>5.00%</td>
</tr>
<tr>
<td>BSD/SnP</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

Source: [http://www.tradedoubler.com](http://www.tradedoubler.com)

8-46 Affiliate Program - DELL

Just to set an example, we have DELL in this case, they give multiple commissions, as I mention before, not just for the click, but for many other actions as well. It always depends on the company that we are advertising, for example the company edreams.com, just give 3 ways of commissions.

Therefore, we have decided to make these types of affiliate programs in order to have more revenues through advertising that at the end is our main source of revenue.

Another important source of revenues will be Google AdSense. To be able to use this program websites have to send request to Google. After receiving the request Google is going to study the website and if they consider that the website is regularly updated and is offering interesting content or services Google will accept the request. Google will place ads in the website from that moment on. Google will choose the companies that are going to be promoted in
our website according to the study they do about the site. They will try to place ads that have to do with the subject of the website. Every time someone clicks on these Ads our company is earning money. talkwithmi already requested this service and Google accepted. The way Google informs talkwithmi about the activity in the website and the revenues is the following:

The following information can be identified in the report:

- Amount of visitors the website has per day

- Amount of visitors that click on the Google ads

- The website total revenues earned through Google AdSense program
The more amount of visitor the website will be able to attract the more money the company will make through this program. The following ad was placed by Google in talkwithmi after accepting our request:

Aprenda Inglés
Aprenda a leer y escribir inglés. Descubra cómo ahora.

Source: http://www.talkwithmi.com
8-48 Google AdSense ad

8.2.7.2 Expenses

8.2.7.2.1 Salaries
Since our business is a part time business, we are planning for the 3 first year to have a fixed salary for the owners of $1500 each one and the rest of the staff will be outsource which will cost $5000 monthly and those services are: marketing, legal, accounting. The marketing service will work hand in hand with our IT manager in order to plan the promotion and marketing of talkwithmi.

8.2.7.2.2 Rent
We are not going to have this expense, since we are going to have virtual office, for the next 3 years, since we want to use all of our financial resources for advertising our brand.

The amount of money that we are going to pay for this virtual office is $175 a month. The amount of money that we are paying for the virtual office covers:

- Prestigious business address
- Mail collection and forwarding
- Preferred rates on office supplies and couriers
- Access ready-to-use offices and meeting rooms
- On-demand administrative and technical support
- Incoming and outgoing faxes
- A local phone number in any of our 400 cities
- Personalized call answering
- Call redirecting
- Voice mailbox
- Lobby listing
- 16 hours of private office time

After looking at all the amenities that the virtual office offers to us, we decided that it was the best way to go for a start-up company.

http://virtualoffices.regus.com/products/default.htm

8.2.7.2.3 Advertising
As mention in the advertising section, we are going to promote our website mainly through Facebook. Therefore, after doing all the estimations, we are going to pay $900 per month in order for our Ad to be advertised. This amount is distributed $30 per day, since that is the way Facebook charges, depending on the number of times you want your Ad to be shown.

8.2.7.2.4 Promotion
The general manager, will be moving around the state at the begging, trying to get more and more language schools to get involved in the last big project that is going to be the creation of LAPCO. Therefore, talkwithmi will have a small amount of money invest here to cover with expenses like dinners, brochures and so forth.
8.2.7.2.5 Taxes

talkwithmi does not pay taxes in the United States since we are a Limited Liability Company, which are exempt from taxes, we will just pay corporate tax. The taxes are going to be charged to each individual on her or his personal income. The only tax that is charge is the federal, which accounts for $800 a month.

8.3 MARKETING

talkwithmi the first year will be directly related with Facebook. The reason why this is done is because Facebook target the same people talkwithmi targets. Therefore, the advertising campaign is going to be done mainly through an Ad that is going to be available in Facebook. The budget available for the advertising campaign in Facebook is $10000, since 80% of our marketing will be done through this website.

Facebook helps advertisers with the promotion of websites, products or services. They will start asking who is going to be your target market.

---

I want to reach people between 18 and 34 years old in the United States who like Spanish Club.

<table>
<thead>
<tr>
<th>Location: United States</th>
<th>7,420 people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age: 18 – 34</td>
<td></td>
</tr>
</tbody>
</table>

Keywords: Spanish Club

Interests, favorite music, movies, etc.

Source: http://www.facebook.com/ads/create/

8.49 Facebook: 1st Step
After setting your target market and characteristics, Facebook requests a brief description of your Ad to make sure it meets their content guidelines.

Create Your Ad
Ads are reviewed to ensure that they meet our content guidelines. We recommend reviewing a list of suggested best practices and a list of common reasons for rejection.

Title: Learn Spanish
Body: Find your perfect English partner. It is fun and interesting.

Learn Spanish
Find your perfect English partner. It is fun and interesting.

Photo: No Photo

Source: http://www.facebook.com/ads/create/

8-50 Facebook: 2nd Step

The next step is related with how much money we are willing to spend in our advertising campaign. In this step they will ask for the budget that the advertiser is willing to spend, how much it is going to be CPC, how many times a day do you want the Ad to appear and finally how much they are going to charge us per 1000 impressions.

Facebook charge 0.39 cents in CPC when a person from United States, United Kingdom, Latin America (Argentina, Chile, Colombia and Mexico) or Spain clicks on our Ad.

Facebook at the moment of registration, ask you how much money are you willing to spend per day, therefore, considering the budget mention above we are planning to spend $ 30 per day that will allow 77 people click in our
Facebook Ad and start using our service. With this advertising campaign we will have 2308 people each month going to our website.

Our Ad will be running continuously and therefore we will pay in a day by day basis. We choose this option since we need to have our Ad running as many times as possible in order to attract customers. Furthermore, we are going to pay per 1000 impressions 0.27 cents, which means that every 1000 times that our add will appear they are going to charge us 0.27 cents. This is an advantage for us, because we set a fixed amount for advertising and we know that there will not be any surprises at the end since as soon as we reach the $30 per day, our add will not be shown any more for that day.

![Price Your Campaign](http://www.facebook.com/ads/create/#)

**8-51 Facebook: 3rd Step**
Another second way of advertising starting in the third year will be done by key words. The aim of this is to buy specific words that will put our website in the right side of the page, whenever someone types them on the search engine. Google charges advertisers on a price per click (PPC) basis. That is, advertisers pay only when a user clicks on their advertisement. Advertisers bid against each other to receive better placement in the results, and the bidding price for each keyword differs.

talkwithmi will increase its marketing campaign on the second year by getting alliances with language schools that will advertise the website. Since these schools will use talkwithmi as a tool for learning either Spanish or English. The agreement will be that we will put the link of their website in talkwithmi and them at the same time, when teaching different languages, have to send their students to our website as homework or practice with a foreigner depending on the language.

Another strategy to increase talkwithmi presence in search engines and to be able to attract more visitors will be done through increasing the number of
places in the web pointing to talkwithmi. This goal is achieved using services as Phinker (http://es.phinker.com/) in this website users can upload pictures and set links in these pictures pointing to the website chosen. This way, talkwithmi increase their presence in the web and the opportunities to attract visitors.

8.4 FINANCIAL PLAN

talkwithmi will start performing with $27500 that will be provided by the 2 owners and family and friends. We want to show our future investors that we will put not just our time and effort in this company, but all of our personal savings in it. Therefore, they will be able to see our commitment and dedication to it.

We want to avoid loans and interest rates at the first year since for a startup company; the introduction phase is the most critical and hard to develop in such a competitive market, due to the fact that this is a market that is growing very fast.

There is a forecasted target market of 80960 people that will be willing to learn either Spanish or English. These figures are supported by Facebook data, in which we base our assumptions. Just with the advertisement that we do through Facebook we assume that we can have 2308 people per month going into our website.

We need to have 3 computers which are going to be provided by the owners, in order to build, update and improve the performance of the website. We are trying to put most of our resources into the advertising expenses since it is one of the most important sources of revenues that we are going to have.

Besides advertising, talkwithmi will charge $29.99 per year to the premium users. Premium users in this particular case are people that would like to have a
more specialized matching, since they want to learn business English or Spanish. talkwithmi will be responsible for sorting through its database people with the same professional profile, for these users to be able to improve their professional skills. Besides matching talkwithmi would provide their customers with news, reports and information of their interest that will help them with the development of an accurate language at work. Furthermore, premium customers will enter a network since the company will be associated with Monsters.com in which employers will search in this database whenever they are seeking for a new employee.

8.5 OPERATIONS

Talkwithmi is an online business that matches people with contrary language skills in order to help each other with the improvement of in this case English or Spanish skills. This is the basic service that the company offers. However, talkwithmi has seen a strong potential market in the professional area, meaning with this that today is very important to communicate with the proper language at work. Therefore, talkwithmi would charge a $29.99 fee to this section of the target. The aim of this matching would be helping people to become more competitive and capable of performing with proper jargon.

The company would be in charge of the constant update of the page as well as the new alliances that will help customers with their day by day learning. Also is important to mention that talkwithmi will be always seeking for educational alliances in order to become a part of the service provided by other businesses such as Language Schools as well as Travel Agencies.

The purpose with the travel agencies is for travelers to go online and start practicing the language of interest, to get a better knowledge of the place that they will be travelling to and be aware of difficulties that a foreigner can have at the moment of entering a country with a different language, since most
travelers buy guide books that are considered as a "Bible" at the moment of travelling.

8.6 HUMAN RESOURCES

talkwithmi in its first year is not going to have more than 2 people and outsource legal, accounting, sales services.

Board of Directors: It is formed by two owners and 3 people that are the major money lenders.

President: Will be in charge of the administrative sections and outsourcing services.

IT manager: He is the one that is going to be responsible for updating the website constantly, keep track of the database, and look for new advertising ways for the future.

Outsourcing:

- Legal: taking care of the legal issues with company and customers

- Accounting: responsible for financial statements and taxations

- Marketing: responsible for getting contracts with language schools and affiliate programs. Furthermore they will be in charge of the daily business news service that we will provide to the premium users.

talkwithmi will contract more people depending on the improvement of the company. Soon as we start having more brand awareness we will need more people that will help us grow and become one of the major language visited websites between English and Spanish speakers.
9. EXHIBITS

I. ADVERTISING NETWORKS

1.1 Primarily CPM Based Ad Networks

- 121Media
- 24/7 RealMedia
- Accelerator-Media
- Ad Solutions Network
- Ad World Network
- AdAgency1
- AdBonus
- AdDynamix / Pennyweb Networks
- AdOrigin
- AdPepper
- AdSmart
- Adtegrity
- AdZuba
- Ampira Media
- Bannerconnect
- BannerSpace
- BlueLithium
- BURST! Media
- Casale Media
- Claxon Media
- Click Agents
- CPX Interactive (Formerly Buds Media)
- EuroClick
- Experclick
- FastClick/ValueClick
- Federated Media
- Gold Group
- Gorilla Nation Media
- Hurricane Digital Media
- ImpressionUp
- InterClick
- InterRevco (Interactive Revenue Company Ltd.)
- Joetec
- Mamma Media / FocusIn
- MaxOnline
- Oridian
- Premium Network
- Quake Marketing
- Quin Street
- RealCastMedia
- RealTechNetwork
- Revenue.net
- Right Media
- Rydium
- The Robert Sherman Company
- TMP
- Tribal Fusion
- Valuead.com
- Yes Advertising
- HyperBidder

II. Primarily CPA/CPL Ad Networks

- Advertising.com
- Amazon.com
1.11 Primarily CPC and Text Based/Contextual Ad Networks

- Google AdSense
- Yahoo! Publisher Network
- AdForce
- AdHearUs
- AdKnowledge
- AdSonar
- Affiliate Sensor
- All Clicks
- AllFeeds
- BannerBoxes
- BClick
- BidClix
- Bidvertiser
- CBprosense
- Clicksor
- ExpoActive
- IndustryBrains
- Mirago
- Miva
- Nixxie
- One Monkey
- Oxado
- TargetPoint
- Textads Dot Biz
- TextWise
- Text Link Ads
- Vibrant Media
- WebAdvertising.ca
- AdBright

IIV Shopping/Comparison Networks

- TTZ Media
- PriceGrabber
- Chitika
- Shopping.com
- CNet Shopper
I.V "Non-Standard" Ad Networks (PopUps, Expandables, PayPerPost, etc.)

- 7AdPower
- Opt-Media
- PayPopUp
- PointRoll
- PopUpTraffic
- Tremor Network
- WhenU
- PayPerPost
- ReviewMe
- CreamAid

I.VI Specific Demographic Ad Networks

- Absolute Agency
- AVN Ads
- BlogAds
- CrispAds Blog Advertising Network
- HerAgency
- HispanoClick
- Pheedo RSS & Weblog Marketing Solutions
- Qumana Adgenta Blog Ads
- WayPointCash (**WARNING: ADULT NETWORK***)

I.VII Non-US Primarily CPM Based Ad Networks

- ClickHype
- DMO Global
LVIII Non-US Primarily CPC and Text Based/Contextual Ad Networks

- Response Republic
- PeakClick

IX Non-US Primarily CPA/CPL Ad Networks

- TradeDoubler
- Commission Monster
- Affiliate Future
- AdLink
II. TECHNOLOGICAL GLOSSARY

II. IBanners

A web banner or banner ad is a form of advertising on the World Wide Web. This form of online advertising entails embedding an advertisement into a web page. It is intended to attract traffic to a website by linking them to the web site of the advertiser.

9.1 Banner example

II. II Online advertising pricing models

- CPA (Cost Per Action): also known as PPA (Pay Per Action) in which the advertiser pays for specific action such as purchases, filling formularies and so forth
- CPL (Cost Per Lead): either charge clients for all leads received or vet leads against a checklist to ensure a minimum service of quality
- CPC (Cost Per Click): the amount the advertiser pays each time a user clicks on his/her ad
- CPM (Cost Per Thousand impressions): Instead of paying per click, in a CPM campaign advertiser purchases a set amount of impressions
- PopUps: Pop-ups are small windows that open automatically on your screen. Most often, they display advertising, which can be from legitimate businesses, but also might be scams or dangerous software.
- PayPerPost: is an automated system that allows you to promote your web site, product, service, or company through the PayPerPost network of bloggers.
La siguiente Política de Privacidad ha sido redactada para informarle sobre el tratamiento de sus datos personales. Se le informará sobre la recogida y procesamiento de datos, y la manera en la que los protegemos. 

Dicha política será aplicable a los usuarios registrados en la red de talkwitmi. 

**General**

Información personal sobre el usuario es recogida cuando éste se registra, cuando usa servicios de talkwithmi o cuando, simplemente vista la página. El proceso de registro información como nombre, correo electrónico o ciudad de residencia será requerida. Desde ese momento en adelante será reconocido como un usuario y no un visitante, y podrás acceder a todos los contenidos de la página.

Usando las cookies de nuestra página web también recibiremos información, como su dirección IP.

La información recogida es usada para diferente propósitos, como personalizar publicidad y contenido según los datos proporcionados en el registro y la actividad en la página o proporcionar información sobre tráfico a nuestros clientes.

Con el fin de no recibir información personalizada sólo deberá deshabilitar las Cookies en su navegador. 

**Consentimiento**

El uso de talkwithmi y de sus servicios supone que el usuario ha aceptado plenamente las condiciones expuestas en la Política de Privacidad y en las Condiciones de Servicio.
El usuario autoriza, cuando accede a la página a que sus datos sean añadidos a un registro donde serán tratados como se explica en esta Política.

Previo al envío de información por parte de menores de edad, estos deberán obtener el consentimiento paterno o del tutor legal para que talkwithmi pueda procesar estos datos.

Ámbito
Los términos de la Política de Privacidad se aplicarán a todos los archivos que recojan información personal así como a cualquier equipo o persona del equipo de talkwithmi que los procese.

Cambios en la política de privacidad
Nuestra empresa se reserva el derecho de cambiar esta política cuando sea necesario con el fin de recoger nuevas legislaciones o simplemente por cambios en la estrategia corporativa. Por supuesto, estos cambios serán notificados a todos los usuarios.
IV. FINANCIAL STATEMENTS

Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>27,420.20</td>
<td>36,112.10</td>
<td>59,523.40</td>
<td>83,461.80</td>
<td>132,915.48</td>
</tr>
<tr>
<td>Investments</td>
<td>330.00</td>
<td>566.30</td>
<td>704.00</td>
<td>844.80</td>
<td>1,013.76</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>$27,750.20</td>
<td>$36,688.40</td>
<td>$60,227.40</td>
<td>$84,326.60</td>
<td>$133,929.24</td>
</tr>
<tr>
<td>Fixed assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td>6,000.00</td>
<td>6,000.00</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>500.00</td>
<td>1,000.00</td>
<td>1,500.00</td>
<td>2,000.00</td>
<td>4,000.00</td>
</tr>
<tr>
<td>Net fixed assets</td>
<td>$1,000.00</td>
<td>$500.00</td>
<td>$-</td>
<td>$4,000.00</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Other assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other assets</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Total assets</td>
<td>$28,750.20</td>
<td>$37,188.40</td>
<td>$60,227.40</td>
<td>$88,326.60</td>
<td>$135,929.24</td>
</tr>
</tbody>
</table>

Liabilities and owner’s equity

|                      |         |         |         |         |         |
| Current liabilities: |         |         |         |         |         |
| Accounts payable     |         |         |         |         |         |
| Accrued wages        |         |         |         |         |         |
| Accrued compensation |         |         |         |         |         |
| Franchise taxes payable |         |         |         |         |         |
| Unearned revenue     |         |         |         |         |         |
| Other                |         |         |         |         |         |
| Total current liabilities | $-     | $-     | $-     | $-     | $-     |

Long-term liabilities:

|                      |         |         |         |         |         |
| Mortgage payable     |         |         |         |         |         |
| Total long-term liabilities | $-     | $-     | $-     | $-     | $-     |

Owner’s equity:

|                      |         |         |         |         |         |
| Investment capital   | 27,500.00 | 27,500.00 | 27,500.00 | 27,500.00 | 27,500.00 |
| Accumulated retained earnings | 1,250.20 | 9,698.40 | 32,727.40 | 69,826.00 | 108,429.24 |
| Total owner’s equity | $28,750.20 | $37,198.40 | $60,227.40 | $88,326.60 | $135,929.24 |

Total liabilities and owner’s equity

|                      |         |         |         |         |         |
|                      | 28,750.20 | 37,198.40 | 60,227.40 | 88,326.60 | 135,929.24 |

| Difference           | $0.0    | $0.0    | $0.0    | $0.0    | $0.0 |

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## Income Statement

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue (Sales)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Items</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Sales</td>
<td>100.00</td>
<td>150.00</td>
<td>200.00</td>
<td>245.00</td>
<td>300.00</td>
<td>365.00</td>
<td>430.00</td>
<td>480.00</td>
<td>500.00</td>
<td>520.00</td>
<td>550.00</td>
<td>600.00</td>
<td>4440.00</td>
</tr>
<tr>
<td><strong>Premium</strong></td>
<td>100.00</td>
<td>150.00</td>
<td>200.00</td>
<td>245.00</td>
<td>300.00</td>
<td>365.00</td>
<td>430.00</td>
<td>480.00</td>
<td>500.00</td>
<td>520.00</td>
<td>550.00</td>
<td>600.00</td>
<td>4440.00</td>
</tr>
<tr>
<td><strong>Affiliate &amp; Google Ads</strong></td>
<td>55.00</td>
<td>82.50</td>
<td>110.00</td>
<td>134.75</td>
<td>165.00</td>
<td>200.75</td>
<td>236.50</td>
<td>275.00</td>
<td>310.00</td>
<td>335.00</td>
<td>365.00</td>
<td>400.00</td>
<td>424.00</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>3054.00</td>
<td>4581.00</td>
<td>6108.00</td>
<td>7482.30</td>
<td>8916.00</td>
<td>11474.30</td>
<td>13312.20</td>
<td>14658.20</td>
<td>15570.00</td>
<td>15880.80</td>
<td>15870.50</td>
<td>15688.50</td>
<td>234547.20</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hosting</td>
<td>11.95</td>
<td>11.95</td>
<td>11.95</td>
<td>11.95</td>
<td>11.95</td>
<td>11.95</td>
<td>11.95</td>
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<td>11.95</td>
<td>11.95</td>
<td>11.95</td>
<td>11.95</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>3042.05</td>
<td>4569.05</td>
<td>6096.05</td>
<td>7470.35</td>
<td>8905.05</td>
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**Revenue (Sales)**
- 2001
- 20%
- 20
- 20
- 20

**Net Profit**
- 2001
- 20%
- 20
- 20

Note: The above table represents the income statement for a hypothetical entity, showing revenue from different sources, costs, and expenses, leading to a net profit.
## Cash Flow

### Pre-Start-up

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<thead>
<tr>
<th></th>
<th>Jan-08</th>
<th>Feb-08</th>
<th>Mar-08</th>
<th>Apr-08</th>
<th>May-08</th>
<th>Jun-08</th>
<th>Jul-08</th>
<th>Aug-08</th>
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<th>2010</th>
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<th>2012</th>
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<td>31,572</td>
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<td>6,500</td>
<td>16,197</td>
<td>21,420</td>
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<td>56,524</td>
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<td>Cash Position</td>
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### CASH INCOMES

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<th>Jun-08</th>
<th>Jul-08</th>
<th>Aug-08</th>
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<th>Nov-08</th>
<th>Dec-08</th>
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<th>2011</th>
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### CASH OUTGOINGS

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### CASH FLOW

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<tbody>
<tr>
<td><strong>Cash on hand</strong></td>
<td>20,000</td>
<td>31,505</td>
<td>31,572</td>
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<td>2,045</td>
<td>4,350</td>
<td>2,049</td>
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<td>4,350</td>
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<td>16,197</td>
<td>21,420</td>
<td>36,129</td>
<td>56,524</td>
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<tr>
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<td>17,606</td>
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<td>1,566</td>
<td>3,737</td>
<td>572</td>
<td>805</td>
<td>703</td>
<td>2,045</td>
<td>6,500</td>
<td>21,420</td>
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<td>81,483</td>
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### Break Even Point

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<td>223156.64</td>
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</table>

Breakeven
- Annual Users: 4521.49
- CM per unit: 0.74
- Breakeven in dollars: 132837.50

Net Income
- 2008.00: 135599.60
- 2009.00: 162778.20
- 2010.00: 195456.00
- 2011.00: 234547.20
- 2012.00: 281456.64

Dep&Amor
- 2008.00: 500.00
- 2009.00: 500.00
- 2010.00: 500.00
- 2011.00: 2000.00
- 2012.00: 2000.00

EBITDA
- 2008.00: 100650.20
- 2009.00: 121258.20
- 2010.00: 151309.00
- 2011.00: 185747.20
- 2012.00: 225956.64

EBIT
- 2008.00: 100150.20
- 2009.00: 120758.20
- 2010.00: 150809.00
- 2011.00: 183747.20
- 2012.00: 223956.64

Taxes
- 2008.00: 800.00
- 2009.00: 800.00
- 2010.00: 800.00
- 2011.00: 800.00
- 2012.00: 800.00

Net Income
- 2008.00: 99350.20
- 2009.00: 119958.20
- 2010.00: 150009.00
- 2011.00: 182947.20
- 2012.00: 223156.64

Breakeven
- Annual Users: 4521.49
- CM per unit: 0.74
- Breakeven in dollars: 132837.50

Net Income
- 2008.00: 135599.60
- 2009.00: 162778.20
- 2010.00: 195456.00
- 2011.00: 234547.20
- 2012.00: 281456.64
Break Even in dollars 2008

9-3 talkwithmi – break Even Point 2008

Different Scenarios

Since we want to show an accurate and realistic scenario for our company we did a forecast with the best and worst case scenario.

Best Scenario:
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<th>2017</th>
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<th>2019</th>
<th>2020</th>
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182
Net Profit 5 years
Best Scenario

Worst Scenario:

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<th>Gross Profit</th>
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<tr>
<td>2025</td>
<td>70000</td>
<td>25000</td>
<td>45000</td>
</tr>
</tbody>
</table>

Expenses
- Sales Commissions: 1000
- Office Salaries: 2000
- Promotion: 3000
- Marketing: 5000
- Rent: 1000
- Depreciation: 1500
- Corporate: 2000

Total Expenses: 10500

Net Profit: 3500

9-4 talkwithmi – Forecast Net Profit Best Scenario
Net Profit
Worst Scenario

9-S talkwithmi – Forecast Net Profit Worst Scenario
V.LINKS TO LEARN ENGLISH AND LINKS TO LEARN SPANISH

V.I Online tests

Check your English level test:

http://esl.about.com/od/englishtestsandquizzes/English Tests and Quizzes Practice Materials for Learning English.htm

Check your Spanish level test:

http://www.123teachme.com/learn_spanish/online_spanish_test
http://www.donquijote.org/spanishlanguage/test/

V.II Links to learn English

http://www.wordreference.com/
http://www.urbandictionary.com/
http://dictionary.reference.com/
http://itcansay.com/
http://www.bbc.co.uk/worldservice/learningenglish/
http://aprendeinglescompartiendo.blogspot.com/
http://www.englishpage.com/
http://www.eslgo.com/
http://itcansay.com/
http://www.mansioningles.com/

V.III Links to learn Spanish

http://www.rosettastone.com/offer/googlepage/esp
http://www.studyspanish.com/
http://www.lingolex.com/spanish.htm
http://www.spanishprograms.com/

http://www.bbc.co.uk/languages/spanish/

http://www.learnspanishguide.com/

http://www.learnspanishtoday.com/
10. BIBLIOGRAPHY AND REFERENCES


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