



GoTradeSeafood.com: Reeling in the Big Catch

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Abstract. In December, 2000, the father-and-son team of Jerry and Joshua ten Brink are contemplating the future for their 17-month old venture, GoTradeSeafood.com. Funded up to now primarily by family funds, GoTradeSeafood.com provides an electronic medium through which to buy and sell seafood. At the time of the case, the site's database is over 2,000 members strong, supports seafood trades and exchanges of approximately \$130 million per month, and each day attracts over 1,000 unique visitors. Based on the company's recent financial statements, the management team believes it has a greater-than-average chance of meeting its profitability target by mid-2001 - a date only six months behind its *original* schedule. The case contains a full-length business plan and challenges the reader to articulate an action plan in the areas of marketing, pricing, product and service adoption, and competitive responses. Students are also asked to critique the strengths and weaknesses of the business plan, assess its suitability for the venture capital community, and compare the company to its other "dot com" brethren.

Keywords: entrepreneurship, business planning, service adoption, pricing, competitive responses, family business.

1. Introduction

When the loudspeaker above his head jarred him awake with a message from the flight attendant, "Please return your seats to their upright position, in preparation for landing," it took Joshua ten Brink—the founder, vice-president, and chief technology officer of GoTradeSeafood.com (GTS)—a few seconds to re-orient himself. He was indeed on another airplane, his third trip in as many weeks, en route to an international trade show to market his new venture.

Despite its short operating history of 17 months, GTS (an online marketplace for buying and selling seafood) was already well on its way toward differentiating itself from its dot-com brethren in terms of strategy and financial returns. The site's database was over 2,000 members strong, supported seafood trades and exchanges of approximately \$130 million per month, and each day attracted over 1,000 unique visitors. Based on the company's recent financial statements, Joshua believed that GTS had a greater-than-average chance of meeting its profitability target of mid-2001—a date only six months behind the *original* schedule.

In contrast to the traditional belief that a preponderance of gray hair and years of operating experience were the quintessential ingredients in the recipe for business success, this venture was potentially playing by a new set of rules:

- Joshua was a 23-year-old graduate of Boston University’s School of Management. He had no graduate-level business training, had not distinguished himself academically, and his knowledge of programming was self-taught.
- Joshua’s father, Jerry ten Brink (a founder of and present CEO of the company) was an experienced entrepreneur. He and his family controlled and ran all aspects of the business. The 56-year-old had earned his entrepreneurial fortunes squarely within the bounds of the “old economy,” however, and didn’t fully appreciate the subtleties of Internet marketing and online operations.
- The father-and-son team had already tried in 1997 to set up a similar venture for seafood trading which failed in its first year of operation.
- The company “bootstrapped” its initial funding by utilizing solely family funds.
- The official first round of outside financing to keep GTS solvent was only \$1 million and had been sought from angel investors.

As with most new ventures, the ongoing success of GTS would be contingent on a handful of key success factors:

- (1) The company had to continue growing unit volume and value of its seafood product postings to truly justify its existence as an alternative trading *market*.
- (2) Revenue from flat “posting fees” had to continue increasing at least at the current rate.
- (3) Customers had to increase their use of the high-margin value-added services (such as financial and delivery) after accepting purchasing terms.
- (4) Customers had to bring their existing buyers and sellers into the trading network in order to generate a critical mass of volume and make transactions profitable.

Even if the company achieved its financial targets by mid-2001, its earnings and cash flow would be insufficient to fund its projected rate of growth. Some amount of second, or perhaps third, round financing would be required in 2001 to bring the company to the next level of operations. As opposed to the informal angel investors who had provided the first round funding, both Joshua and his father knew the business plan would have to be persuasive to professional venture capitalists (VCs) sooner rather than later.

In addition to its profitability timetable, the founders of GTS had already articulated specific goals in connection with its exit strategy. By 2005, assuming a stable and receptive financial environment, they would seek an initial public offering (IPO), seek to be acquired for the right price, or continue to operate the company as a successful independent venture. Potential suitors might include established, full-service trading companies looking to expand into seafood or large seafood companies seeking to diversify into the world of cyberspace.

2. Anatomy of an Entrepreneur

Jerry ten Brink is the epitome of an entrepreneur, and a survivor. Born in Cuba, Jerry's family ran a successful textile business in the 1950s and 1960s. In 1960, in order to avoid persecution from the newly formed communist government of Fidel Castro, Jerry's father fled the country with his family and went to Costa Rica. His decision to enter the seafood industry came after several successful entrepreneurial ventures. He explained:

When I first arrived in Costa Rica, I worked with a meat company that went bust due to speculation. Afterwards, I started a vegetable company that did quite well. When a fishing company went belly up, I decided to buy it. While I only knew a little about the business and industry, I learned quickly. Even though there are good and bad aspects of the seafood business, it's a sound industry to compete in overall. If you're capable of managing fishing operations, you have an edge over your competition; and depending on fluctuations in supply and demand, there's a potential to make some good money. For example, when the supply is high, and demand is strong, you can make solid profits. But this fluctuates quickly.

His last company in Costa Rica, before he relocated to the United States permanently, was a vertically integrated tuna company that fished, processed, and exported. Jerry founded and ran this entity for eight years (1990-1998). The business supported over 700 employees, had revenues of \$40 million, and margins of between 7% and 8%. Although the company was very successful, he decided in 1998 to sell it in the wake of changing market forces and entrenched competition.

3. Early Company History

Even before putting his tuna company up for sale, Jerry had been pursuing the next phase of his seafood career by dabbling in the basics of information technology (IT). In early 1997, while Joshua was still in his first year of college, the two founded the New York Seafood Exchange as an online auction to trade seafood. The interface provided the first-ever opportunity for buyers and sellers to bid against one another electronically. Joshua spoke fondly about the early days:

My Dad and I got into this business by buying the technology outright from a company called MDAI for \$1,000. Unfortunately, we were way ahead of our time in terms of Internet adoption. We went to the Boston Seafood Show in 1997, and nobody had Internet access. We had to give AOL disks to our customer base so they could gain access to the site.

These were typical times for a pioneering business. There were no tools to enable trading, no online credit reports, logistics, or even financing. We didn't have other critical services to provide to customers or enough volume to enable the re-creation of an off-line trading environment electronically.

Jerry and Joshua's short stint in the IT world during 1997 was incredibly educational. Not only had they chanced on a possible future trend for the entire seafood industry, but they had also gained positive feedback about the inclination and abilities of their customer base. They also didn't know that the choice of the name Exchange, chosen completely innocently, would ultimately set the stage for the future. The team was convinced they were onto something.

Perhaps more importantly, their experience had caused them to discover that they both needed something to do - Jerry had recently sold his business and Joshua would soon graduate from college. Jerry explained:

Joshua really had the Internet bug and had been involved in e-commerce when it all began. Since high school he was always doing his own thing and coming up with crazy technology ideas. I also knew that the seafood space was ripe for technology. We have always worked well together, and figured this would be a natural extension for both of us. Our skills have also been complementary. I am more of a visionary, but Joshua is able to bring my brainstorms to life through his technical knowledge. Ironically, once into a project, Joshua takes more of a lead on marketing, while I focus on the intricate details and organizational structure.

After I sold the business, Joshua did a semester abroad. While he was overseas, we had a brief conversation about the abundance of fresh seafood in Costa Rica. I remember him calling at 2 a.m. the next morning to say that he had come up with this system for seafood trading and had just faxed the

idea to me. I called him back later in the day, and we began working on it while he was traveling through the Australian Outback.

In the development of the new Website, Jerry and Joshua implemented four lessons they had learned from their brief tenure with the New York Seafood Exchange:

- (1) Pure auctions were neither the ideal environment, nor the best medium, for seafood negotiations. Unlike other commodity industries, price alone was not the deciding factor. An intricate online trading system for this complex product would have to be built. Buyers and sellers would also have to come to agreement on the following before completing the transaction:
 - a. Payment terms
 - b. Processing options
 - c. Price
 - d. Quantity
- (2) The site had to provide sufficient tools so that traders had the same peace of mind and security with their online transactions that they received in the real world.
- (3) A network of global buyers and sellers was necessary to achieve a critical mass of trading.
- (4) Strong customer service would be essential. If customers received “hand-holding” and achieved positive results, they would return to the site.

After receiving his father’s feedback on his idea, Joshua immediately began working on the actual site from Australia. He quickly found a software package that could be cheaply modified for an initial release, yet would also provide enough advanced features. He also enlisted the help of a developer and communicated with him from local Internet cafés he found during his travels.

By the end of his whirlwind semester abroad, Joshua had developed GoFresh.com. Version 1.0 of the site would be launched on July 29, 1999; Version 2.0 was slated for introduction in March 2000 at the Boston Seafood Show. It was launched solely as a lead-generation site for two reasons. First, Joshua and Jerry wanted to begin training customers on the benefits of online

trading; and second, they wanted to gradually steer them towards electronic seafood commerce as soon as the tools were operational.

Despite the electronic immaturity of their customers, Jerry explained his rationale for playing the Internet card so early in the process:

GoFresh.com was our solution to developing a critical mass of potential buyers and sellers in advance of the “official” second generation software launch [Version 2.0]. It was a completely free service, and it simply provided people with the chance to post their products to an electronic database and to learn how to navigate the network. Negotiations would be done via the phone and fax, as usual. The emphasis for GoFresh.com was *not* on a short-term return on investment. It was part of a broader, longer-term plan.

4. The GTS Value Proposition

The US\$350 billion wholesale value seafood industry operates on a global basis. The industry includes fishermen and aquaculture producers, processors, wholesalers, exporters, importers and distributors, as well as retailers and food service organizations. It also includes goods and services providers such as shipping companies, financial service providers, equipment providers, etc. There are over 100,000 seafood professionals in the industry throughout the world.¹

The seafood industry has several characteristics:

- Volatile supply with temporary localized supply imbalances.
- Few large and many medium-sized suppliers.
- Five major seafood categories with market niches.
- Traditional marketing environment.

The typical cost structure of a seafood retailer could be broken down into their Cost-of-Goods-Sold (COGS), Selling, General and Administrative Costs (SG&A), and other. COGS regularly accounted for 84% of all costs, followed by SG&A at 12%, and other at 4%.

Traditionally, a multitude of phone calls and faxes is required each time sellers want to move their product. According to Joshua, “sometimes 100 phone calls are required simply to get 50 offers, and *each* of those has to be individually read, analyzed and considered. It's very inefficient and time consuming. Callers, often phoning in from different time zones, are regularly

1. From the GoTradeSeafood Business Plan in Exhibit 4 (page 487).

forced to remain on hold indefinitely, and tons of information is lost along the way. It's the 80-20 rule in action: 80% of the effort for only 20% of the revenue”.

Joshua reasoned that an integrated negotiations process, where information would be logged and "kept track of" along the way, would not only improve the relationship between buyers and sellers (dubbed by GTS as "partners"), but also the efficiency of the overall purchase process. GTS' value proposition could be summarized as follows:

- Create and maintain loyalty by consistently dealing with the same known trading partners.
- Connect directly with trading partners with tighter integration to increase efficiency.
- Make business easier to manage and improve communications in the process.
- Increase business by enabling better negotiations.
- Improve profits by reducing costs.

GTS had the following revenue and expense pro forma assumptions:

4.1. Revenue

Revenue will be derived from 2 sources: Posting Revenue and Safe Harbor/ Services Revenue. Until the Safe Harbor program is developed, GTS anticipates most of its revenue coming from Postings. The pro forma revenue estimates are as follows:

Table 1: Revenue Sources

Revenue Source	%	Category
Posting Revenue	33	Posting
Financing	33	Safe Harbor
Insurance Revenues	4	Safe Harbor
Credit Report revenues	1	Safe Harbor
Logistics & Inspection	8	Safe Harbor
Market Portals	7	Safe Harbor
Store Revenues	4	Safe Harbor
Marketing Services	4	Services
Information Services revenue	3	Services
Customs	3	Services

4.2. Expenses

Primary expenses are personnel, marketing, web development, and office/travel/other. Costs are anticipated to increase at 25% annually. Bad debt expense is 1% of transaction revenues. Web development will initially be done partly through outsourced contractors, with a small internal staff to ensure timely maintenance and enhancements. A heavy investment in sales and support staff is made in all years. Marketing and advertising expenditures are intended to drive sales, and include significant trade show activity, online advertising, and public-relations efforts.

Exhibits 1 and 2 (page 484) graphically depict the Partner Management Program, and Exhibit 3 (page 485) provides an overview of competitors:

5. The Official Launch

While the father-and-son team did manage to show Version 2.0 of their product at the Boston Seafood Show, it was candidly described by both of them as “a mess.” They had fallen behind schedule in terms of coding; and had only three-quarters of the site operational. The official launch date was postponed until May, and capital of close to \$1 million was injected into the firm in April 2000 in order to hire programmers to finish the user interface.

The name was also changed to GoTradeSeafood.com. “The launch of a competing site, GoFish.com, had begun confusing customers,” according to Jerry, “and some of their service mistakes had even resulted in phone calls to our office to rectify them”.

In May 2000, the site was finally launched, and it became almost an overnight success. Shortly after GoFresh.com was up and running, the site was receiving postings of nearly \$30 million in product per week. When the second generation of the software was officially launched in May, the trajectory continued, as many customers were already aware of the company and the transition for them was relatively straightforward.

The second generation of GTS software represented a major technological leap forward for the company, and the services customers could utilize. For example, *GoFresh.com* was solely a posting program that allowed sellers to display their product for sale and automatically email select buyers they thought might be interested. No transactional ability was possible. They also launched a web site called *GoFrozen.com* which evolved almost by accident, as the founders realized that online postings for frozen seafood outpaced the fresh market by a factor of almost 2-to-1.

Despite the stellar introduction of GTS, several questions remained unanswered for Joshua and Jerry. Among them:

- What marketing investment would be required to continue attracting buyers and sellers to the site?
- While many of the original customers were still allowed to post their products for free on the new site (Version 2.0), eventually they’d have to start being charged. When should this begin? Also, while the \$89.95 flat posting fee per order (regardless of total value) was certainly reasonable, was the company “leaving money on the table” by not charging commissions based on some other transaction metric?
- How could more customers be steered towards the profitable services—including, among others, transaction financing, shipping, inspectional services, credit information and insurance, priority postings, and private negotiation rooms—GTS was offering in its second generation software? In order for the venture to become profitable by the middle of the next year, a higher percentage of customers would have to begin utilizing these services.
- How should GTS further train its customers to post more of their products on-line? According to Joshua, the larger companies were often using GTS as simply another arm of their marketing strategy, in some

cases to “test the waters” with regard to pricing trends. Less than 1% of their total product for sale was being posted to the site.

- Which of the key competitors posed any threats, and how should GTS respond to their entry into this \$350 billion market?

6. Business Plan Evaluation

As Joshua exited the airport, he instinctively reached for his cell phone to check his voice mail. Halfway across the world, Jerry was reviewing a portion of the company’s business plan (see Exhibit 4). A meeting with another VC was scheduled for the end of the month, after Joshua returned to the United States. He was eager to hear his Dad’s feedback. While an additional cash infusion wasn’t necessary to keep the company alive, Jerry and Joshua knew GTS wouldn’t be able to fund its projected growth without outside help.

Joshua hoped to raise an additional \$1 million in a second round in early 2001, followed by a third round of \$1.5 million at the end of that same year. He estimated the company currently had a pre-money valuation of \$9.2 million and was willing to offer 2nd round investors 15-20% of the equity for their investment.

Based on current posting revenues, Joshua further estimated that GTS had a market share of 0.25% of the \$350 billion seafood market. The founders were shooting for a 1% share by 2005, and knew they would only be successful by encouraging more of their customers to migrate to the high-margin, value-added services. If they met their targets, they envisioned either an IPO, if market conditions warranted it, or a sale to a worldwide trading company such as Cargill, Mitsubishi or Mitsui². However, Joshua didn’t want only to be profitable—his eyes were on the bigger prize of permanently changing the manner in which product was bought and sold, and successfully improving the seafood industry overall.

While Joshua was disciplined in revising his business plan on a monthly basis, he knew it would never be perfect. His main area of concern habitually centered on the depth and breadth of the contents. Joshua wasn’t accustomed to shopping the plan around to professional VCs, as all of the funding up to now had been generated from family and informal angel investors. Joshua wondered:

2. Each of these companies was either a national leader in its respective country or internationally renowned. Given their wide array of existing business, seafood could potentially represent an alternative revenue stream or effective means of diversification to each.

- (1) After reading the GTS business plan for the first time, what overall impression might a venture capitalist have?
- (2) What were its strengths and weaknesses?
- (3) Was the GTS business strategy sound?
- (4) Would GTS risk being classified as a dot-com and summarily written off, since BtoB was increasingly falling out of favor with the investment community? Or, did it represent something more?

“Five new voice mail messages?” Joshua thought to himself. “It couldn’t be! It’s only eight o’clock in the morning.” Then it occurred to him that he had reset his watch to local time when the plane had landed. Maybe he was working too hard and should take that weekend off. After all, he himself didn’t want to become perishable. No matter what time zone he was in, “Internet time” was moving at a pretty fast pace.

Exhibit 1: Partner Management Program Value Proposition

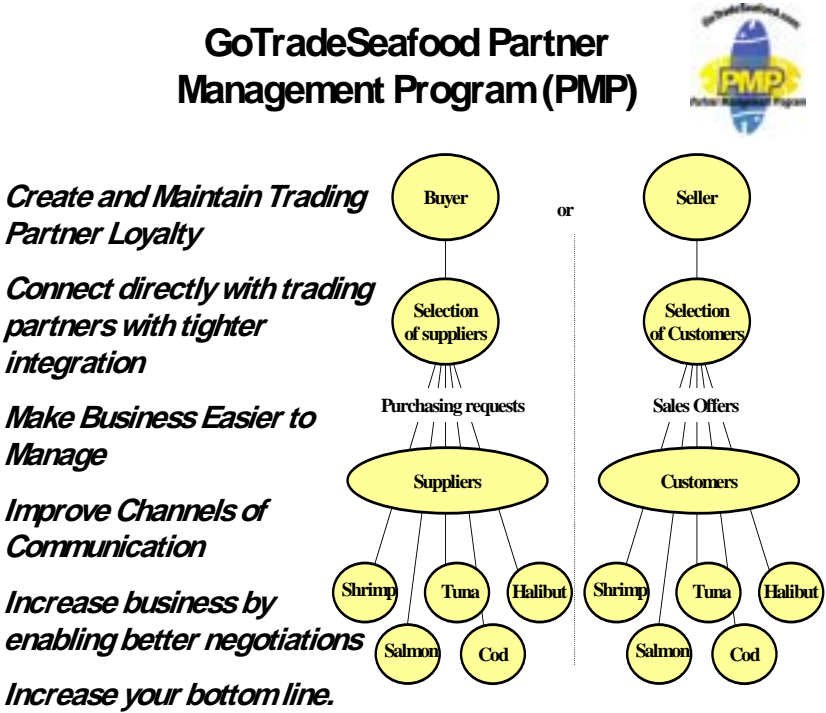


Exhibit 2: Purchasing Process

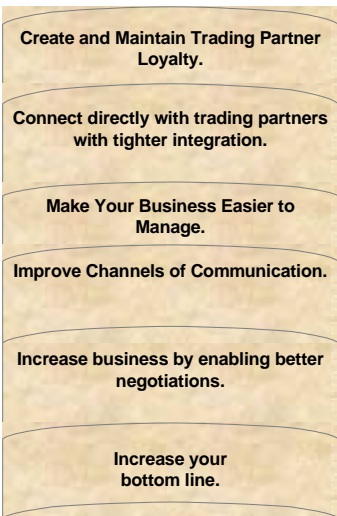


Exhibit 3: Competition (Joshua ten Brink's personal notes and overview on competition)

	Current Business Model:	Strengths	Weaknesses	Opportunities
GoTradeSeafood www.Gotradeseafood.com	PMP and Open Marketplace	Independent, developed trading platform, Safe Harbor partnerships, working Open Market		
Gofish www.gofish.com	Non-seafood Procurement	\$42 million in early funding and Seafood Alliance	Perception of conflict of interest with Seafax and Seafood Alliance. Bad reputation among industry.	
Agribuys www.agribuys.com	All commodities with Safeway	Partnership with Safeway	Lack of seafood focus	
Globalfoodexchange www.globalfoodexchange	Tightly integrated ASP and physical seafood auctions	Partnership with NFI	Lack seafood focus. Complicated ASP sales process	
Worldcatch www.worldcatch.com	Traditional seafood company merged with an Internet company	The Wave newsletter	Is a seafood company competing with all it's customers.	

Gofish.com (Portland,Me). Gofish, funded with \$42 Million in Nov 1999, traces its origins to the SeaFAX, the seafood industry credit reporting agency³. Gofish used its Seafax monopoly, after buying its competitor, to induce companies to join its Exchange and as a result earned much negative comments from the Industry. Nevertheless, the Credit Reporting business gives Gofish good access to US industry news and was also utilized to support a factoring operation. Division of CMGI, funded with \$42 million in equity. Burn rate of \$2 million / month. Up-front fees, and fees based on product value makes posting expensive. In the March Seafood Show in Boston, Gofish indicated they were not emphasizing the Seafood procurement and sales part of their business and that they had partnered with a group of large seafood companies (rumored to be in exchange for stock in Gofish) to offer MRO services. They were offering phone services at the Show. The partnership with these large companies provides market support for Gofish but impairs their neutrality.

3. As a credit reporting and collection agency for the seafood agency, Seafax provides accurate and timely information that enhances a customer's ability to manage risk and maximize its market opportunities. (Source: Seafax web site)

The change to MRO procurement may be a profitable business albeit somewhat outside their core competence.

Agribuys (Torrance, Ca). Agribuys is the leading provider of supply chain management software and services targeted specifically at the fresh foods industry. The company received its first funding of \$1.5 million in 1995 and its principal investors are Los Angeles, Calif.-based TMCT Ventures and prominent Silicon Valley-based angel investors. Agribuys' vision is to provide full-service e-commerce management to food buyers and suppliers from across the world. (Source: Agribuys web site).

GlobalFoodExchange.com (Atlanta, Ga.). Funded with \$32 Million, Global was founded by several McKinsey consultants. It services 5 different commodities, including seafood. GlobalFood won the endorsement of the National Fisheries Institute, with 350 seafood industry members, in May 2000 by paying a reported \$1 Million fee and a revenue share agreement. However, it does not seem to have done much with this, as their name seldom comes up in our conversation with customers. Global offers a fairly complicated Supply Chain Solution with 5 modules for the several commodities it services.

Worldcatch.com(Seattle, Wa). Funded with \$12 Million, Worldcatch started as an auction site with some content in March 2000, and merged in November with content heavy Fismonger.com but never developed much e-commerce with their limited auction platform. In February 2001, Worldcatch was purchased by the \$100 Million in sales American Gem Seafood company. With this move Worldcatch announced it was going back to its seafood business roots and would not emphasize the Online market further.

Exhibit 4: Selected Portions of Business Plan

GoTradeSeafood.com: Reeling in the Big Catch

Note: Portions of this plan have been excluded, and key metrics have been changed, to preserve confidentiality.

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The World's Seafood Market Hub

I. EXECUTIVE SUMMARY

GoTradeSeafood.com, based in Boston, Massachusetts launched its global seafood business lead-generation site Gofresh.com in August of 1999 and Gofrozen.com in January 2000. In May of 2000, we began the transition to our newly developed Exchange format that allows multi-company online negotiation and the use of enabling technologies provided by our strategic partners to permit seafood professionals to buy and sell seafood online.

GoTradeSeafood.com provides the online marketplace, while our strategic partners provide the necessary tools- marketed as the GoTradeSeafood "Safe Harbor"- in order to close deals. These include online financing, perishable cargo logistics, verification and fulfillment, cargo and tracking, worldwide credit analysis and credit insurance, and quality verification. These "Safe Harbor" tools provide the secure online trading environment that assures sellers that they will be paid, and assures buyers that they will receive what they required.

The worldwide seafood business-to-business (BtoB) market is valued at over \$350 billion annually, with over 100,000 professionals worldwide. The industry includes fishermen and aquaculture producers, processors, wholesalers, exporters, importers and distributors, as well as retailers and food service organizations. The industry also includes goods and services providers such as shipping companies, financial service providers, equipment providers, etc. The seafood industry has several characteristics:

- Volatile supply with temporary localized supply imbalances.
- Few large and many medium-sized suppliers.
- Five major seafood categories with market niches.
- Traditional marketing environment.

The sites attract over 1,000 unique daily visitors. It is the only seafood exchange designed by Seafood-industry producers to cater to the unique conditions that exist in the global seafood marketplace. GoTradeSeafood.com is successful because we do not compete with our clients; we act only as a facilitator that streamlines the way seafood is bought, sold, delivered, and financed globally. GoTradeSeafood.com is not a broker or a middleman. We

do not charge clients a commission or limit information flow between buyers and sellers. Rather, GoTradeSeafood.com charges a flat posting fee of \$89.95 per offer which permits our clients to transact business in a way familiar to them, while incorporating significantly increased productivity, speed, and access offered by an internet-based exchange. We offer independent credit reports and credit facilities, and do not appear as buyers of record on the invoices like other sites do.

Quality of product and reputation of vendor are very important in the seafood business. Therefore, the only way to gain industry acceptance of any seafood exchange is to provide the identities of both the buyer and the seller. Recognizing this basic premise, GoTradeSeafood.com has created an online business method that allows a poster to know the identity of each bidder. It also allows the bidders to know the identity of each poster, and the bid details of the other bidders, but not the identities of other bidders. Therefore, posters can negotiate counteroffers with each bidder privately. The new bid terms are displayed on the negotiation template giving other bidders the opportunity to improve their terms, resulting in a truly open and competitive marketplace. We have applied for a Business Method patent for this negotiation system.

Since the posting fee has already been charged, and no further commission is assessed on the transaction, customers have no incentive to circumvent the exchange once they discover the identity of the bidders. Customers are free to negotiate online and utilize the Exchange without an added fee. Furthermore, they retain control over product quality by knowing the identity and reputation of their counter party. This increases the integrity of the exchange, and leads to a more secure online transaction. This seemingly simple innovation distinguishes GoTradeSeafood.com from other competitors, and we believe will offer the advantage to win in this space.

The company's revenue model is based on three main revenue streams: Posting Revenues, Trading Tools (Safe Harbor) Revenue, and Value-Added Services Revenue. Up selling features include priority postings, targeted e-mail marketing, private negotiation rooms, and other facilities. GoTradeSeafood.com is experiencing increased postings as our exposure in the industry grows, and we anticipate increased postings as large shipments get broken down into smaller and smaller increments.

Added value, enabling services, ease of use, flat posting fees, policy of "only product for immediate shipment" to keep offers current, and "more buyers, more sellers!" all combine to make GoTradeSeafood.com the leading Seafood Exchange. These services are being marketed through a concerted worldwide telemarketing and e-marketing effort (including online live web marketing demonstrations), targeted trade show participation program, brand advertising, a unique programs to personalize and gain customer loyalty, and a limited program of support offices for the United States and abroad. Our next target, the world's second largest seafood consumer, a major importer of

seafood, and home for most of our strategic partners, and our partner bank, in Europe. We do not plan investments in brick and mortar facilities such as physical Auction venues - as some other business models call for - nor do we plan to involve the company in services such as quality inspections or factoring. We believe that quick growth and liquidity should be our focus, and to do that we will rely on e-marketing practices and partnerships - with revenue participation - with established key service suppliers.

The founders of the company are Jerry ten Brink, President, and Joshua ten Brink, Vice-President and Chief Technology Officer. Jerry ten Brink has over 30 years experience in the seafood industry as an owner and operator of shrimp, tuna and fresh seafood companies., and Joshua ten Brink developed the New York Seafood Exchange, the first seafood auction venue in 1997 and has over 6 years experience in e-commerce. Chief Operating Officer Eric Godes was the former General Manager and Vice-President of Systems Engineering, Inc.; Richard Delinsky, Vice President of Sales and Marketing North America has over 15 years experience marketing seafood, Alden Moel, Chief Financial Officer, and has over 10 years of financial and capital market experience.

Our goal is to build the Premier Global Seafood Exchange on the Internet by giving customers a reliable and timely solution to their problems.

II. WHY THE GOTRADESEAFOOD SITE WILL LEAD

GoTradeSeafood is on the path to lead in the B2B e-commerce arena with these key advantages:

- **Open marketplace:** Reveals the identity of the buyer and seller to each other allowing them to choose who to do business with, not with which price to do business with.
- **Negotiated exchange platform:** Not an auction. Allows negotiation on the four key items necessary to close a seafood business deal (price, quantity, process options, and payment terms). Allows a customer to do business the way they are accustomed to, but with the added speed and efficiency of the Internet. Patent applied for this method.
- **Established client base:** GoTradeSeafood.com has the largest seafood customer base of any of the seafood e-commerce companies.

- **No membership fee:** Liquidity and more buyers and sellers are the key to success of Seafood B2B sites at this stage of the process.
- **Flat fee model:** Charges a fee based on the service, not on the value of the transaction (such as traditional brokers), thus not hindering the free flow of transactions.
- **Revenue model:** Based on posting fees, combined with up-selling of services, and the participation in revenues generated by the use of essential trade services from our strategic partners.
- **Prompt product:** Only offers product available for sale or purchase promptly: This policy of allowing a maximum of 3 days for fresh product offers and seven days for frozen, makes our site current all the time which helps traffic liquidity.
- **Strategic partners:** GoTradeSeafood.com is partnering with independent suppliers rather than recreating in-house services available from world-class organizations.
- **Safe trading environment:** Through our ‘brick and mortar’ revenue sharing associates, we focus on providing a business environment-marketed as the “GTS Safe Harbor”- assuring sellers they will be paid, and buyers that they receive what they ordered.
- **E-commerce solutions:** Commitment to e-commerce solutions rather than Brick and Mortar. We are developing viable e-commerce solutions-such as payment and quality tools, market liquidity, and global activity-rather than artificial solutions such as buying physical auctions or becoming a Broker to show activity on an Exchange.
- **Telemarketing and e-marketing Program:** We are building an aggressive, goals oriented staff to expand our base of customers, sell our services and help customers be successful in our site.
- **Seafood Industry and E-commerce Experienced Management:** Our management has extensive hands-on experience both in the seafood industry, as well as the e-commerce and technology business.
- **First mover advantage:** Our sites, Gofresh.com and Gofrozen.com launched in August 1999, before any of the current competitors, and are open, easy to use sites, providing us with a good user database and industry reputation.

GoTradeSeafood has made a thoughtful effort to differentiate its product offering, tailor it to seafood industry customer needs, personalize the site, and sharpen its marketing in order to defend and prevail in our competitive position.

III. SEAFOOD INDUSTRY OVERVIEW

The US\$350 billion wholesale value⁴ seafood industry operates on a global basis. The industry includes fishermen and aquaculture producers, processors, wholesalers, exporters, importers and distributors, as well as retailers and food service organizations. The industry also includes goods and services providers such as shipping companies, financial service providers, equipment providers, etc. There are over 100,000 seafood professionals in the industry throughout the world.

The seafood industry has several characteristics:

- Volatile supply with temporary localized supply imbalances.
- Few large and many medium-sized suppliers.
- Five major seafood categories with market niches.
- Traditional marketing environment.

Volatile Supply

World seafood supply is volatile as fishing conditions change in each country yearly, and to the extent that aquaculture (which accounts for 20% of world supply and is growing) succeeds or fails in different countries at different times. This volatility continuously changes the world supply map of seafood. The following table shows volumes produced by some major exporting countries, and their variation from year to year.

This volatility of supply requires buyers and sellers to be continuously incurring high costs searching for new counterparts. Often the supply changes are rapid and at times they become a critical element.

Aquaculture, which Dr. Peter Drucker believes will become a higher growth industry than the Internet, often spawns new suppliers in a short time. For example, although producers in Costa Rica and Kenya are leaders in the

4. HMJ Associates 1999

growing (50% in the last 5 years) 1,500 metric tons per year tilapia (a freshwater aquaculture product also known as Saint Peter's fish) market, suppliers are popping up in many countries including the United States where producers use the warm power plant water effluent for their farms, adding domestic tilapia production in a short period of time to the U.S. market supply.

Exhibit 1: Aquaculture and Commercial Catch in Metric Tons (MT)

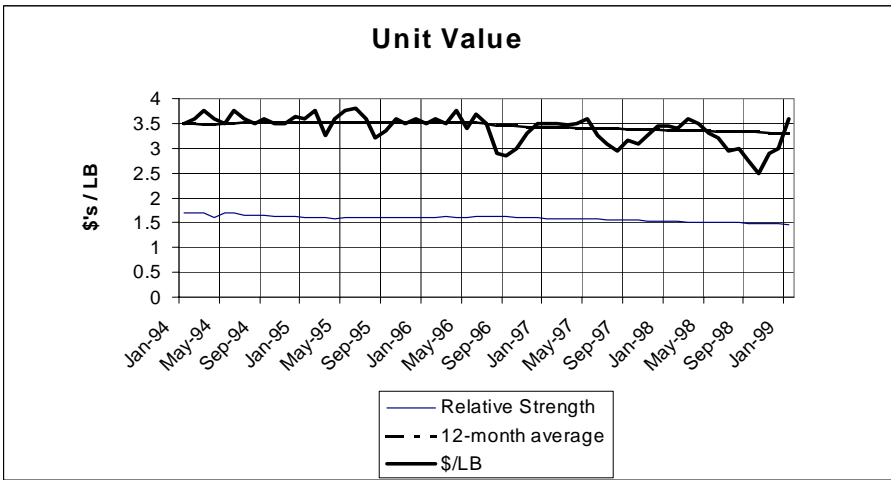
Country	1996	1997	Variation Percentage
CHINA	31.936 MT	35.037 MT	+9.7%
PERU	9.521 MT	7.877 MT	-17.26%
CHILE	6.908 MT	6.083 MT	-11.9%
USA	5.394 MT	5.448 MT	+1%
THAILAND	3.514 MT	3.488 MT	-1%
NORWAY	2.960 MT	3.222 MT	+8.8%
VIETNAM	1.431 MT	1.546 MT	+8%
ARGENTINA	1.250 MT	1.352 MT	+8.1%

Source: US Department of Commerce

Volatile Prices

The volatility of supply, and the lack of an efficient market information system, results in a market with great price volatility. For example, Exhibit 2 opposite shows changes in prices for fresh shellfish imports in the US.; these A have fluctuated from US\$3.80/LB down to US\$2.50/LB in the last few years.

Exhibit 2: Fresh Shellfish Import Prices in the United States



Source: Seafoodreports.com

Few Large and Many Medium-Sized Suppliers

There are few large suppliers in the industry, as many of the production processes do not lend themselves to corporate organizational forms. There are some major producers: US\$566-million-sales Danish salmon producer Nutreco, US\$1.3-billion-sales Star-Kist Foods in the United States, and US\$50-million-sales tilapia producer Aquacorporation out of Costa Rica. The majority of producers, however, range in the US\$5 million to US\$25 million yearly sales. For example, in the United States there are 23,500 medium-sized fishing vessels, and in Peru there are over 80 companies exporting seafood.

This creates a very fragmented supply structure with many niche seafood producers around the world. Therefore, a system that brings together these groups can be very beneficial to the seafood market, as new global opportunities are created.

Five Major Seafood Categories with Market Niches

The following chart presents the five major seafood categories. Each category and market niche has its own trade practices. Most have a similar fragmented supplier situation and a volatile supply and price environment.

Category	% of Total World Consumption (1997)	Features
Fresh	35.1%	Most species. Volatile Supply and Demand, very perishable product, time and market sensitive. Frequent shipment, high value
Frozen	22.2%	Includes high value niche markets, such as shrimp (highest total dollar value seafood), lobsters, hake and cod. Less volatile, medium term contracting.
Canned	10.0%	Mainly tuna, mackerel, sardines and salmon. Worldwide growing demand. Volatile pricing.
Fishmeal	22.0%	Traded commodity. Animal food producers are main market.
Cured	9.2%	Mainly cod, shark fin and squid. Majority for Far East market.

Fresh seafood, as noted, is naturally the most perishable. It has the most volatile supply-and-demand market condition and requires frequent shipments. Thus, it will profit much from the efficient distribution of information and workflow, which GoTradeSeafood.com affords.

Other market niches such as shrimp (\$3.5 billion in imports to the United States in 1998) merit specific analysis. At present, shrimp importers are often forced to buy full loads of different sizes and species of shrimp even though their main market requires only a specific size or species. As a result they may face inventory problems as market conditions change. On the sellers' side, shrimp aquaculture producers often hold informal auctions by phone or fax to sell their products without the benefit of a well-organized exchange venue.

Much of world seafood production is traded internationally. However, internal country trade, which also benefits from a seafood metamediary solution, is very important in the major countries. For example, in the United

States eight states supply about 65% of domestic landings to the rest of the states, which results in an active interstate seafood trade.

Traditional Marketing Environment

Seafood marketing is conducted through traditional marketing methods. This usually involves a few suppliers working with a few customers, often through intermediaries. There is neither time (because the product is perishable and market conditions change often) nor facilities (because of inadequate real time market information) to deal with multiple customers.

This results in a high cost of vendor search, difficulty in comparing product costs, and difficulty in keeping up with rapidly changing inventories and price changes.

Therefore, when fishermen or exporters have excess supply, they have a very limited list of potential buyers they can call because of time constraints, and will often call somebody else to sell the product and add another intermediary. Product shipped from Ecuador to Miami may well end up in France because the Ecuadorian sellers have no way to market to French buyers when they have excess production.

Our Exchange provides payment assurance and rapid low-cost payment mechanisms, key concerns of seafood buyers and sellers. Online credit decisions, integrated into logistics and quality assurance systems, are one of the key elements the Exchange provides to accomplish online trading.

The same occurs when buyers seek suppliers. They will call a few suppliers, who in turn may be facing a temporary shortage and therefore charge a higher price to the buyer. Currently, no efficient mechanism exists for the buyer to canvass many suppliers in order to obtain a market-clearing price efficiently. GoTradeSeafood.com supplies this type of mechanism.

International sales require expensive trips, faxes, and telephone calls; sending samples across borders; and sometimes communication in different languages. Often there is no organized source of credit verification, and either party must take a gamble or choose costly and complicated letters of credit terms which may undo a deal. Additionally, there are no cargo logistics systems and cargo tracking is informal, which often results in inventory problems. The entire workflow—including insurance, document flow, and product details and comparisons—requires much paper work and is not automated. All these inefficiencies often inhibit major players such as supermarket chains, restaurant chains, and major institutional buyers from participating directly because they prefer intermediaries to deal with all the logistical hassles that are time consuming. Through its “Safe Harbor” program, the GoTradeSeafood.com site will solve these problems by offering online all the necessary tools to close a deal with assurance.

IV. THE GOTRADESEAFOOD.COM EXCHANGE

GoTradeSeafood.com Lead-Generation Exchange Sites (Gofresh.com and Gofrozen.com)

Since August 1999 the Gofresh.com Lead-Generation Exchange has focused on fresh seafood, the largest and fastest growing segment of the seafood industry; since January 2000, Gofrozen.com has focused on frozen seafood. These sites were the first movers in the seafood category on the Internet and are currently being phased out.

GoTradeSeafood.com Market Maker Exchange

Based on this early mover experience, as well as our experience operating an auction format seafood exchange in 1997 (<http://www.nysfe.com>), the company introduced in May 2000 an advanced proprietary exchange model specifically tailored to operate in the same manner that business deals are concluded offline in the seafood industry. Our site receives and posts offers to sell or buy fresh and frozen seafood from professionals all over the world. The offers list the name of the seller or buyer, quantities, price, delivery terms, and their contact information. The weekly market value of products offered on these sites and the Market Maker Exchange site is \$15 million to \$40 million. These are new offers as fresh product offers automatically extinguish after three days, frozen after seven days. We have applied for a business-methods patent for this trading platform.

Our database of registered users exceeds 1,900 and is growing by about 200 seafood professionals per month. This is the largest registered number of exchange users of any online seafood exchange. We have compiled a database of seafood professionals, over 10,000 names and their e-mails, and have developed successful one-on-one relationships with many of these professionals through the work of our marketing associates, who communicate with and assist participants. The advanced Market Maker platform extends our current Exchange features by allowing participants to negotiate and close deals online. Exhibit 3 opposite provides a guide to the Exchange and shows its current Website.

Exhibit 3: GoTradeSeafood.com Exchange

Step-by-Step Guide to the “Buy & Sell Online” Exchange

1. Free registration
2. My account, for customizable preferences in regard to bidding and tracking
3. Post an offer
4. Choose your trading partners
5. Negotiate terms
6. Make private counter offers
7. Use “Safe Harbor” tools to help complete the deal
8. Close the deal

Current GoTradeSeafood.com Website.

The screenshot displays the GoTradeSeafood.com website interface. The main content area shows a product listing for Perch Atlantic and Lobster Freshwater. The listing includes a table with columns for Species, Quantity, Size, Payment Options, Packaging, and Target Price. Below the table, the Total Value of Offer is listed as \$ 123,800.00. The Payment Terms are specified as 'Before Receipt: against fax copy of signed onboard carrier, B/L or AWB (100%)'. Additional Comments provide details about the fish sizes and delivery dates. The Poster's Information section lists the company name as 89-61-0204 SAKWJ and the country of operation as Turkey. Navigation buttons at the bottom include 'Return this Offer', 'View Bids on this Offer', 'Buy Credit Report', and 'Question to Poster'.

Species	Quantity	Size	Payment Options	Packaging	Target Price
Perch Atlantic Ocean	10000 Kilograms	See comments	None, 30m On...	See comments	\$ 5.50
Lobster Freshwater	100000 Kilograms	See comments	See comments	See comments	\$ 1.25

Total Value of Offer: \$ 123,800.00

Payment Terms: Before Receipt: against fax copy of signed onboard carrier, B/L or AWB (100%).

Additional Comments:
 Size for the Perch Atlantic is 20-40kg and 40-60kg. Size for the Lobster is 5-11, 10-28, 20-30, 30-40 per/kg. Froms ylor perch (file, size: on or shales Turkish origin 5 kg net, q of 2 Also CrefGh(intance lcyt=daclto) Turkish origin Basket 5 kg net Delivery 15.6.2008 to 31.12.2009

Poster's Information:
 Company Name: 89-61-0204 SAKWJ
 Country of Operation: Turkey

Buttons: [Return this Offer](#) [View Bids on this Offer](#) [Buy Credit Report](#) [Question to Poster](#)

Advantages of Our Market Maker Exchange

The GoTradeSeafood Exchange has been very successful as evidenced by the number of offers being negotiated at our site (see Addendum 1 on page 511 for an example of a brand advertisement and Addendum 2 on page 512 for a product offer summary as of August 25, 2000). No other site can boast such a large volume of product negotiation.

This Exchange allows many buyers or sellers to simultaneously make bids on products or make product offers. In this format, buyers or sellers can negotiate online and change their bid or offer at any time before a deal is closed. Sellers can offer the same product to different buyers, and buyers may bid on offers from several sellers. They may withdraw or revise a bid or an offer until the time that a deal is closed. A seller or a buyer may accept any bid or offer at any time based on any criteria (not just price) that they choose. Participants are allowed to accept all, one, or none of the bids. The system permits private “negotiation rooms” where offerers can choose the other parties they wish to allow in the negotiation.

Our business Exchange format resembles, in an online format, the business logic and operation functionality of a seafood broker while offering the Internet’s efficiency advantages.

This format gives established wholesalers and established industry participants a tool to acquire inventory with transparency from sellers or sell inventories to buyers at market clearing levels while maintaining control of their inventory and pricing decisions and of their strategies. This environment protects the fabric of the industry by lowering costs while maintaining margins as it brings in the efficiencies of an online negotiation tool. Both parties gain liquidity and transparency of information as they participate in a dynamic market place. The low cost of negotiation permits accurate pricing.

The template protects the poster’s market intelligence as outsiders do not know the identity of bidders. Nor do bidders—as previously explained—know the identity of other bidders. And if desired, they can choose to conduct their negotiation in a private negotiation room. The poster has complete control of his transaction as he does in the offline world.

This format permits time constraints, quality, reputation, payment terms, and often-commercial considerations to influence decisions in the same manner that they do in offline negotiations because of the transparency of the information available.

As negotiations progress, the parties can then issue purchase orders online, finance their transactions, book cargo services, buy insurance, track shipments, and contact all the necessary services to finalize a transaction. All of these processes will be part of the RFQ private “my account” record online.

V. THE GOTRADESEAFOOD.COM STRATEGY

Overall Market Strategy

The Company believes that seafood e-commerce is just emerging from its “early adopters” stage. So far, only a small percentage of traders have utilized seafood e-commerce as a regular business tool, and only a minority use it as their main trading tool. Many of these “early adopters” as well as many traditional, non-technology-savvy users have utilized our sites. Our challenge during the next 18 months is to bring these traditional industry users to seafood e-commerce by offering solutions and improvements to industry problems that demonstrate the added value e-commerce, and particularly our trading platform, can offer. To accomplish this, we must be able to offer the market liquidity necessary to offer a market solution, tailor our platform to solve these problems, and offer the enabling tools to facilitate customer transactions.

Our market strategy at this stage is to continue focusing on market niches where we can offer useful value-added solutions. These targeted niches include fresh and frozen seafood areas, medium-sized producers, wholesale buyers looking to buy from producers, all while continuing to develop a global customer base by maintaining a strong presence in all areas of seafood business and by utilizing the tools and liquidity which these marketing niches produce.

Our Gofresh and Gofrozen sites have developed more traffic and more product offers than any other seafood e-commerce sites. The GoTradeSeafood platform utilizes these sites as building blocks, while adding greater flexibility, depth of service, and personalization, resulting in superior customer acceptance. We will continue to operate utilizing a flat, no-commission fee, along with a transparent platform where buyers and sellers are aware of each other’s identity.

Rather than to try to impose our own exclusive credit and finance services as other sites currently do, we will continue to use strategic partners to supply credit information and financing options. We should be a neutral party on these issues: it is not our mission to be directly involved in financial services, and we can grow much more quickly and profitably by partnering with established leaders in these business areas. We have been very successful in reaching agreements with top companies in these areas, and are developing additional strategic partnerships with leading service suppliers in other key business and geographical areas to offer solutions customers require.

We will continue developing our negotiated Exchange platform—as opposed to the auction platforms offered by other companies. We learned in 1997, from our experience with auctions at NYSFE.com, that auctions do not

afford the flexibility required by the seafood business. We will also maintain a policy of short-duration offers (three days for fresh, seven days for frozen product) of product ready to be shipped, rather than long-term, advertising-like, postings of products which diminish the immediacy and credibility of e-commerce sites. This additionally contributes to the posting revenue base of the site.

The Company firmly believes that seafood e-commerce will grow exponentially once the most desirable Exchange model, fee structure, and value-added services approach are generally understood and accepted in the seafood market. Our strategy is designed to create this most desirable Market Maker Exchange model. The network effect kicks in to fuel exponential increases in Exchange liquidity—as each significant new buyer or seller joining the Exchange brings several trading partners and many new transactions with it.

The following Market Maker principles guide the Company’s efforts to capture the largest share of online seafood trading:

- Liquidity: More buyers and sellers are key to long-term success
- Targeting: Focus on specific, receptive subsets of the supply chain
- Solutions: Develop services to address trading needs
- Dynamic Trading: Offer seafood industry a “better way” to do business

Marketing Strategies

Our specific marketing strategies will target the following areas:

1. Fresh seafood as one key niche market
2. Medium-sized suppliers
3. Wholesale buyers who presently buy limited amounts directly from producers

Operating Strategies

[Removed to preserve confidentiality.]

“Safe Harbor” Strategic Partnerships

GoTradeSeafood.com is partnering with independent suppliers—rather than trying to recreate in-house services already available from these world-class companies—in order to quickly offer all the necessary tools to enable customers worldwide to finalize transactions online.

These basic tools—marketed as the “GoTradeSeafood Safe Harbor,” and which cover the main areas necessary to finalize a deal online and generate revenue for us—are: Transaction Financing, Credit Information, Credit Insurance, Perishable Product Logistics, Freight Availability and Costing, Quality Verification Organizations, and additional Worldwide Credit Guaranteeing Organizations.

We have revenue-sharing agreements with our partners, which cover most of the areas above, and we are finalizing partnerships with additional companies in order to complete our offering.

VI. COMPETITION

There are currently two types of competitors in our target market. First, there are traditional off-line market and physical auctions, and second, other web-based services.

Off-line Competitors

Traditional markets. The main competition today is traditional market practices that limit buyers and sellers to a few traditional relationships. Many of these participants are intermediaries that benefit from the lack of liquidity and transparency that the current seafood market permits. The importance of these markets will decline as technology to buy product directly, and reliance on new technologies to make it easier to work without these relationships, grows.

In fact we expect that as the two ends of the product chain (the producers and the wholesale buyers positioned one level above the consumer) adopt the Exchange model as a way to close deals, the major importers will choose to participate in the Exchange and join their suppliers and customers.

Distribution Channels. Seafood auctions and markets (e.g., Rungis in Paris, Tsukiji in Tokyo, or Mercamadrid in Spain) are a major part of the distribution channels. They handle daily several million dollars and have high fees for marketers (the fee for selling, grading, and weighing the fish is usually

7.25%).⁵ They are localized traditional physical venues (utilized mainly by intermediaries) where an important portion of the seafood trade (particularly fresh) is done, particularly in Europe.

Two sites, pefa.com and efoodtrader.com, associated with auctions in Europe, do transmit these auctions via the Internet allowing remote buyers to participate in these auctions. eAuctions.com will be also offering this service. Global Food Exchange.com (see Table 1 opposite) recently purchased one of the few U.S. based auction venues, in Gloucester, MA. However this e-commerce model is limited to product physically transported to the site and internet buyers economically close to the site that compete with local buyers that have local advantage. It has no advantage for sellers or buyers removed from the auction site and in turn requires a bricks and mortar management structure, investment and physical involvement with a traditional local transaction which is difficult, expensive and slow to scale as opposed to an Internet based, non-localized strategy. Additionally, it creates two classes of traders, those that buy through the Internet and those that buy physically—and have been traditionally—at the auction, creating possible conflict of interests for the site.

Online Business-to-Business Competitors

Table 1, which follows, describes and compares several aspects of the major competitors in the online seafood market.

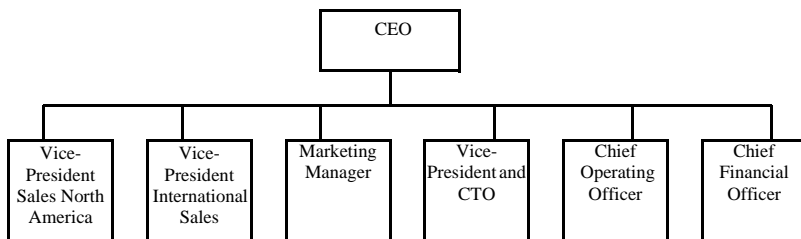
5. Fish Auction of Zeebrugge-ZV (Belgium)

Table 1: Major Competitors in On-Line Seafood Market

	GoTradeSeafood	Gofish	Global Food Exchange	SeaFoodBuyer	Agribuys	Worldcatch
Worldwide Application	Yes, 1400 non US members	US Oriented	US Oriented	US Oriented	US Oriented	Opening offices
Seafood Transaction Oriented	Yes	Yes	All Commodities	Yes	All Commodities	Yes
Specialized Market Niches	Yes	Yes	No	No	No	No
Upfront Fees	No	Yes	No	Yes	No	Announced
% Fee	No	Yes	Yes		Yes	Yes
Exchange	Yes	Yes	No	No	No	No
Transaction Model	Exchange with online negotiation	1) Inventory posting (catalog model) 2) Auction	Straight Product Auction	Inventory posting (catalog model)	RFQ	Auction
Information Oriented	No	No	Info & Credit	Yes	Yes	No
Company Origin	Seafood Industry	Seafood Credit Reporting	Information Technology	Seafood Market Information Services	Produce Business	Information Technology

VII. MANAGEMENT

GoTradeSeafood.com, with principal offices in Boston, MA, builds on the experience gained from the New York Seafood Exchange (www.nysfe.com), the first Internet seafood auction, established by the same management team in 1997. The team has over 30 years of seafood industry experience and 6 years of e-commerce background.



Thus, the team is composed of both information technology experts and seafood experts.

Management Team Bios

Jerry ten Brink, CEO

Responsibilities include strategic management and direction of the site. Runs the day-to-day operations and manages relationships with key players in the seafood industry.

- 30 years of diversified experience in the seafood industry.
- Pioneer in the fresh seafood industry.
- Processor and exporter of lobster, shrimp, and tuna.
- Owned and operated one of the largest shrimp fishing and processing operations in Central America.
- Owned and operated major state-of-the-art tuna cannery.
- Owner and operator of tuna purse seine fishing vessels.
- Seafood marketing experience in the United States, Europe, and Japan.

Joshua ten Brink, Vice-President and Chief Technical Officer

• 6+ years of e-commerce experience in web site development, marketing, traffic generation, link exchanges, affiliate programs, shopping carts, auctions, software development, programming languages, secure transactions, graphics design and user interfaces.

- Featured in *PC Week* and *Information Week* for developments in Online Payment Mechanisms.
- Development of New York Seafood Exchange, the first Internet based seafood auction, in 1997.
- Business development for several private major seafood companies web sites selling shrimp, tuna, and other seafood.
- Development and marketing of cigar web store e-commerce platform and virtual storefront.
- Development and marketing of site selling long-distance telephone services.
- Launched first e-commerce site in June 1995.

Eric Godes, General Manager

- 1993 – 1997 Systems Engineering, Inc., Vice-President and General Manager
- 1991 – 1992 Lotus Corporation, Director, Enterprise Database Products
- 1988 – 1991 Symantec Corporation, Senior Director, Product Marketing
- 1986 – 1987 Apple Computer, Product Marketing
- MS Software Engineering, Boston University. BS Molecular Biophysics, Yale University

Alden Moel, CFO

- 12 years of finance industry experience and partner of Invest Securities, and derivative trader at Kidder Peabody, New York.
- Hedge fund trader and portfolio manager at Lion Partners. Formerly bloc trader.
- BS, Finance, University of Chicago, BA, Economics, Northwestern

Richard Delinsky, VP of Sales North America

- Export Manager/Consultant, broker agent and negotiator for Fortune 500 food companies
- Over 15 years of experience in many segments of the food service industry, including the position of Vice President of Sales & Marketing of Valley Industries Aquaculture company.
- Comprehensive working knowledge of customs clearance & tariff documentation; manifest, airway bills, and container logistics required to import and export dry, frozen, and fresh cargo. Administer HAACP & USDC inspection practices.
- High-level management expertise implementing and expediting all phases of perishable distribution; logistics, freight management, customs broker coordination & clearances, receiving, warehouse inventory, and product rotation to maximize management efficiency.

Board of Advisor Bios

Daniel Copperfield – Strategic E-Business Advisor

Eight years of e-commerce-related experience focused around business and technology integration. Area of industry expertise is supply/service chain management including business-to-business exchanges. Copperfield is the Director of e-business at Oracle managing worldwide e-business sales strategy and developing channel specific e-business value propositions. He has been instrumental in the packaging and rolling out of Oracle Internet Supply Chain Management and Oracle Electronic Marketplace solutions.

Trained in Theory of Constraints at the Goldratt Institute in New Haven, CT where he is certified as a "Jonah." Edited "The Second Industrial Revolution" authored by Professor John J. Donovan founder and former Chairman of Cambridge Technology Partners. Copperfield holds an M.S.C. and B.S.C. in Computer Engineering from Boston University.

Ned Banker – Strategic Financial Advisor

Over 30 years of experience in financing of enterprises in developing countries. Ned has held executive positions in banking and the private sector, and has consulted to bilateral and multilateral financial institutions concerning production and processing operations in Latin America, the Caribbean, Africa, Asia, and Europe. Has worked in over 30 countries arranging financing deals, and has developed particular expertise in the application of traditional, non-traditional, and innovative solutions to challenging financial situations. Drawing from his extensive banking experience with both large and small borrowers and institutions has developed sound professional judgment and is extremely knowledgeable of a wide array of financing strategies and instruments. Accustomed to creating certainty from uncertainty and to organize complex operations into manageable business units. Ned holds an MBA and a BS in Business Administration from Loyola University in New Orleans.

VIII. PROFORMA FINANCIALS

The following pages include financial projections for revenues and expenses as well as projections of capital requirements and personnel requirements.

Revenues

The company will generate revenues from three main sources:

- 1) Posting revenue

The primary drivers for trading and posting revenue are:

- Number of postings on the Exchange each year. Each posting represents a revenue opportunity for the Exchange, as the posting fee is charged regardless of whether or not a trade results. All posters, buyers or sellers, pay

a posting fee. Projected yearly Exchange posting volumes are listed in Table 2 below.

- Average posting fee per transaction. This value is projected to vary between \$89.95 and \$160 each year, increasing as we up-sell options such as segmented “Keep Me Posted” alerts, Priority Postings and private Negotiation Rooms, which are added to the basic posting fee.

2) Trading Tool Revenue

The primary drivers for transaction revenue are:

- Number and variety of value added service offerings. These include several offerings (we are not working exclusively with any one supplier) in each of the following areas: Financing and credit, cargo and logistics as well as customs services.

- Commission on value-added services. The percentage commission the Company earns for each booked service offering. Trading tool revenue basis are shown in a separate table in the financial exhibits.

- The overall dollar transaction volume on the Exchange. Value added service fees that are charged, as a percentage of the transaction value— such as payment guarantees and transaction financing— will grow year to year with the overall dollar volume traded on the Exchange.

3) Services Revenue

The primary drivers for transaction revenue are:

- Online Store. An online store that markets commonly used items in an easy to package service and is easy to use will provide substantial revenue. We expect gross margin of the store to be over 10%.

- Information Services Revenue. GoTradeSeafood will collect and compile a large amount of market information that we expect to resell as long as it keeps the identities of the companies private. We expect to sell this to about 5% of our customers at about \$100 a month for the subscription services.

- Marketing Services. Many new products are introduced each year and this service is designed to help market and expand the markets for these products. We are targeting revenue of about \$5.00 per used based on the viewership of these advertisements.

Table 2 below summarizes revenues for the next five years, with a breakdown of revenue by Posting Revenue and Value Added Service Revenues.

Table 2: Revenue Summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Visitors avg/day	816	2,600	5,798	10,412	26,316
Yearly Exchange Postings	\$5,669	\$15,285	\$42,992	\$1,12,891	\$265,488
Posting Revenue	\$422,717	\$1,987,065	\$6,449,124	\$18,062,482	\$42,478,072
Safe Harbor & Service Revenue	\$674,355	\$2,304,497	\$7,779,024	\$19,022,929	\$47,418,771
Total Revenue	\$1,097,072	\$4,291,562	\$14,228,148	\$37,085,411	\$89,896,843

Expenses

Primary expenses are personnel, marketing, web development, and office/travel/other (see Table 3 below).

Web development will initially be done partly through outsourced contractors, with a small internal staff to ensure timely maintenance and enhancements. A heavy investment in sales and support staff is made in all years.

Marketing and advertising expenditures are intended to drive sales, and include significant trade show activity, online advertising, and public-relations efforts.

Table 3: Major Expenses for First 5 Years

	Year 1	Year 2	Year 3	Year 4	Year 5
Personnel	\$2,383,063	\$3,098,354	\$3,980,576	\$4,609,373	\$5,250,075
Trade Shows & PR	\$810,000	\$1,053,000	\$1,368,900	\$1,779,570	\$2,313,441
Other Expenses	\$2,527,894	\$3,393,782	\$4,994,328	\$7,931,174	\$13,459,456
Total Expenses	\$5,720,957	\$7,545,135	\$10,343,804	\$14,320,117	\$21,022,972

Use of Funds - First Year

The key to the success of any exchange is liquidity! In order to maintain and expand on the lead already established by Gofresh and Gofrozen it is imperative that GoTradeSeafood.com move quickly to build the infrastructure necessary to service our growing exchange and convey the opportunity we provide to all our potential participants. To ensure that GoTradeSeafood.com remains the most liquid and value added e-commerce vehicle on the Internet for the seafood industry we must:

- Build and strengthen our brand identity
- Reach potential clients regardless of geography
- Grow our industry-leading Database of Customers
- Customize to solve niche market trading requirements
- Build the sales force necessary to serve our unique clients
- Establish joint ventures to expand the ancillary services offered on our exchange
- Support our relationships with strategic partners
- Support key financing and quality verification tools

VIII. ADDENDA

Addendum 1: Example of Brand Advertisement

**We make trading easy
not expensive**

\$ 89.95 flat fee, no comission.
We put names up front, so you don't do
business with phantoms.
Negotiate payment terms, quantity, processing options
and price.
Get financing, credit reports, logistics and
insurance online.

**iSell and buy Seafood Online
More buyers, more sellers!**

Addendum 2: First Page of Posting Summary on August 25, 2000 (Total of 49 offers less than 7 days old)

The screenshot shows a Microsoft Internet Explorer browser window displaying the GoTradeSeafood.com website. The browser's address bar shows the URL http://gotradeseafood.com/prod/index_w.html. The website header includes the logo for GoTradeSeafood.com EXCHANGE and navigation links for 'Sell & Buy', 'Vende y Compra', and 'Vende y Achaté'. Below the header, there is a navigation menu with options like 'My Account', 'For Sale', 'Wanted', 'Help', and 'Home'. The main content area is titled 'View All Offers' and displays a table of 15 seafood offers. The table columns are: Offer ID (with a link to view details), Product, Price, Company, Location, Fresh/Frozen, For Sale/Wanted, and Offer Expires. The offers listed include items like 'Strip-Calibred Black Tiger', 'Sea Cucumber Sea Cucumber', 'MahiMahi', 'Shrimp head', 'Spout Shell', 'Mussel Calibred', 'Scallops Bay', 'Oak Stone Crab', 'Shrimp Pink', 'Pangasid Silver', and 'MahiMahi'. The browser's status bar at the bottom indicates the page is 'Internet'.

Offer ID (Click to view and bid)	Product	Price	Company	Location	Fresh/Frozen	For Sale/Wanted	Offer Expires
2023	Strip-Calibred Black Tiger	\$ 9.40	Ocean King	Bangladesh	frozen	For Sale	September 01 12:10 EST
2024	Sea Cucumber Sea Cucumber	\$ 5.00	ASSEM TRADING CO	USA	fresh	Wanted	August 26 00:00 EST
2005	MahiMahi	\$ 3.00	DEEP COVE FISHERIES CO. LTD.	New Zealand	frozen	For Sale	August 28 19:21 EST
2006	MahiMahi	\$ 3.25	DEEP COVE FISHERIES CO. LTD.	New Zealand	frozen	For Sale	August 28 19:21 EST
2025	Shrimp head	\$ 9.95	CONGLABORA ARMADORES ASOCIADOS S.A. DE	Mexico	fresh	For Sale	August 28 16:28 EST
2008	Spout Shell	\$ 1.50	CONGLABORA ARMADORES ASOCIADOS S.A. DE	Mexico	frozen	For Sale	August 28 16:08 EST
2026	Mussel Calibred	\$ 2.25	Pacific Products Oile S.A.	Dile	fresh	For Sale	August 27 16:00 EST
2027	Mussel Calibred	\$ 2.25	Pacific Products Oile S.A.	Dile	fresh	For Sale	August 27 16:00 EST
2007	Scallops Bay	\$ 5.00	empowerment.com	Mexico	frozen	For Sale	August 28 13:38 EST
2007	Oak Stone Crab	\$ 4.00	empowerment.com	Mexico	frozen	For Sale	August 28 13:38 EST
2001	Shrimp Pink	\$ 11.50	Bushell's Marine Products	PH	frozen	For Sale	August 28 06:24 EST
2027	Pangasid Silver	\$ 1.00	negocio unidos s.a.	Escahu	frozen	For Sale	August 26 16:14 EST
2027	MahiMahi	\$ 2.00	negocio unidos s.a.	Escahu	fresh	For Sale	August 26 16:14 EST