

4 Year ePublishing Revenue Program Prepared for:

"Evergreen Content Magazine"

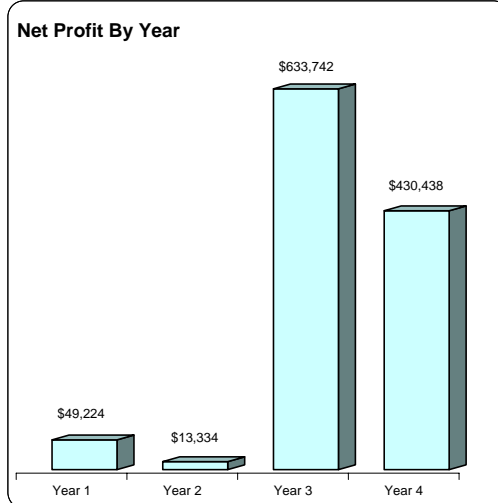
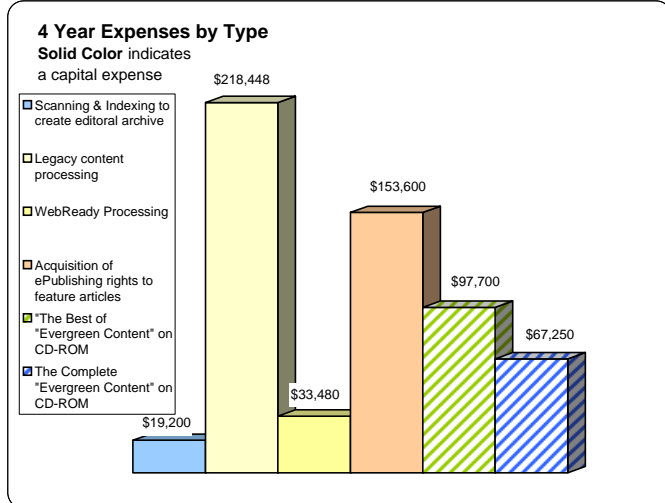
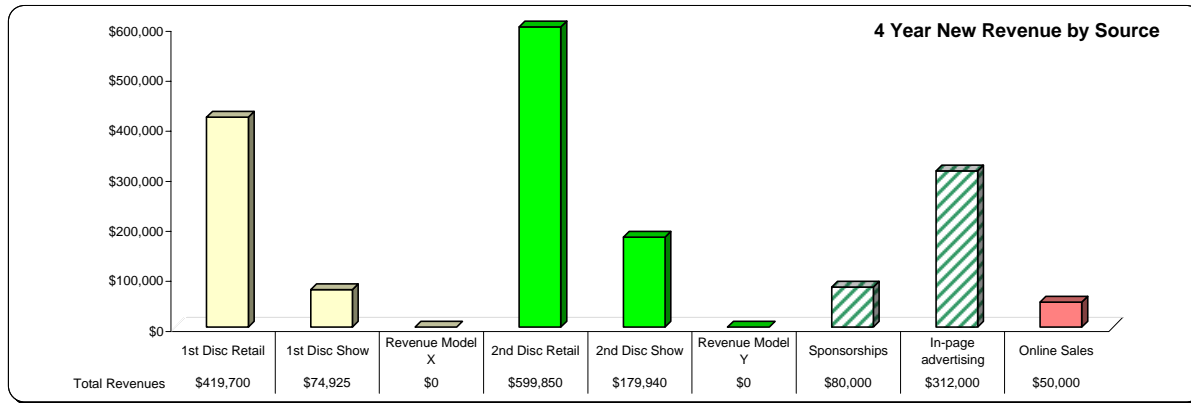
This model achieves 5 key goals over 4 years

1. Substantial new revenues and digital capital assets generated
2. Complete archiving and indexing of entire publication history
3. Financing for the acquisition of ePublishing rights for historical content
4. Conversion of entire publication history to electronically deployable content
5. Production, duplication, marketing and fulfillment of 2 CD-ROM titles

Program Expenses	Year 1	Year 2	Year 3	Year 4	Total
<b>Capital Costs</b>					
Scanning & Indexing to create editorial archive	\$19,200				\$19,200
Legacy content processing	\$29,700	\$80,190	\$108,558		\$218,448
WebReady Processing	\$8,370	\$8,370	\$8,370	\$8,370	\$33,480
Acquisition of ePublishing rights to feature articles	\$30,000	\$61,800	\$61,800		\$153,600
Subtotals:	\$87,270	\$150,360	\$178,728	\$8,370	\$424,728
<b>CD-ROM Costs, each Title produced</b>					
"The Best of "Evergreen Content" on CD-ROM	\$61,625	\$19,425	\$11,100	\$5,550	\$97,700
The Complete "Evergreen Content" on CD-ROM			\$52,250	\$15,000	\$67,250
Subtotals:	\$61,625	\$19,425	\$63,350	\$20,550	\$164,950
<b>Total Expenses</b>	<b>\$148,895</b>	<b>\$169,785</b>	<b>\$242,078</b>	<b>\$28,920</b>	<b>\$589,678</b>

Program Revenues	Year 1	Year 2	Year 3	Year 4	Total
<b>"The Best of "Evergreen Content" on CD-ROM</b>					
Units Sold	2,625	2,625	1,500	750	7,500
1st Disc Retail	\$146,895	\$146,895	\$83,940	\$41,970	\$419,700
1st Disc Show	\$26,224	\$26,224	\$14,985	\$7,493	\$74,925
Revenue Model X					
<b>The Complete "Evergreen Content" on CD-ROM</b>					
Units Sold			2,100	2,100	4,200
2nd Disc Retail			\$299,925	\$299,925	\$599,850
2nd Disc Show			\$89,970	\$89,970	\$179,940
Revenue Model Y					
Sponsorships	\$20,000		\$60,000		\$80,000
In-page advertising			\$312,000		\$312,000
Online Sales	\$5,000	\$10,000	\$15,000	\$20,000	\$50,000
<b>Total Revenues</b>	<b>\$198,119</b>	<b>\$183,119</b>	<b>\$875,820</b>	<b>\$459,358</b>	<b>\$1,716,415</b>
<b>Net Revenue (Profit)</b>	<b>\$49,224</b>	<b>\$13,334</b>	<b>\$633,742</b>	<b>\$430,438</b>	<b>\$1,126,737</b>

"Evergreen Content Magazine"



**Revenue Model Assumptions**

"The Very Best of..." a disc containing several hundred of the most significant feature article  
 "The Complete Publication History" a disc set containing the entire publication history  
 None of the existing content is available in electronic form  
 At the outset of the project, the publisher does not possess ePublishing rights to any Feature articles at a  
 This model includes only individual articles delivered online. Other online delivery models are, of course, possible

**Publication Assumptions**

**"Evergreen Content Magazine"**

Years of Publication	16	
Publication Frequency (Issues / Year)	12	<b>192 total issues</b>
Average editorial pages / issue	50	<b>9,600 total editorial pages</b>
Average number of feature articles per issue	8	<b>1,536 total feature articles</b>
Average length in pages of feature articles	5	<b>7,680 total feature pages</b>
Average number of non-feature content pages per issue	5	
Paid Circulation (approx.)	100,000	
Proportion of editorial pages with in-page ads	65%	
Feature articles required for Disc 1 (enter number of articles)	300	
Other content (Depts, etc.) required for Disc 1 (number of pages)	720	1,920 pages is the estimated total of non-Feature content

**Unit Cost Assumptions**

Feature articles only required for 1st disc	300	<b>1,500 pages to be converted for the 1st disc project</b>
Full color scanning required	\$1.60	<b>\$15,360 Capital expense (Likely total scanning charge)</b>
Conversion to PDF/Formatted Text & Graphics	\$19.80	<b>\$190,080 Capital expense</b>
Add Basic HTML Conversion	\$4.00	<b>\$38,400 Capital expense</b>
WebReady PDF, HTML and adspots	\$13.95	<b>\$697.50 monthly WebReady processing (optional)</b>
Average cost per article to secure ePublishing rights	\$100.00	<b>\$153,600 Total one-time cost for ePublishing rights</b>
Direct marketing expenses per CD-ROM unit sold	\$5.00	<b>\$45,000 over 4 years</b>
Fulfillment costs per retail CD-ROM unit sold	\$3.00	<b>\$27,000 total fulfillment costs over 4 years</b>
Unit rate per legacy adspace insertion	\$50.00	<b>6,240 total legacy in-page ad spots</b>

**4 Year Sales Projections**

**"The Best of "Evergreen Content" on CD-ROM**

	Price	Total Units	
Sponsorships	5,000	4	<b>Currently projecting sales to 6.00 % of paid circulation base over 4 years.</b>
Retail sales	69.95	6,000	
Trade Show sales	49.95	1,500	
Revenue Model X			
	<b>Program Year</b>	<b>Retail Units</b>	<b>Distribution</b>
	Product Launch, Year 1	2,100	35 %
	Year 2	2,100	35 %
	Year 3	1,200	20 %
	Year 4	600	10 %
			100 %

**The Complete "Evergreen Content" on CD-ROM**

	Price	Total Units	
Sponsorships (Including actual sponsor catalog on the disc)	15,000	4	<b>Currently projecting sales to 3.00 % of paid circulation base over 2 years.</b>
Retail sales, first 2 years	199.95	3,000	
Trade Show sales, first 2 years	149.95	1,200	
Revenue Model Y			
Sale of legacy in-page ad spaces	50.00	6,240	
	<b>Program Year</b>	<b>Retail Units</b>	<b>Distribution</b>
	N/A		%
	N/A		%
	Product Launch, Year 3	1,500	50 %
	Year 4	1,500	50 %
			100 %

**Individual items (articles or other unit) delivered online**

	Price		
Single unit sale price:	\$2.50	20,000	Total 4 year sales
Units sold, Year 1	2,000	10 %	10 % of 4 year sales
Units sold, Year 2	4,000	20 %	
Units sold, Year 3	6,000	30 %	
Units sold, Year 4	8,000	40 %	
			100 %

**YEAR 1 "Evergreen Content Magazine" Initiation**

**GOALS:** Scan Legacy content  
 Create complete bibliographic database  
 Convert content necessary to produce first CD-ROM Title  
 Develop and deploy first CD title in time for Q4 holiday season  
 Acquire epublishing rights to 1/3 of Feature articles

**EXPENSES**

Capital Costs	Unit Cost	Volume	Total
Scan entire editorial publication history	1.60	9,600	15,360
Generate comprehensive Feature article index database	2.50	1,536	3,840
Procure epublishing rights as required for Disc 1	100.00	300	30,000
WebReady processing for current year content	13.95	600	8,370
Convert content required for the 1st Disc Title	19.80	1,500	<u>29,700</u>
			\$87,270

Title-Related Costs	Unit Cost	Volume	Total
"The Best of "Evergreen Content" on CD-ROM	29,000	1	29,000
Publisher provides artwork to DSI's specifications			N/A
Duplication & Packaging	1.50	8,000	12,000
Shipping (to Publisher)	0.15	8,000	1,200
Direct Marketing Expenses	5.00	2,625	13,125
Fulfillment Expense - ea. Unit	3.00	2,100	<u>6,300</u>
			\$61,625

<b>Total Expenses</b>			<b>\$148,895</b>
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**REVENUE**

"The Best of "Evergreen Content" on CD-ROM	Sale Price	Volume	Total	% of subscriptions
Sponsorships	5,000.00	4	20,000	
Retail sales	69.95	2,100	146,895	2.10%
Trade Show sales	49.95	525	26,224	
Revenue Model X				
	Subtotal:	2,625	\$193,119	

Online Sales	Unit Cost	Volume	Total
Single articles (or other small-unit model)	2.50	2,000	<u>5,000</u>
			\$5,000

<b>Total Revenue</b>			<b>\$198,119</b>
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<b>NET REVENUE - YEAR 1</b>			<b>\$49,224</b>
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**YEAR 2 "Evergreen Content Ma" Development**

**GOALS:** Convert 50% of remaining editorial content volume  
 Update bibliographic database with previous year's content  
 Add Subject categorization to Feature content database  
 Acquire epublishing rights to more feature articles

**EXPENSES**

Capital Costs	Unit Cost	Volume	Total
Convert 50% of remaining content into PDF files	19.80	4,050	80,190
Convert all legacy PDF files to date to HTML (if specified, above)	4.00	5,550	22,200
Procure epublishing rights to 1/2 of remaining unprocured content	100.00	618	61,800
WebReady processing for current year content	13.95	600	<u>8,370</u>
			\$172,560

"The Best of "Evergreen Content" on CD-ROM	Unit Cost	Volume	Total
Direct Marketing Expenses	5.00	2,625	13,125
Fulfillment Expense	3.00	2,100	<u>6,300</u>
			\$19,425

<b>Total Expenses</b>			<b>\$191,985</b>
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**REVENUE**

"The Best of "Evergreen Content" on CD-ROM	Sale Price	Volume	Total	% of subscriptions
Retail sales	69.95	2,100	146,895	2.10%
Trade Show sales	49.95	525	26,224	
Revenue Model X				
	Subtotal:	2,625	\$173,119	

Online Sales	Unit Cost	Volume	Total
Single articles (or other small-unit model)	2.50	4,000	<u>10,000</u>
			\$10,000

<b>Total Revenue</b>			<b>\$183,119</b>
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<b>NET REVENUE - YEAR 2</b>			<b>(\$8,866)</b>
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**YEAR 3 "Evergreen Content Ma Expansion**

**GOALS:** Complete conversion of editorial content volume  
 Update bibliographic database with previous year's content  
 Complete acquisition of Feature article rights  
 Develop and deploy second CD title in time for Q4 holiday season

**EXPENSES**

Capital Costs	Unit Cost	Volume	Total
Convert remaining content to PDF, HTML files	23.80	4,050	96,390
Procure ePublishing rights to 1/2 of remaining unprocured content	100.00	618	61,800
Insert new in-page ad spots into scanned content pages	1.95	6,240	12,168
WebReady processing for current year content	13.95	600	<u>8,370</u>
			\$178,728

<b>"The Best of "Evergreen Content" on CD-ROM</b>			
Direct Marketing Expenses	5.00	1,500	7,500
Fulfillment Expense	3.00	1,200	<u>3,600</u>
			\$11,100

<b>Title-Related Costs - 2nd Disc</b>			
The Complete "Evergreen Content" on CD-ROM	29,000	1	29,000
Publisher provides artwork to DSI's specifications			N/A
Duplication & Packaging	1.50	5,000	7,500
Shipping (to Publisher)	0.15	5,000	750
Direct Marketing Expenses	5.00	2,100	10,500
Fulfillment Expense	3.00	1,500	<u>4,500</u>
			\$52,250

<b>Total Expenses</b>			<b>\$242,078</b>
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**REVENUE**

<b>"The Best of "Evergreen Content" on CD-ROM</b>	Sale Price	Volume	Total	% of subscriptions
Retail sales	69.95	1,200	83,940	1.20%
Trade Show sales	49.95	300	14,985	
Revenue Model X				
	Subtotal:	1,500	\$98,925	

<b>The Complete "Evergreen Content" on CD-ROM</b>				
Sponsorships (Including actual sponsor catalog on the disc)	15,000	4	60,000	
Sell 50% of "old" in-page ad spaces	50.00	6,240	312,000	
Retail sales	199.95	1,500	299,925	1.50%
Trade Show sales	149.95	600	89,970	
Revenue Model Y				
	Subtotal:	2,100	\$761,895	

<b>Online Content</b>			
Single articles (or other small-unit model)	2.50	6,000	15,000
			\$15,000

<b>Total Revenue</b>			<b>\$875,820</b>
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<b>NET REVENUE - YEAR 3</b>			<b>\$633,742</b>
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**YEAR 4 "Evergreen Content Ma Coasting**

**EXPENSES**

Capital Costs	Unit Cost	Volume	Total
WebReady processing for current year content	13.95	600	<u>8,370</u>
			\$8,370

<b>"The Best of "Evergreen Content" on CD-ROM</b>			
Direct Marketing	5.00	750	3,750
Fulfillment	3.00	600	<u>1,800</u>
			\$5,550

<b>The Complete "Evergreen Content" on CD-ROM</b>			
Direct Marketing	5.00	2,100	10,500
Fulfillment	3.00	1,500	<u>4,500</u>
			\$15,000

<b>Total Expenses</b>			<b>\$28,920</b>
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**REVENUE**

<b>"The Best of "Evergreen Content" on CD-ROM</b>	Sale Price	Volume	Total	% of subscriptions
Retail sales	69.95	600	41,970	0.60%
Trade Show sales	49.95	150	7,493	
Revenue Model X				
	Subtotal:	750	\$49,463	

<b>The Complete "Evergreen Content" on CD-ROM</b>				
Retail sales	199.95	1,500	299,925	1.50%
Trade Show sales	149.95	600	89,970	
Revenue Model Y				
	Subtotal:	2,100	\$389,895	

<b>Online Content</b>			
Single articles (or other small-unit model)	2.50	8,000	<u>20,000</u>
			\$20,000

<b>Total Revenue</b>			<b>\$459,358</b>
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<b>NET REVENUE - YEAR 4</b>			<b>\$430,438</b>
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