

The page features a decorative design with three purple circles of varying sizes, each composed of concentric rings. These circles are connected by thin purple lines that form a triangular shape across the page. The largest circle is in the top right, a medium one in the bottom right, and a smaller one in the middle left.

ECSTASY

INTELLIGENT LIGHTING COMPANY

THE BUSINESS PLAN

Matthew J. Klich

The Confidentiality Agreement (page 2, next page) must be read and acknowledged before continuation of this document.

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1. The Confidential Information to be disclosed can be described as and includes: Invention description(s), technical and business information relating to proprietary ideas and inventions, ideas, patentable ideas, trade secrets, drawings and/or illustrations, existing and/or contemplated products and services, research and development, production, costs, profit and margin information, finances and financial projections, customers, clients, marketing, and current or future business plans and models, regardless of whether such information is designated as “Confidential Information” at the time of its disclosure.
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TABLE OF CONTENTS

- I) Overview
 - A) Disclaimer
 - B) Description
 - C) Timeframe - Phases
- II) Phase 1 - The Startup
 - A) Requirements
 - B) Executive Summary
 - i) Name Decision
 - ii) Color Decision
 - iii) The Mission Statement
 - iv) Incorporation
 - v) The Opportunity and Strategy
 - C) The Product
 - i) Home Product Line
 - (a) Study of Requirements
 - (b) Description of the Fixture
 - (c) Description of the Transmitter
 - (d) Features of the Bulb
 - (e) Features Of the Transmitter
 - (f) Point and Control Algorithm
 - (g) Pricing of the Bulb
 - (h) Pricing of the Transmitter
 - ii) Marketability and Trends
 - D) Current Market
 - i) Market Size, Growth Trends, & Competitors
 - ii) New Requirements and Demands
 - iii) Environmental Profile
 - E) Market Analysis and Concepts
 - i) Target Market and Projections
 - (a) Target and Strategy
 - (b) Projections
 - ii) Product Marketing
 - (a) Packaging
 - (b) Apps/Software
 - (c) Social Media
 - iii) Distribution Channel
 - (a) Turnaround Time
 - (b) Advertising/Promotion
 - (c) Distribute
 - F) Financial
 - i) Projections
 - ii) Burn Rate
 - iii) First Order
 - G) Risk Management

- i) Exit Strategy
 - ii) Situations
 - H) Company Structure (Beginning)
 - i) The Team
 - ii) Payment
 - iii) Culture
 - (a) Location
 - (b) Uniform
 - iv) Work Ethic
- III) Phase 2 - We Did It!
 - A) Requirements
 - B) Marketing
 - i) Product Line Extensions
 - ii) Brand Extension
 - iii) Advertising/Promotions
 - C) Company Structure
 - D) Human Resources
 - i) Payroll and Benefits
 - ii) Insurance
 - iii) Structure
 - iv) Lawyer
 - v) Accountant
 - vi) Quality Control
 - E) Financials
- IV) Phase 3 - Large Corporation
 - A) Requirements
 - B) Locations
 - C) Legal Department
 - D) Corporate Social Responsibility
 - E) Impact

OVERVIEW

DISCLAIMER

This business plan for Ecstasy will change as each phase is completed; therefore, no policy or idea shall be held accountable as one iterates through this model. Some sections were not elaborated on only to secure certain ideas.

DESCRIPTION

Ecstasy is designed to give each low-income family a chance to have the same technology as any high-class homeowner. Ecstasy plans to start with a marketing technique of low-level entry with simple, yet advanced, light bulbs sold to low- and middle-class homeowners. With a onetime purchase of a transmitter, Ecstasy looks to change every home into a futuristic home.

TIMEFRAME - PHASES

The launch of Ecstasy is broken up into three phases:

- Phase 1 = the startup
- Phase 2 = the mid-sized company after cash positive
- Phase 3 = the corporation

The reason for doing this is to help plan for the potentiality of the company by filtering it down to pinpoint every situation, idea, risk mark, and plan.

PHASE ONE - THE STARTUP

REQUIREMENTS

Experience the market you are entering for at least 1-2 years. Understand every aspect of the market, from laws to the fixture. See Month 0 of the financials for more.

EXECUTIVE SUMMARY

NAME DECISION

So why Ecstasy? To make things simple, ecstasy means "intense joy or delight" (Dictionary.com). Given those terms, we look to create the most advanced wireless technologies that will make you ecstatic.

COLOR DECISION

Purple is the color of royalty, magic, and mystery. Black symbolizes the earth. Together, we look to transform the world with the most advanced technologies where some individuals consider it magical.

MISSION STATEMENT

"To craft the joy of light"

CORPORATION TYPE

This would be a C corporation because the future of Ecstasy will have brand names and will like to be taxed separately. An S corporation or LCC would not be as sufficient as a C corporation for the future of Ecstasy.

THE OPPORTUNITY & STRATEGY

A need and demand were identified for a way to improve the connection from light to light (or fixture to fixture). No one has this type of communication setup.

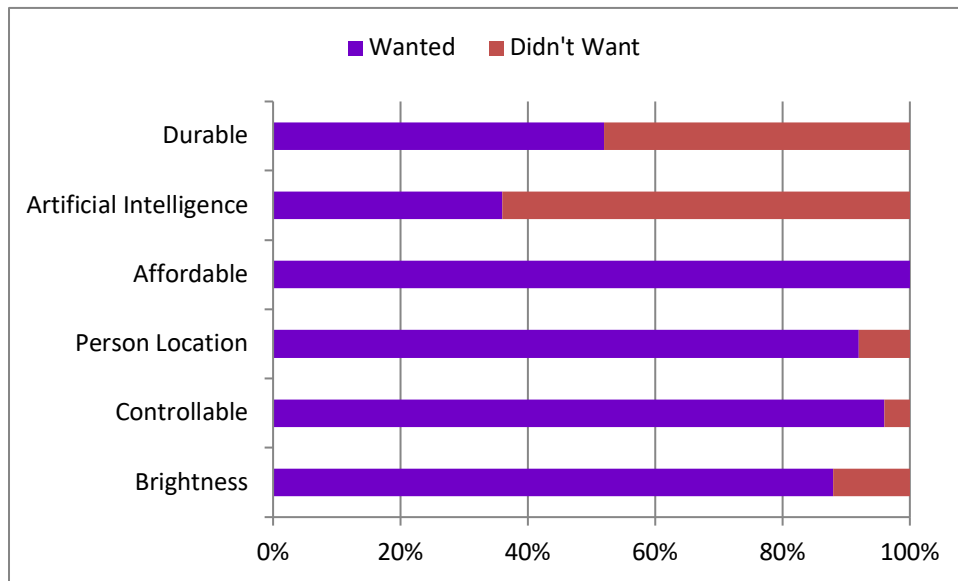
- Light is expensive
 - High electricity bills
 - Kids leaving lights on when not in the room
- 25 light switches & 45 Light Bulbs present in every household on average (CBS News)
- No automation in 90% of homes. If they have automation it is weak in the sense that it is not cross platform, expensive, and remote controlled only.

THE PRODUCT

The home product will be the first release.

DESIGN OF HOME PRODUCT FIXTURES - BRAND NAME OF PRODUCT LINE:

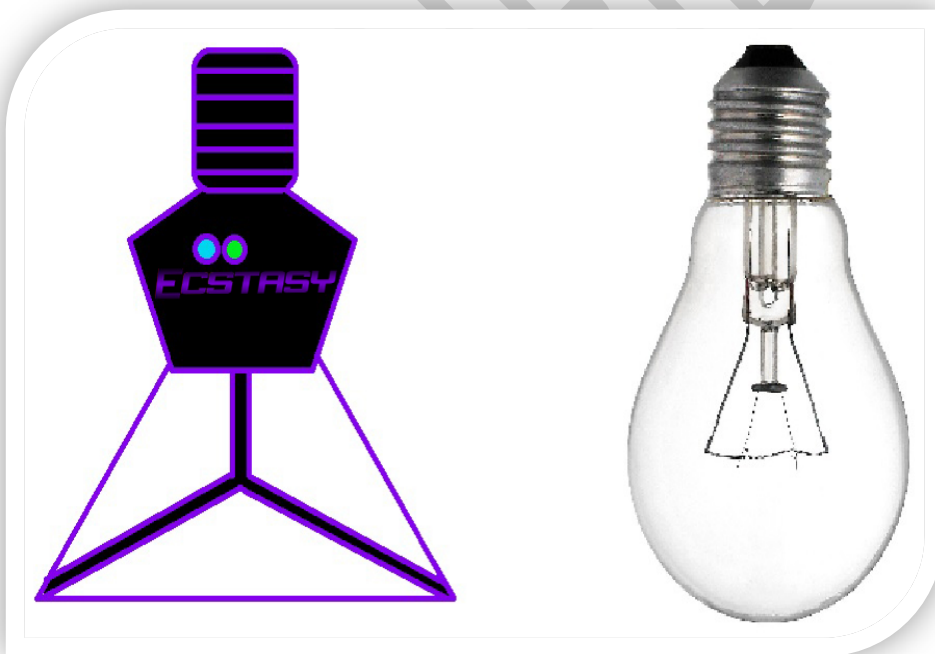
REQUIREMENTS - STUDY



DESCRIPTION - THE LIGHT FIXTURE

Bright LED Light bulbs that have 9 Years of continuous light connected to a transmitter or connects to your home Wi-Fi. Each bulb can be purchased separately and fit into a normal bulb power socket.

They communicate by acting as a slave, set to a channel with a small button that is indicated by the color change of the Green small LED on the front. The Blue small LED indicates that it is connected to a transmitter or one another.



DESCRIPTION - THE TRANSMITTER

The transmitter is used to connect Wi-Fi to each fixture with its own signal. It can handle up to 30 channels and can reach up to 300ft of non-line-of-sight pathway.

FEATURES FOR THE BULB

Built in: Wi-Fi Radio, Small Push Button, 2 Colored LEDs, Dazzling LEDs similar to 100W output.

- Patented LED cross design

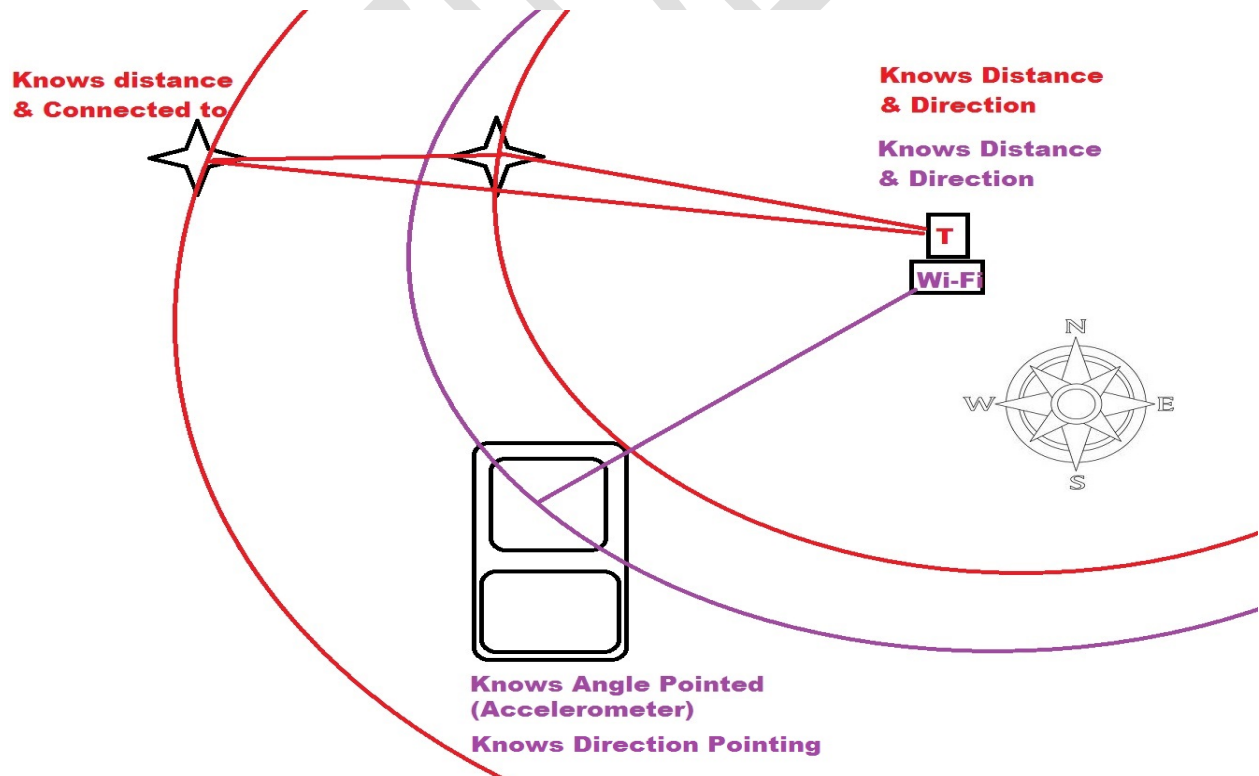
with tough enclosure

- Continuous 9 years of steady brightness
- Perfected enclosure to disperse light waves
- Wi-Fi Connectivity (when transmitter is purchased)
- Can handle up to 30 Channels
- Works like regular bulb if not connected to Wi-Fi or switch is off
- Dimmable

FEATURES FOR THE TRANSMITTER

- A onetime buy! Can be purchased separately and is not needed for the LED bulbs to function.
- Connects Ecstasy LED bulbs to Home Wi-Fi for mobile use
- Connects to Apps, PC/Mac, Smart TV's
- Location Mode - Can shut the lights off
 - Zones
 - Point and Control Feature
- Pathway Mode
- Vacation Mode/Burglar Security - will randomly turn on and off your lights on an interval when away for a long period of time
- Set lights on a timer, set them to strobe, dim, etc...
- Encryption
- Connection to Ecstasy Server for out of place use
- I/O Ether; Comes with power adapter

POINT AND CONTROL ALGORITHM



PRICING OF BULB

Our goal is to keep the overall price of the bulb as low as we can for families that just want an LED bulb. A transmitter is not placed in each bulb to keep the price low.

Price Per Unit (includes tax)				
Part	Maker and Series	Price	Rate	Notes
Wi-Fi Transmitter	Comfast CF	\$4.15	10,000+	\$8.21 per 1 unit (does not include price breaks for mass production)
Ecstasy Chip; SSMem	Ladyada	\$2.50	10,000+	Mass produced EST. using calculator
Plastic Structure and Screen	Plastic Design Mfg	\$1.50	10,000+	Mass produced EST.
White 1.8 mm Diffused LED	Evil Mad Scientist	\$2.40	7,000+	\$0.30 * 8 LEDs. Mass purchased
Colored LEDs	Evil Mad Scientist	\$0.40	7,000+	\$0.20 * 2 LEDs Mass Purchased
Other	Company	Price		
Packaging w/ Labels	Calculation	\$1.20	10,000+	Mass produced
Assembly	(In-House)	\$0.10	N/A	
Total Expense per Fixture		\$11.85		
Stats	Markup Percent	Selling Price	Profit	
Our Selling Price	30%	\$15.50	\$3.65	
Distributor/Wholesaler	15%	\$17.83	\$2.33	
Store Selling Price	12%	\$19.97	\$2.14	

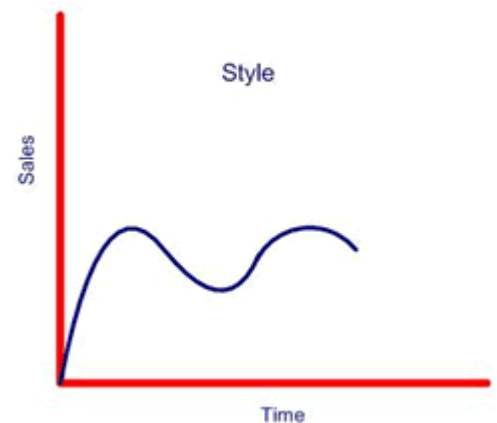
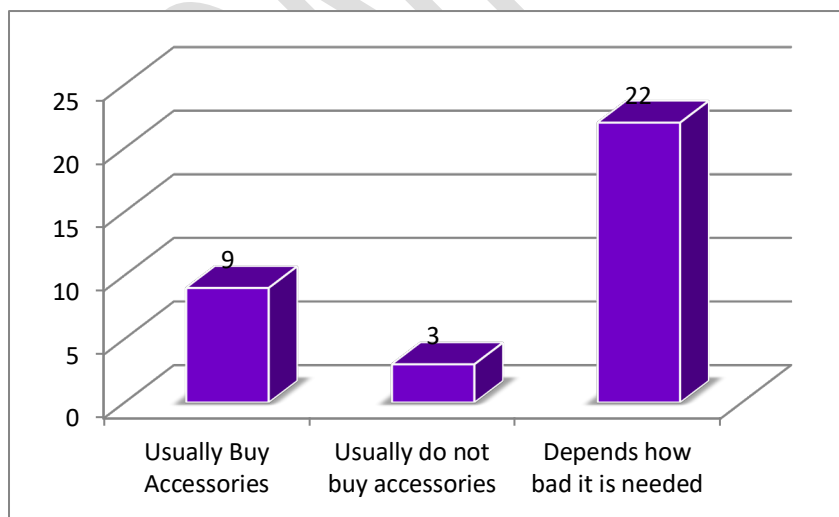
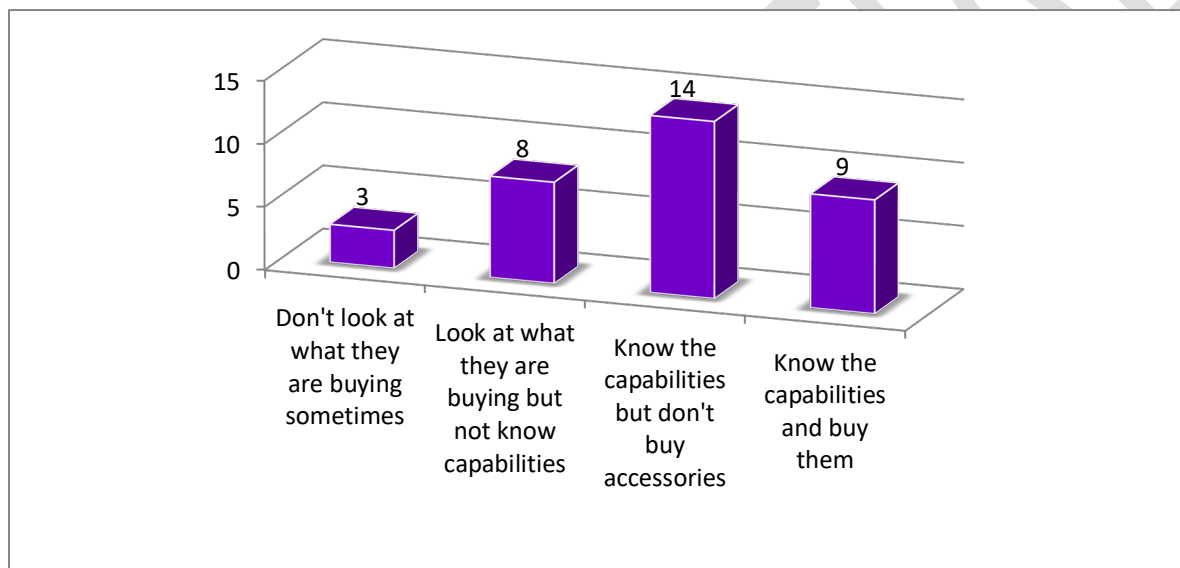
PRICE OF TRANSMITTER

Goal is to keep the price high for such a treat. Estimate for every 7 fixtures purchased, 1 transmitter will be bought. Keep in mind that the average U.S. household has 45 light bulbs(CBS News).

Price Per Unit (includes Tax)				
Part	Maker and Series	Price	Rate	Notes
Special Freq Radio (long range)	Comfast CF	\$8.15	10,000+	May change upon design
LED lights	Evil Mad Scientist	\$0.60	7,000+	\$0.20 * 2 LEDs Mass Purchased
Ecstasy Chip; SSD, Power	Ladyada	\$8.68		Quote
Plastic Structure	Bedford Reinforced	\$4.15	10,000+	Mass Purchased
Ethernet	Power Ethernet	\$2.20	10,000+	
Other	Company	Price		
Packaging w/ Labels	Calculation	\$1.20	10,000+	Mass produced

Assembly	(In-House)	\$0.20	N/A	
Power Adapter	Various	\$1.00	10,000+	Mass Purchased (Voltage Unknown)
Total Expense per Fixture		\$26.18		
Stats	Markup Percent	Selling Price	Profit	
Our Selling Price	65%	\$74.78	\$48.60	
Distributor/Wholesaler	15%	\$87.98	\$13.20	
Store Selling Price	12%	\$99.97	\$11.99	

MARKETABILITY AND TRENDS



From this research, we can see that the customers need to be convinced that it is necessary to have a transmitter since they already have the fixtures. This can easily be done with the correct marketing

technique. Through the data numbers and predictions, we predict that the product will be a style, not a fad.

CURRENT MARKET

MARKET SIZE, GROWTH TRENDS, & COMPETITORS

Current market dominating companies have failed to update and innovate this kind of communication for their household products. Ecstasy looks to be able to connect Ecstasy lights to the mix like a plug and play basis for all intelligent lighting by having one main box that will do all of the performing.

- Currently, smarthome.com currently sells similar app related controlled lighting for about \$200 per fixture.
- Lutron
 - Lots of products – only online purchasing
 - \$\$\$
 - Only Apple platforms
- Jasco Products
 - Currently only works with a remote
 - \$\$\$
- Best Buy's Home Management Solutions
 - Attempting to develop home automation for all electronic devices
 - Will have only in Best Buy Stores
 - \$\$\$

The intelligent lighting market has been growing year to year, but at a slow rate according to forbes.com.

NEW REQUIREMENTS AND DEMANDS

The expensive LED light is getting old for consumers, making the demand for a cheaper, more effective fixture apparent. This hole is not obvious for everyone because they think lights are just expensive. Entering the market with a low-priced intelligent fixture will not only reset the market but change the perspective of current producers.

ENVIRONMENTAL PROFILE

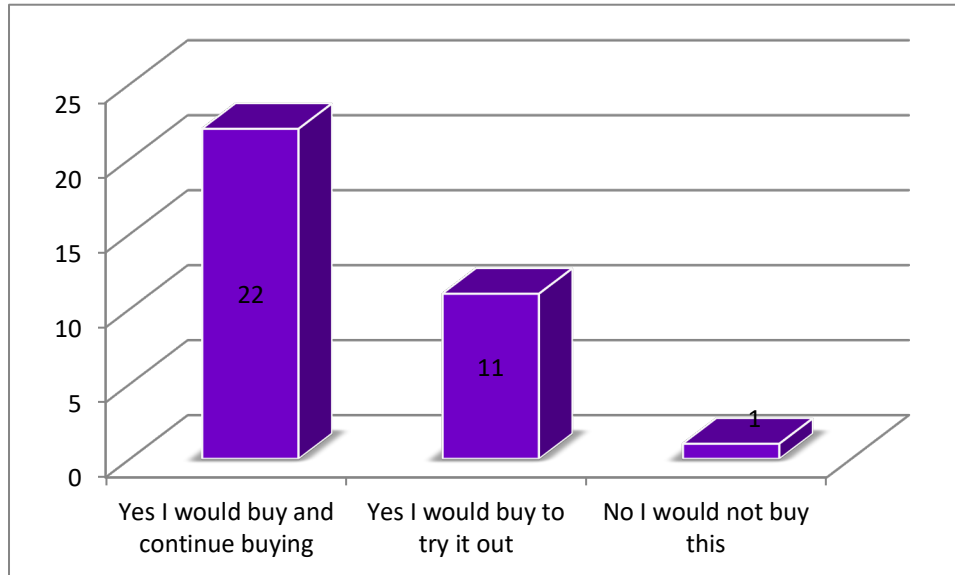
Plastic will be recyclable and is made from recyclable plastic. LED lighting is the most sustainable source of light someone can purchase. It saves 90% of energy compared to incandescent light bulbs. (<http://realestate.msn.com/energy-efficient-light-bulbs-how-much-do-you-really-save>)

No tests to determine the amount of energy that our LED lights can save have not been done on an Ecstasy product because a prototype has not been made.

MARKET ANALYSIS AND CONCEPTS

TARGET MARKET AND PROJECTIONS

SPECIFIC TARGET & STRATEGY



- Large opportunity for low-level entry in the U.S.
 - Target low-middle class
 - Young property owners
- Accessory Purchase – transmitter
 - Encourage purchase of transmitter after bulb

Poll of Possible Buyers: Most people would buy this product due to the future home planning they get by buying this product at a competitive beating price. The reason the one surveyor did not want this product was because "it is scary".

PROJECTIONS

- Expect 1 transmitter to be sold per 7 bulbs
- Economic Size: to have at least 30% of market within 2 years
- Year plan gets us to cash positive

PRODUCT MARKETING

PACKAGING

- Transparent, Royal, Unique Plastic Design, Cradled in Quality Paper

APPS/SOFTWARE

Plan to have a second tier for accessible special features that customers would want. This makes up the reason for having a bulb that lasts 9 years rather than selling a bulb that only lasts 5 years. The financials of this does not reflect in the Ecstasy financials spreadsheet. The reason is because it is a trade off from the length of longevity.

SOCIAL MEDIA

We plan to use social media as soon as possible, even in Phase 1. This is so we can fix the initial problems before it devastates the future of the company. We would find these out by communicating with our customers daily and finding new ideas that we can use.

DISTRIBUTION CHANNEL

TURNAROUND TIME

The days the supplies come in: we should be able to produce 10,000 fixtures and 2,000 transmitters in 1 day using the machinery desired for purchase. A truck and fuel budget exist in the financials.

ADVERTISING/PROMOTIONS

There is a \$10,000 annual budget for Phase 1 of Ecstasy, but I do not plan to use it until Phase 2 of this document. If we have to use it, it is there.

DISTRIBUTE

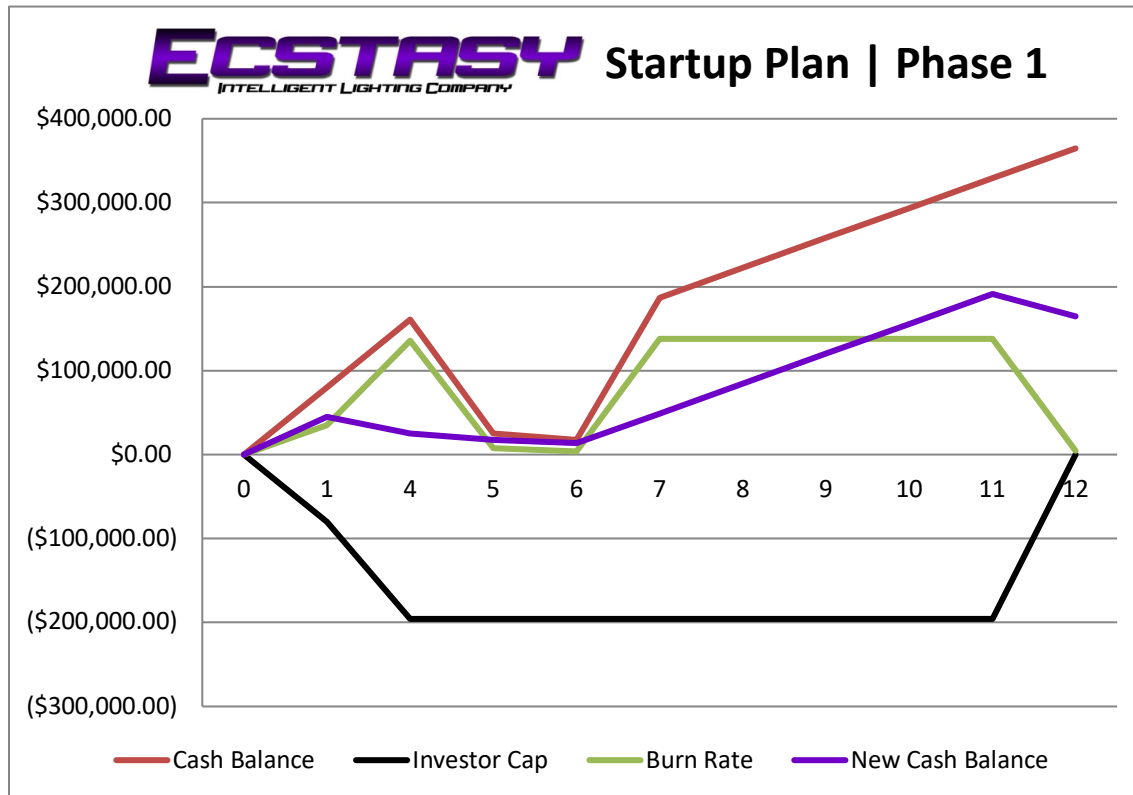
Plan to enter local businesses in the suburbs of Chicago for the initial entry. Then plan to work our way to mid-sized businesses such as Ace Hardware, then finally Home Depot, Wal-Mart, etc... The reason for this is because we need those first 5 initial orders to be able to move to Phase 2. Once we are able to do that, "the rubber is to the road" and we move forward and drop the local businesses, especially because we do not intend for us to get much revenue through them.

This would also be available online on our site and other merchants such as Amazon.

FINANCIAL

PROJECTIONS

See details on PDFs.



Projections are worst case scenarios. Notice there is about \$11,000 of leeway along with the idea of financing the supplies from a bank rather than using capital. This will leave about another \$10,000.

BURN RATE

Will be managed by employees, advisors, and investors. A sprint meeting will be held daily in order to review what will be done that day, the amount spent, the amount to gain, and what they didn't finish yet.

FIRST ORDERS

The first few orders will be processed at the rate of 10,000 fixtures and 2,000 transmitters. Reason:

- 10,000/40 bulbs per household = 250 houses
- 7 bulbs sold = 1 transmitter: 10,000/7 = 1429 (always purchase more)

RISK MANAGEMENT

EXIT STRATEGY

- For Investors
 - To exit when Ecstasy is successfully built up and/or sold
 - Work out percentage of pie between investor

- For Self
 - To sell off and gain a significant profit
 - Will always be in the position to sell off

SITUATIONS

- Price of supplier is not held
- Not reaching desired stores to sell from
- Others enter market
- New product
 - Fad; Predicting it to be a Style
- Not selling the first few orders
- Unfortunate events

THE BEGINNING COMPANY STRUCTURE

THE TEAM - DETAILS

- Techies (2)
 - Handle site, product design, product updates, software development
- Marketers, Creative, and Sales (1)
 - Market to final buyers and distributors
 - Handle distribution tasks
- Board of Advisors (2-3)
 - Better than Matt Klich in every way
- Internship Offer – Unpaid/Paid small amount but gain startup experience with possible employment (2-3)
- Investors work side by side with Matt

PAYMENT

- Payment to advisors will be a large sum, near or when reaching cash positive. They must be aware that if this fails, there will be no payment only because they didn't see this as they should have. Advisors can back out at anytime, especially if an investor makes a decision they know will make the business fail.
- Employees will be paid per hour.
- Investors will get paid on the amount of return decided between Matt and the investor(s).

CULTURE

UNIFORM

A business professional look would be needed for this type of work. However, suit and tie is not what we want to have our employees wearing on a daily basis.

LOCATION

As explained in the Distribution section, we plan to be located outside Chicago and supply to the around the suburbs at first. We can then expand our channels nationally. By that point, we will no longer be in Phase 1.

WORK ETHIC

The team will have to display the excessive interest in Ecstasy before even being considered. Notice the budget for employee payment is low because this skims out the people that are only in it for the money. People who invest time into the project will not just get a small payment, but, if they stick with the company, will have the chance of holding a high position within the company at a much higher rate of pay.

This method has worked with my network before in real life situations.

CONFIDENTIAL

PHASE 2 - WE DID IT!

NOTE: Detail in Phase 2 and 3 will decrease because of the changes this plan will undergo as time goes on.

REQUIREMENTS

- Location set and have extra space
- Financial goals reached; Cash Positive

MARKETING

PRODUCT LINE EXTENSIONS

- Package transmitter with 4 fixtures
- Battery powered bulbs when power is out
- Bulb types (fits fluorescent sockets)
- Tinted varieties or colored
- Increase usability types
- Adapter between current bulb and socket

BRAND EXTENSION

- Open Stage Lighting Brand
 - Use part of the algorithm from point and control for concert use – no need for aiming spotlights
 - AI communication from fixture to fixture, no need for light programming anymore
- Open Corporate and Business Fixture Line
 - Direct products for office and commercial space use
- Open more home automation extensions
 - "Flip to screen" using same point and control algorithm

ADVERTISING/PROMOTIONS

- Commercials - Action packed showing all the features you can do with one of these systems. Will show that Ecstasy is for everyone (AKA the lower and middle class)
- Prime store placement through deals with the stores
- Attend conventions for beginning entry

COMPANY STRUCTURE

Employee increase due to the growth of the company. No number is placed here because it is impossible to know how many employees are needed to successfully run at that point in time.

Employees that have been with Ecstasy from the beginning will hold a managerial position (hence why they needed a strong background for the start). Appoint an HR head.

HUMAN RESOURCES

PAYROLL AND BENEFITS

Add benefits to the line for employees. Increase their pay especially if they have been with Ecstasy from the beginning.

INSURANCE (OBAMA CARE)

If the number of employees exceeds 30 employees, at this time it may be mandatory to have insurance as a benefit for each worker. Insurance should have been provided for each worker during their first month of employment as a benefit.

STRUCTURE

HR will work and report directly to the investors and CEO.

LAWYER

Appoint a lawyer on retainer.

ACCOUNTING

Appoint an accounting firm or department. A department would be better for this private company, if affordable.

QUALITY CONTROL

Appoint a Quality Control department.

FINANCIALS

Unable to provide financials so far from now. The accuracy may change as trends change.

PHASE 3 - LARGE CORPORATION

REQUIREMENTS

- Have over 60 employees
- Have expanded the location or moved to a large one in order to support the increase
- Have HR, Accounting, and Quality Control Departments

LOCATIONS

Expand locations to reduce shipping costs. This idea may change after reaching this point.

LEGAL DEPARTMENT

Appoint a legal department.

CORPORATE SOCIAL RESPONSIBILITY

Give back to the community. Reward the stakeholders of the company.

IMPACT

Analyze the impact of the company and change the company if there is any negative impact on people, nature, or other natural habitats.