

PROPOSING A CHANGE IN THE EXISTING BUSINESS MODEL

While it was not our primary business activity until recently, our organization is increasingly focusing on the sale of parts manufactured by their earliest supplier. Original equipment manufacturer components are important because once they go out of production users of existing hardware and software are no longer able to service their own devices any more. Those who need period components and cannot upgrade for various reasons are almost required to find someone who can sell them these components.

As a result we have proposed a major shift in our business model. Instead of the existing system, we are starting to focus on what some people refer to as new original stock. This does not mean we are selling anything from an aftermarket point of view. Rather, our organization is seeking out remaining sources of original shrink-wrapped out of production material regardless of age and making it available to consumers once again.

BENEFITS OF CLOSEOUTS

Investors will be able to sign onto this kind of a plan in earnest because of the low costs related to it. Hardware vendors periodically go out of business, move onto another business model or leave storage units full of equipment. Some of their old tooling can sit in a storage facility for literally years.

By searching for auctions and closeouts our organization will be able to receive the lowest prices possible on these types of sales. Transportation and logistics would probably represent more of a cost than anything else however. In some best-case scenarios, sales could be made and moved by only a few individuals. That would make this kind of model all the more effective.

SALES OF DIGITAL MATERIAL

While the current push has been going toward digital distribution, it's extremely hard for users of existing hardware to purchase their prerequisite software in this manner. Text interfaces are exceptionally important for instance. These are the kinds of interfaces that power point of sales devices in a majority of regular commercial properties. As a result, people are looking for replacements of even the discs used in conjunction with these systems.

In some situations, the developers have maintained unsold archives of them. While there will not be any additional stock produced, this stock is still new as of when it was

manufactured. Purchasing it and then selling it to individuals may be rather lucrative. Again this plan may appeal to the investor because of the low cost and risk involved. We have investigated the idea of selling to dealers and going through referral systems, but have found it would only be effective to sell directly to individuals who require the software.

Office productivity tools from other eras are difficult to find. While the market for these is not nearly as ready as is for text interface systems, there are plenty of consumers who require a replacement disc for something that they might have lost or damaged over time. These clients might want to purchase individual packages through regular mail order sales networks. Our business model will now reflect these sales while continuing to attract investment capital in order to be able to acquire items for sale.

OTHER SALES

Additionally older development tools are becoming a more important part of this market. These tools are more difficult to come by, and as a result people are turning to aftermarket solutions. As many of these solutions are less than appropriate for the type of work they are used for, engineers would prefer to purchase original development tools.

Looking for development tools should not prove to be particularly challenging. Rather it would be more accurate to say that only a little bit of research would be necessary, but a large amount of working the phones as it were could be. An additional hire in this department could serve to make things go a good bit more smoothly, as the existing staff would be tied up with numerous other tasks involving this particular program.

PUBLIC SALES OUTLETS

Regulatory constraints prohibit many public organizations from purchasing equipment outright, especially when it is from another organization beside the original equipment manufacturer. As a result we may be able to attract public contracts while delivering needed older solutions to them. Since these groups would not otherwise be able to acquire such equipment they would prove to be a ready market. In a manner of speaking this represents an overall growth segment of the industry.

Nevertheless it is important to concentrate on initially receiving sufficient stocks of capital to invest in the needed contracts. Otherwise this part of the market would not prove to be viable at all. A small amount of research will be required, but as this can be done by only a couple members of the staff we should not incur any additional cost related to it.