

1STEP2EUROPE.COM INC.

Your bridge TO EUROPE

Expand your business by taking just ONE STEP

Business Development, Marketing and M&A in Continental Europe



Service Offerings and Pricing
Packages and Pricing Scheme 0502bh

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1. OUR OFFERINGS

CONSULTING:

▶ ANALYSIS OF THE POTENTIAL MARKETS, DELIVERY OF THE NECESSARY MARKETING DATA AND DEVELOPMENT OF A MARKETING STRATEGY.

Creating a strong foundation for an efficient distribution network is our goal. Based on a tailored EMEA market analysis, we provide our clients with a unique strategy for market introduction and market penetration. Marketing for the sake of marketing doesn't move a product very far. We know from experience that to move a new product on the European market it's important to follow a clear strategy -- a strategy we've used over repeatedly and successfully for our clients. Our success comes from using an initial combination of direct sales, marketing and PR. Only after you've completed the first successful projects do we encourage creating awareness through advertising in special interest outlets. You will have the chance to leverage our understanding of the differences between the cultural nuances in the various European countries, which will be important for the success of your marketing plan. In France you need to remember the concern for their language. A lack of French translations of your printed marketing material could turn into a costly mistake for your company.

▶ ASSISTANCE IN ESTABLISHING YOUR OWN SUBSIDIARY IN EUROPEAN COUNTRIES.

One thing is certain: Europeans like buying products from companies they know. Having a physical presence in a market is sometimes the very key which opens the door. For first-timers doing business in Europe, the differences in business, people, tax structures can take its toll. At 1Step2Europe, we know the ins-and-outs of the various countries. By using our existing infrastructure of offices and associates located in over five European cities, you can limit your own risk by moving slowly into a market. You can focus on building your brand and selling your product instead of worrying about setting up shop. In the beginning, when our clients need to keep investment dollars free for promoting their product, we offer an efficiently-run, well-controlled operating system that you can easily be a part of. Later, after the first projects are successfully underway and business has stabilized, we can assist you in making a smooth transition from using our structure to setting up your own personal presence in Europe.

▶ SCREENING POTENTIAL CANDIDATES AND LOCATING EXPERIENCED, KNOWLEDGEABLE STAFF.

Our experience tells us, if you use a normal staffing service here in Europe to help you find candidates with real IT experience and training, you will be disappointed. It is simply difficult to search and hire if you are not aware of the specialized and complex needs of the IT industry. We are happy to fulfill this role for our clients. Being experienced IT industry experts, certain members of our staff are used to finding candidates who possess appropriate qualifications. We can assist you in developing a strategy for finding the right candidates, create a search profile, and even conduct a search through our own network. Additionally, we can place advertising using all media outlets in one or several countries. We are in a position to conduct interviews and assessments; check personal and work histories and review interpersonal skills, cultural fit, character and motivation. Additionally, we can calculate earnings, benefits and holidays taking into account the different tax structures of various countries.

▶ ADVISE ON BOTH LEGAL AND TAX FRONTS; FINDING THE MOST EFFICIENT WAYS TO PROTECT YOUR INVESTMENT IN EUROPE.

Europe offers a vast market of potential customers. Europe's diversity also offers a complex collection of legal and tax systems as well as their respective administrative authorities. For example, in Germany it is good to know that the State Attorney will be concerned about competition and fair trade. Current German law is very consumer-oriented and has until now precluded comparison advertising as is normal in US advertising and displays. Knowledge of the current laws governing warranties in the IT industry is a must. Your existing PR and marketing materials could put your company at great risk for legal recourse from local and state agencies in Europe. We expect our clients to rely on our knowledge and experience of working in other countries to keep them out of court and in the business arena.



▶ RELOCATION SERVICES.

When and if required, we offer our clients a full service relocation process coordinated from beginning to end by a relocation coach. Among other services, you can receive a detailed cost of living report comparing origin and destination cities. You can receive a confidential market analysis of your current home, home purchasing and buying assistance, mortgage service, and password-protected online tracking of your relocation progress on the web.

PRE-SALES:

▶ ESTABLISHING RELATIONSHIPS WITH KEY PARTNERS AND PILOT ACCOUNTS ON THE BASIS OF OUR EXISTING NETWORK.

We take great pride in the carefully selected network we have developed over the years. Finding someone to partner with you is an easy task; but, finding a partner who will treat your product(s) as their own--that is our goal. To that end, working through our own network, we are able to expedite the time it takes for you to find the right partner. Our process for screening partners is rigorous as we take into consideration the potential opportunities they offer, their reputation and integrity, their commitment, whether or not they conduct their own sales activities, whether or not they are an active promoter, and more. Additionally, we take into consideration the differences between cultures. For example, in France the focus is more on the social network as opposed to the technical expertise; in Switzerland, where the social network creates itself due to the sheer smallness of the country, the focus is on your technical expertise.

▶ CONDUCTING DIRECT AND OUTBOUND MARKETING ACTIVITIES THROUGH OUR CALL CENTER.

Finding the right customer--the customer with the problem to which you have the perfect solution--at the right time, in a cost-efficient manner is always the challenge. At 1Step2Europe, we rely on our experienced call center staff to accelerate that process. This staff has an outstanding quality of finding decision-makers and a perseverance of calling until the decision-maker has been reached.

▶ ORGANIZING PR AND ADVERTISING CAMPAIGNS (ONLINE AND PRINT MEDIA.)

The language of a PR or advertising campaign in Europe is very different from that of an American campaign. At 1Step2Europe, we speak that language; and, we've helped many companies place advertising and PR in several European countries. We can help you see the subtleties, as well as the obvious; and, we can help you become easily believable in the eyes of your potential customers. You will begin to use our widespread PR channels to create good, inexpensive exposure for your company and products. An active PR campaign can save your company costly mistakes regarding subtle shifts in the market. In the costly advertising arena, where positioning is the highest priority, we can provide you the inside scoop on where and when it makes sense to place a particular ad.

▶ DIRECT SALES (TO LARGE ENTERPRISE CUSTOMERS) AND INDIRECT SALES (BY FINDING PARTNERS, RESELLERS AND DISTRIBUTORS.)

We encourage all of our clients to focus on direct sales at the beginning of each project since direct sales offers the best environment for maintaining strategic control. You retain the ability to choose what works best for you at a particular time; likewise, you choose those pilot customers which will have the most effect. During the first phase of a project, establishing a product name and developing references is crucial to the success of any sales cycle; therefore, choosing projects with zero-risk in the beginning is a must. This is where our experience and our network of clients, consultants and system integrators can be of most help to your company.



CHANNEL AUDIT:

▶ "A COMPREHENSIVE ASSESSMENT OF YOUR COMPANY'S PERFORMANCE IN EUROPE/ASIA"

The Channel Market Audit provides the information executives need to make better decisions. The Audit is customized to meet the specific needs of our clients. For example, one may not be satisfied with the local operations or management in various territories and needs to get an objective analysis. Another may see problems with sales & distribution structure. In some cases, a company may need to understand why how competitors are out-performing them in the market, and what corrective steps should be taken. The Channel Market Audit can deal with these issues.

The deliverables include a detailed report, typically 100-150 pages in length, in English, with a presentation and optional follow-on consultation. In addition to the data and analysis, there will also be specific recommendations. Following the completion of the Channel/Market Audit, an executive will have the necessary information and tools to make important decisions with confidence.

AFTER-SALES:

▶ INTEGRATION SERVICES, EG. SUPPORT, TO YOUR CUSTOMERS, ETC.

When your customer is in the middle of a breakdown, they need immediate help. Small and lean; quick to respond; that's what sets us apart from the lumbering, slow-to-support companies. Unlike the vastness of America, industries in Europe are small from region to region. Good, quick support, or slow and lumbering support--word gets around, quickly.

▶ LOGISTICS, EG. SHIPMENT, DOCUMENTATION, MULTILINGUAL WEB SITE.

Documentation in a language other than English is a challenge for many US companies trying to make it in Europe. We will use our past experience to guide you where necessary in the most efficient manner.

▶ HELP DESK AND FAQ SUPPORT.

We all know the cost of selling additional products and services like upgrades and support to a satisfied customer is half the cost of finding a new customer. With efficiency in mind, we concentrate on creating a strong tie between you and your satisfied customer.

▶ INVOICING AND GENERAL LEDGER.

In Europe, you can do business three hours down the road and suddenly you are in a totally different country. A different country--a totally different set of invoicing procedures. One of the most important issues for any company is how and when to pay taxes. Our experience in working in different countries is your plus. For those companies looking to be creative in their financial solutions, we have developed a structure which allows us to invoice from Switzerland or several other European countries, and we are incorporated in the US.

CONTROLLING:

▶ REPORTS AND STATISTICS FOR SALES, MARKETING AND DEVELOPMENT.

Making decisions based on gut feeling, or from the hip pocket, aren't suitable in today's complicated business practice. Companies need facts, figures and statistics on which to base their decisions. Throughout the years and many projects, we've developed a strenuous internal controlling process which we pass on to all of our clients. This process allows us to help our clients minimize the everyday losses associated with doing business. Those losses can be quickly doubled for a company doing business in a foreign country without assistance.



▶ SALES.

What will you do when the relation of expenses for sales heavily outweighs revenue? How many times has your sales staff NOT hit the target. When do your managers realize the sale isn't going to be made? For most companies it's usually after three months of hearing, "I've got the sale; I just need some more time." Especially for companies doing business for the first time in Europe, it's difficult to suppress the urge to send out the troops in an aggressive style in favor of starting from scratch, building a name, building references, creating a foundation. Day after day, we use our specially developed controlling processes to help our clients quickly see if they are reaching their sales goals and how to make corrections. For the inexperienced, in-over-their-head US corporation trying to do business in Europe, those corrections usually mean to close up shop. With 1Step2Europe, corrections could mean building a salesperson's skill set or changing a product presentation. It could mean a change in marketing, or a focus on a different target market. Our controlling process supports you in all of these situations.

MERGERS & ACQUISITION:

The **MAY-GROUP in Germany**, the Merger & Acquisition Group and subsidiary of 1Step2Europe.com, Inc. offers committed, professional advice in mergers, acquisitions, corporate sales, spin-offs, strategic alliances and valuations.

Using the platform of due diligence the consultants take a detailed look at a new company or target acquisition to ascertain all risks and future potentials. All problem areas which could lead to price influencing factors or which, post-transaction, could hit the balance sheet of the target company are covered by a standardized, best practices process.

MAY-GROUP's **services** in M & A's **go beyond the classical M&A offers** - we support the whole cycle and are engaged in implementing the M&A strategy locally. The services are broadly grouped around the following key areas:

▶ SEARCHING AND SCREENING

Targets which satisfy the strategic fit criteria are identified and screened. A detailed acquisition strategy is formulated in consultation with the client management and set out in document form.

▶ PRE-ACQUISITION

A preliminary review is conducted to advise the client management about an M&A strategy and establish relevant criteria for identifying strategic targets.

▶ CONTRACT NEGOTIATIONS

In line with the acquisition strategy, the terms and conditions of a possible contract are worked out with the client management so as to negotiate and reach agreement with the target.

▶ DUE DILIGENCE

A detailed investigation and evaluation of the target company is undertaken by a team of experts which identifies potentials and risks, analyzes the existing customer base and future potentials, potentials of synergies by merging infrastructure and resources and using the marketing expertise of the partners. During the Due Diligence, hidden and potential liabilities, unreserved claims, and cash-flow implications are identified.

▶ INTEGRATION

Assistance with the identification of the skills and resources needed to ensure a smooth integration

▶ PRE-CLOSING

Design of post-completion insurance and benefits programmes before the transaction date to take advantage of enhanced coverage and competitive pricing.

▶ TRANSACTION

Negotiation of the final details of the deal with the selling shareholders in conjunction with the client management until the acquisition is successfully realized.



▶ POST-CLOSING

Ensure that the recommendations highlighted in the due diligence reports are implemented.

▶ POST-DEAL INTEGRATION

Development of a plan for a timely and cost-effective incorporation of the acquired company into its new parent company. Assistance in the selection of new management to implement a new controlling and holding structure. Assurance after the Transaction of the implementation of the once identified synergy effects and assistance with its interim management services.

2. PRICING SCHEME

To give you a short overview about our pricing model we have defined some standard packages. These prices cover our costs to run our business successfully and we charge an additional 5% margin on all generated revenues from the markets we cover for you. With this strategy we have a win-win situation: You don't have to invest a fortune and we participate in the success we generate for you.

The **standard Start-up packages** are listed below. Supplemental to our **Base Package**, you will find start-up packages for PR, direct marketing and pre-sales. In addition we offer **individualized packages** for consulting (how to market, how to enter the market, Mergers & Acquisitions) and research (market, addresses, potential partners and joint-ventures etc.,) legal affairs like recommendations for contract content regarding guarantees including differences between US/UK, US/D, and US/FR, and recommendations for contract content for support and operating contracts and packages to cover all aspects of taxation.

For your first step into the European market, we've developed a comprehensive base package which includes: Market Analysis, PR, Direct Marketing, Pre and Post-Sales activities.

BASE PACKAGE ME – INTRODUCTORY OFFER VALID TILL 30TH MAY 2005

- Fast track **marketing analysis** of the most important European markets: GER, FR, IT, CH, AT, NL, DK, FI, SW, FI, NO, BE.
- Five (5) **press releases** (English, French, and German) targeted to the 45 most important industry magazines.
- Product Presentation and Training for sales team and presentations to potential costumers.
- **Direct marketing to 1,250** enterprise customers in your sector to generate leads for a product demonstration.
- **Product demonstration and pre-sales** meetings with the top eight (8) of 100 highest ranking prospects.
- **Conducting three (3) pilots**, depending on feedback.

Base package price

\$88,780 (6 months)

BASE PACKAGE BD – INTRODUCTORY OFFER VALID TILL 30TH MAY 2005

- Product Presentation and Training for sales team and preparing presentations to potential costumers in GER.
- **Direct marketing to 500** enterprise customers in your sector to generate leads for a product demonstration.
- **Product demonstration and pre-sales** meetings with the top four (4) of 50 highest ranking prospects in GER, F, Benelux and UK.



- **Conducting two (2) pilots**, depending on feedback.

Base package price \$47,450 (6 months)

FOR MORE SOPHISTICATED MARKET PENETRATION TO THE EUROPEAN MARKET WE HAVE DEVELOPED THE FOLLOWING PACKAGES:

MARKETING

Developing and executing Roadshow in conjunction with partners like Microsoft, Cisco, RSA Security (depending on the type of audience and product category, an all-inclusive package with 4 locations from \$20,000 to \$100,000 - depending on the number of participating Partners, etc.)

IDENTIFICATION OF RESELLERS, JOINT-VENTURE AND CO-OPERATION PARTNERS

We scan the Markets to look up potential Partners. We will present your company and offerings to these potential candidates and arrange meetings at the top-management level. We will audit the future partner in question through our network via publicly available information, by analyzing all the data delivered by this candidate and compare it with the information we can access through the market. Depending on the sector, the regions to be covered and the number of potential partners, we charge \$5,000 to \$15,000 per month and a finders fee.

CHANNEL AUDIT

The Market: What is the size of the market for your products/service? What are the main trends, what are the key market dynamics?

Your Company: How is your company really doing in these markets? What is the real potential for your product in these markets? What are its main strengths & achievements, weakness and failings? How do you measure up to the competitors?

Your Competitors: Who are your main competitor? Who are the market leaders, and why? What do your competitors do differently? What are their strengths, weakness, and operating strategies?

Customer Info: Who are the key end users? Which products do they buy? Who do they typically purchase from? How well do they know your company and competitors, and what do they think? What percent of the total are your customers? Why do they buy from the competition and not you?

Distribution & Channels: How are products sold? Who are the main channel players? How do your competitors sell in these markets? Who has the advantage and why. Which channel players should you be doing business with and why. This also includes a in depth analysis of your current channel partner program, detailed interviews with current and possible channel players, who should you be doing business with and why?

PR SUBSCRIPTION (HALF-YEAR MINIMUM)

PR-Bronze \$4,500 per month

Delivery of one (1) press release per month to the local press. Includes all pre-work, authoring, re-writing, as well as translation and lecture adaptation of your English texts to the German, French, Spanish and Italian language.



PR-Silver \$8,500 per month

Includes everything in the bronze package, plus telephone contacts with the existing customer, one (1) background story per quarter, and one (1) organized press tour per half year for new products and/or your company. Also includes clipping service.

PR-Platinum \$14,800 per month

Includes everything in the silver package, plus development and supervision of a media budget, event and convention monitoring, and one (1) Set-Card for one speaker.

DIRECT MARKETING

DM-Bronze \$2,500 per 1000

addresses (conducted internationally in Europe in your choice of three different languages). Direct mailing per fax and email.

DM-Silver \$14,500 per month

(conducted in one European country or region during a three month period.)

Contact, by email and by phone, top 300 companies. with creation of a story-script, sending an email with product documentation, trying to get a positive feedback for further negotiations about the product in question.

DM-Platinum \$26,000 per month

per 1000 companies (conducted in one country or region during 3 month period). Direct email campaign followed by telephone contact, all qualified through our own database.

MARKET WATCH INTERVIEW

MW-Standard \$27,500 per 50

Meetings (conducted internationally in Europe) and Direct contact with potential customers and decision makers to determine market activity, changes and "feeling."

PRE-SALES ACTIVITIES – ON-SITE WITH TECHNICAL SUPPORT

(on a per man day base only, not based on our shared risk - shared revenue model)

- Detailed technical meeting with prospects \$1,680 per day plus Exp.
- Orientation of our staff about your product portfolio ca. \$7,500 plus Exp.
after training with you, presentation and demonstration at your location
- Contract Negotiations \$2,000 per day
- Conducting project potential analysis paid by prospect
or depending on the contract \$1,500 per day
- Conducting Pilot Installation paid by prospect
Generation of reference installations and documentation as base activity for media reports or interviews for product related real life analysis
- Support of the press / media \$1,200 per day
for delivering everything they need to write this kind of report



3. SHARED RISK – SHARED REVENUE MODEL

All the Services as outlined above are rendered on a cost sharing and risk/success sharing business model. As a rule-of-thumb, the client pays 50% of our actual fees (due to high indirect costs in high-wage and high social-security countries in Old-Europe). Since we would also like to benefit from our success, our Success-Reward model is outlined in detail in our Co-operation Agreement as a basis but will be outlined in detail - specifically in larger projects - on a per project basis. Our commission scheme starts with 25% and ends with 1%, or alternatively, we ask for 33% of your earnings in the project in question. In our scheme we differentiate between a leads-only referral, an ongoing delivery project, an introduction to a joint-venture or a buy-in opportunity. To give a brief overview:

Revenues above	10 Mio.	€	4%
Revenues above	3 Mio.	€	8%
Revenues up to	40,000	€	25%

(typical pilot project with a lot of interaction and involvement from our part)

FOR MORE INFORMATION

At 1Step2Europe.com, we are flexible and able to offer our clients a variety of individualized services. Please get in touch with us, so we can discuss, how we can assist you.

The information contained in this document is of a general nature. Should you require further advice for your particular business requirements, please refer to the contact details below: **Steve Palladino, sPalladino@1Step2Europe.com, Ph: NJ (973) 944 4618 International Key Account Manager**

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