

Herrold, Beau

From: Jennifer Binder [jbinder@photofete.com]
Sent: Monday, April 30, 2001 12:20 PM
To: sherri sera; Beau Harrold; jep@wincrest.com; jab@wincrest.com; jim woodhill; peter schaffer; Peter JMI-linc; charlie noell; jmoores-jmi; MaeBelle; mwillis@comsys.com
Subject: Board Presentation



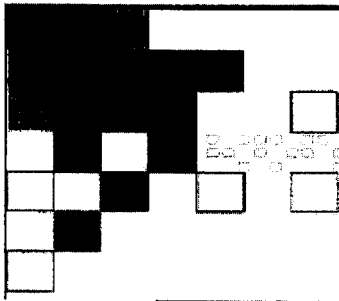
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All,

The board presentation as of 4/30/01 at 1:15pm is attached.

Please let me know if you would like any of the attachments.

Thanks,
Jennifer Binder
jennifer@photofete.com
713-942-7797



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Schedule

10:00 to 10:15am **Introduction & Infrastructure by Jennifer Binder**

10:15 to 10:45 **Sales & Marketing by Jennifer Binder & Jim Golden**

General Sales Strategy & primary focus
Pipeline
Notes from Carol Cox
New Sales Teaser

10:45 to 11:15 am **Financials by Jan Sutherlin & Jeffri Botkin**

P&L Statements, Balance Sheets
Tax issues
Gut Burn Rate / Longevity
New Standard Procedures

11:15 to 11:45 am **Technology by Frank Soehnge**

New Product features & schedule
Time & cost to implement software

11:45 to 12:15 pm **Issues to be Addresses by Jennifer Binder**

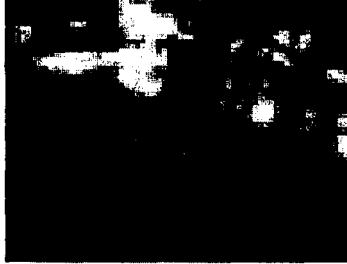
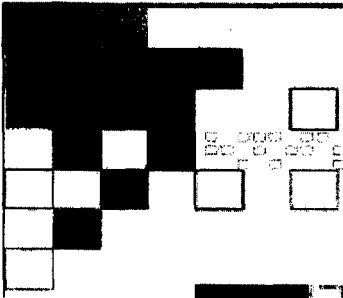
Pricing Structure
Decision to sue or not sue Microdata Systems
Cost of Closing /Thompson Knight Legal fees
Employee Update

12:15 to 12:45 pm **Request for Board Participation by all Board Members**

Q&A
Financial, Technical, Introductions

12:45 to 1:15 pm **Closing remarks by Jennifer Binder**

Goals
Milestones
Conclusion



Introduction

▪ Photofete officially closed \$550k in new cash and converted \$440 in debt/accrued interest April 9, 2001. The company originally did not budget closing costs which have cost us a month's worth of operation. We have 4-5 months to hit break even.

▪ Our main focus at this time is to accelerate the sales cycle and lock down standard procedures.

▪ We must generate a minimum of \$50k a month to take us to break even. Our recurring revenue is @\$25k, sales are down so our burn is up. After our April 30 payroll:

\$272k in the bank

\$58k in accounts receivable

\$25k in recurring monthly revenue

We expect BP's \$100k to hit in June

BP will increase our recurring revenue to \$50k a month

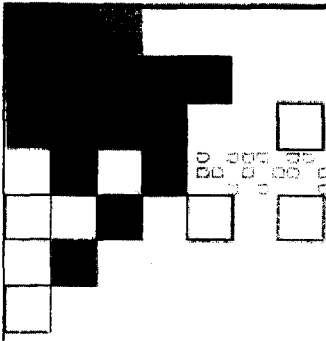
After dismissing King & Golden our cost of ops will be @ 85k

▪ We have experienced a few set backs with our VP of Ops and VP of Sales even though their references checked out. Both employees were given goals but did not deliver immediate results a start up demands. Due to our cash flow situation, I do not recommend replacing the VP of Ops. Jim Golden will have another month to produce, please advise on whether he should be considered an employee or consultant.

▪ Our sales cycle has slowed due to my focus on the due diligence process as well as a weaker economy and employee issues. I will need as much support for researching, calling, meeting and developing new clients.

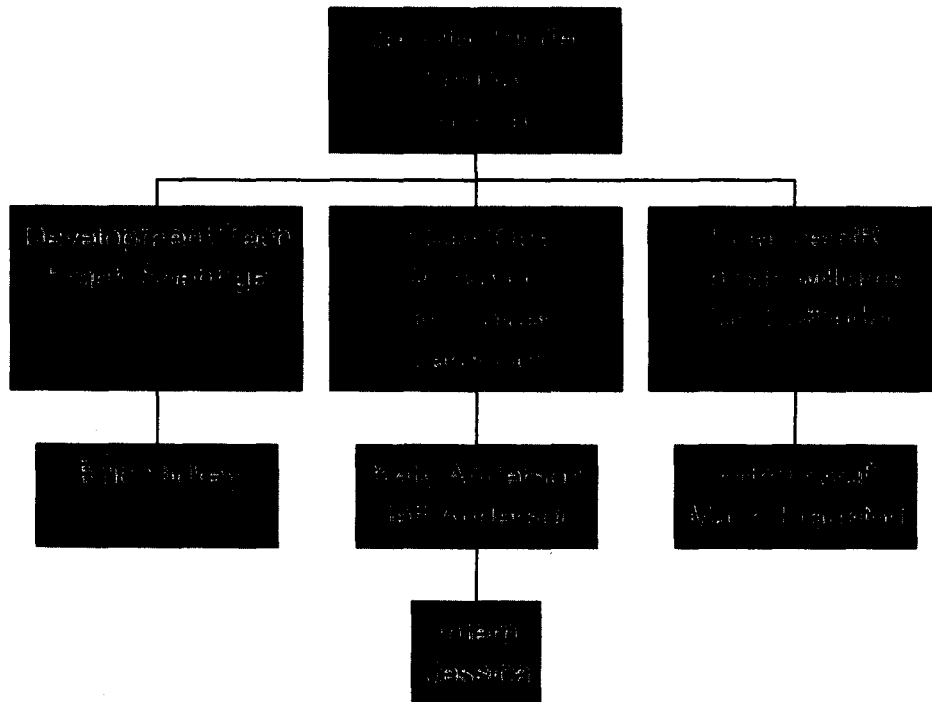
▪ I, along with our core team, are devoted to making this company work.

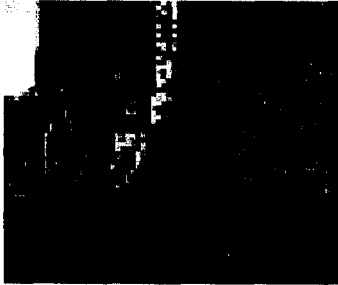
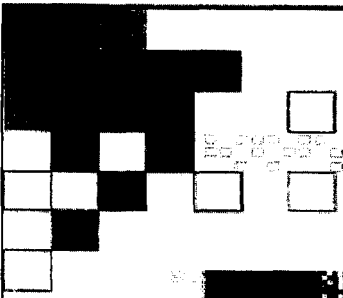
▪ We will make up for lost time in sales THEN focus on recruiting a CEO and raising a Series B round of financing. The company can not afford a CEO at this time. If anyone can find someone who can produce results and will take stock, please let us know. Keep in mind we have \$300k in cash, the only value add at this time is sales.



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Photofete as of 4/01/01





Sales & Marketing Strategy

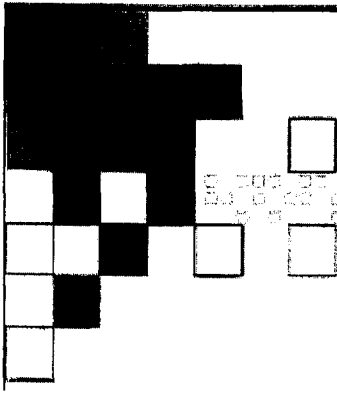
Step	Action
I	Define target industry and region. Identify companies \$1 billion plus
II	Research core business, revenues Categorize as a b2b or b2c, level I,II or III client. Analyze advertising budget
III	Identify marketing,corporate communications, pr, graphic design, imaging and advertising contacts
IV	Identify appropriate department and contact. Establish contact
V	Send teaser. Set up Demo.
VI	Conduct demo. Identify problem. Analyze corporate media flow. Determine budget threshold.
VII	Follow up with presentation addressing the company's problem and offering a solution.
VIII	Follow up with letter of intent
IX	Conduct needs and cost analysis. Set implementation schedule. Sign contract.
X	Turn over schedule to account executive to implement, coordinate, monitor, deliver and maintain.

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Pipeline

- Setting a Demo for the Houston Texans
- Setting a Demo for JMI
- Salvaging a miscommunication with YPO
- We need all the introductions you all can facilitate for companies with revenues over \$1 billion

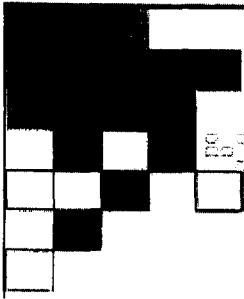
Please see attached document



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Selling Points

- The backend tracking mechanisms-how many times an image has been downloaded, this is valuable to designers so they do not over use an image
 - The backend tracking of users and what the users are doing for security reasons
 - Expirations on user access, so an outside designer can use the system for the scope of their project then they are out
 - The digital rights management tools:all rights, internal only, etc
 - Bulk loading of hundreds of images: dealing with 1000 images as easily as 1 image
 - The simplicity of understanding the system if you are not a graphic designer
 - The media interface
 - Tiered security user access
 - Our ability to scan quickly and affordably
 - Our responsive service and attention to detail
 - The process of publishing owned assets for re-use
 - The quality of the downloads
 - The amount of time it saves people to organize, search and retrieve media
 - Being able to attach a note to an image for multiple purposes
 - Storing the physical assets
 - Custom scan requests
 - Standards to follow
 - Affordability
 - Full service: digitizing, scanning, storage, software, hosting, delivery, support
 - The categories, locations, file types and user types are data driven, meaning the client can make changes without reprogramming hard code
- Ongoing updates, clients love the idea of us adding video capabilities and document management creation as an update versus buying a new system



Notes From Carol Cox

Current Targets

MemorialHermann
Anadarko
Unocal
Mattel
Qualcom
Sempra Energy
Occidental
Merisel
Global Marine
El Paso Energy
Houston Livestock Show and Rodeo
Transocean
Sedco
Forex, Inc.
Burlington Resources
Lexicon

Future hit list includes:

Phillips Petroleum
Devon Oil & Gas
Williams Companies
Duke Energy
Hill & Knowlton
Accenture
AIM Funds

Our best selling points include:

- Our current clients-- Enron, BP and Apache. These names have a lot of pull.
- The flexibility to buy the software alone or to sign up for additional monthly services
- User friendly---don't have to be tech person to use the software
- Helps companies to need their photography/graphics needs---their staffs can then use their time to work on other projects
- Simultaneous use worldwide of photographic images---staffs in different worldwide locations can use same photos at the same time
- Does not require expensive hardware and other investments
- The new lower price offering seems to be getting people's attention
- The ability to add-on more features in the future
- Meets the company's desire to organize their photography files in a smart, electronic format
- The client still has control of their images----they are gaining control over their photography libraries, not losing control



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Photofête...

Is a media asset management company that organizes, digitizes, delivers and stores media for large corporations in net based software proprietary to Photofete. Our database supports various file types including but not excluded to jpg, tiff, giff, mpeg, ppt , eps and many more. These files are organized into searchable fields like locations, categories and keywords. The fields are data driven giving the client the flexibility to name the fields as they wish. Tiered levels of user access enables companies to control how a browser uses the system when searching, viewing or downloading. Most importantly, our software and services save delivery costs, replication expenditures and time. Your media is available 24/7.

Who Benefits...

Public relations, corporate communication, marketing departments, special event coordinators, media relations, advertising and design teams.



ROTATE IMAGES

Photofete Demo page 1 of 2 next page go to: 1

A grid of image thumbnails with interactive buttons. Each thumbnail has a '- rotate -' button and a 'delete Replace' button. The images show various scenes, including what appears to be a stage or event.

SEARCH ADMIN

SEARCH

event name: - choose event -

date: - choose date - to 3/29/01

location: Houston

category: refineries

photographer: - choose photographer -

CCS name: - choose custom contact sheet -

job name: Houston 04

keyword search

SEARCH

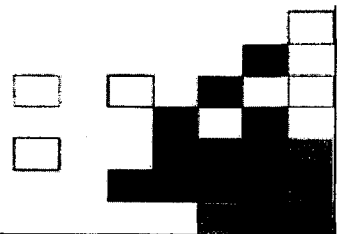
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Site Features...

- Significant cost and time savings
- Digital Rights Management
- Multiple viewing, output and delivery options
- Owner controlled access with tiered security
- Searchable libraries and archives
- Scalable configurations
- Managed tracking, reporting and user analysis
- Traffic flow management system
- Shopping cart and internal billing support
- Advanced text and keyword searching
- Data driven categories, locations, drm and user types

Our Services...

- Proprietary Software and Digitizing Processes
- High quality scanning, downloading, compression and storage standards
- Multiple file type support
- Installation
- Hosting
- Archive images into a searchable database
- High res downloads 24/7
- Training
- Back Ups





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Advantages

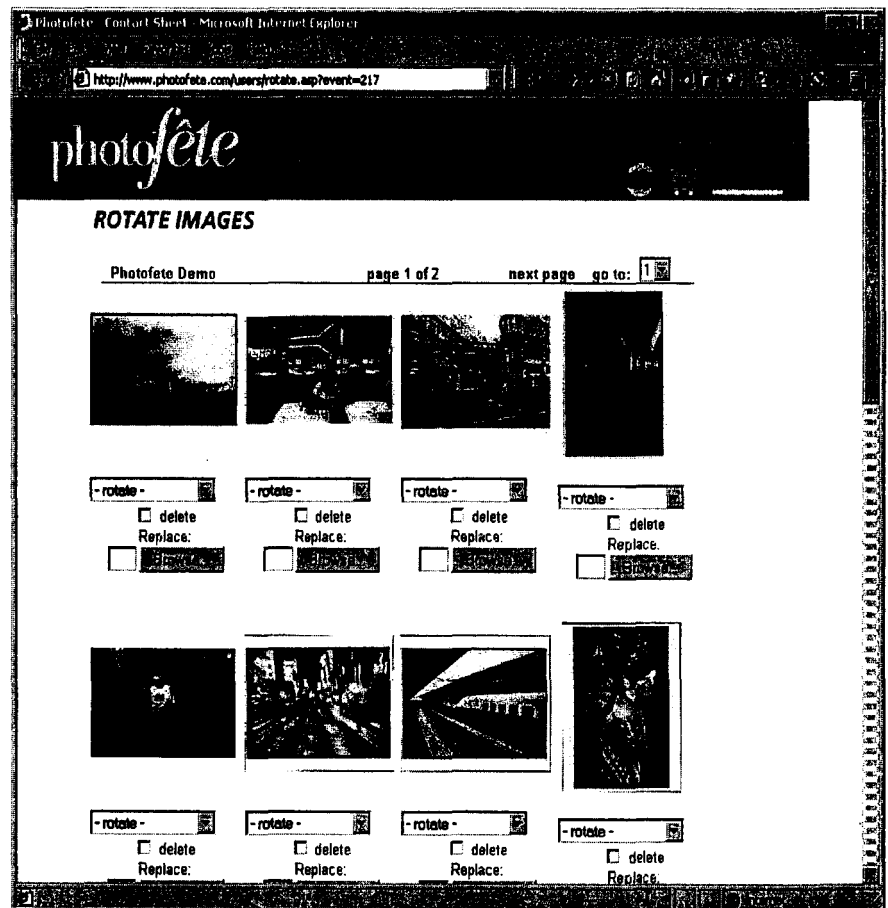
- Reduce time for searches
- Decrease stock buys and re-shoots
- Total service provider
- Minimized internal IT support
- Implementation time measured in days, not weeks, or months.
- Media automatically backed up and archived
- Supports various files types but not limited to jpg, ppt, gif, tiff, pdf, and many more

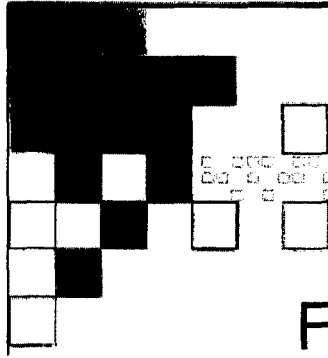
Nuts and Bolts

- All the end user needs is a 3.X Browser or better.
- Server – Housed w/ Photofête
- Built on Windows NT IIS 4
- Microsoft SQL Server 7 database
- Annual Software Updates
- Fault Tolerant Servers located in a secure environment
- 24 X 7 Access & Support

Photofête is lead by a team of professionals with diverse backgrounds in photography, technology, advertising, publishing, marketing, project management and business development. Companies like Enron, Apache, British Petroleum and Sunrise Company all recognize our expertise and deep industry knowledge regarding the needs of the marketing, communications, pr and imaging groups in organizations. Call or e-mail us today at:

713-807-7799 or 1-877-891-8964
info@photofete.com





Financial Department Update

Jan Sutherlin

FYE 2000 Financial Statements

FYE December 31, 2000 is closed, tax returns have been filed, the tax return as amended for capitalization of start-up costs will be filed shortly.

Monthly Closing

A company-wide Monthly Closing calendar has been developed to facilitate timely Financial Statement preparation and other financial reporting.

New Accounting Software

Peachtree Complete has been acquired and conversion is scheduled for the first two weeks of May. Mann, Frankfort, Stein & Lipp will be assisting with the conversion. This will allow more complete, flexible and functional financial reporting both for management and the Board of Directors. Peachtree complete will allow financial result reporting by department and comparison to established budgets.

Human Resources and Payroll

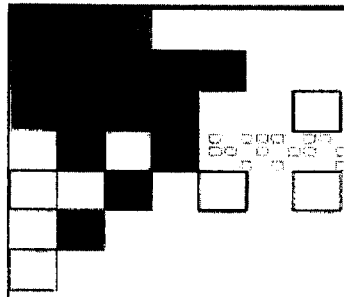
Photofete has retained Administaff for its HR and Payroll functions through a co-employment arrangement. This has provided benefits such as a 401K Plan and health insurance for the employees, Workmen's Comp coverage for Photofete, and HR Management for Photofete. Through Administaff affinity programs, Photofete may also benefit from reduced pricing for services from Administaff partners. A customized Employee Handbook for Photofete is in production and should be delivered to each employee in May 2001.

Insurance Coverage

Insurance coverage has been bound for D&O, Property, General and Automobile Liability and Excess Liability coverages.

Funding

The Preferred Series A funding was completed in April 2001.



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Monthly Closing Schedule
Jan Sutherlin

Please See attachment

