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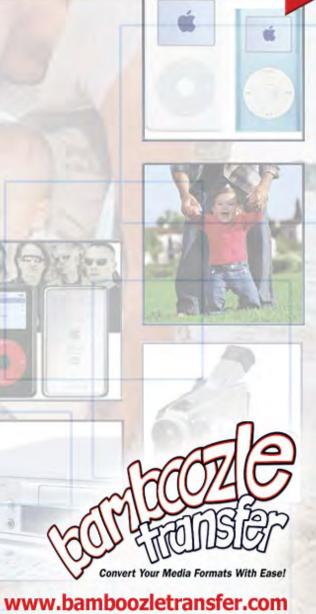
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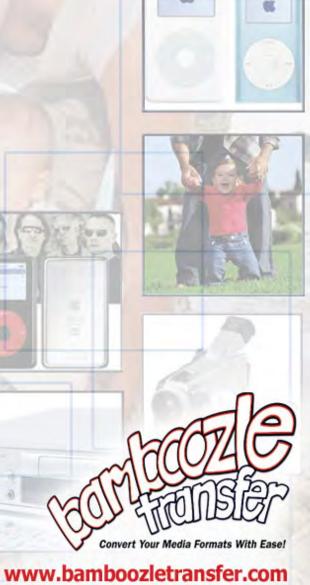
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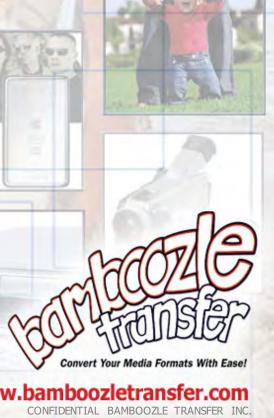
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## Introduction

## **Bamboozle Transfer**

Is the first consumer focused

brand to provide complete

**Media Transfer Services** 

in North America!



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## Introduction

### **Bamboozle Transfer**

Will do what **Kinko's** did to the neighborhood

photocopy shop and what **Blockbuster** did

to the local video store...

Bamboozle will create and define the category of Media Transfer



# **Defining the Category**

# No competitor in North America has created a media transfer brand which speaks directly to the consumer Coalescing a Market

- No other company offers complete media transfer services marketed to the average consumer
- Other companies offer only CD ripping, or only video tape to DVD transfer services
  - Competitors in the video tape transfer market focus their service proposition on mainly large B2B orders
- Competitors in the market do NOT offer the same value added services as Bamboozle

Bamboozle is the first company to approach this market as a whole, utilizing the power of branding to reach the mass consumer market, defining a <u>new category</u>



# The Name is the Category!

# Consumers know they need media transfer services, but they don't know where to look for it in the marketplace

- Which means consumers are not even aware of the keywords they need to find existing services in the phonebook or on the internet
- When Bamboozle hits the market we will quickly educate and create a leading position in the consumer's mind

When consumers think of their need they will think

**Bamboozle Transfer!** 



## The iPod!

# The iPod has made an enormous impact since its launch in 2001!

#### The iPod Effect:

- The success of Apple's iPod has created a <u>mass market</u> <u>need</u> for media transfer services, and the aggressive competition that is to follow, is taking the market to a real tipping-point that will soon explode
- The iPod has defined the benefits of going digital
  - It's had a huge cultural impact: business, entertainment, popular culture...
- It's revolutionized the way we interact with music









We have just left behind a Christmas where there would have been tears around the Christmas tree if a present was unwrapped and did not reveal an iPod. The tears could have been from a 14 year old, a 40 year old or even a 60 year old

## The iPod!

# The desire for ownership of the iPod shows just how central music consumption is to everyday life<sup>1</sup>

#### The iPod Explosion

- There is an installed base of **22MM** adults over **18 years** with MP3 players<sup>2</sup>
- iPod After Market products & services = \$100MM (2005) and expected to reach \$500MM by 2008
- The entire category is expected to grow at a Compound Annual Growth Rate (CAGR) of 29.1% per year until 20094
- Total MP3 player shipments will expand to <a href="mailto:132MM">132MM</a> units in 2009<sup>5</sup>
- The iPod has been prominently featured in music videos, television shows, and massive product giveaways, say nothing of thousands of newspaper and magazine articles, and a number of books<sup>6</sup>

The iPod defined the category of MP3 Players and Bamboozle will do the same for media transfer





"we are in the early stages of a land rush" (MP3 player sales)<sup>3</sup>



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## **Consumer Frustration**

# There is a shared frustration among the mass consumer market with the ever changing formats and technologies that play them

#### **Overview**

 Consumers know that technologies and formats eventually become obsolete, as electronics companies innovate

#### But this leaves consumers with difficult choices:

- ▶ Sit and watch a costly CD music collection become obsolete
- Legally replace content, by repurchasing it again in the new digital format
- Invest the time it takes to stay on top of changing technologies
- Wait and hope precious family memories on video tape have not YET faded away...

Our brand promise is to relieve this consumer frustration!



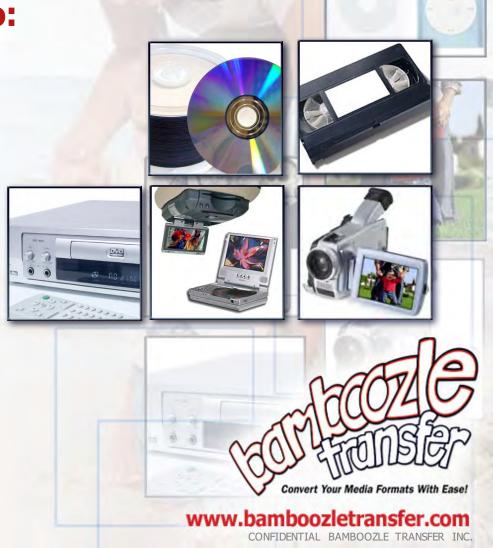
# Why consumers need Bamboozle?

When it comes to their precious content consumers need to:

Save It!

Access It!

Interact with It!



# The Fear Message

Video tapes are <u>NOT</u> permanent media storage, every home video of "Baby's First Steps" is slowly fading away!

#### **Save It!**

- Every home video sitting on a shelf is degrading<sup>7</sup>
- Every music CD is subject to rotting, pitting and scratching, leading to ruined CD's<sup>8</sup>
- The Library of Congress estimates it will lose 90% of all its media recordings in the next 50 years, due to deterioration and obsolescence of equipment to play them<sup>9</sup>

## Fear is a key consumer motivator for Bamboozle

- Bamboozle will educate and leverage this fear
- Consumers will see first-hand the danger their content is in

The possibility of losing treasured music, home videos or photos will drive consumers to Bamboozle Transfer!



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To: Grandma & Grandpa

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# Why do consumers need Bamboozle?

#### **Access It!**

# Content on older formats is not easily accessible as technology changes:

- Film is difficult to access regularly
- It can be difficult with a large CD collection to keep it organized so you can easily find the music you want to listen to:
  - Discs out of order or missing
  - CD's in wrong case
- Photos collect dust in a box
- Favorite audio cassettes i.e. audio books never get used
- An increasing # of consumers only own a DVD player and have NO VCR in the home<sup>10</sup>

Realize the full diversity of your music collection with Bamboozle Transfer



# The Time Message

If you have even a modest CD collection it will take you over 25 hours to transfer (rip) to a digital format yourself!

People spend \$400.00 for an iPod to only realize when they get home, that to transfer their entire CD collection can take <u>months</u>

- With Bamboozle the sheer time savings is enormous
  - Drop off your CD's at our mall kiosks, ship them to our facility, or arrange for us to pick them up and we will rip them to digital for you in no time
  - Get instant gratification (use your new technology quicker with Bamboozle)

Consumers are realizing that the digital wonder that was supposed to unify and simplify their musical existence actually eats up time, lots of it11

Prevent the loss of functionality of your computer while it is ripping

The equipment to efficiently transfer video to DVD at home is still years away from mass adoption

Each video tape transfer is in real-time, meaning it can take hours just to transfer a few tapes, even if you have

the technology and time to learn how to use it

Convert Your Media Formats With Ease!

# Why do consumers need Bamboozle?

#### Interact with It! (Why Go digital)

Going digital with your content allows you to utilize the newest features of technology:

Where You Want It
When You Want it
How You Want It

- ▶ Have your complete music library with you at all times
- Create music playlists (compilations)
- Use the "shuffle" feature on your iPod to mix-up your entire collection of tunes and play them back in random order
- Keep your music collection organized perfectly by artist, album, genre or any combination (consumer control)
- Organize and deliver your existing digital audio tracks, video clips and internet audio from your computer or network storage device to any room in the house...the digital home

Why have hundreds or thousands of plastic containers cluttering up your house when you can fit your entire music collection on something the size of a credit card



# **The Trust Message**

#### Your Content is safe with Bamboozle!

**Ensuring your content is safe is of the utmost importance to Bamboozle Transfer** 

#### **CD Collection:**

- Bamboozle's goal is to achieve a 0% loss or damage rate
  - Bonded employees
- ► Each consumer will receive insurance coverage for each CD against loss or damage for up to \$10.00 per disc¹²

#### **Home Videos:**

- ▶ Bamboozle's goal is to achieve a 0% loss or damage rate
- There is no insurance for the loss of precious video content which is why Bamboozle only uses the best maintained equipment, attentive care and a devotion to ensuring your content is safe<sup>13</sup>

Going digital is the best way to secure your content!



# **The Three Customer Stages**

#### **How Bamboozle sees its customers:**

- 1) They already know they need the service:
  - Desire to interact with their media in a digital environment and to keep it safe.
- 2) They don't know how to do it, or if they do then...
- 3) They Don't want to do it
  - They know they need to, they know how to, but they don't want to
    - Time it takes to transfer yourself vs. cost of personal time
  - Desire to utilize new technology devices immediately!

We're building a relationship with consumers, starting with transferring their media, then growing the relationship to be their resource to the future digital home



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# **Solving the Consumer Frustration**

# Bamboozle Transfer is the one company that understands the shared frustration among the mass consumer market

# We are the company consumers will turn to for answers and easy service options:

- With Bamboozle you can transfer your home movies and special content to DVD...saving it forever!
- With Bamboozle you can legally turn your existing CD music collection into a digital library, saving thousands of dollars vs. repurchase
- ▶ Gain control of your media inventory with Bamboozle Transfer
- We make the migration from one format to the next easy
- Bamboozle helps people dramatically rearrange how they use their content in the home

#### Bamboozle asks:

How many times does a consumer have to repurchase the same content <u>over and over again</u>, just because the format has changed?



## CD's are not over and done!

# There were over <u>10 Billion</u> CD music albums sold in North America from 1991-2004<sup>14</sup>

With an installed base of 10 Billion CD albums already sold there is a huge potential for Bamboozle Transfer to succeed

- There is a wide held belief among journalists in the big cities that physical CD's sales are doomed and everyone is downloading...but most of North America is not going all-download any time soon<sup>15</sup>
- People in the music industry are feeling more optimistic than they have for years<sup>16</sup>
  - Legal online downloads account for only 2% of total music sales<sup>17</sup>
  - The physical market has proved more resilient than expected<sup>18</sup>
- Based on surveys of 1,000 online consumers, Forrester Research sees no evidence of decreased CD buying among frequent digital music consumers<sup>19</sup>

People are still buying CD's and will continue to purchase the physical media of the future...

# **The Truth Behind CD Sales**

A new study conducted by the Harvard Business School shows that downloading has an effect on CD sales which is statistically indistinguishable from zero (2005)<sup>20</sup>

#### **CD Album Sales Up:**

- ▶ Sales of top-selling albums reversed several years of decline in 2004<sup>21</sup>
- Economic strength and strong releases helped CD volume grow 5.3% in the U.S. in 2004<sup>22</sup>
- ▶ With a record 174.6 MM units sold, UK CD volume growth hit 4.5% in 2004<sup>23</sup>
- ▶ Top 10 album sales globally rose by 14%, while the top 50 albums were up 8% (2005)<sup>24</sup>
- According to the RIAA they shipped \$11,854,400,000 worth of CDs, CD Singles, Vinyl LPs and Singles, DVD Audio etc...in 2003<sup>25</sup>
- The record industry is not giving up on physical media sales, they continue to innovate in this area i.e. DualDisc
  - a new two-sided CD format that features music on one side and video on the other<sup>26</sup>

# **The Truth Behind CD Sales**

# The Harvard Business School report speculates on why there was a slump in CD album sales

#### The real reason for the dip in sales from 1999-2003:

- Decreasing number of new album releases
- Competition from other media (movies, video games)
- A reduction in the variety of music on the radio
- Labels rarely develop new artists into long-lasting acts, relying on short-term hits promoted in mainstream media<sup>27</sup>
- Consumer backlash against the Recording Industry of America's (RIAA) ongoing litigation campaign
- Dollars were moved from CD album purchases to DVD's and CD prices increased by 10%<sup>28</sup>

Sales figures in the 1990s were abnormally high since many music consumers replaced their vinyl and cassette collections with CDs





# **Our Services**

#### **PRIMARY** business is the transferring of:

- Music CD's to digital compression formats such as MP3 or Apple's AAC, which can then be loaded onto digital music players like the iPod or your home computer.
- Video tapes in a variety of formats to DVD
  - Home movies-video camera tapes (all formats)
  - Special content-home VCR taped content
  - NTSC to PAL conversions

### **SECONDARY** business is the transferring of:

- Video to digital formats for streaming over the internet
- Bamboozle will also transfer all other media formats at varying levels of service:
  - Film, Photos, Vinyl, Audio Cassettes, Special video formats



# **Targets**

#### **CD Ripping**

- Primary: 25-55 yrs. (men & women)
- Secondary: 13-24 yrs. (teens & young adults)
- Those people who have CDs playing constantly in their lives, in their homes and as they stroll, commute or travel
- Those who want to rediscover their CD collection

#### Video to DVD

- Primary: 25-55 yrs. (women)
- Secondary: institutions, sports teams, wedding services, video resumes (resume reels)
- Parents with home video collections i.e. baby's first steps, anniversaries, birthdays, special events etc...

#### **Other Transfer Services**

- Special media collections:
  - audio books, vinyl, favorite music mix cassette tapes
    - mix cassette tapes for: exercise routines (instructors), gymnastics, training facilities, dance studios...



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# MP3 Player Demo<sup>29</sup>

#### Who Owns iPods/MP3 Players?

- Men are more likely to have iPods/MP3 players than women
  - 13% of men have players
  - 9% of women have players
  - 30% more guys than gals have players
- ▶ This indicates women are NOT adopting iPods/MP3 players at the same rate as men
  - Why? Because they don't know how to rip, don't want to know how to rip, or don't want to spend the time to rip!

#### **Age Breakdown**

- ▶ 19% (one in five) of (ages 18-28) have iPods/MP3 players
- ▶ 14% of (ages 29-40) have them
- 11% of younger Baby Boomers (ages 41-50) also own iPods/MP3 Players

#### **Other**

▶ 15% of parents living with children under age 18 in their home have iPods/MP3 players



## **Revenue Streams Outline**

# Bamboozle Transfer has (6) main revenue streams at launch

#### **CD Ripping Revenue Streams:**

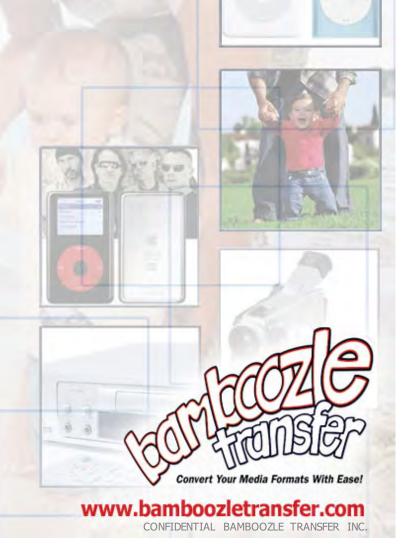
- i. Straight CD Ripping Package
- ii. Executive CD Ripping Package

#### **Video Tape to DVD Revenue Streams:**

- iii. Straight Video Tape to DVD Package
- iv. Holiday DVD Package

#### **Audio Playlists Revenue Streams:**

- v. Audio Playlists from your Collection:
  - Package A: BZ 3-Pack
  - Package B: BZ 6-Pack
  - Package C: BZ DJ Party Pack
- vi. Bamboozle Best-of Compilation Package



# CD Ripping (revenue streams)

#### i). Straight CD Ripping Package:

- This service is a straight rip from CD to our standard MP3 format at 228 Kbps (for great audio quality & maximum consumer flexibility)
- We will return the original CD's and deliver the digital files on DVD, USB plug 'N' play hard drives and/or loaded onto your iPod/MP3 player
- ▶ Each order over (25) discs will receive a *BZ Album Art Booklet* showcasing their CD's for friends & family (BZ in-home marketing tool)

#### ii). Executive CD Ripping Package:

- ▶ Hand entry of song titles not available from the online service
- Scanning of CD cover's not available from the online service, for the *BZ Album Art Booklet* i.e. indie releases etc...



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# **CD Ripping (revenue streams)**

#### i). Straight CD Ripping Package

#### **Pricing**

- The below costs are based on consumers removing their CD's from the jewel cases and placing them on provided spindles
- If consumer wants BZ to remove CD's from their jewel cases there will be an added handling charge (TBD)

A STATE OF THE PARTY OF THE PAR	The second secon		
	Cost Range	Price/Disc	CD Quantity
))	\$3-\$30 (Load 'N' Go)	\$3.00	10 CD's and under <sup>30</sup>
	\$2-\$49	\$2.00	11-24 CD's
100	\$37-\$73	\$1.49	25-49
	\$69-\$138	\$1.39	50-99
TO S	\$129-\$192	\$1.29	100-149
046	\$178-\$237	\$1.19	150-199
THE RIM	\$200-\$599	\$1.00	200-599
a Formats With Ease!	\$570-\$1899	\$.95	600-1999
ansfer.com	Call Bamboozle	Call Bamboozle	Over 2000

# **CD Ripping (revenue streams)**

# ii). Executive CD Ripping Package Pricing

- Every CD collection will have a % of discs which can not be sourced online for disc info and CD cover art
- Bamboozle will hand enter the artist, album, song titles, genre and scan the cover art for those CD's
- % of discs in collection needing Executive Service can not exceed ten percent or a surcharge will be added<sup>31</sup>

CD Quantity	Price
50-99	\$75
100-249	\$100
250-399	\$150
400-549	\$200
550-999	\$350
999-1499	\$550
1500-1999	\$750



















**Example of BZ Album Art Booklet** 



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# Video tape to DVD (revenue streams)

8.7 billion blank videotapes sold to consumers in North America (video camera/VCR) from 1990 to 2004<sup>32</sup>

### iii). Straight Video tape to DVD Package:

- ▶ This service is a straight dub from video to DVD.
- ▶ BZ bases all video to DVD transfers on a 2 hour original tape

#### **Pricing**

- ▶ BZ will transfer a (2) hour video tape to DVD for \$25.00\*
  - each additional DVD copy is \$5.00
- Any video tape under (2) hours still costs \$25.00 for each transfer

There are millions of home video tapes in the market

The # of
weddings on
tape alone is
massive,
recording
weddings is
a billion
dollar
industry 33



# Video tape to DVD (revenue streams)

#### iv). Holiday DVD Package:

▶ For holidays (e.g. Christmas) Bamboozle will offer special DVD authored gift packages

Consumers can pick from a set of (25) holiday DVD menu backgrounds and BZ will author a gift DVD set

DVD menu will have who its to and from, with a DVD title the consumer selects (includes stock menu music and DVD labels)

#### **Pricing**

Our BZ Holiday DVD Transfer package costs \$100.00

 Consumers will not only be able to save their precious content, they can turn it into a very special gift for family and friends

 In each package the customer will receive (4) gift DVD's with laser labels and packaging, ready to wrap

#### **Future Video Services:**

Custom content editing: BZ will provide consumers with an easy solution to edit out unwanted content from home videos and to add titles, transitions and music



**Example of Holiday DVD Menu** 



# **Audio Playlists (revenue streams)**

# v.) Audio Playlists (compilations) from your collection

- Our audio playlists help people reconnect with their music collection
- Our Audio Playlist Specialists will go through your entire CD collection and pick out the best songs in each of the BZ Music Categories and build a playlist for you of up to (30) songs each
- You do not pay for the music because you already own it
- You pick from (6) BZ Categories
  - 1. Romantic
  - 2. Driving
  - 3. Intimate Moments
  - 4. Party tunes
  - 5. Mellow out
  - 6. Exercise

Purchase a
package from
BZ and we will
personalize it
to your
specific music
tastes, which
can then be
ripped to the
format and
loaded on the
device of your
choice



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# **Audio Playlists (revenue streams)**

## Playlist Package A: BZ 3-Pack

(3) BZ Music Category Package (90 songs) $^{34} = $150.00$ 

#### Playlist Package B: BZ 6-Pack

All (6) BZ Music Category Package (180 songs) $^{35} = $225.00$ 

## Playlist Package C: BZ DJ Party Pack

BZ audio specialists create the best party music compilation from your very own collection (90 songs) = \$150.00



# **Audio Playlists (revenue streams)**

### vi.) Bamboozle Best-of Compilation Package<sup>36</sup>

- Keep up-to-date on what is current and 'hip' or reminisce with the best-of the past
- Our Best-Of-Package playlist specialists will personalize your music compilations by downloading legally obtained music from the Internet (iTunes)
- Bamboozle's Best-of-Package includes a total (90) songs, up to (3) genres with (30) songs in each genre = \$150.00
- Customers pick from the below genres:

Hip-Hop R&B and Soul

**Rock** Alternative

**Country** New Age

Pop Dance

Every (6) months BZ issues a new Best-of Compilation for each genre Your own personal BZ Best-of Compilation shipped right to your door



# **Future (revenue streams)**

#### **Media in the Home**

- This service helps people with home entertainment networking, the *Future Digital Home*
- Bamboozle Transfer will help consumers organize and deliver their existing digital audio tracks, video, image files and internet audio from their computer or network storage device to any room in the house
  - We've seen a flood of digital media devices for the living room in the past couple of years<sup>37</sup>
  - Each device liberates content from hard drive to living room with varying degrees of software simplicity and audio/video quality<sup>38</sup>
- BZ helps the consumer deal with these varying degrees
- This is the future growth and sustainability of Bamboozle

Just about every brand under the sun will claim to be the answer to the digital home of the future<sup>39</sup> including Intel, Microsoft, Apple, SONY, Samsung, Dell & HP...Bamboozle will be there for consumers with <u>objective</u> service advice!





# **Strategy Overview**

# Bamboozle brings its services to where consumers are... home, work, shopping centers

#### **Overview**

#### BZ is a complimentary service to the consumer electronics market

- First mover as a complete national service brand
- Defines the category
- Compelling message: Save it! Access It! Interact with It! (fear, time and trust)
- Reasonably priced service mix
- Mall kiosk (media drop-off & pick-up)
- Mall kiosk site for consumer education and marketing exposure
- Media pick-up at consumer's home and work by appointment
- Proprietary technology solution
- Centralized processing facility
- Aggressive sales force (referral program)
- Aggressive franchise & partnership initiatives



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# **Launch Strategy**

Bamboozle will exploit the benefits that come from being a leader by creating assets in processing, marketing and distribution needed for category dominance

Our Plan is to start in Greater Vancouver and rapidly scale across Canada and into the United States in 2006

#### Why start in Greater Metropolitan Vancouver?

- The population is affluent and tech-savvy with a large installed base of CD's and video tapes needing transfer
- We plan to perfect our business process to deliver safe, consistent, affordable service, which can then be easily franchised or dropped into partner locations (store-within-a-store)
- The development of the business process is **more cost effective** here than developing it in a U.S. metro market
  - Processing, customer service and employee systems will be developed here for easy duplication across North America
  - Brand, marketing and advertising materials will be developed here for easy duplication & local customization

Convert Your Media Formats With Ease!

# **Launch Outline**

# The key to Bamboozle's strategy is the mall kiosk and central processing facility system

#### **Roll out**

- Launch with (1) kiosk located at Coquitlam Center, one of the **highest traffic** malls in the market
- ▶ Kiosk opening: Nov 1<sup>st</sup>, 2005
- Each kiosk will be serviced by the central processing facility

#### **Central Processing Facility**

- All media transfers (each format) will be handled in our high volume facility, except for smaller CD orders:
  - orders under 10 CDs will be ripped at the kiosk while the customer watches & waits (Load 'N' Go)
- Planned capacity = 2.6 million CDs/yr and 58,400 video tapes to DVD/yr40

#### **Most Profitable Sales Period**<sup>41</sup>

- We anticipate launching into our busiest time
  - During Holiday season
  - Post Holiday season (after Jan 1): service customers who received iPods and other new technologies for gifts and now need our help to fully enjoy and utilize them

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# Why Malls?

#### The Power of a Mall Kiosk

- Test the market with a short term commitment
- Enter the retail market with only a minimum of capital investment
- Showcase services during peak seasons
- Leverage the built in media value of mall traffic with in-mall branding, sales messaging and educational materials
  - major marketers like Coke are in partnership with Simon Properties Group to measure the massive brand exposure Malls provide<sup>42</sup>

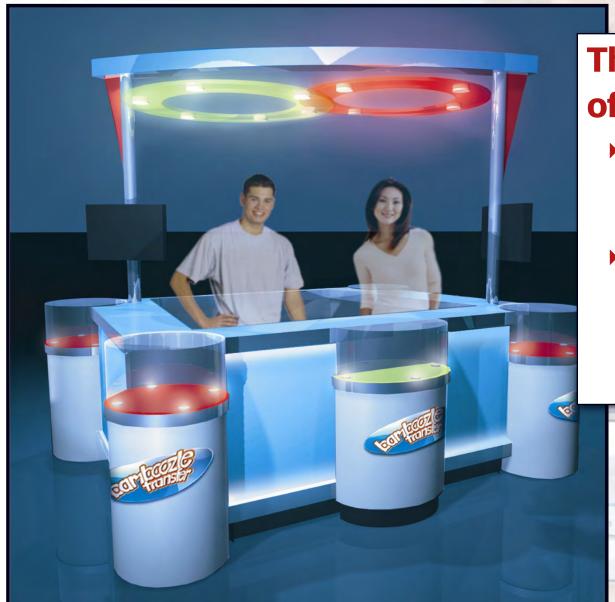
#### **Bamboozle Mall Locations**

#### There are three Bamboozle locations planned for the metro Vancouver area:

- Coquitlam Center—Coquitlam, Port Coquitlam, Pitt Meadows, Maple Ridge (launch kiosk)
- Park Royal—North Vancouver, West Vancouver, Downtown
- Guildford Center—Surrey, North Delta, White Rock, Langley



# The Kiosk is the brand



# The Power of the Brand

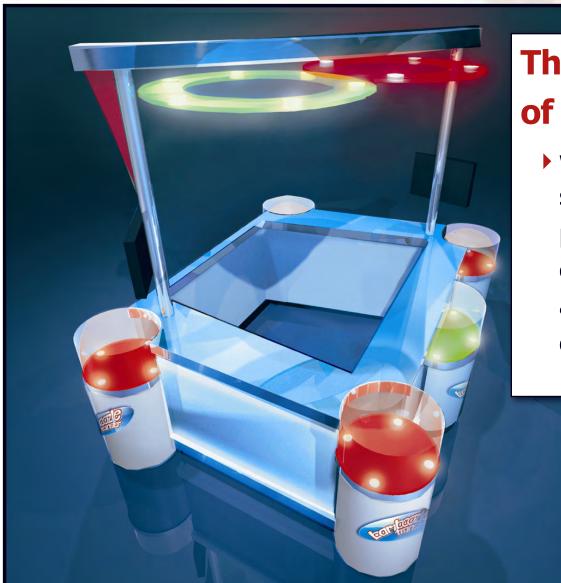
- Bamboozle Kiosks are the focal point for the brand
- They attract, educate and drive sales from a huge number of qualified prospects

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# The Kiosk is the brand



# The Power of the Brand

 we display on our plasma screens multi-media presentations which excite consumers, explain our services and show consumers examples of how their media is degrading

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CONFIDENTIAL BAMBOOZIE TRANSFER INC

# The Kiosk is the brand

Bamboozle Kiosks have built in media exposure, delivering over 34 million impressions (walk-by-traffic) per year\*

#### **Proprietary Ripping Cylinder**

- Our center cylinder features our proprietary kiosk ripping system which allows us to rapidly rip multiple discs at the same time
- Customers can view the ripping through the Plexiglas

#### **Media Displays**

- Each of the four corner cylinders contain media displays which highlight the many media formats and devices which consumers may find in their home
  - CD Display: CD player, jewel cases, mini-tower, CD's
  - Video Tape Display: VCR, VHS, VHS-C, SVHS-C, 8mm, Hi-8, mini-DV, Digital-8, SONY microMV, Beta etc...
  - Film Display: projector (w/reels) super 8, super 16, 8mm etc... (
  - Other Media Display: Vinyl, audio cassettes, photos, slides etc...

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# **Media Acquisition & Distribution**

The Bamboozle website is more than an information source, consumers can order our services from anywhere in the country

#### How we receive consumers' media

- Kiosk drop-off or drop-off at BZ processing facility
- ▶ BZ pick-up at consumer's home or work
- Shipping Option (ordered from website)
  - Bamboozle sends you empty CD spindles/video tape packing sleeves with return box and pre-paid shipping labels
  - You send Bamboozle your music CDs or video tapes
  - We ship completed orders back to you<sup>43</sup>
  - BZ Best-of Compilation packages can also be ordered on the website and we will ship compilation right to your door
- Completed orders are available for consumer pick-up at kiosks or processing facility
- BZ can also messenger completed orders locally to consumers at home or work (no need to come back to the kiosk to pick-up the order) surcharge applies

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# **Media Acquisition & Distribution**

- We always return your <u>original media</u>
- CD music transfers are delivered in one of the three ways below:



## **Our Home Pick-up & Drop off-service**

- Allows us to:
  - Build a relationship with the consumer in their home
  - Data capture
  - Conduct surveys
  - Source new services
  - Offer partner promotions



# **Promotional Offers**

# Bamboozle will undertake an aggressive and flexible promotion strategy

#### **Referral Program**

- ▶ BZ will utilize consumer electronic sales associates to support our sales efforts
- BZ management will distribute referral cards to <u>every</u> sales associate at <u>every</u> major consumer electronics retailer in the market i.e. Future Shop (Best Buy), Circuit City, London Drugs, Apple Stores etc..
- Each referral card entitles a consumer to a discount and the sales associate will receive a referral commission

#### **Gift certificates**

- Bamboozle Transfer certificates make a perfect holiday gift
- Discounts off of ripping, video transfers and BZ Playlist packages
  - give a BZ gift certificate during the holidays, for special occasions corporate events (perfect for fundraising events)
- Can be ordered from the website



# **Partnerships & Franchises**

# Bamboozle will undertake an aggressive partnership and franchise strategy to rapidly scale across Partnerships Canada and the U.S. in 2006

- Joint-Promotions:
  - BZ management's deep understanding of national partnerships will allow BZ to immediately build joint-promotions, which leverage our brand and relationship with the consumer to attract retail/brand partners for prizing and in-store exposure
- Store-within-store:
  - Growth strategy is to build national partnerships with key electronic retailers, to grow into full service partnerships and to drop a Bamboozle Kiosk into each partner' store
  - BZ can staff the store-within-store kiosks and operate under a revenue share agreement

#### **Franchises**

- BZ will gain acceptance with consumers and advance rapidly into other markets:
  - Our systems developed in metro Vancouver can be duplicated across Canada & the U.S.
  - Our plan includes opening franchised kiosks in malls across North America, supported by a corporate owned central processing facility in each market



# **Chief Competitors**

RipDigital

RipDigital

RipDigital

RipDigital

RipDigital

- Our most high profile competitor is RipDigital at www.ripdigital.com
- Their primary trade area is the New York market and they ONLY do CD transfers
- They have been in business for three years and have been very successful in attracting both customers and media exposure:
  - New York Times, Los Angeles Times, The Wall Street Journal, Business Week, Chicago Tribune, USA today, Wired, Alloy, Parade, Rolling Stone, Billboard etc...

The rising popularity of Apple's sleek iPod has created a new niche service the iPod loader<sup>44</sup>

#### **Others**

- Many would-be business men across the U.S.: college students, computer technicians and DJ's have set-up CD ripping shops in their homes
- Others are starting small CD ripping enterprises, creating banks of computers, hiring hourly workers, and aggressively sending out direct-mail advertisements<sup>45</sup>
- However, no other company is creating a national media transfer brand, encompassing all services

# **Copyright & Anti-Piracy**

#### Copyright

- In Canada & the U.S. consumers have the right to make a copy of their media for their own personal use (back-up)
- We provide our customers with legitimate non-infringing service
  - Each customer must sign a BZ order form (with waiver) which states they are authorizing BZ to make a legal transfer on their behalf
  - BZ will NOT transfer previously ripped material and each customer agrees to language similar to the below:
    - The music CDs that I am asking Bamboozle Transfer to convert into digital music files are my property and do not include any counterfeit CDs. I will not share copies of the resulting digital music files with anyone and I will not distribute them over file sharing services
- BZ's Intellectual Property lawyer will have our business classified as NOT a "CD Duplication Business"

#### **Anti-Piracy**

- Bamboozle supports legal music sales
- We will undertake an aggressive policy to support existing industry anti-piracy initiatives
- We will post our anti-piracy policy in plain view





## Affluent, young suburban families surround Coquitlam Center

#### **Vital Statistics**

 Coquitlam Centre is the largest super regional shopping centre serving the Tri-City area with 1.16 million square feet and over 200 shops & services.

#### **Trade Areas:**

- Primary Trade Area (PTA) = 216,000
- Secondary Trade Area (STA) = 80,000
- ▶ Total Trade Area = 296,000
- ▶ Total # of HH's with children in trade area = 74,792

#### **Demographics:**

- Primary: 25-44 years of age with children under 9 yrs.
  - Visits / month = 3 to 4
  - Average spend = \$142.00
  - Average length of visit = 71.94 minutes

Secondary: 45-54 years of age with children over 9 yrs.

**Total Visits** (Impressions) per year = 11,500,000



#### **CD Album Transfer Forecast**

- ▶ There is an installed base of **747MM** CD Albums in Canada
- Canada population = 32MM
- Average # of CD's per person = 23
- $\blacktriangleright$  Combined PTA/STA (216,000 + 80,000) = 296,000
- ▶ Total # CD Albums in trade area (296,000 X 23) = 6,808,000
- % captured from installed CD album base per year over 3yrs\*.

Year	Percentage	# of CD's Transferred
1	2% of 6,808,000	136,160
2	4% of 6,671,840	266,873
3	6% of 6,404,967	384,298

Total # of CD's to be transferred = 787,331

\*Above table assumes NO new CD albums purchased over 3 yrs.



#### **Home Video to DVD Transfer Forecast**

- ▶ There is an installed base of **8.759** Billion blank videotapes sold in the U.S.
- U.S. total # of HH's = 110MM
- ▶ Total average # of blank video tapes per U.S. HH = 80
- Total # of Canadian HH's = 12,619,000
- Assuming purchasing habits are similar to U.S = 80 blank tapes X CDN HH's.
- ▶ There is an installed base of <u>1 Billion blank</u> videotapes in Canada
- Combined PTA/STA HH's with Children = 74,792
- Total # of videotapes /HH's with children  $(80 \times 74,792) = 5,983,360$
- Assuming a HH with children has an average of 3 home videotapes with valued content
- Total # of video tapes in trade area to be transferred  $(3 \times 74,792) = 224,376$
- % captured from installed home video videotapes per year over 3 years

Year	Percentage	# of Videos to DVD
1	2% of 224,376	4,487
2	4% of 219,889	8,795
3	6% of 211,094	12,666

Total # of home videos to DVD= 25,948

\*Above table assumes NO new blank videotapes purchased over 3 yrs.



We have <u>secured</u> the lease on this 10'x10' location near the busiest entrance in the mall



# **Future Location: Park Royal Kiosk**

# The destination shopping center for one of the most affluent areas in Canada!

#### **Vital Statistics**

Park Royal serves West Vancouver, North Vancouver and draws from the hip urban downtown core.

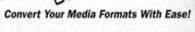
#### **Trade Areas:**

- Primary Trade Area (PTA) = 176,029
- Secondary Trade Area (STA) = 267,971
- ▶ Total Trade Area = 444,000
- ▶ Total # of HH's with children in trade area = 36,322

#### **Demographics:**

- Primary: 25-44 years of age with children under 9 yrs.
  - Visits / month = 3 to 4
  - Average HH income = \$84,807
- Secondary: 45-54 years of age with children over 9 yrs.
- Complementary stores: Future Shop (Best Buy), HMV

Total Visits (Impressions) per year = 11,440,000



# **Future Location: Park Royal Kiosk**

#### **CD Album Transfer Forecast**

- There is an installed base of 747MM CD Albums in Canada
- Canada population = 32MM
- Average # of CD's per person = 23
- Combined PTA/STA (176,029 + 267,971) = 444,000
- ▶ Total # CD Albums in trade area  $(444,000 \times 23) = 10,212,000$
- % captured from installed CD album base per year over 3yrs.\*

Year	Percentage	# of CD's Transferred
1	2% of 10,212,000	204,240
2	4% of 10,007,760	400,310
3	6% of 9,607,450	576,447

Total # of CD's to be transferred = 1,180,997

\*Above table assumes NO new CD albums purchased over 3 yrs.



# **Future Location: Park Royal Kiosk**

#### **Home Video to DVD Transfer Forecast**

- ▶ There is an installed base of 8.759 Billion blank videotapes sold in the U.S.
- ▶ U.S. total # of HH's = 110MM
- ▶ Total average # of blank video tapes per U.S. HH = 80
- ▶ Total # of Canadian HH's = 12,619,000
- Assuming purchasing habits are similar to U.S = 80 blank tapes X CDN HH's.
- There is an installed base of 1 Billion blank videotapes in Canada
- Combined PTA/STA HH's with Children = 36,322
- Total # of videotapes /HH's with children  $(80 \times 36,322) = 2,905,760$
- Assuming a HH with children has an average of 3 home videotapes with valued content
- ▶ Total # of video tapes in trade area to be transferred  $(3 \times 36,322) = 108,966$
- % captured from installed home video videotapes per year over 3 years\*

Year	Percentage	# of Videos to DVD
1	2% of 108,966	2,179
2	4% of 106,787	4,271
3	6% of 102,516	6,150

Total # of home videos to DVD= 12,600

\*Above table assumes NO new blank videotapes purchased over 3 yrs.



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## **Future Location: Guildford Center Kiosk**

# Guildford Center serves one of the fastest growing areas in Canada

#### **Vital Statistics**

A suburban oasis. It's strategically located in one of the country's top locations to raise families. It is the shopping destination for Surrey and surrounding areas.

#### **Trade Areas:**

- Primary Trade Area (PTA) = 380,157
- Secondary Trade Area (STA) = 153,595
- ▶ Total Trade Area=533,752
- ▶ Total # of HH's with children in trade area = 139,346

#### **Demographics:**

- ▶ 21% (15-42 yrs.) & 19% (25-34 yrs.)
- ▶ 19% (35-44 yrs.) & 19% (45-54 yrs.)
- 46% (suburban younger families) & 11% (suburban affluent)
- ▶ 11% (urban younger singles) & 9% (suburban upscale families)
- Complementary stores: Future Shop (Best Buy) close by, and HMV

Total Visits (Impressions) per year = 11,404,296

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## **Future Location: Guildford Center Kiosk**

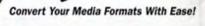
#### **CD Album Transfer Forecast**

- There is an installed base of 747MM CD Albums in Canada
- Canada population = 32MM
- Average # of CD's per person = 23
- Combined PTA/STA (380,157 + 153,595) = 533,752
- ▶ Total # CD Albums in trade area (533,752 X 23) = 12,276,296
- % captured from installed CD album base per year over 3yrs.\*

Year	Percentage	# of CD's Transferred
1	2% of 12,276,296	245,525
2	4% of 12,030,771	481,230
3	6% of 11,549,541	692,972

Total # of CD's to be transferred = 1,419,727

\*Above table assumes NO new CD albums purchased over 3 yrs.



## **Future Location: Guildford Center Kiosk**

#### **Home Video to DVD Transfer Forecast**

- There is an installed base of 8.759 Billion blank videotapes sold in the U.S.
- U.S. total # of HH's = 110MM
- Total average # of blank video tapes per U.S. HH = 80
- Total # of Canadian HH's = 12,619,000
- Assuming purchasing habits are similar to U.S = 80 blank tapes X CDN HH's.
- There is an installed base of 1 Billion blank videotapes in Canada
- Combined PTA/STA HH's with Children = 139,346
- Total # of videotapes /HH's with children  $(80 \times 139,346) = 11,147,680$
- Assuming a HH with children has an average of 3 home videotapes with valued content
- Total # of video tapes in trade area to be transferred  $(3 \times 139.346) = 418,038$
- % captured from installed home video videotapes per year over 3 years\*

Year	Percentage	# of Videos to DVD
1	2% of 418,038	8,360
2	4% of 409,678	16,387
3	6% of 393,291	23,597

Total # of home videos to DVD= 48,344

\*Above table assumes NO new blank videotapes purchased over 3 yrs.







# **Summary**

# Bamboozle Transfer defines the category of media transfer

#### The Bamboozle Difference

- The huge success of the iPod has created a <u>mass market need</u> for media transfer services and BZ will leverage this need to offer a full range of media transfer services directly to the consumer
- No other company in North America has approached this market as a whole, utilizing the power of branding to reach the mass consumer market
- Our services allow users to save, access and interact with their content in a whole new way...taking advantage of the benefits of new digital technologies:
  - Our services are convenient and affordable
  - Our mall kiosks are exciting and highly functional
  - Our promotions and marketing strategy is aggressive
  - Our plan is to rapidly scale across Canada and the United States
- Bamboozle will build a relationship with consumers, starting with transferring their media, then growing this relationship to be their resource to the future digital home



- 1. Kennedy, John. Keynote Speech. MIDEMNET. January 22, 2005. Available on the World Wide Web: <a href="http://www.ifpi.org/site-content/press/inthemedia13.html">http://www.ifpi.org/site-content/press/inthemedia13.html</a>
- 2. PEW/INTERNET. Pew Internet & American Life Project. 2005 Available from the World Wide Web: <a href="http://www.pewinternet.org/">http://www.pewinternet.org/</a>
- 3. LeClaine, Jennifer. "Study Predicts 57 Percent Growth in Digital Music Players." TechNewsWorld March 15, 2005. Available from the World Wide Web: <a href="http://www.TechNewsWorld.com">http://www.TechNewsWorld.com</a>
- 4. "MP3 Market to Nearly Quadruple by 2009." Global-electronics.net March 2005. Available from the World Wide Web: <a href="http://www.global-electronics.net/id/24516/CMEntries\_ID/83665">http://www.global-electronics.net/id/24516/CMEntries\_ID/83665</a>
- **5.** ibid.
- 6. "Key Milestones in the Life of the iPod." iPodlounge 2001.

  Available from the World Wide Web:

http://www.iPodlounge.com

- 7. With magnetic tape (digital and analogue) this can suffer from degradation the 'glue' sticking the magnetic particles to the plastic tape base can oxidize and cause clogging of the read heads. Also with analogue tape the condition of the recording deteriorates with every playing or copying. Reference: Bishop, Tom. "Is music safe on compact disc?" BBC News Aug. 27, 2004. Available from the World Wide Web: <a href="http://news.bbc.co.uk/2/hi/entertainment/3940669.stm">http://news.bbc.co.uk/2/hi/entertainment/3940669.stm</a>
- 8. Rusting effect: When a CD is made, protective lacquer is dropped onto each disc, which is spun to spread the lacquer to its outer edges. If this is not done properly, the lacquer may not cover the disc, enabling air to penetrate and oxidize the aluminum. Over time, this rusting effect can ruin the CD. Reference: Bishop, Tom. "Is music safe on compact disc?" BBC News Aug. 27, 2004. Available from the World Wide Web:

http://news.bbc.co.uk/2/hi/entertainment/3940669.stm

9. Bishop, Tom. "Is music safe on compact disc?" BBC News Aug. 27, 2004. Available from the World Wide Web: http://news.bbc.co.uk/2/hi/entertainment/3940669.stm

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- 10. Bishop, Tom. "Is music safe on compact disc?" BBC News Aug. 27, 2004. Available from the World Wide Web: <a href="http://news.bbc.co.uk/2/hi/entertainment/3940669.stm">http://news.bbc.co.uk/2/hi/entertainment/3940669.stm</a>
- 11. Lee, Jennifer. "Birth of an Industry: iPod Loading." New York Times Jan. 23, 2005.
- 12. Contracts will be worded to protect BZ from previously damaged CDs. In every collection there will be a certain percentage of CDs which cannot be ripped for which BZ is not liable for. An example of that would be: "I understand that the condition of my CDs impacts BZ's ability to successfully convert a CD into an MP3 file. I understand that heavily scratched CDs submitted to BZ will not be converted yet, they will still count towards the purchase quantity for which I am paying." Reference: <a href="http://www.ripdigital.com">http://www.ripdigital.com</a>
- 13. Contracts will be worded to protect BZ from previously damaged and unplayable videos. See above note.



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http://www.riaa.com/news/marketingdata/facts.asp

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- 16. Report: File Sharing Has No Impact on CD Sales." osViews 22 Jul. 2004.

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- 18. D'Angelo, Joe. "Don't Blame File-Sharing For Slumping CD Sales, Study Says." MTV News: Headlines 30 Mar. 2004.

  Available from the World Wide Web: <a href="http://www.mtv.com/">http://www.mtv.com/</a>

news/articles/1486060/20040330/nullid-0.jhtml

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- 19. "Downloads Did Not Cause The Music Slump, But They Can Cure It." Forrester Research Press Release Aug. 13, 2002. Available from the World Wide Web: <a href="http://www.forrester.com">http://www.forrester.com</a>
- 20. D'Angelo, Joe. "Don't Blame File-Sharing For Slumping CD Sales, Study Says." MTV News: Headlines Mar. 30, 2004. Available from the World Wide Web: <a href="http://www.mtv.com/news/articles/1486060/20040330/nullid-0.jhtml">http://www.mtv.com/news/articles/1486060/20040330/nullid-0.jhtml</a>
- **21.** ibid.
- 22. Morris, Chris. "CD Shipments rise following 4-year drop." Hollywood Reporter.com Mar. 22, 2005. Available from the World Wide Web: <a href="http://www.hollywoodreporter.com/thr/article\_display.jsp?vnu\_content\_id=100\_0847822">http://www.hollywoodreporter.com/thr/article\_display.jsp?vnu\_content\_id=100\_0847822</a>
- 23. Slocombe, Mike. "BPI: UK CD Sales Beat the World." Digital-Lifestyles.info Mar. 24, 2005. Available from the World Wide Web: <a href="http://www.digital-lifestyles.info/display-page.asp?section=cm&search=i&id=2047">http://www.digital-lifestyles.info/display-page.asp?section=cm&search=i&id=2047</a>
- 24. Morris, Chris. "CD Shipments rise following 4-year drop."
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  from the World Wide Web: <a href="http://www.hollywoodreporter.com">http://www.hollywoodreporter.com</a>

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- 25. "Forsaking Physical Sales?" CD Baby talkback June 2, 2004. Available from the World Wide Web: <a href="http://www.cdbaby.org/stories/04/05/20/5834697.html">http://www.cdbaby.org/stories/04/05/20/5834697.html</a>
- 26. Hansell, Saul, and Leeds, Jeff. "A Supreme Court Showdown for File Sharing." New York Times Mar. 28, 2005. c1.
- 27. "Special Report: Music's brighter future The music industry." The Economist Oct. 30, 2004: Vol.373, Iss.8339, p.71-73.
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- 29. "Podcasting catches on." Pew/Internet. 2005 Available from the World Wide Web: <a href="http://www.pewinternet.org/PPF/r/154/report\_display.asp">http://www.pewinternet.org/PPF/r/154/report\_display.asp</a>
- 30. For CD orders of less than 10 discs we will load the music onto a mobile player, but not transfer it onto a DVD. An additional charge of \$5 will be applied to burn it to DVD.
- 31. Processors will have 10 minutes to process each of these discs. This includes entering the song titles and scanning the cover art.
- 32. Statistical Abstract of the United States. U.S. Census Bureau www.bamb

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33. Bishop, Tom. "Is music safe on compact disc?" BBC News 27, 2004. Available from the World Wide Web: <a href="http://news.bbc.co.uk/2/hi/entertainment/3940669.stm">http://news.bbc.co.uk/2/hi/entertainment/3940669.stm</a>

- Aug
- 34. It will take approximately 1 minute per song to transfer it to either DVD, USB drive, or iPod. The estimated processing time for 90 songs is 90 minutes for the (3) BZ Music Category package. A playlist specialist will take approximately 2 hours to build all 3 playlists. Cost of labor = \$40 x 3 x mark-up = \$150.
- 35. Cost of labor =  $$40 \times 6 \times mark-up = $225$
- 36. Bamboozle's Best of Compilation Package includes a total of 90 songs (up to 3 genres at 30 songs from each genre) at \$150. Cost of labor = \$40 x 3 x mark-up = \$150
- 37. Prager, David. "Cram Your 'Pod." G4TV Feb. 10, 2005. Available from the World Wide Web: <a href="http://www.g4tv.com/screensavers/features/51018/Cram Your POD.html">http://www.g4tv.com/screensavers/features/51018/Cram Your POD.html</a>
- 38. Hawn, Andrew. "Sonos Digital Music System." G4TV Feb. 23, 2005. Available from the World Wide Web: <a href="http://www.g4tv.com/attackoftheshow/features/51176/">http://www.g4tv.com/attackoftheshow/features/51176/</a>

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- 39. "Upfront: The Advertisers (Technology Section)" Brandweek Apr. 25, 2005.
- 40. Video tape to DVD capacity/hour = 20 x 8 hr/day x 365 days/year = 58,400 DVD holiday packages capacity is 10 per day = 3650 package capacity/year. At start-up the forecast is 751 in year 1
- 41. After launch Bamboozle will build out from the prime sales period of Oct 1 to Mar 1 with promotions, grass roots marketing and will focus on institutional customers.
- 42. Beirne, Mike. "Dateline: Pma Conference: Will The Net and the Mall Become The New TV?" Brandweek.com Mar. 14, 2005. Available from the World Wide Web: <a href="http://www.brandweek.com/brandweek/index.jsp">http://www.brandweek.com/brandweek/index.jsp</a>
- 43. CD transfer order turnaround time: The turnaround time of an order depends on the number of CDs that require conversion. Bamboozle promises to have a 200 CD order completed in 2 business days and a 1000 CD order completed in 6 business days. This does not include shipping time.
- 44. Lee, Jennifer. "Birth of an Industry: iPod Loading." New York Times Jan. 23, 2005.

45. ibid.

