



## Upstage.com

### Leveraging the Power of the Web

### To Unleash Artistic Creativity and Collaboration

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At Upstage.com,

*All the Web's a Stage*

where all the men and woman are more than players . . .

## Overview

From the earliest beginnings of creative endeavor, artists of all types have tended to form cohesive communities in order to nurture, inspire and fulfill their artistic pursuits. Just a few historic examples include the glory of Italian Renaissance art, the Elizabethan theater of early 1600's England, expatriate writers, painters and musicians swarming to pre-war Paris, the rise of Hollywood as the world's film Mecca, and the enduring roles of New York and London as cornerstones of modern theater. Similarly, this century's continual ebb and flow of artistic communities has included everything from the beat poets of San Francisco, Detroit's Motown music scene, Nashville's country, to Seattle's grunge music movement and the current popularity of independent filmmakers.

Virtually all creative artists, whether painters, actors, writers, musicians, photographers, models or digital designers, can benefit from the rich communication, collaboration and cross-pollination that comes from interacting with the creative force of like-spirited people. In addition, because the very essence of creative activity is always pushing beyond existing boundaries and limitations, the blending of artists from different traditional disciplines is constantly giving birth to new forms of art, from free-flowing music videos to feature-film computer animation.



Traditionally, the formation of artistic communities has always had to contend with the limitations of geographic and time constraints. In addition, the economic constraints surrounding "success" in the arts have sometimes served to limit the ability of new artists to break in to existing communities. Although disparate movements in art, music and writing have certainly influenced each other over the years, it has generally been a relatively slow, hit-and-miss process. In contrast, the rise of the Internet as a new and dynamic medium for individual interaction and global mass communication has now opened the door to unique new opportunities for creating vibrant wide-reaching artistic communities.

As the first-mover in this new opportunity space, Upstage.com represents a complete departure from traditional limitations. With deep roots in both the creative arts and in the new technologies of the Internet, the Upstage.com team has torn down the old constraints of time, distance and economics that have separated artists from each other, creating in their place a completely new and comprehensive, free-flowing Web-based artistic community. Driven by the needs and creative impetus of the community it serves, Upstage.com is dedicated to fostering a whole new realm of dynamic communication and fueling collaboration between artists of virtually every type, genre and experience level.

As an e-commerce-enabled business entity, Upstage.com is also strongly positioned to serve the economic needs of the entire creative industry, from marketing targeted products and services

that meet the unique requirements of individual artists to providing a mechanism for finding collaborators and forming alliances for specific creative projects. By leveraging the current omnipresence of the Web, Upstage.com will effectively aggregate artistic/creative content and streamline distribution channels to the mutual benefit of artists, businesses and the general public.

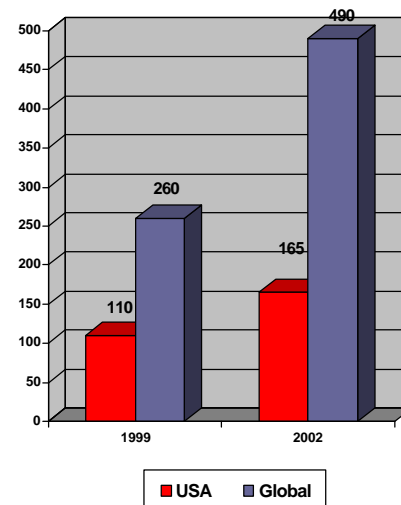
## Leveraging the Power of Converging Forces

As with most flashes of new innovation, Upstage.com represents a logical and compelling next step that has been summoned into existence by the convergence of a number of fundamental trends. The current nexus of several key factors has inevitably set the stage and written the script for Upstage.com's entrance into the global creative arts scene.

### The Global Internet Phenomena

Within the span of just a few years, the Internet has undergone a phenomenal transformation from a little-known esoteric forum used by a few scientists and academics to an all-pervasive worldwide communications, entertainment and business media that is dramatically altering and enriching the daily lives of ever-increasing millions of users. For example, in North America alone, the online population is projected to increase by 50 percent within three years, from 120 million in December 1999 to 180 million by December 2002. In the same time period, total worldwide online users are projected to grow from 260 million to 490 million. From an e-commerce standpoint, the market for online products and services has jumped 275 percent in the past year, from \$51 billion in 1998 to \$127 billion in 1999, with future projections calling for approximately \$1.44 trillion in annual U.S. e-commerce by 2003.

Total Online Population (in millions)  
(Computer Industry Almanac)



### Artistic Hunger for Creative Exposure

A fundamental drive for virtually every artist is the need to share his or her visions and creative works with a receptive audience. Whether the target is a select group of peers or the world at large, the process of creative exposure and interaction is an essential element of the creative process, refining the artists' perspectives and sensibilities, while helping to spur the ongoing evolution of their work. Although those relatively few artists who achieve high-profile commercial results are often held up as the ultimate in success, for the vast majority of the world's millions of artistically driven people, the simple hunger for creative exposure is a core driver in its own right. Of course, for those artists who are driven toward becoming commercial successes, that journey also inevitably begins with finding and exploiting every opportunity for exposure. Building upon the simultaneously global and uniquely personal reach of the Internet, Upstage.com gives every artist an open forum for unprecedented creative exposure.

## Opportunities for Direct Marketing and ePublishing of Creative Works

A number of notable commercial successes are already providing ample proof of the Internet's potential for empowering creative artists to directly reach their target audiences. One such high-profile example was 1999's independent film smash hit, *The Blair Witch Project*, which was produced by two college filmmakers for \$40,000 and went on to become the third-highest grossing movie of Summer 1999, largely through the unique word-of-mouth buzz created by its highly successful Web site marketing. In fact, the Web site played perfectly into the pseudo-documentary aura of the film itself and as a result generated so much traffic that its Web servers had to be constantly up-scaled to accommodate as many as 30 million hits per day.



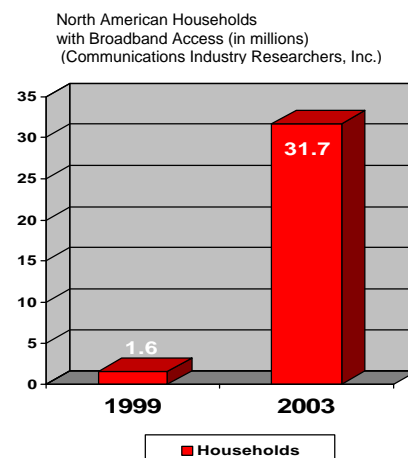
Other direct online artist-to-consumer trends include the emerging opportunities for independent-label music distribution and ePublishing of literary works via the Web. In addition to opening new cost-effective avenues for larger numbers of artists to reach out to potential audiences, the Web has spurred the development of completely new technologies for content-delivery, such as MP3 music players and emerging eBook technology.

Although online marketing and direct distribution of creative works are already becoming an impressive force, for the most part these trends have been fragmented, opportunistic and niche focused. In contrast, Upstage.com brings an expanded view to the development and optimization of direct artist-to-consumer channels, providing a unique set of capabilities and content that is both broad and comprehensive while simultaneously being complementary to existing niche efforts.

## Rapid Emergence of Broadband Connectivity Options

Another key trend that has helped prepare the way for Upstage.com's success is the rapidly expanding deployment of broadband connections that greatly increase the practical bandwidths that are available over the "last-mile" between end users and the Internet. For example, while every minute of MP3-formatted music can take almost 3 minutes to download with a conventional 56k modem, it requires only about 20 seconds with a Digital Subscriber Line (DSL) or cable modem technology. In a similar vein, the widening use of broadband technology is making practical the direct online delivery of rich multimedia content and even the efficient download of video files.

As a result of the extremely competitive environment and dramatically falling costs for broadband access, the use of higher-bandwidth connections is rapidly becoming a commonplace alternative to traditional modems. The race is definitely on between major service providers, with billions of dollars being invested in infrastructure improvements and marketing efforts in order to capture broadband market share among end users. According to



Communications Industry Researchers, Inc., the number of North American households with broadband access will increase by more than 19 fold, from about a mere 1.6 million in 1999 to over 31 million in 2003.

### **Generations Y & Z: The Sweeping New Wave of Tech-Savvy Youth**

While the above trends have all helped lay the groundwork, it will be the insatiable appetite for entertainment and creativity among Generation Y and Z youths that will rapidly fuel the growth and success of Upstage.com as the premiere Web-based artistic community. As an overwhelmingly powerful market force, these younger generations have both the purchasing power and the technical savvy to immediately take advantage of Upstage.com's service and product offerings.

For example, U.S. Generation Yers, born between 1978 and 1988, already spend \$140 billion annually on consumer items, including books, music and entertainment, more than Generation Xers, born between 1965 and 1977. In addition, Generation Y is growing up in the very midst of our new Web-based culture, rapidly embracing emerging technologies and acting as a core driving force for the creation, validation and success of radical innovations and new online trends. Considered together, Generations Y and Z represent by far the most potent consumer market for creative artists and therefore are the primary targets for Upstage.com's initial marketing strategies.

### **The Upstage.com Vision**

At its heart, Upstage.com is a true online artistic community, driven by and for the artists. Upstage.com will respond to members' needs with a comprehensive combination of tools, services, information, and opportunities for exposure, plus a vibrant online marketing and distribution system for their creative works.

Core aspects of the Upstage.com corporate vision include:

- Fostering a community of artists – driven by creative forces
- Harnessing leading-edge technology tools for creativity, collaboration, communication and distribution
- Empowering all artists with opportunities for self-expression and creative-exposure
- Coalescing the artistic community into a powerful market force



### **The Upstage.com Business Model**

Of course, even the loftiest corporate vision cannot achieve meaningful impact unless it is underscored with sound business strategies and implementation methodologies. The Upstage.com business model brings together an in-depth understanding of fundamental e-commerce technologies and online/offline marketing methods, along with innovative new techniques for reaching out and tapping into the creative spirits of the artistic community.

### **Comprehensive Portal for Creative Artists**

For creative artists working in any genre, Upstage.com provides a first-stop vertical portal from which to access and fulfill the whole spectrum of their core Internet requirements. In addition to

providing targeted information on trends and news relevant to artists, Upstage.com offers dynamic artist-driven chat forums and virtual meeting rooms that can serve as collaborative jam sessions to create new works, as discussion arenas to share ideas, or as just cool places to kick back and hang out. Other core services available to artists include free e-mail accounts, instant-messaging, free personalized Web space, and comprehensive access to a full range of support services and products tailored to their creative requirements. In addition, an extensible and searchable database provides all Upstage.com members with a highly effective means to market themselves as well as to find work opportunities and collaboration partners.

### **Personalized Web Sites for Showcasing Artists' Work**

By simply registering as an Upstage.com member, any artist can set up their own free personalized Web site as a globally accessible public forum to show off their individual talents and to store and display their creative work.

Members receive 25 MB of storage, with options to purchase significantly expanded Web space at minimal cost. With ample online storage space, plus security mechanisms and copyright protections, members can safely and effectively display any of their images, manuscripts, treatments, portfolios, and other creative work. Online templates make it easy for anyone to initially set up their own site and the assignment of unique URLs enables members to invite visitors directly to their own personal Web sites.

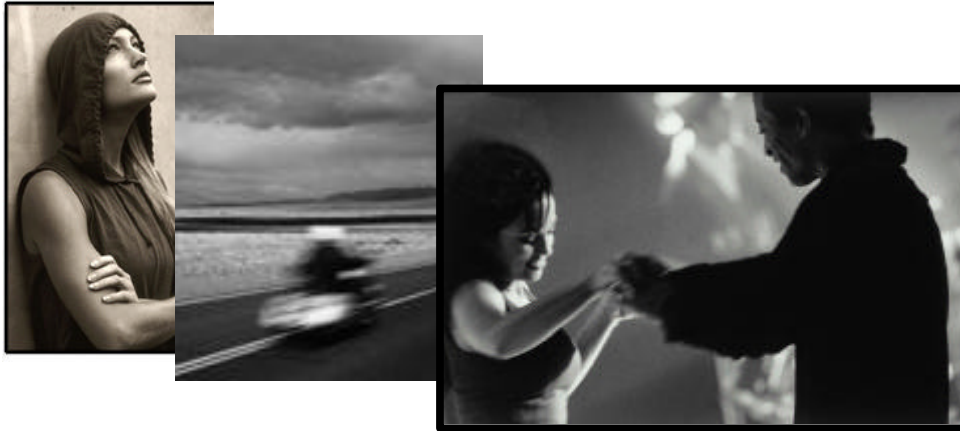


In addition to achieving significant savings over the time and expense required to set up their own site by other means, members also benefit from the global marketing reach and pull through offered by the Upstage.com brand name and a high level of aggregate site traffic. Because the entire Upstage.com Web site is flexibly searchable and intuitively navigable to find specific artistic genres, every member artist gains maximum benefit from the online exposure of their work.

### **High-Profile Events and Catalytic-Creative Opportunities**

As a leader in the creative industry, dedicated to furthering artistic endeavors as well as supporting them, Upstage.com will also regularly host innovative high-profile events that act as catalysts to jump-start the members' creative energies and to spur interaction and collaboration.

For example, the inaugural Upstage.com catalytic event consists of a global "7 By 7" contest in which artists from seven different artistic genres will be selected by their peers based upon their submitted works. Quick membership growth is also being enhanced because all voters must complete a short and simple registration process prior to voting for their choices. The seven winners will then be sent together on a seven-week all expense-paid trip to Europe, during which they will choose much of their own itinerary, interact with one another, and potentially even collaborate on a joint creative endeavor. To enhance the ongoing participation of all Upstage.com members and visitors, the entire trip will also be chronicled in real-time on the Upstage.com Web site as well as being filmed as a cinema verite documentary.



Building upon the success of this initial event, future Upstage.com “catalytic-creative opportunities” will unfold based upon the needs and interests of the artistic membership. While the nature of the events will range across a wide spectrum, the common unifying themes will be to drive increased levels of member interest, participation and collaboration while also creating high-profile opportunities for showcasing Upstage.com’s overall contributions to furthering artistic creativity.

### **Community Building Equals Market Creation**

Upstage.com is founded upon the core premise that the artistic community itself will ultimately drive the evolution of the Web site’s overall content. While the founders of the company are fully committed to creating an open and vibrant forum and providing a rich supportive infrastructure, they intend to act more as the “hand on the tiller” while constantly encouraging the membership to actually “steer the course”. A high degree of member loyalty and “stickiness” will be maintained by ensuring that the membership always see Upstage.com as “their own site” that continues to grow and evolve to stay in touch with their real needs and interests.

### **Multi-Faceted E-Commerce Opportunities**

The Upstage.com business model benefits from several different complementary revenue streams, which provides both independent profit potential and synergistic crossover strengths. These revenue and profit sources include the following:

- Advertising revenues comprise a major portion of the early business income as Upstage.com takes advantage of its rapid membership growth, targeted vertical audience and high level of loyalty-driven “stickiness” in order to attract click-through advertisers.
- Subscription revenues for enhanced membership services play a significant role, as the free Web site offer brings in tens of thousands of resident member artists, with a large percentage of the more serious artists opting for increased Web storage space.
- Online store sales of products and services targeted at the artistic community also provide a significant segment of the early revenues. The Upstage.com e-tailing strategy places an emphasis on high-value, high-margin products such as digital software tools, which can be delivered directly via the Web without incurring heavy inventory-stocking requirements.

- Royalties represents an initially small, but increasingly important revenue opportunity as more member artists begin to successfully sell their copyrighted works online through a low-priced, fee-for-download model. Upstage.com provides the storage, download and micro-payment collection mechanisms in exchange for a percentage of the artists' royalties.
- Auction commissions are a key part of the revenue stream as Upstage.com combines the highly successful trend toward online auctions with the high-value base of original creative works offered by member artists.

During the company's initial rapid growth period, all of the revenue streams will be pumped directly back into targeted marketing efforts and infrastructure investments, as well as building upon the core Upstage.com organizational team.

## **Combining Creative Energy with Solid Business Practices**

Upstage.com has been founded upon a unique mix of creative and business principles that enable the company to quickly become a driving force on the global artistic scene while at the same time maintaining the internally focused strategies required to grow and thrive as a profitable business entity.

For example, although the company has been grounded upon a sound basis of internal financial strength from its beginning, the founders have consciously chosen to build a track record of significant value before raising additional outside working capital. By focusing expenditures on high-payoff areas, such as targeted advertising in major college newspapers, along with leveraged guerrilla marketing through a network of passionate student volunteers, Upstage.com is already causing a major stir in the creative industries, while also getting the maximum "bang for its bucks." Besides providing a powerful method for word-of-mouth marketing, the focus on building a network of college and university students has the added benefits of tapping into a ready-made Generation Y focus group of both creators and consumers.

However, the company realizes that the fulfillment of its aggressive business plan also requires a significant outside capital investment in order to sustain a high level of growth to recruit and build a success-oriented organization and to ensure a continually growing and loyal membership base.

Building upon the targeted investments in developing and launching the Upstage.com Web site, the company is investing in a significant public relations and marketing blitz to capture the high ground and quickly become recognized as *the* online creative arts community. In parallel with the achievement of these early objectives, the Upstage.com management team is currently reviewing opportunities for securing sufficient additional funding to finance expanded marketing efforts, to enable rapid penetration of international markets, and to fuel the company's growth to profitability.