

[Sign Up](#) | [Login](#)



THE BUSINESS OF TECHNOLOGY

[NEWS](#) [BLOG](#) [EVENTS](#) [RESEARCH](#) [VIDEO](#) [AWARDS](#)

[TOP STORIES](#) [FINANCE](#) [INTERNET](#) [CLEANTECH](#) [COMMUNICATIONS](#) [MEDIA](#) [COMPUTING](#) [BIOSCIENCES](#) [SECURITY](#) [MAGAZINE](#) [ARCHIVES](#)

ADVERTISEMENT

FEEDS

[rpc](#)
[opml](#)

RSS for this group

- [All Articles](#) 
- [Comments](#) 
- [News](#) 
- [Events](#) 
- [WIKI](#) 
- [Custom RSS feeds](#)

ADVERTISEMENT

The net result

on 31 August 2000, 22:00



by [Niall McKay](#)

Thirty years ago, some marketing genius took the god-awful dehydrated foodstuff used by the military and sold it to an unwitting public. Instant mashed potatoes, instant meals in a cup, and instant soup became instant culinary delights. E-sourcing is perhaps the dehydrated foodstuff of our age. The pitch is that all you have to do is add the Internet, and presto, all your business needs are met. Not a bad idea, but will these services deliver on the promise of being the best thing since sliced bread? Sure they provide new opportunities for those who cannot afford to hire armies of lawyers and accountants. But let's not kid ourselves. The dot-utopia of outsourcing everything can leave businesses in a vulnerable position.

So we at Red Herring decided it was time we drank our own Kool-Aid, so to speak. I was charged with setting up an Internet business in two days. How difficult could it be? All I had to do was go browsing; with a few clicks of the mouse and some money, I could have my very own humming dot com. It's just intellectual capital, right?

On the first day I would conduct the market research, and on the second day I would have the launch party. Like many Internet entrepreneurs, I had nothing but a dream, a pair of khakis, and the ability to use words like solution and best of breed with a straight face.

The only rules of the game were that it cost less than a used car (\$5,000) and that I not leave my home office.

In these days of dot-com woe, it seemed wise to capitalize on fear, uncertainty, and doubt. So I came up with Dotcom-liquidate.com -- an e-business that would facilitate the "disintermediation of the disintegration of electronic businesses." In plain English, it would convert my business model into a virtual reality.

SEEKING CLOSURE

Day one. Brunch in San Francisco's South Park district (the dot-com capital of the world) to soak up the culture. I spend an hour jotting down a few questions that I have for Joe Public. What is the anticipated demand for Dotcom-liquidate.com? Is such a business mission-critical, scalable, robust? Will it provide seamless end-to-end turnkey service?

For just \$1,000 the Web-based market research firm [InsightExpress](#) distributed a mission-critical survey to key decision makers over the weekend. By Monday, 204 Web surfers (who obviously had nothing better to do with their weekend) responded. It was a lousy idea, they said. A staggering 51.5 percent of respondents believed that there was no need at all for it. But what did they know about life? Like all evangelists, I had faith. Five years ago, would these people have believed that [eBay](#) was a good idea? I like to think not.

THE MEANS TO AN END

Day two. I decide to use the services of [DigitalWork.com](#), one of the many portals dedicated to helping small businesses establish and run their companies. These portals enable small businesses to carry out such tasks as incorporating, promoting, and marketing from the Web. (Other similar services include [AllBusiness.com](#), [MSN](#), and [Work.com](#).)

A quick hit on [Network Solutions](#) establishes that my URL of choice, "dotcom-liquidate.com," is still available. I can even register it for as little as \$35 per year.

Next step is to establish the company. So on to DigitalWork, which uses the services of the Company Corporation -- not a fly-by-night Web business, but a service that has been incorporating U.S. businesses since 1899.

This is where I begin to run into trouble. I'm faced with a couple of very important decisions. Should I set up a corporation or a limited-liability company? I opt for a corporation, because unlike the Company Corporation, I am a fly-by-night operator (simply establishing the company for the sake of the article), so I need the legal designation and tax status afforded by a corporation. Moreover, I have to decide if I should register the business in California, where I live, or in Delaware, where most Internet companies are registered?

At this point, I'm beginning to see why people pay lawyers and accountants, although I'm not willing to actually fork over the cash myself. So I wing it. But soon I learn there's more to starting a business than surfing half a dozen Web sites for advice.

While I'm sure that DigitalWork and its competitors provide all the relevant

SEARCH

Google Search

GOOGLE TRANSLATIONS FOR RED HERRING



RED HERRING'S GLOBAL VC 100

**The Global 100 VC Winners**

For the first time and after many weeks of evaluation, Red Herring is proud to announce the following 100 VC firms from around the Globe have won the 2009 Global VC 100. [Click here](#) to find out who the lucky winners are.

**The World's Top VCs**

Red Herring is busy searching for the top 100 global venture capital firms. The 200 finalists have been announced. Please [click here](#) to see the best 200 performers from over 30 nations.

RED HERRING 100 EVENTS

**Red Herring 100 Europe, Berlin, Germany**

The Red Herring 100 is a mark of distinction and prestige. Only 200 companies are chosen as finalists from across Europe. The 100 Winners have been announced. [Click here](#) to see the lucky winners.

**Red Herring 100 N. America, San Diego, CA**

The Red Herring 100 is a mark of distinction and prestige. Only 200 companies were chosen as finalists from a pool of thousands. The 100 Winners were announced at the award ceremony. [Click here](#) to see all the winners.

RED HERRING'S BLOG

[Strolling Along to a Different iTunes](#)

Can Amie Street break Apple's download dominance?

[HIT: Where Healthcare Meets Tech](#)

The buzz surrounding healthcare IT provider, Cerner

[Listen Up](#)

Able Planet's new headset offers up solid aural vibes.

[Gmail BETA, See You Lata](#)

Google's gmail loses its "BETA" label.

[Bada Bing, Bada Boom?](#)

Microsoft's Bing.com gets some traction in online search, according to the numbers in from ComScore.

[Calpers to Pump up PE Stake](#)

The nation's largest pension fund is mulling a 40 percent increase in its private equity investments.

[Peripheral Madness](#)

The living room is a jungle of plastic and wires – I say enough already.

[Wii Storage Ups Strong Bad Sales](#)

One company is feeling the love because of Nintendo's Wii storage solution: Telltale's Strong Bad.

[Amazon Sells Xbox Live Games](#)

No more leftover points—buy XBLA games off Amazon.

[GDC 09 Keynote: What About Wii?](#)

Satoru Itawa's keynote touched on both systems, but it seems like the Wii got the short end of the stick.

[Steam Vaporizes DRM and Piracy](#)

Steam's added anti-piracy measure does away with DRM.

<p>FINANCE</p> <p>Allegis' Ackerman: U.S. Innovation 'Stalling' AT&T Unleashes MMS for iPhone A123 IPO Juices 40 Percent</p>	<p>INTERNET</p> <p>Allegis' Ackerman: U.S. Innovation 'Stalling' Rubicon to Buy Others Online Intuit Takes Mint.com for \$170M</p>	<p>CLEANTECH</p> <p>A123 IPO Juices 40 Percent Index Ventures: Envy of Industry Accel: No. 1</p>	<p>MEDIA</p> <p>Allegis' Ackerman: U.S. Innovation 'Stalling' Top 100 Global Venture Capitalists HP's Earning Fall 19 Percent</p>
<p>COMPUTERS</p> <p>Allegis' Ackerman: U.S. Innovation 'Stalling' AT&T Unleashes MMS for iPhone A123 IPO Juices 40 Percent</p>	<p>COMMUNICATIONS</p> <p>Allegis' Ackerman: U.S. Innovation 'Stalling' A123 IPO Juices 40 Percent Rubicon to Buy Others Online</p>	<p>BIOSCIENCES</p> <p>Index Ventures: Envy of Industry Accel: No. 1 Medsphere Injected With \$12 Million</p>	<p>SECURITY</p> <p>Top 100 Global Venture Capitalists HP's Earning Fall 19 Percent Cisco Engulfs Tidal Software for \$105M</p>

