Sunset Marine

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Arnone worked 20 hours a day, for months, developing the Harveys Lake Sunset Marine (HLSM) web site. Parts catalogs were scanned in, labeled, and linked to order forms. Pictures of wet suits and boating accessories were added. Programmers created a complex program that built linked web pages that allowed customers to quickly order needed fuel pumps and Sea-Doo sandals.

Arnone relishes having a company based in Harveys Lake. "Everyone thinks we're hicks," he says, with a laugh. The location has been key to his success.

"There's a lot of good reasons to be here," says Arnone. He notes that transportation is one of this area's strengths. Northeastern Pennsylvania lies within five hours of the entire Northeast corridor, from Washington to Boston.

Arnone also believes that prospective employees here have a strong work ethic and are driven by personal success. Local young people are educated and don't want to leave the area, he says. Arnone admits difficulty in finding. computer-educated people, but he willingly trains eager applicants. Running the Internet business has added seven employees so far, with many more expected.

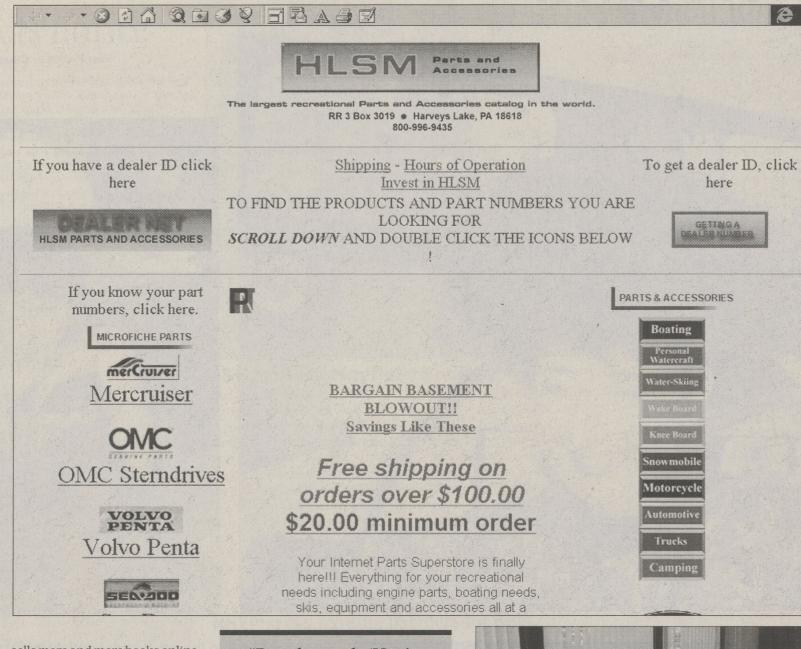
In addition, real estate in the Back Mountain is inexpensive in comparison with other areas on the East Coast.

These factors, in combination with Arnone's skills and dedication, have made the future of HLSM.com bright.

Most new Internet businesses have yet to make a profit, and Arnone's is no exception. "What is comes down to is market share," says Arnone. HLSM offers more than 400,000 parts for sale, and hundreds of accessories for waterskiing, snowmobiling, allterrain vehicles, and sporting pursuits.

Arnone's next target is the estimated 8,000 motorcycle repair shops nationwide that don't have direct relationships with manufacturers. He figures he can supply them with parts more quickly and cheaply than their present access sites.

A familiar Internet example is Amazon.com. Although Amazon



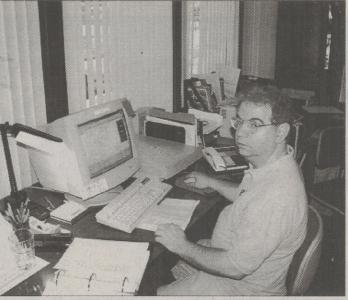
sells more and more books online, the company has yet to make a profit. Right now, Harveys Lake Sunset Marine is the only site selling similar parts and accessories, and profitability is expected within a year or two. Like Amazon, HLSM sells products at a discount from retail prices.

The business is growing exponentially. In 1998, during the second week of January, HLSM sold \$500, while this year HLSM has already sold \$15,000. On January 11, 1998, the site had 478 contacts, or "hits." On January 11, 1999, that number was 1,050. Harveys Lake Sunset Marine receives 25-30 orders per day. Forty

"People said, 'You're crazy, and now they're saying, ' Yeah, you're right.'" **Nick Arnone** Internet businessman

POST PHOTO/RON BARTIZEK Steve Novakovich worked at one of the PC's at Harveys Lake Sunset Marine. A **budding international Internet business** has the owner planning for a major expansion as word of the website gets out.

Shoppers



percent of orders come in over the Internet, and the remaining 60 percent come from people who saw the web site and then phoned in their order.

"We're doing last year's peak season business right now," said Steve Novakovich as he worked at one of many terminals.

International sales represent 10 percent of Arnone's business and are growing. He recently sold \$80,000 in parts to a South African, who wired the funds first to ensure delivery. A customer called from the Ukraine Saturday, and Novakovich said HLSM regularly receives orders from Europe, Asia and the Middle East. The company deals at both the wholesale and retail levels.

The HLSM web site offers many features that contribute to its success. Web pages are built on the fly, which makes the site run fast. Users reach information on what they want within four pages; as a result, they are quickly rewarded with their goal. The site automatically tracks superseded parts; that is, when a part receives a new part number, the web site lets shoppers know. "My system is designed to make people come back," says Arnone.

"This is a functional site," says Novakovich, which results in most customers receiving their order in 7-10 days, even overseas.

Arnone advertises in national magazines, on the net, and designed the site to be easily found with search engines.

Within two to five years, HLSM hopes to be a multimillion dollar company. To reach that goal, Arnone is recruiting venture capital investors. "We are looking to raise \$3 million," says Arnone. The boating supply market is a \$5 billion market, and Sunset Marine is planning to get \$50 million of it.

Arnone is the father of three children: John, 18; Nicholas, 17; and Sarah, 10. His sons have already become involved in the business. They scanned and inputted catalogs and parts information and work in the marina. They also help in shipping and receiving. "It has taught them responsibility," says Arnone.

To reach Harveys Lake Sunset Marine, point your browser to HLSM.com.

