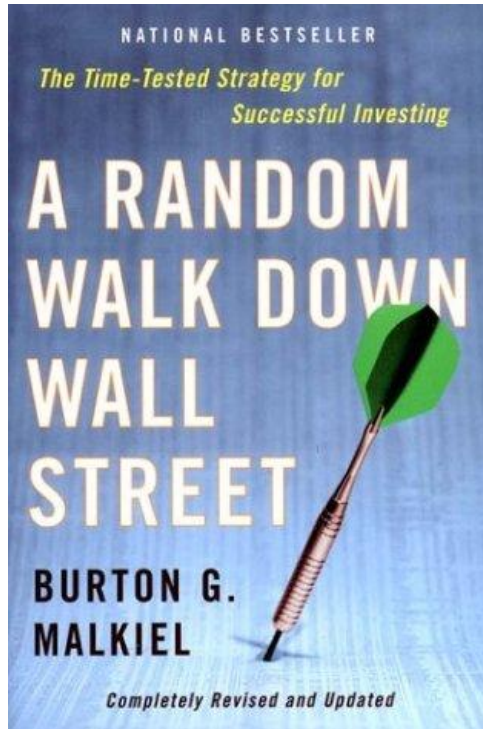


# CS 402: Mobile Development

Michael Ziray - michaelziray@boisestate.edu

Monetizing Android Apps

# Additional Reading



## A Random Walk Down Wall Street

Stock Market returns 9% over the long run.  
Invest in low cost (0.05%) Index Funds.  
Individual stocks are for people who like losing money.  
Index Funds.  
Index Funds (Stocks, Bonds, Real Estate)

# The Common Path

Get a job.

Get paid.

Do what you're told.

Repeat.

# Decision Makers

Usually no real programming experience.  
Technical directors with no technical skills.

# Technical Managers

Decision makers with technical skills are rare.

No one is a born leader. It takes practice.

No one will give you a responsibility you have no experience in. You must make it yourself.

# Job Interviews

Typical:

- Resume with an internship, clubs, awards, classes.
- You go and try to prove you're worth your salary.
- Interviewer usually has no experience themselves (in my experience).

# Creating Your Own Thing

Who wouldn't want someone who can generate \$100,000-400,000/year.

A developer who can manage their own teams, requirements, project estimation and budget.

You'll know the same basics as CEOs and CTOs.

# The Apps Business

First time in history it's this easy to make money.

One man shops can generate huge profits.

Flappybirds (\$50,000/day)

WhatsApp (\$19 billion, 32 engineers)



# Main Revenue Generators

Ad supported

Paid apps

Business to Business (B2B)

# Ideas are Cheap

Those that can't execute, are simply dreamers.  
Those that can implement are masters of their domain.

You all are able to execute on any idea.

# More Realistic

Small dev team, building custom apps for yourself or for a client.

A couple hobby apps that generate \$50-100/month

# In App Purchases

Freemium model allows low barrier to entry.

Shows users how useful your app can be and why they should unlock additional features.

# Ads

Great for apps that get a lot of views

# Sales - B2C

Business to Consumer (B2C)

Most apps are this model (including apps with ads)

It takes a lot of \$1 downloads to make a living.

# ROI

Cost of App	\$0.99											
Store's Cut	\$0.30											
Revenue	\$0.69											
Cost of Dev	\$2,100.00											
	Months											
Daily Sales	1	2	3	4	5	6	7	8	9	10	11	12
1	\$20.79	\$41.58	\$62.37	\$83.16	\$103.95	\$124.74	\$145.53	\$166.32	\$187.11	\$207.90	\$228.69	\$249.48
2	\$41.58	\$83.16	\$124.74	\$166.32	\$207.90	\$249.48	\$291.06	\$332.64	\$374.22	\$415.80	\$457.38	\$498.96
3	\$62.37	\$124.74	\$187.11	\$249.48	\$311.85	\$374.22	\$436.59	\$498.96	\$561.33	\$623.70	\$686.07	\$748.44
4	\$83.16	\$166.32	\$249.48	\$332.64	\$415.80	\$498.96	\$582.12	\$665.28	\$748.44	\$831.60	\$914.76	\$997.92
5	\$103.95	\$207.90	\$311.85	\$415.80	\$519.75	\$623.70	\$727.65	\$831.60	\$935.55	\$1,039.50	\$1,143.45	\$1,247.40
6	\$124.74	\$249.48	\$374.22	\$498.96	\$623.70	\$748.44	\$873.18	\$997.92	\$1,122.66	\$1,247.40	\$1,372.14	\$1,496.88
7	\$145.53	\$291.06	\$436.59	\$582.12	\$727.65	\$873.18	\$1,018.71	\$1,164.24	\$1,309.77	\$1,455.30	\$1,600.83	\$1,746.36
8	\$166.32	\$332.64	\$498.96	\$665.28	\$831.60	\$997.92	\$1,164.24	\$1,330.56	\$1,496.88	\$1,663.20	\$1,829.52	\$1,995.84
9	\$187.11	\$374.22	\$561.33	\$748.44	\$935.55	\$1,122.66	\$1,309.77	\$1,496.88	\$1,683.99	\$1,871.10	\$2,058.21	\$2,245.32
10	\$207.90	\$415.80	\$623.70	\$831.60	\$1,039.50	\$1,247.40	\$1,455.30	\$1,663.20	\$1,871.10	\$2,079.00	\$2,286.90	\$2,494.80
15	\$311.85	\$623.70	\$935.55	\$1,247.40	\$1,559.25	\$1,871.10	\$2,182.95	\$2,494.80	\$2,806.65	\$3,118.50	\$3,430.35	\$3,742.20
20	\$415.80	\$831.60	\$1,247.40	\$1,663.20	\$2,079.00	\$2,494.80	\$2,910.60	\$3,326.40	\$3,742.20	\$4,158.00	\$4,573.80	\$4,989.60
25	\$519.75	\$1,039.50	\$1,559.25	\$2,079.00	\$2,598.75	\$3,118.50	\$3,638.25	\$4,158.00	\$4,677.75	\$5,197.50	\$5,717.25	\$6,237.00
30	\$623.70	\$1,247.40	\$1,871.10	\$2,494.80	\$3,118.50	\$3,742.20	\$4,365.90	\$4,989.60	\$5,613.30	\$6,237.00	\$6,860.70	\$7,484.40
35	\$727.65	\$1,455.30	\$2,182.95	\$2,910.60	\$3,638.25	\$4,365.90	\$5,093.55	\$5,821.20	\$6,548.85	\$7,276.50	\$8,004.15	\$8,731.80
40	\$831.60	\$1,663.20	\$2,494.80	\$3,326.40	\$4,158.00	\$4,989.60	\$5,821.20	\$6,652.80	\$7,484.40	\$8,316.00	\$9,147.60	\$9,979.20
45	\$935.55	\$1,871.10	\$2,806.65	\$3,742.20	\$4,677.75	\$5,613.30	\$6,548.85	\$7,484.40	\$8,419.95	\$9,355.50	\$10,291.05	\$11,226.60
50	\$1,039.50	\$2,079.00	\$3,118.50	\$4,158.00	\$5,197.50	\$6,237.00	\$7,276.50	\$8,316.00	\$9,355.50	\$10,395.00	\$11,434.50	\$12,474.00
55	\$1,143.45	\$2,286.90	\$3,430.35	\$4,573.80	\$5,717.25	\$6,860.70	\$8,004.15	\$9,147.60	\$10,291.05	\$11,434.50	\$12,577.95	\$13,721.40
60	\$1,247.40	\$2,494.80	\$3,742.20	\$4,989.60	\$6,237.00	\$7,484.40	\$8,731.80	\$9,979.20	\$11,226.60	\$12,474.00	\$13,721.40	\$14,968.80
70	\$1,455.30	\$2,910.60	\$4,365.90	\$5,821.20	\$7,276.50	\$8,731.80	\$10,187.10	\$11,642.40	\$13,097.70	\$14,553.00	\$16,008.30	\$17,463.60
80	\$1,663.20	\$3,326.40	\$4,989.60	\$6,652.80	\$8,316.00	\$9,979.20	\$11,642.40	\$13,305.60	\$14,968.80	\$16,632.00	\$18,295.20	\$19,958.40
90	\$1,871.10	\$3,742.20	\$5,613.30	\$7,484.40	\$9,355.50	\$11,226.60	\$13,097.70	\$14,968.80	\$16,839.90	\$18,711.00	\$20,582.10	\$22,453.20
100	\$2,079.00	\$4,158.00	\$6,237.00	\$8,316.00	\$10,395.00	\$12,474.00	\$14,553.00	\$16,632.00	\$18,711.00	\$20,790.00	\$22,869.00	\$24,948.00

# Real Emails

Emails from the Archive of an App Biz



# Emails

“I would like to speak with someone about creating an app. I am curious about the timetable and costs involved with the creation process. An e-mail or phone call would be greatly appreciated. I look forward to hearing from your team.”

# Emails

“Was wondering if someone could give us a call in regards to an application development.”

# Emails

“Hi, I have an idea for an app that I believe could be very successful and lucrative. Unfortunately, I do not have the skills to create it. I am seeking a partnership with someone who would be willing to go 50/50. Please reply if interested.”

# Emails

“Please contact me regarding app development.”

# B2B

## Business to Business

- Businesses tend to have more money to spend
- They understand it costs money to make money
- When it comes to making money, they get it

# B2B

“We are currently developing a new product, and we need to outsource an app developer. I would like schedule a brief chat about our needs and to see if your company is able to create our needed the functionality. Please provide a contact number and preferred hours of contact. Look forward to hearing from you.”

# Downloads

**Downloads by the Numbers**

# B2B Earnings

Last 5 Apps total: \$113,522

Average cost per app: \$22,704

Lowest app: \$4,390

Highest: \$45,000



# Investments as Income

Stock market geometric average is about 9

## Source

### Arithmetic Average

1928-2013	11.50%
1964-2013	11.29%
2004-2013	9.10%

### Geometric Average

1928-2013	9.55%
1964-2013	9.89%
2004-2013	7.34%

# Real Estate as Income

\$120,000 apartment, renting out at \$900/month

Mortgage: \$750/month (PITI)

Rent: \$900/month

Income: \$150/month

Yearly income: \$1,800

ROI (assuming 20% down): 7.5%