

Telfer School of Management – University of Ottawa



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New Venture Creation

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Executive Summary

Global Bus aims to revolutionize cross-border e-commerce by addressing challenges faced by SMEs and consumers, offering solutions through a comprehensive platform and strategic initiatives. Our business model prioritizes value delivery to businesses and consumers, supported by revenue streams from transaction fees, subscription plans, and advertising partnerships. By leveraging market research insights and validation through interviews and social listening, we ensure our platform meets the needs of our target demographic. Financial projections demonstrate our confidence in achieving profitability within 1 to 3 years, supported by bank financing and a clear timeline for software development and client relationship building.

Our holistic approach to cross-border e-commerce encompasses:

- Comprehensive platform solutions addressing challenges in international transactions.
- Prioritized market research and validation through interviews and social listening.
- Strategic revenue streams from transaction fees, subscription plans, and advertising partnerships.
- Confidence in achieving profitability within 1 to 3 years, supported by bank financing and a clear trajectory for software development and client relationship building.

Business idea

Global Bus's current aim is to solve cross-border e-commerce issues, particularly the challenges faced by some of the cosmetic industry and small and medium-sized enterprises (SMEs). Our platform offers solutions for the international transaction process, for example, from efficient product listings and simplified inventory management to detailed shipping and quick response to customer needs. In addition to ensuring a reliable source of payment

processing, Global Bus serves as a platform for businesses seeking to expand their market share across borders. In addition, our platform also enhances the cultural exchange and the global shopping experience by providing users with the opportunity to interact and share their daily lives and product use.

The core of our business model is to provide value to businesses and consumers. Through transaction fees, individual subscription plans for different operating sizes, and strategic advertising partnerships, we ensure a sustainable revenue stream while delivering unparalleled service excellence. With features such as an enhanced partner network and personalized recommendations based on user behavior, we continue to refine our platform to meet the changing needs of the global e-commerce landscape. As a trusted cross-border transaction service provider, Global Bus provides unparalleled efficiency, reliability, and a rich culture to global businesses and consumers.

Prospective customers

Given that Global Bus operates as an e-commerce platform, the initial step is to assess the market's size. According to Technavio's statistics, "The e-commerce market size is forecast to increase by USD 12,951.56 billion, accelerating at a CAGR of 27.15% between 2023 and 2027"(Technavio, n.d.-b), rendering it an exceptionally appealing market. With Global Bus offering a wide array of products ranging from cosmetics to car accessories and everything in between, the prime target demographic would likely be individuals aged 20 to 35, as they tend to be more attuned to emerging trends and technology. Within the spectrum of business segmentation, including demographic, geographic, psychographic, and behavioral criteria, the most fitting for Global Bus would be psychographics and behavioral segmentation. The merchandise featured on Global Bus would primarily hinge on customer purchasing behaviors, encompassing their lifestyles, attitudes, and interests. Psychographics provide a

nuanced understanding of customers, guiding the business toward the precise audience likely to engage with the products offered on Global Bus. Moreover, incorporating behavioral segmentation offers insights into how customers engage with the brand and their actual patterns of interaction. Given that Global Bus operates as an online app and platform, discerning spending habits, customer usage rates and duration on the platform proves invaluable. Therefore, employing psychographics and behavioral segmentation will enable us to gain deeper insights into customers' underlying motives, emotions, and actual behavioral patterns.

Our primary buyers embody a diverse group, ranging from budget-conscious shoppers who seek fashion-forward options without overspending, to trendsetting individuals eager to explore the latest styles and experiment with diverse looks. Additionally, our clientele includes students and young adults in search of affordable essentials like stationery and decor items. Moreover, social media influencers and bloggers are integral members of the business, collaborating with Global Bus for sponsored content to influence other key buyers.

Our primary focus for the product life cycle adoption of Global Bus is on attracting innovators and early adopters. We believe that these forward-thinking individuals will not only help us expand our customer base but also drive further business development, meeting customer needs and adding value to our offerings. This approach aims to bridge the gap between our early adopters and the broader early majority of customers. For innovators, our target demographic includes customers eager to explore new apps and enjoy seamless online shopping experiences. We prioritize providing them with exceptional value for their purchases, along with fast and affordable shipping options. These customers are typically tech-savvy and enthusiastic about trying out innovative solutions. In addition, we're targeting early adopters who are highly engaged on social media, including influencers, trendsetters,

and those eager to test our range of products. Leveraging their influence, we aim to generate buzz and increase visibility for our business. Collaborating with these individuals can also help us gain momentum and attract attention within our target market.

Validation Plan:

a) Interviews (*Appendix A*)

The first step of the validation process was to interview students, undergraduate degrees, and even a few real businesses. When conducting the interviews, we asked 5 different questions in regard to cross-border shipping and its uniqueness to assess the importance of why we are tackling many of the problems that SMEs and consumers alike face. We used the questions to help uncover deeper concerns and perceptions that can drive consumers to engage in cross-border e-commerce. After conducting an interview with 5 different students (both graduate & undergraduate), we were able to determine that many students choose to purchase from cross-border e-commerce platforms as opposed to domestic ones because of the uniqueness of the products that are offered and because of the availability. Furthermore, students tend to trust the security of the transactions conducted due to positive reviews and strong reputations of the companies they choose to purchase from online. Lastly, we also decided to interview 2 different start-up businesses who provided very similar answers, stating that the uniqueness of the products offered is what drives their motivation to purchase from cross-border e-commerce platforms. In total, 7 interviews were conducted and all the evidence and answers may be found in *Appendix A*.

b) Social Listening & Surveys

Our next step in the validation plan is to create surveys and partake in social listening once we fully establish our social and e-commerce platforms, with an anticipated date of June 2024. Our surveys will be open to potential customers and users of the GlobalBus platform, and will be marketed through our social media pages and official website. As part of our social listening plan, we will include solutions to many of the problems that we find and offer onto all our platforms to help receive feedback from the public, which would include students and potential customers alike.

Action Plan

For the implementation of our business idea, we have come up with a strategic plan going forward with our business idea, with steps to follow and to prioritize to insure efficiency and to ensure the smooth running of our activities set up for the future.

First and Foremost we have the most important steps that need to be prioritized for the good functioning of our business. Following that mindset we want to first of all set as a number one priority market and industry research as well as product validation and legal compliance. As these tasks may seem very different, they all serve the same purpose and follow a general deadline. We want to have these done before the development of our platform so we can lower considerably our risk before going on the concrete side of our business. Then as mentioned the next primordial step would be the platform and the setup of our payment processing, We mentioned concrete and this is our concrete. We must have a working product for our early customers and a good one at that to ensure a great basis and our snowballing possibilities.

Next are the steps that would take medium priority as they are still in our opinion good to have for the development of our business and to take it to the next level. We want to set up a marketing strategy that would help us get to our targeted audience and also attract new customers. All that by setting up ads and the development of our social media. Next, we have a similar task in terms of priority to develop partnerships. Global Bus can gain a lot in reducing costs, efficiency, and visibility by partnering up with other companies.

Finally, there are some steps we do not want to prioritize and they would regroup the setup of complex customizing tools that we have seen companies with no fundamentals focus on and lose a lot in terms of rhythm, dynamics, and efficiency.

The Financial Projections

At Global Bus, we see securing financing from banks as the optimal choice for supporting our daily operations and startup needs. Given our focus on logistics, the required initial capital isn't overly burdensome. Banks like RBC and TD offer small business loans ranging from \$5,000 to \$1 million, ample to cover startup costs and provide a runway for a couple of years.

We're confident in our business model's potential for profitability within 1 to 3 years. We've carefully considered financing options and believe that a business loan, despite interest rates of 8% to 12%, is preferable to relinquishing equity. This ensures we retain full ownership and control.

With bank financing, we can concentrate on executing our strategy, scaling operations, and delivering value to customers. Our prudent financial approach ensures long-term success.

With bank support and a clear vision, Global Bus is poised to transform logistics and lead the industry.

Month	1	2	3	4	5	6	7	8	9	10	11	12
Unit sale	0	0	0	0	0	0	30	31	32	34	38	40
Revenue	0	0	0	0	0	0	3,000	3,100	3,200	3,400	3,800	4,000
Cost	0	500	500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Earnings	0	0	0	0	0	0	0	100	200	400	800	1,000
Cash Balance	0	0	0	0	0	0	0	100	300	700	1,500	2,500

Global Bus's financial trajectory reflects a deliberate strategy focused on laying a robust foundation during its initial months. The table provided highlights a clear timeline, indicating that profitability isn't expected until the sixth month. Instead, the emphasis will be on two critical areas: software development and client relationship building.

In the first six months, Global Bus will channel its resources into intensive software development efforts. The primary objective during this period is to refine and perfect its software platform, ensuring it meets stringent standards of functionality, usability, and reliability. Considerable investments will be made in research, development, and testing to create a product that not only meets market needs but exceeds expectations.

Simultaneously, Global Bus will prioritize the cultivation of relationships with potential clients, suppliers, and industry stakeholders. These efforts are essential for establishing credibility, gaining valuable market insights, and laying the groundwork for future collaborations. By fostering strong partnerships early on, Global Bus aims to position itself as a trusted player in the logistics sector.

As the seventh-month approaches, Global Bus anticipates a gradual increase in profitability as its product nears completion and prepares for launch. While revenue generation may still

be modest at this stage, the groundwork laid during the initial months will begin to yield tangible results.

In the logistics industry, the valuation of companies is commonly determined by applying a multiple of their EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization). This valuation method, often around 10 times EBITDA, reflects investors' perception of a company's worth based on its operational performance. Applying this principle to Global Bus, if the company achieves \$2,500 of EBITDA in its inaugural year, its estimated valuation would stand at \$25,000, offering a promising foundation for future growth and expansion.

This initial valuation serves as a tangible indication of Global Bus's potential and viability in the competitive logistics landscape. While \$25,000 may appear modest at first glance, it represents a significant milestone for a budding startup, highlighting its ability to generate positive earnings early in its journey. Moreover, it lays the groundwork for exponential growth and increased valuation in subsequent years as the company solidifies its position, expands its client base, and enhances its operational efficiency.

As Global Bus continues to execute its strategic vision, focusing on innovation, customer satisfaction, and sustainable growth, it is poised to surpass initial valuation estimates and emerge as a formidable player in the logistics sector. By delivering value to clients, capitalizing on market opportunities, and maintaining a sharp focus on financial performance, the company is well-positioned to realize its full potential and achieve sustained success in the dynamic and evolving logistics industry.

References

Technavio. (n.d.-b). *Market Research Reports - Industry analysis Size & Trends - TechNavio*.

Technavio, <https://www.technavio.com/>, All Right Reserved 2024.

<https://www.technavio.com/report/e-commerce-market-industry-analysis>

Appendices

Appendix A: Validation Table

Validation Activity Table	First Round #'s	Reference
Face 2 Face (F2F) Interviews	7 Interviews	Emails: nadiauddin86@gmail.com almezelali@gmail.com mtramadan2001@gmail.com iisla095@uottawa.ca bengalidrftking101@gmail.com jad@mroue.me (46th Avenue - Business) abdul.abualhussein@gmail.com (JerseyPlug - Business) Link to Interview Answers: https://docs.google.com/document/d/1pdOykR7YR95cy_RCaaGJvBA5EISwLAX1HWk6E2sxhJU/edit