



BALANCING PROFIT & RISK: DJ ASCENTIA'S ENDORSEMENT DECISION

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Good day, everyone. Today, we're evaluating the best endorsement opportunity for DJ Ascentia, comparing ARMBand and Runi.

DJ Ascentia's decision will impact financial returns, project stability, and marketing reach. While both options offer potential, they come with different risk factors and revenue models.

Shafer et al. (2005) define a business model as representing a firm's underlying core logic and strategic choices for creating and capturing value within a value network. This framework helps assess whether DJ Ascentia's endorsement decision aligns with its long-term strategic goals.

In figure 2.1, the Potential Earnings chart shows that ARMBand offers a lower estimated revenue of £9,600, compared to Runi's £20,860. If Ascentia does realise the 11%, his earnings increase to £15085.71

However, financial gain alone isn't enough.

In Figure 2.2, the Risk Factor chart highlights that Runi presents twice the risk level of ARMBand, making it a riskier investment.

Artificial intelligence (AI) and machine learning are transforming risk assessment by analysing large datasets to enhance accuracy in financial decision-making. These technologies help identify patterns and mitigate real-time risks (Aziz & Dowling, 2019).

With these factors in mind, let's analyse the details further.

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Moving forward, ARMBand no longer requires an initial investment and offers an 8% gross profit share, which could increase to 11%. It is market-ready, meaning DJ Ascentia earns immediately after concluded tests.

Meanwhile, Runi faces software porting issues, causing delays in its expected launch. This pushes back potential earnings for DJ Ascentia.

In Figure 3.2, the timeline shows that Runi was supposed to launch 6 weeks from now, but due to delays, it won't be ready for another 6 weeks.

This comparison clarifies that ARMBand is the safer, faster revenue option.

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Analysing the impact of Runi's delays.

The biggest issue is a 6-week delay caused by a missing UI component that must be reverse-engineered. If this fix fails, Runi is blocked.

DJ Ascentia requires an additional 4 weeks for marketing materials, totalling a 10-week delay.

The risks are significant: Runi's success depends on this fix, and delays could lead to cost overruns and a competitive disadvantage as other products launch first.

Setbacks extend the timeline, raising concerns about Runi's viability.

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Unlike Runi, ARMBand is a fully developed product requiring minimal preparation before launch.

The remaining tasks for ARMband include branding, finalising the endorsement agreement, and launching a marketing campaign, all of which can be completed in under 6 weeks, presenting a low-risk, quick-to-market opportunity. In contrast, Runi requires over 10 weeks for technical fixes and testing before marketing can start. ARMband's readiness makes it the best short-term opportunity for a partnership. The next step is to finalise the branding and marketing strategy to maximise its reach in the market.

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Now that we've examined the risks and challenges let's look closer at the Work Breakdown Structures (WBS) for ARMband and Runi to compare their market readiness.

On this slide, we have a side-by-side comparison of the Work Breakdown Structures for both endorsement opportunities. The WBS provides a structured overview of the key phases required to bring each product to market.

We will start with ARMband:

- ARMband follows a transparent, structured process with minimal complexity.
- The project planning phase is straightforward, defining objectives and finalising the business model.
- Product finalisation and quality assurance steps are in place, but testing is more straightforward and faster than Runi.
- Marketing and branding are the primary focus, with a strong emphasis on promotion and sales monitoring.

- Key takeaway: ARMband is a streamlined project that can be endorsed and launched with minimal dependencies.

Now, looking at Runi:

- Runi's WBS is significantly more complex due to software and hardware dependencies.
- The UI development and testing phase is extensive, requiring multiple layers of analysis, issue identification, and fixes before any product is market ready.
- Integration and user acceptance testing (UAT) add more layers of verification, increasing the timeline before a stable release.
- Marketing efforts are delayed due to the ongoing technical issues that must be resolved first.
- Key takeaway: Runi requires significant additional effort before marketing begins, making it a more challenging endorsement choice.

This breakdown shows that ARMband is a lower-risk, high-readiness opportunity that aligns with DJ Ascentia's immediate endorsement needs. On the other hand, Runi requires extensive testing and troubleshooting before it can enter the market, leading to potential revenue delays.

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This slide presents a combined view of financial projections and risk considerations. On the left, we see that ARMband offers stable revenue of up to £15085.71 annually with minimal dependencies, whereas Runi's projected earnings remain uncertain due to ongoing software delays.

We assess the risks on the right: ARMband has a lower profit share and potential

branding challenges, while Runi faces high development risk and software dependencies that could further impact its launch.

To mitigate these risks, DJ Ascentia should negotiate for an 11% earnings share from ARMband if Runi exits and develop a backup marketing strategy to safeguard against further Runi delays.

Data-driven decision-making based on AI/ML has become indispensable in today's global, fast-paced, and ultra-competitive market (Schmitt, 2023).

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DJ Ascentia faces a critical decision: choose ARMband for immediate but lower earnings or wait for Runi, which has higher potential but significant delays.

ARMband provides a structured, predictable, and low-risk revenue stream, ensuring DJ Ascentia can begin earning immediately.

Additionally, if Runi pulls out, the profit share increases to 11%, making ARMband a more attractive long-term option.

On the other hand, Runi offers higher projected earnings but is plagued by software challenges, delayed timelines, and technical risks. The dependency on reverse engineering adds further uncertainty.

Given the circumstances, a hybrid approach—securing ARMband while keeping an eye on Runi's progress might be the best way forward.

Organisations and their agencies must balance the organisation's control expectations and the social media influencer's demand for creative freedom (Borchers and Enke, 2021).

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The Best Path Forward

As we approach the final recommendation, we must weigh the options carefully.

Given the current state of both endorsement opportunities, DJ Ascentia needs to ensure a strategic decision that balances risk and revenue potential.

Primary Recommendation

Our primary recommendation is to move forward with ARMband. It is market-ready and provides an immediate revenue stream without software dependencies or delays. This ensures financial stability while minimising risks.

Option 1: If Runi can overcome its software challenges and stabilise its production, there is an opportunity to reassess its sales performance post-fix. In this case, we could consider re-engagement based on market traction and reliability.

Most dependency vulnerabilities persist throughout the observation period, with fixes taking 3-5 months to implement (Prana et al., 2021).

Option 2: If Runi Withdraws or Fails to Stabilise, DJ Ascentia should secure a higher revenue share of 11% from ARMband, ensuring a stable and low-risk alternative. This would provide a strong financial position while avoiding dependency on an uncertain product.

Hybrid Approach: A Balanced Strategy

A hybrid strategy could also be explored: secure ARMband as the primary endorsement while continuing to monitor Runi's progress. If Runi stabilises and exclusivity is not a barrier, a dual-brand strategy could be implemented to maximise market presence.

The empirical study found that adaptive strategies, like hybrid frameworks, allow companies to minimise immediate risks while keeping future opportunities open (Beecham et al., 2021).

In summary, ARMband is the safest and most immediate option but keeping a close eye on Runi allows us to make an informed decision about re-engagement in the future. This ensures that DJ Ascentia remains flexible while securing a stable revenue stream.

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This slide outlines the key steps required to move forward with the endorsement decision.

In the short term (0-1 month), the priority is to finalise the endorsement deal with ARMband and begin marketing campaigns immediately. This will allow DJ Ascentia to secure early revenue and establish a strong market presence. Additionally, marketing spending should be adjusted based on initial performance.

In the monitoring phase (1-3 months), we will track Runi's software updates and sales potential to gauge product stability and assess competitor movements to maintain strong positioning.

In the re-evaluation stage (3-6 months), DJ Ascentia will assess Runi's market position and endorsement strategy. We may re-engage if Runi resolves its issues and shows strong sales; otherwise, we'll consider alternative opportunities.

This phased approach ensures that DJ Ascentia maintains a stable revenue stream while keeping long-term growth opportunities open.

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Conclusion

This slide presents a side-by-side comparison of the key factors influencing DJ Ascentia's endorsement decision.

Market Readiness – ARMband is ready for immediate launch, while Runi still requires significant development and testing.

Revenue Potential – ARMband offers a stable annual income of up to £15085.71. In contrast, Runi has a higher projected income of £20,860 per year, which is uncertain due to ongoing delays.

Risk Level – ARMband has low risk and no dependencies on external software. In contrast, Runi is high risk, relying on software fixes and an untested market.

Strategic Fit – ARMband provides stable branding but may limit future partnerships. Runi could have a more substantial long-term position if its product stabilises.

Decision Impact – Choosing ARMband ensures secure, predictable earnings with minimal risks. Waiting for Runi introduces cash flow delays and financial uncertainty.

Overall, ARMband is the safer, immediate option, while Runi offers higher potential but comes with greater risk. The decision hinges on DJ Ascentia's risk appetite and whether it can sustain the waiting period for Runi.

Slide 12 - Bibliography

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