**ASSIGNMENT 3**

**Financial Assumptions  
Due Monday 10/13 11:59pm – Please submit to** [**msande273@gmail.com**](mailto:msande273@gmail.com)

All teams come prepared to discuss the answers to the following questions. We will select 1 or 2 teams, depending on timing, to use as case examples for the class.

**Answer each question, and cite a source for your answer (e.g. internet research - give URL(s), interview – cite interviewee, proxy company records, etc.)**

* Draw a diagram to describe the flow of resources (time & dollars) that lead to a sale. Draw a diagram for each process if there are many. Answer the following questions in your diagram.
  + Who, specifically, buys your product/service? (i.e. Head of HR in Global Fortune 500, Start-up CTO’s in the Bay area, Professors, etc.
    - Note: “Small/Medium Businesses” is not an acceptable answer. “Procurement Managers in SMB’s with 10-50 locations” is.
  + How do they find out about your product/service? (trade shows, billboards, SEO/SEM, online ads - Google, Facebook - sales reps, word-of-mouth, viral, etc.)
    - Note: If you say “viral” or “word-of-mouth”, be explicit about the mechanisms that enable a viral coefficient >1 and show conversion rates. For example: 10% of users hit the “Tweet this” button leading to XX views (on average) by their followers. YY% of views direct traffic back to our site. ZZ% of leads from Twitter result in a sale. Be sure you can support such a strategy with collected data or proxies.
  + How do you get them to buy your product/service? (demos, integration engineers, inside sales reps, direct sales, targeted online ads, etc.)
  + How long is the sales cycle? (i.e. how long does it take to convince a customer to pay you money for goods/services)?
  + What is the price? Is this charged per transaction? By subscription? Hybrid? Other?
    - If different customers have different pricing models, please do a new diagram for each customer segment.
* How many customers do you expect each month for the first 18 months?
* How many transactions do you expect each month for the first 18 months?
* What does it cost you to acquire each customer and what does it cost to fulfill each transaction?
* What are the most important cost components of your business? What is the total cost of each for each year?
* How much investment money do you think you need for the first 18 months?