

INDEPENDENT BUSINESS PLAN
King Philip Regional High School
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I. EXECUTIVE SUMMARY

Description of Service:

In modern classrooms, students are not focused on their schoolwork and are uninterested in the concepts their instructors are teaching. To help students become engaged in their schoolwork, we have established **I.D.E.A. VR**. Our company uses virtual reality technology to provide positive outlets for students. Our virtual reality headsets create virtual field trips to help kids gain interest in the topics presented to them. Individually sold virtual reality headsets are associated with high costs, but **I.D.E.A. VR** headset rentals provide students with access to affordable virtual experiences in history, science, and foreign language classrooms. **I.D.E.A. VR** ensures that every facet of students' school experiences can be touched by virtual reality.

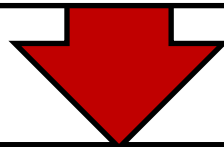
Problems & Solutions:

Problem #1 (Page 3): Commonality of Students Struggling with ADHD

6.1 million children in the U.S have been diagnosed with ADHD, which leads to them being left behind their fellow students in education and their potential to excel in their schooling.

Solution #1 (Page 7): Integrating Virtual Reality for a Better Rehabilitation Process

Utilizing virtual reality for online testing and field trips to better suit their learning style, optimize diagnosis, and help streamline their rehabilitation process. The virtual test has already been heavily studied to prove its effectiveness over the traditional testing methods. This provides I.D.E.A. VR with the perfect opportunity to help influence this change.

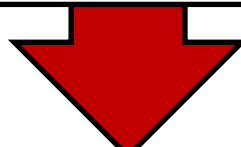


Problem #2 (Page 4): Students are Not Engaged in their Studies

As times are rapidly changing, students are often exposed to fast-paced content. This leads to disengagement in classrooms, so as a result students fail to retain the necessary information. In addition, teachers often struggle to create new, interesting, and engaging material for their students.

Solution #2 (Page 8): Virtual Tours, Trips, and Experiments

Instead of resisting students' reliance on technology, I.D.E.A. VR will utilize it to our advantage as we establish an educational route with an informative, yet exciting virtual tour, trip, or, experiment. Virtual tours and field trips will provide a more memorable experience while simultaneously helping students to connect, helping teachers engage their students, while simultaneously helping students connect with their learning material.



Problem #3 (Page 4): VR is Very Expensive

Many schools simply do not have the resources to pay for virtual reality headsets to rent from contemporary companies.

Solution #3 (Page 8): Utilizing Less Expensive Headsets Designed for Learning

Many of our competitors sell VR headsets for upwards of \$1000 while advertising for the use of gaming. Our headsets with custom software will provide schools with an extremely low rental rate. At I.D.E.A. VR, we will upload our own learning programs and software to maximize our customer experience. This cost-efficient strategy allows us to make virtual reality more accessible to students across the country.



Customer Segment (Page 7):

Primary Market: Elementary schools

Elementary schools provide a vast market due to their decrease in field trip implementation. I.D.E.A. VR will eliminate the logistical mess of planning and executing complex field trips.

Secondary Market: High Schools

High School students are heavily reliant on technology in modern times, so the implementation of VR in High School classrooms will be positively received.

Tertiary Market: ADHD Learning Programs

ADHD programs do not have the funding that would allow them access to technology like VR. However, I.D.E.A. VR's cheaper prices will allow access to enhance the quality of these programs.

Unique Value Proposition (Page 7):

I.D.E.A. VR is an acronym that stands for “**I**nteractive **D**evices for **E**ducational **A**cceleration.” Our company will integrate modern virtual reality technology into schools by allowing them to rent out a cart of thirty VR headsets. By programming Pico headsets with our custom software for history, foreign language, and science, schools can provide their students with an immersive and educational experience for their students.

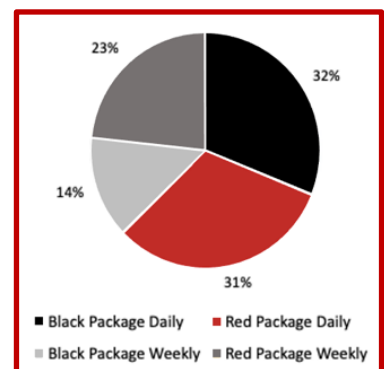
Channels (Page 9):



I.D.E.A. VR will utilize the social media applications Facebook, Twitter, and Instagram partnered with an easy-to-use and accessible website to reach out to our customers. Our process will utilize a cycle of posting, sharing, and communicating to give our brand as much recognition as possible from our customer segments. At the beginning of our company, we will attend educational events to get our brand name out to schools. We will also offer short trials to local schools so that we can build brand recognition at a very early stage in our company.

Revenue Streams (Page 10):

Our company has four main sources of revenue, providing the **Black Package**, a daily rental, and the **Red Package**, a weekly rental. The Red Package is a more expensive option offering a more immersive experience, and the Black Package offers a more affordable experience. The cost will remain constant for each school, and the schools will divide the cost among the students who use the headsets. **I.D.E.A. VR** is projected to receive **\$220,000** of revenue after the first year, **\$320,000** after the second year, and **\$449,000** in the third year, making our company extremely profitable after our 3-year plan.



Cost Structure (Page 12):

The majority of costs for our company throughout our three-year plan will come from human resource costs, and our other expenses have been divided into startup, operating, and other expenses. Our startup costs are **\$125,120**, and we will need to cover this expense before



we begin operations in September of 2022. Our human resource costs include paying the salary of two software engineers who will also act as the co-owners of **I.D.E.A. VR**, along with hiring a truck driver to deliver the headsets after the third year of operations. With projections showing our marketing cost of \$27,000 and 1,575 customers during the three-year plan, **I.D.E.A. VR** will have a customer acquisition cost of **\$17.14**.

Detailed Financials (Page 14):

3-Year Plan	2022	2023	2024
Black Package	\$120,000	\$170,000	\$233,000
Red Package	\$100,000	\$150,000	\$216,000
Total Revenue	\$220,000	\$320,000	\$449,000
Startup Costs	\$ 125,120	\$-	\$-
Human Resource Costs	\$100,000	\$161,452	\$211,719
Direct Operating Costs	\$15,496	\$77,592	\$80,858
Other Expenses	\$42,179	\$54,196	\$54,616
Total Expenses	\$282,795	\$293,240	\$347,193
Net Income (Loss)	(\$62,795)	\$26,760	\$101,807

I.D.E.A. VR is requesting a **\$100,000 investment** in return for 15% stake in our company. As the two owners, we will personally invest \$15,000 each to provide **I.D.E.A. VR** with **\$130,000** to begin operations. Most of this will be used to cover the \$125,120 in startup costs, and the rest will be **I.D.E.A. VR's** beginning cash for operations. Although our 3-year plan shows a loss after the

first year, our projected cash flow sheet (see **page 14**) shows that we will never reach negative cash flow at any point during the first year of operations. To ensure that this remains true, we will dedicate a portion of revenue to building capital reserves and we will also take a reduced salary in the first year of operations.

I.D.E.A. VR will have **\$91,859** in cash after the first year, and we will continuously grow as our revenue increases each year. If we continue these projections out to 5 years, we will have a net profit of **\$261,053** giving our company a **201%** return on investment after 5 years.

Key Metrics (Page 17):

At **I.D.E.A. VR**, we prioritize customer service and work to earn our customers' satisfaction because we want our customers to return to our business. Users will be given a survey to fill out asking them about their enjoyment during their time with **I.D.E.A. VR**. We will use this customer feedback to modify our business practice and create a stable clientele. By creating customer loyalty and satisfying our target market, we will create a steady flow of revenue, eliminating potential cash flow issues.

Competitive Advantage (Page 18):

I.D.E.A. VR utilizes a convenient process coupled with a unique price range to provide ourselves with a competitive edge. In comparison to other educational technology companies, **I.D.E.A. VR's** virtual reality creates an experience with limitless possibilities. Almost all virtual reality technology is used for fitness or gaming, so **I.D.E.A. VR** will have little to no direct competition by using virtual reality in schools. By developing our custom software, competitors will not be able to easily replicate the experience that we provide.

II. PROBLEM

Overview of the three problems addressed:

» Students suffering from attention deficit hyperactivity disorder (ADHD) struggle to focus in schools with traditional education methods.

» Test oriented learning diminishes students' learning experiences and classroom engagement.

» Due to the lack of available resources, public schools fail to provide students with extravagant field trips or off-campus expeditions.

Problem 1:

According to the CDC, it is estimated that **6.1 million children (9.4%)** in the U.S. have been diagnosed with attention deficit hyperactivity disorder (ADHD) during their lifetime, (see **Figure 1**), making it the most common learning disability found in children across the United States. ADHD is a **neurodevelopmental disorder** that can result in hyperactivity, inattention,

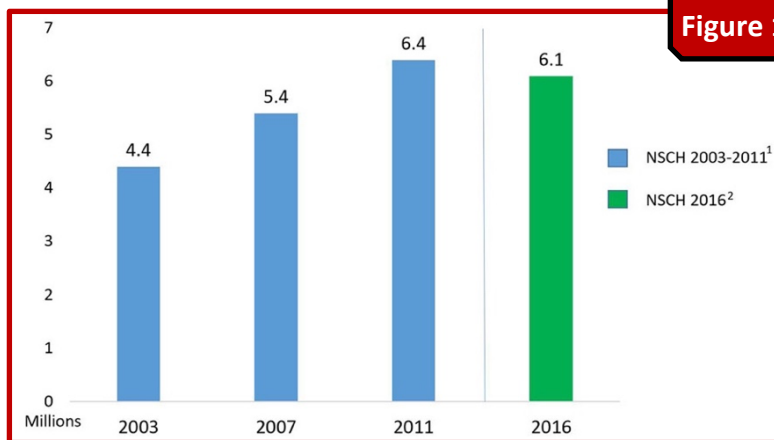


Figure 1

National Survey of Children's Health studying children diagnosed with ADHD in millions

and impulsivity causing large interferences for learning in a traditional school environment. Students struggling with this may find it difficult to **listen** to teachers, **pay attention** to the material, or **put effort** into their work. With traditional schooling, these students do not receive the amount of attention that they deserve, leading to other students having an **advantage** in school. For example, when students are assigned to read out of a textbook it may seem easy

for most; however, students with ADHD may skip over phrases, lose track of where they were, or miss key details in the text. When working in group projects, many students find it easy to meet new people and collaborate, but students with ADHD find difficulty with social performance and personal relationships which can cause **unnecessary stress** in classrooms. During class, these students may also be fidgety, restless, and talk while others are speaking, creating distractions for other students. The traditional methods used by schools do not fit students that struggle with learning disabilities such as ADHD and must be changed to fit the needs of all students.

Problem 2:

Due to the process-oriented school curriculum, many students fail to maintain classroom engagement.

A survey was conducted by Youth Truth non-profit containing **230,000 students** from grades **3-12** in the U.S. These students were asked questions regarding their **engagement** in school, and only **78%** of elementary, **59%** of middle school, and **60%** in high school students said they felt engaged.

Science Director at King Philip High School, Jesse McKinnon, said that teachers in every subject **struggle** to find ways to make their subjects interesting for students. Amanda Morin of VeryWellFamily states that students may feel **a lack of motivation** within the subject matter, leaving them **uninterested**.

Problem 3:

Virtual reality can become very expensive for schools to acquire with some headsets costing **upwards of \$1000**. When talking to the principal of King Philip Regional High School, Dr. Lisa C. Mobley, about the school's field trip budget, she explained to us that many schools had **no budget** for field trips. This is because all field trips would be fully student-funded allowing for the schools to split up costs over the student body. If the cost of contemporary virtual reality headsets were split among a student body, the cost for each student would be far too high to be considered affordable. This is because the average field trip, according to Gabe Cavallaro of the Greenville News, costs \$12 per student. If a school was to buy a group of 30 of the Valve Index headsets, a high-end virtual reality headset option, it would cost an average student body of 300 students \$100 each, which is **833% more** than the average field trip.

III. CUSTOMER SEGMENTS

Primary Target Market: Elementary Schools

As young students pass through elementary school, they are receiving fewer and fewer field trips. This is because school field trips are **a logistical and financial liability**. Karen Quadrio of The Charleston Promise states that museums once flooded with kids are reporting a decrease in child field trip visitors. The Chicago Field Museum reported a decrease of **100,000** student visitors, a **35% decrease** from their peak. In a 2015-2016 study conducted by Brookings EDU, **10% of administrators had eliminated school trips** due to a lack of value put on field trips and lack of funding. Additionally, students facing the recent pandemic have had a drastic drop in out-of-school activity because they must quarantine, wear masks, and the teachers must take more time to plan. The implementation of virtual reality will eliminate the stress of having to plan out an entire trip with young students, coronavirus precautions, and transportation. The students would be able to **have immersive tours, demonstrations, and experiments** presented

to them in the three-dimensional world that will be brought straight to their classroom. Rick Waski, superintendent of the school district of Monroe, MA, stated that **school trips are an integral part of the learning process**; however, due to the pandemic, he is suspending all-school field trips. In this same interview, he talked about how the integration of virtual field trips through zoom and supply kits. With this rise in virtual field trips, **I.D.E.A. VR** will use elementary schools as their primary target market.

Secondary Target Market: High Schools

With the new age of technology, many high school students find it very difficult to be engaged in school. High school students have shown to be about **32% less engaged** than students in elementary schools, with only about **44% of students** stating that schools make them feel engaged, (See **Figure 2**). This lack of student engagement may lead to negative academic performance and behavioral issues in schools. Additionally, many students at this age are very attached to technology, with about **94% of students** admitting that they would rather use technology in class to learn academic material rather than the standard pencil and paper. High school students can benefit from a virtual environment because the virtual reality headset can not only remove distractions from the outside world to help students focus on the material being taught, but it can also fill the students' urge to use incorporate technology into learning.

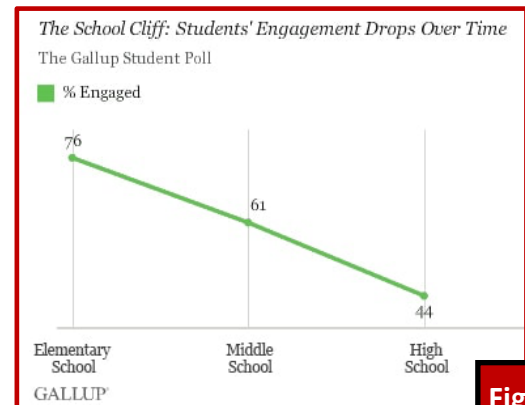


Figure 2


The Gallup Student poll shows the percentage of engaged students in different levels of schooling.

Tertiary Target Market: ADHD Learning Programs

Students that are diagnosed with ADHD are being **left behind**. The massive increase in cases of ADHD makes the learning process **much harder** for many students. Some teachers, like Megan Rierdon from Milwaukee Public Schools, are utilizing virtual reality headsets in their classrooms to take the classroom on Google Earth tours to help students gain a better schooling experience. Many students have stated that virtual reality and augmented reality are **beneficial to students with ADHD**. A study published by the US National Library of Medicine stated, **"Developing virtual reality technologies to combat these issues is the best therapeutic strategy for rehabilitation of psychological disorders such as ADHD"** (Shahmoradi, Ph.D.).

However, these technologies are largely **unavailable** to many programs due to their **high cost**. **I.D.E.A. VR** would help these programs by **offering an alternative** to outright buying these systems. ADHD programs would be able to utilize virtual reality for only the time that they need, giving the programs a more effective use of their money. The **rising rates of ADHD** would provide a **growing market** for **I.D.E.A. VR** to expand and prosper, and for kids who are diagnosed with ADHD, it would allow for them an **alternative to typical programs and rehabilitation**.

IV. UNIQUE VALUE PROPOSITION



>>**I.D.E.A. VR** is an abbreviated form of *Interactive Devices for Educational Acceleration*. Our company will use modern virtual reality technology to revolutionize education and improve productivity for foreign language, science, and history classrooms. Our company rents virtual reality headsets to schools to be utilized in classroom settings by providing schools with opportunities for educational advancements through virtual reality.



Renting Options:

Our customers will be able to choose the time period that they would like to rent these headsets for, including a **one-day plan** and a **weekly plan**. If the school enjoys their experience, they can renew their rental so that they can keep the headsets for a longer duration. These options allow for schools to maximize their use of the headsets and also allow schools with lower budgets to be able to afford our service.

Packages:

We will be offering two different package options varying in price, a **Black Package**, and a **Red Package**. The **Black Package** will offer **3 degrees of freedom** and the **Red Package** will offer **6 degrees of freedom**. 3 degrees of freedom allow the headset to track **rotational head movement**, meaning that you are at one point in the environment, and you can turn your head to look around. 6 degrees of freedom allow the headset to track rotational head movement just like 3 degrees of freedom, but it also allows for **positional head movement**, meaning that you can travel to different places in the environment instead of being fixed in one location (See **Figure 3**). The Black Package would

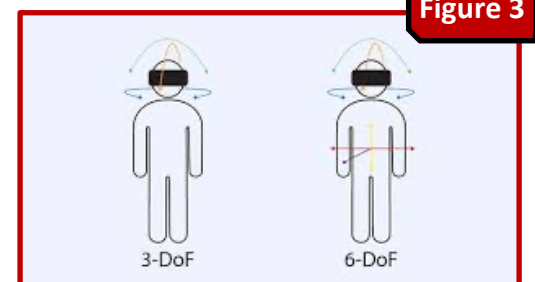


Figure 3

This graphic depicts the difference between 3 degrees of freedom (3DoF) and 6 degrees of freedom (6DoF)

provide a more affordable alternative, and the Red Package would give the students a more immersive and realistic experience.

V. SOLUTION

Solution 1:

Virtual reality and augmented reality are **proven to be beneficial** to children diagnosed with ADHD. A study conducted by the Korean Journal of Pediatrics, a journal relating to technological applications in pediatrics, showed that the usage of VR **eliminates distractions** in the learning environment that can disrupt the learning of the child. When using VR, it eliminated hazardous variables and provided therapists and doctors with a better understanding of **the child's cognitive defects**. This allows for a more cost-effective and time-consuming therapeutic process. The usage of VR to help kids with ADHD improve cognitive functions could be implemented in the classroom to **help not only students but teachers as well**. This mutual benefit would fix the problem of the long, arduous process of ADHD rehabilitation. An article from the U.S Library of Medicine explained how ADHD rehabilitation testing worked. The tests involved using virtual reality headsets for students with ADHD, and students who were not diagnosed with ADHD would be used as a control group without the virtual reality headsets. The tests that would be conducted measured Cognitive Problems, Oppositional, **Hyperactivity-Impulsivity**, Anxious-Shy, Perfectionism, Social Problems, and Psychosomatic. The idea of these tests was that the game-like interface would improve engagement and be received better than traditional testing methods.

How virtual reality in classrooms benefits all parties involved:

Teachers: The teachers that are involved in the process of rehabilitating the students would be better equipped to help their students. With the help of VR, finding new ways to innovate and make the learning process for these kids a little easier. The way that the teachers could incorporate virtual reality into their schools would greatly benefit their teaching process as well, allowing for more resources and outlets for learning.

Students: The students involved in the process of virtual reality learning would be able to spend less time in special classrooms that are needed to help their needs, and instead would be able to move up and maximize their potential. With the help of VR, these kids will not get the standard treatment that has previously been used, their diagnoses will be more accurate, and their rehabilitation will be better tailored to their needs.

Solution 2:

Many younger generations have grown up to be very dependent on technology during most parts of their lives. According to a national research study in 2018, it has been proven that **31% of Gen Z** feel uncomfortable without using their phone for **30 minutes or less**. Instead of trying to prevent these students from using technology, **I.D.E.A. VR** will use virtual reality headsets with custom software to adapt to the changing needs of these younger students. Students have admitted that up to **94% of them** would want to **integrate technology** into schools. **65% of students** have conveyed that they are visual



Figure 4

Multiple students portraying the immersion given by virtual reality experiences

learners, and virtual reality can be used to show students what they are learning instead of having them visualize what they read in textbooks. While using a VR headset, students are unable to get visually distracted by phones or unimportant events because their field of view is **entirely captured** by the virtual reality headset, (See **Figure 4**). This creates more engagement in classrooms and allows for the material being learned to become more **meaningful** and **memorable** to the students.

Solution 3:

Field trips help immensely with students' mentalities in schools, allowing them to become more focused and motivated on what they are working on. It has been shown that **89% of students** say that field trips have a positive, long-lasting effect on their education. Field trips are extremely important for students; however, many of these field trips are becoming **increasingly expensive** and schools need a **more affordable alternative** that can produce the same experience for their students. **I.D.E.A. VR** can provide virtual tours of many different places around the world, costing a **fraction of the price**, and providing a similar visual and auditory experience to visiting certain locations. This would allow students to stay in their

Figure 5



Virtual experiences can expand to new worlds without limits of location

schools and still gain the benefits of these trips such as boosted interest, curiosity in and out of schools, and gain skills to bring them to the next level of education. Since these trips are virtual, students are able to travel to **impossible locations** such as outer space or the depths of the ocean, (See **Figure 5**). Teachers and school officials can save lots of time and money planning extravagant trips and can **save them from taking the risk** of trusting their students with **behavioral issues and punctuality**.

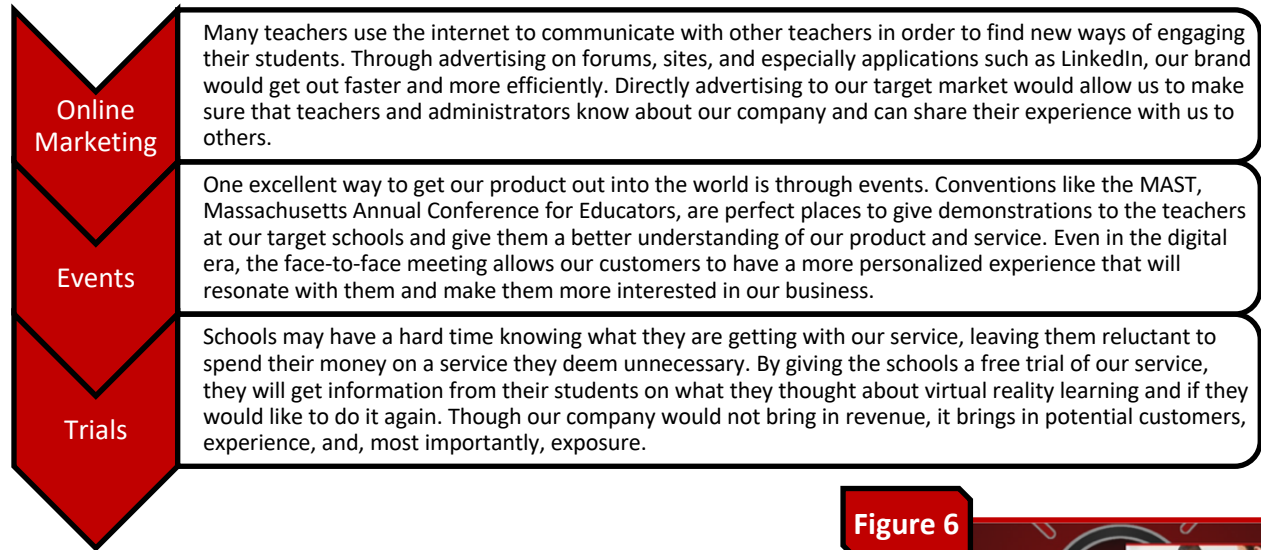
VI. CHANNELS

Social Media:

One prominent way of coming in contact with our target market would be through social media. The recent pandemic and the overall **boom in technological growth** would help our business spread. King Philip Regional High School has over **20 Instagram accounts!** Each account had at least 20-50 kids following them. By setting up social media accounts, schools would be able to **tag us in photos** allowing our service to become more accessible to the kids who want the experience. Parents who are consistently on social media will also know about our company, making them more likely to bring it up during meetings or conferences. More importantly, **neighboring schools** who follow the other school's accounts will see the posts and **become aware of the services** that we are offering; therefore, they will become intrigued and be more likely to call and read more into **I.D.E.A. VR**.

Advertisement:

By utilizing advertisements on various websites relating to helping teachers, advertising to teacher groups on LinkedIn, and physically advertising directly to schools, our business's name will reach the eyes of our target market.



Website:

Once we have caught the buyer's attention, we can point them to our resourceful website, (see **Figure 6**), where they can find information about everything that we do. This would allow access to all of our social media pages, email updates, direct contact information for the company, financial specifics, and much more.

Figure 6



Information

Our website contains an in-depth **Frequently Asked Questions** section that can provide our customers with specific details about the services that we will provide. The contact information for our company can be found at the bottom of the home page along with links to all of our social media pages, which schools can contact for additional information.

Usability

The website will have a sleek, easy to follow, futuristic design that is informative and easy to understand. The website is organized into specific categories making it easy for our customers to discover what specifics they would like to learn about the company. These categories can be browsed through easily at the top of our website and customers can enjoy reading more about our business.

Purchasing

There will be a **detailed financial section** providing details about pricing, our insurance plan, and special services. This is where our customers will be able to purchase our product, filling out all of the important details about their purchase. This includes choosing which plan they would like to purchase, insurance details, location of the school, and the number of headsets that they would be purchasing.

VII. REVENUE STREAMS

In order for **I.D.E.A. VR** to succeed, we need a source of revenue according to the *Lean Business Model*, so we will create a viable profit structure, a wide target market, and realistic and intriguing prices for our customers. Therefore, our prices must be affordable. To do this we have created two separate packages with varying benefits to provide our customers an affordable price, and us a feasible profit. Schools, such as King Philip, do not have a budget for field trips and are instead student funded. Dr. Lisa Mobley, Principal at King Philip Regional High School, explained that the school's budget for field trips averages \$12 per person for a day. With classes ranging from 20-30 kids, it allows us to structure our prices around the statistics of the classroom.

Black Package

Our Black Package will be our least expensive option for our renters and allow them to utilize our headsets with three degrees of freedom.

The Black Package will give the schools the virtual experiences and opportunities they desire without causing their students to have to pay a substantial amount.

Red package

•Our Red Package will be our more expensive option but will offer a more immersive virtual experience for our renters.

•The Red Package provides our customers with a higher-end headset to become more immersed in their virtual world with six degrees of freedom.

Black Package Daily Rental:

Black Package	Rentals (In Days)	Price (Per Day)	Revenue
2022	200	\$400	\$80,000
2023	300	\$400	\$120,000
2024	420	\$400	\$168,000
Total Revenue:			\$368,000

Black Package Weekly Rentals:

Black Package	Rentals (In Weeks)	Price (Per Week)	Revenue
2022	40	\$1,000	\$40,000
2023	50	\$1,000	\$50,000
2024	65	\$1,000	\$65,000
Total Revenue:			\$155,000

Red Package Daily Rental:

Red Package	Rentals (In Days)	Price (Per Day)	Revenue
2022	100	\$600	\$60,000
2023	150	\$600	\$90,000
2024	210	\$600	\$126,000
Total Revenue:			\$276,000

Rental Package Weekly Rentals:

Red Package	Rentals (In Weeks)	Price (Per Week)	Revenue
2022	20	\$2,000	\$40,000
2023	30	\$2,000	\$60,000
2024	45	\$2,000	\$90,000
Total Revenue:			\$190,000

By utilizing multiple packages with varying time options, our target market increases vastly. We will be able to reach multiple areas of our market without having to sacrifice profit or customer experience. From all of the options above, we will be able to generate a total revenue of **\$945,000** during our first three years.

VIII. COST STRUCTURE

Startup Costs:

The following table displays all of the costs that would need to be covered before we can begin our business. This includes all of the assets that **I.D.E.A. VR** would need to acquire in order to develop, upload, and update the software for the virtual reality headsets. This also covers the fees required for **I.D.E.A. VR** to be legally recognized as a business by the government.

Assets	Amount	Cost Per Unit	Total Cost
Pico G2 (Black Package)	180	\$100	\$54,000
Pico Neo 2 Lite (Red Package)	120	\$300	\$60,000
Carts	10	\$100	\$1,000
Computers	2	\$800	\$1,600
Development IDE	2	\$199	\$398
Logo Skin	300	\$5	\$1,500
Website Creation	1	\$6,147	\$6,147
Total Asset Costs			\$124,645
Other Costs	Amount	Cost Per Unit	Total Cost
LLP Formation	1	\$175	\$175
Business Registration	1	\$300	\$300
Total Other Costs			\$475
Total Startup Costs			\$125,120

Human Resource Costs:

The main employees of **I.D.E.A. VR** would be both of us as the software engineers, so we would create the software, transport the headsets, run the social media pages, and complete other miscellaneous tasks for our business during the first 2 years of operations. As our company grows, we will hire a truck driver to deliver the headsets for us, providing us with more time to focus on software optimization. Throughout the 3-year plan, **I.D.E.A. VR** will have **3 employees**.

Year		2022	2023	2024
Employee	Amount	Annual Salary		
Software Engineer	2	\$50,000	\$80,726	\$84,570
Truck Driver	1	\$-	\$-	\$42,519
Average Monthly Human Resources Costs		\$8,333	\$13,454	\$17,643
Total Annual Human Resources Costs		\$100,000	\$161,452	\$211,719

Direct Operating Costs:

Year		2022	2023	2024
Assets	Amount	Annual Cost		
Headsets (3DoF)	360	*In Startup Costs*	\$27,000	\$27,000
Headsets (6DoF)	240	*In Startup Costs*	\$30,000	\$30,000
Carts	30	*In Startup Costs*	\$1,000	\$1,000
Development IDE	2	*In Startup Costs*	\$159	\$159
Total Annual Asset Costs		\$0	\$58,159	\$58,159
Expenses	Amount	Annual Cost		
Equipment Insurance	1	\$305	\$305	\$305
Marketing	1	\$8,750	\$9,000	\$9,250
Website Maintenance	1	\$130	\$130	\$130
Headset Maintenance	1	\$311	\$311	\$311
Payroll Tax	1	\$6,000	\$9,687	\$12,703
Total Annual Expenses		\$15,496	\$19,433	\$22,699
Average Monthly Direct Operating Costs		\$1,291	\$3,966	\$4,238
Total Annual Direct Operating Costs		\$15,496	\$77,592	\$80,858

Other Expenses:

Year		2022	2023	2024
Expenses		Annual Cost		
Legal Expense		\$3,000	\$3,195	\$3,455
Depreciation		\$25,129	\$36,761	\$36,761
Audit/Tax		\$500	\$550	\$600
Office Supplies		\$1,050	\$1,100	\$1,150
Miscellaneous Expenses		\$2,500	\$2,590	\$2,650
Business Insurance Expense		\$10,000	\$10,000	\$10,000
Monthly Other Expenses		\$3,515	\$4,516	\$2,018
Total Other Expenses		\$42,179	\$54,196	\$54,616

Customer Acquisition Costs:

The customer acquisition cost of a company is the amount that a company spends on marketing divided by the number of customers gained from that marketing. The average estimated customer acquisition cost for **I.D.E.A. VR** over three years is **\$17.14**.

Formula:

$$\text{Customer Aquisition Cost} = \frac{\text{Amount Spent on Marketing}}{\text{Amount of Customers Gained}}$$

$$\text{I. D. E. A VR's Customer Aquisition Cost} = \frac{\$27,000}{1,575} = \$17.14$$

IX. DETAILED FINANCIALS

A. Projected Income and Expenses

1. Projected Income Statements by Month for the First Year's Operation (Sales, Expenses, Profit Loss)

Income Statement (Year 1)	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Totals
Revenue													
Black Package Daily Rentals	\$5,600	\$6,400	\$7,600	\$8,400	\$8,400	\$9,200	\$9,200	\$10,800	\$11,600	\$1,600	\$400	\$800	\$80,000
Red Package Daily Rentals	\$3,000	\$4,800	\$5,400	\$6,000	\$6,600	\$6,600	\$7,800	\$9,000	\$9,000	\$1,200	\$600	\$0	\$60,000
Black Package Weekly Rentals	\$1,000	\$1,000	\$2,000	\$4,000	\$4,000	\$4,000	\$6,000	\$8,000	\$10,000	\$0	\$0	\$0	\$40,000
Red Package Weekly Rentals	\$0	\$2,000	\$2,000	\$4,000	\$4,000	\$4,000	\$6,000	\$8,000	\$10,000	\$0	\$0	\$0	\$40,000
Total Revenue	\$9,600	\$14,200	\$17,000	\$22,400	\$23,000	\$23,800	\$29,000	\$35,800	\$40,600	\$2,800	\$1,000	\$800	\$220,000
Expenses													
Hardware Expenses	\$51	\$51	\$51	\$51	\$51	\$51	\$51	\$51	\$51	\$51	\$51	\$51	\$616
Website Expenses	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$130
Legal Expense	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000
Depreciation Expense	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$25,129
Office Supplies Expense	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$1,050
Miscellaneous Expenses	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$2,500
Business Insurance Expense	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$10,000
Accounting Expense	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$500
Payroll Expense	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$100,000
Payroll Tax	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Business Expense	\$475	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$475
Marketing Expense	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$8,750
Total Expenses	\$16,365	\$12,890	\$12,890	\$12,890	\$12,890	\$12,890	\$12,890	\$12,890	\$12,890	\$12,890	\$12,890	\$12,890	\$158,150
Net Income (Loss)	-\$6,765	\$1,310	\$4,110	\$9,510	\$10,110	\$10,910	\$16,110	\$22,910	\$27,710	-\$10,090	-\$11,890	-\$12,090	\$61,850

2. Projected Cash Flow by Month for the First Year's Operation

Projected Cash Flow by Month (Year 1)	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Totals
Cash Flow from Operations													
Net Income (Loss)	-\$6,765	\$1,310	\$4,110	\$9,510	\$10,110	\$10,910	\$16,110	\$22,910	\$27,710	-\$10,090	-\$11,890	-\$12,090	\$61,850
Depreciation	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$2,094	\$25,129
Dec/(Inc) in AR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dec/(Inc) in Prepaid/Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dec/(Inc) in AP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dec/(Inc) in Accrued Expenses (1 Month in Arrears)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dec/(Inc) in Accrued Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sources / (Uses) of Cash Flows from Operations	-\$4,671	\$3,405	\$6,205	\$11,605	\$12,205	\$13,005	\$18,205	\$25,005	\$29,805	-\$7,996	-\$9,796	-\$9,996	\$86,979
Cash Flow from Investing													
Purchases of Fixed Assets	-\$125,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$125,120
Sources / (Uses) of Cash Flows from Investing	-\$125,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$125,120
Cash Flow from Financing													
Financing	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Sources / (Uses) of Cash Flows from Financing	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Cash from Operating Activities	-\$29,791	\$3,405	\$6,205	\$11,605	\$12,205	\$13,005	\$18,205	\$25,005	\$29,805	-\$7,996	-\$9,796	-\$9,996	\$61,859
Beginning Cash	\$30,000	\$210	\$3,614	\$9,819	\$21,423	\$33,628	\$46,632	\$64,837	\$89,841	\$119,646	\$111,650	\$101,855	\$30,000
Ending Cash	\$210	\$3,614	\$9,819	\$21,423	\$33,628	\$46,632	\$64,837	\$89,841	\$119,646	\$111,650	\$101,855	\$91,859	\$91,859

3. Projected balance sheet, end of first year

Projected Balance Sheet				
Assets				
	Cash		\$130,000	\$91,859
	Accounts Receivable		\$0	
	Supplies		\$0	
	Equipment/Installation			
		Gross	\$0	\$125,120
		Accumulated Depr.	\$0	-\$25,129
		Net Book Value	\$0	\$99,991
	Other		\$0	\$0
	Total Assets		\$130,000	\$191,850
Liabilities and Equity				
	Current Liabilities			
		Accrued Expenses	\$0	\$19,410
		Other	\$0	\$0
	Total Current Liabilities		\$0	\$19,410
	Debt Payments			
		Loan Payable	\$100,000	\$89,219
		Interest Payable	\$0	\$1,371
			\$0	
		Total Debt Payable	\$100,000	\$90,590
	Total Liabilities		\$100,000	\$110,000
	Shareholders' Equity			
		Begin Retained Earn	\$30,000	\$20,000
		Loan & Inv Repay	\$0	\$0
		Net Income/(Loss)	\$0	\$61,850
	Ending Retained Earnings		\$30,000	\$81,850
	Total Liabilities and Equity		\$130,000	\$191,850

4. Projected three-year plan

3-Year Plan	2022	2023	2024
Black Package Daily	\$80,000	\$120,000	\$168,000
Red Package Daily	\$60,000	\$90,000	\$126,000
Black Package Weekly	\$40,000	\$50,000	\$65,000
Red Package Weekly	\$40,000	\$60,000	\$90,000
Total Revenue	\$220,000	\$320,000	\$449,000
Startup Costs	\$125,120	\$-	\$-
Human Resource Costs	\$100,000	\$161,452	\$211,719
Direct Operating Costs	\$15,496	\$77,592	\$80,858
Other Expenses	\$42,179	\$54,196	\$54,616
Total Expenses	\$282,795	\$293,240	\$347,193
Net Income (Loss)	(\$62,795)	\$26,760	\$101,807

5. A brief narrative description of the planned growth of the proposed business, including financial resources and needs

To begin our mission to re-engage students with their learning, we require a \$100,000 investment. As the owners, we will also both personally invest \$15,000 each to give our business a head start. This money will go into our startup and first-year costs which include carts, headsets, marketing, and more. We are going to designate a certain amount of our revenue towards building capital reserves, which will help alleviate any cash flow issues that we may run into during our first year. As the company grows and our revenue increases, we are going to expand our team in order to invest in the quality of our business and the overall experience gained by our customers. In 2024, we will hire a truck driver who will deliver the headset carts to and from schools, providing both of us with more time to create a better user experience for our product. Investing in our company also allows for the expansion of our customers outside Massachusetts. This will allow our company to become more expansive and allow more students to experience the learning power of VR.

B. Proposed Plan to Meet Capital Needs

1. Personal and Internal Sources

As **I.D.E.A. VR's** owners, we will each invest \$15,000, so we will be the personal and internal sources. We will oversee all operations and ensure that the business is operating properly at all times. By taking a reduced salary in the first year, we are allowing **I.D.E.A. VR** to have more cash while our company is growing. Our 3-year plan demonstrates the potential of **I.D.E.A. VR** in future years, and with a 15% stake in our company, it will be very profitable for you as well.

2. Earnings, short-term and long-term borrowing, long-term equity

Our short-term earnings will go into business expenses such as replacing worn-out technology, purchasing development tools, and salaries for the owners and our truck driver. Our long-term revenue will be used to expand our company outwards, as we will purchase small storage facilities in various locations to ensure that the customers have easy and quick access to our service.

3. External Sources

I.D.E.A. VR is asking for an investment of \$100,000 from an external source of capital to cover the startup costs before we begin operations of our company. After we begin operations, our revenue generated from the company will cover all other costs of operation.

4. Plan to Repay Borrowed Funds or Provide Return on Investment to Equity Funds

By providing you with a 15% stake in our company, you will gain equity while our business begins operations, and as our company continues to grow past our 3-year plan, your choice will become an extremely successful investment.

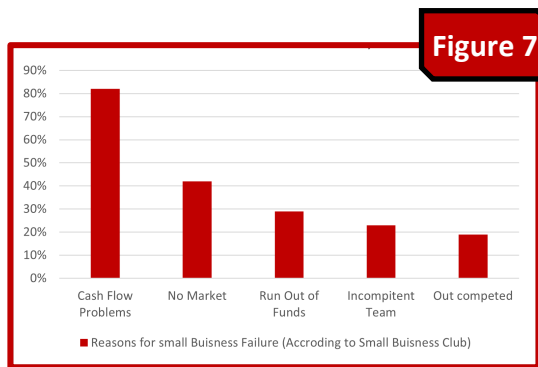
X. KEY METRICS

Key Metrics will be determined by **I.D.E.A. VR's** ability to satisfy customers and to keep them coming back each year. **I.D.E.A. VR's** main goal is to get students re-engaged with their

learning. We want to ensure that our customers are satisfied with our service and their students have the best possible virtual experience. When we can achieve this, we will have a stable clientele and be able to continue our mission as we re-ignite students' passion for learning across Massachusetts, and eventually, the United States.

How will we determine our success?

Since schools and learning programs are a consistent market, **I.D.E.A. VR** has an endless stream of new customers for our service. When schools are willing to dedicate a day or week to VR Learning, we will know that our product is engaging and satisfying. **I.D.E.A. VR** will distribute a survey after the experience to gain insight on how the kids felt about their time using the VR headsets and if they would change anything. If our clients are not satisfied with our services or equipment, we will be sure to **reevaluate our process and/or learning content to better fit the needs of the customer**. We will be continuously adjusting the process of our business in order to help increase revenue and customer loyalty.



Top reasons for small business failure according to Small Business Club

Returning Customers and Commercial Success:

With customer satisfaction comes financial success. When **I.D.E.A. VR** can consistently satisfy its customers, they will come back year after year, providing us with consistent income. This income is vital to making sure we have a balanced cash flow to pay for better equipment, insurance, salaries, and all other expenses. This fixes one major issue that **causes 82% of small businesses to fail each year** according to the National Federation of Independent Business (See **Figure 7**).

XI. COMPETITIVE ADVANTAGE

I.D.E.A. VR offers a **better user experience**, a far more **convenient process**, and most importantly, **lower prices**. This will allow for **I.D.E.A. VR** to be the most appealing choice out of all of our competitors, creating a successful start with a high market share in the future.

User Experience:

- ⇒ Our process would include bringing our headsets in our very own vans containing our Virtual reality headset carts.
- ⇒ We would set up the headsets in the customer's desired location and give them a full tutorial on how to use the headsets.
- ⇒ When our customers are finished, we would pick them up in our vans and drive them back to our facility for maintenance.

Lower Rates:

Our competitors offer prices that can range from \$400 to \$1000 per headset to buy; however, we allow rentals of 30 headsets for the same price. Other headset rental companies

allow for rentals but not in the bulk quantities that we provide. *Fetchit-360*, a company that rents out headsets for parties and social events, lists their prices on their website as \$150 per headset for 5 days. In comparison, we offer a price of \$33 per headset for a weeklong rental of the **black package**. This will provide schools with a more affordable headset that accommodates the large size of the classroom.

Convenient 3-step Process:

The customer will call or order from our website with the specified package, time, and location.

We deliver the headsets over to the customer's location and prepare them. Additionally, a walkthrough will be provided to make sure they are comfortable with the headsets.

When the customer's rental has ended, we will pick them up and return them to our location in Boston.

XII. CONCLUSION

I.D.E.A. VR is looking for a \$100,000 investment in exchange for a 15% stake in our company. We will also each invest \$15,000 of our own money, as the owners, giving our company \$130,000 to begin operations with. This money will help to cover our \$125,120 startup costs, as well as help our company maintain positive cash flow during the first year.

Why should you invest in our company?

- We are committed to our company and will do whatever it takes to make sure you and our customers are satisfied. We are passionate about our service and know the level of commitment it takes to become successful in the world of entrepreneurship.
- **I.D.E.A. VR** is unique in its business model and objectives. Companies in our field utilize high prices and expensive equipment that will not be beneficial to our target market's needs. This will allow for immense growth and for you to see an exceptional return on investment.

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XIV. APPENDIX

Endorsement Letter from the principal of King Philip Regional High School:



Dear Mr. Anderson and Mr. Taylor,

Thank you for your time and for the demonstration of your product—I.D.E.A. VR Field Trips. **I have reviewed your independent business plan and I am impressed by the cost and concept of using VR to enhance the learning experience for our students.** Field trips are costly to students and to schools. In addition, they also pose the challenge of actually decreasing the overall learning time. Students must ride a bus to and from the location and depending on the experience they desire the ride could be as long as 1-2 hours each way for an experience of 1-2 hours long. VR Field trips would allow for students to attend more than one trip per day or make better use of the time that transportation to the destination requires.

A second major advantage of being able to incorporate VR into the daily lives of students would be the opportunity to authentically assess student performance. Authentic assessment requires real-world opportunities in which students apply their learned skills. This is a considerable challenge for high school students especially when mistakes in performance could be costly. Demonstrating ability in a virtual world keeps all participants safe while allowing for a true assessment.

Finally, the costs to school districts are significantly lower than that of an in-person trip. This is essential as school budgets continue to shrink. I want to thank you again for your presentation and **I am fully endorsing your product. Please keep me informed of its progress and I look forward to someday being able to bring virtual field trips to KPHS.**

Respectfully,

Dr. Lisa C. Mobley
Principal KPHS

Financial Review Letter from the Chief Financial Officer of Atlas:



Dear Sir/Madam,

By way of introduction, my name is David Quinn, and I have been asked by Luke Anderson and Ryan Taylor to review the business case he has developed for I.D.E.A. VR as part of his participation in the DECA program at King Phillip High School in Wrentham Massachusetts.

Regarding my background and qualifications for the review, **I have served in multiple executive-level roles over my 25-year career** most recently in CFO, COO, and CEO capacities, and **currently hold the role of Chief Financial Officer of Atlas Technical consultants.** Atlas is an Infrastructure and Environmental Solutions firm operating from more than 100 offices nationally, with ~3,600 employees, and is publicly traded on NASDAQ under the ticker symbol "ATCX".

I am pleased to report that the quality of this business case and the corresponding effort that went into preparing **it is more than impressive for an individual at a high school level.** The concept, case and logic, implementation plan and growth strategy are well thought out and supportable. The strategy fits well with the fast-developing opportunities in the virtual reality technology space. **The financials are well prepared and phased appropriately between start-up investment, growth, and longer-term viability.** Ultimately the request for a \$100,000 investment in exchange for a 15% stake in the company is reasonable based on both discounted cash flow and multiples of EBITDA valuation methodologies.

Overall, I view this as a very well-thought-out, well-prepared case and found the construct, flow of the case, and supportive financial to be impressive.

Best regards,

David D. Quinn, Sr.
Chief Financial Officer

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