

# Business Plan

## **EXECUTIVE SUMMARY**

**What is the problem and what is your solution? i.e., we solve (this problem) by providing (advantage/solution), to help (target customer) accomplish (target customer's goal)?**

Our idea is to create an application whose main focus would be on different classes of society. On the platform, every registered user can apply and share mini-jobs, like shopping in the quarantine time. It is beneficial because this way every people can help each other, no matter, their financial background. Our app would ensure this equality by supporting the underprivileged with different financial methods. And these are involved in the business model as well. This idea is different from other apps because it connects traditional jobs with volunteering opportunities, unlike any other apps available right now.

**Who needs it and why? Why YOU? Why NOW?**

Everybody, who wants to earn money with mini-jobs, but the app is best suitable for people with low and unregulated time management like university students or people who have a primary job but want to earn some money and don't want to make a commitment for a second job. The app also has a positive effect, because underprivileged get extra help, without paying for that. At this time our app would be a great help for old, sick people (because of the quarantine) because they feel extremely isolated and lonely or unhappy. So we would like to focus on this group during this time and ensure an actual service for them. (For instance mind- healing by students or somebody who wants to listen to them)

**How will you provide a return to your investors? Why is this an attractive opportunity for investors?**

If our application gets discovered, the number of advertisements will be proportional to the number of downloads. So if we would have an appointment with investors, we would show some diagrams and visual information, how the numbers are growing. More downloads and usage time will eventuate more income.

## **COMPANY AND TEAM OVERVIEW**

**Patents & IP? Unique skills or training? Valuable relationships or network? What resources does your team possess that make it uniquely qualified to pursue this venture?**

In order to create an utterly great product, we need something unique which distinguishes us from those companies whose applications have a similar aspect to our software. Fortunately, we know where to start if we want to create applications which have the quality of industrial software. And we are able to do this because we had the opportunity to attend classes which taught us to create applications and software through our university semesters. During the planning process, we were able to create a design plan for our app and because we think that branding is one of the most important things we have to do, we would like to create a trademarked logo and name, which represents not just our software but its purpose. Furthermore, we started to create a network of potential customers. These people fall into two categories. First are those who need help and the second type of people who are able to help others. Unfortunately, we could not meet people with disabilities since the pandemic, but after that, we plan to continue to expand our network among these people. Moreover,

this unfortunate event made everything harder but this way we could rethink our app purpose in the current situation because now we need a platform for helping each other more than ever and this way we could meet many potential customers.

### **Management Team: just 3 short sentences about key management personnel/backgrounds**

The management team consist of the members of the OfficiAlly team who are Ágoston Várhidy, Pál Gachályi and Ádám Steiner. We would create a great management team because while Ágoston can create relationships easily, Pál and Ádám have a greater knowledge about the technical needs and necessities. Ágoston has experience in coding because of his thesis work, on the other hand, he tried out some advertising opportunities some time ago, maybe it can be helpful. He also takes part in university programs, it gives a handle to communicate and work with people. Ádám and Pál have some experience in development because they are studying computer science engineering so they took some classes in these fields. Moreover, Ádám has worked as an IT technician which gave him the opportunity to see how a software deployment works.

### **Advisory Board, Professional advisors?**

At the beginning of our journey to build a startup, we haven't considered hiring advisors, but it will be useful after the product started to generate some income and has a more stable future. In our opinion, this process could take us years. So when we start we only rely on people who we already know, for example, those who we met during the course.

### **Who could be a potential investor for your venture? Bring some examples and justify!**

We would describe our future investors as companies who usually lack short term employees, and would like to improve their employment process while wanting to help others. Some of these companies can be PizzaKing, Wolt, Netpincér just to name a few. These are our main targets because their job can be done without qualification, an time even for occasionally, yet they are usually lack of workforce. Our app would be a great investment for them because this way their hiring process would take less time and human resources, while they can create a brand which's main profile is helping others.

### **How will your venture serve as a “force for good” in the world? Is there a double- or triple-bottom-line?**

As mentioned before our app's main purpose is to create a tunnel between the different layers of the society. We would encourage helping others by supporting them financially. This would be our second-biggest priority besides making a profit. This would ensure that all people treated equally and the less fortunate will get the same amount of help than those who are able to pay for those services.

## **PRODUCT OR SERVICE**

### **Value Proposition (value to be delivered, the reason someone would buy from you – instead of your competitors; why buy/use YOURS rather than your competitors'?)**

The reason I believe our product has a chance on the competitive market is the fact that we combine the best aspects of our competitors. We support those who willing to help to the less fortunate while creating a platform for one time workers. This is a gap in the market because many job-offering websites advertise full- or half time jobs but never temporary jobs. The 'micro-jobs' would create a great platform for students or for just people who don't have the time to work beside their main activity but would like to earn some money. On the

other hand, we have the competitors in the volunteering sector, but their main disadvantage is that they don't pay for the job. They expect others to work for free, and because of this many people remain unhelpt. This is the gap we would like to close.

### **Customer Validation Evidence**

As we started to organize our idea into one service, we got a suggestion from our mentor to try finding potential customers. So we started to ask questions from disabled and able-bodied people around us via email and the result was the following:

"What are the hardest aspects of everyday life you have to face constantly?" Where we got an answer from an old lady which was: "The hardest part of the day is usually the ones where I had to pick up heavier objects like during shopping."

Another answer came from a friend of ours who is not disabled but has a relative who has difficulty with walking. He said: "As I see, their biggest problem is not when they are home, because everything is organised for their convenience. But the biggest problems come when nobody expects. F.e. wanting to go down to the metro where there is no elevator etc. Of course, they can prepare for it but sometimes there is not enough information". So because of this, we realized we should have a notification service which notifies people around the one who needs help by using GPS data.

### **Conclusion**

According to one of the participants, the idea is good, but he lacks the notification system. It would be more convenient for him to be able to subscribe to different kinds of jobs and get a notification if one comes up. After the discussion, we liked the idea and decided to change the interface system in order to fulfil this need.

## **MARKET OPPORTUNITY**

### **Market Size & Growth Rate**

The mobile market is one of the fastest-growing segments in technology. People usually use their phones 3-4 hours a day and usual Americans check their phones every 12 minutes and a usual millennial opens an application 50+ times a day! With these numbers, we would calculate our growth rates to be between 4-7% per week. Due to this pandemic, now our application can be more helpful than ever, so we see this market ever-expanding, just like the universe.

We calculate TAM with the following method:

$TAM = \# \text{ of Customers} * \text{Frequency of Purchase} * \text{Price}$

We collected some data about the usage. For instance, **Be My Eyes** app has over 1 million downloads. (150+ countries). In Hungary, the number of blind and low vision people is 218 000. The number of other disabled people is around 400 000. This app is used quite frequent (twice a day).

Our estimation: Frequency of Purchase= 1-14 times/week -> 7-98/month -> 84 - 1176/ year.

Our income would be accomplished by ads. (Approximately 100 ft/usage)

$TAM = 400000 * (1 - 14) * 100 \text{ ft} = 40\,000\,000 - 560\,000\,000$ .

In 2019, 73% found their job through social media (where we would like to advertise our application first), however, The number of employed people in Hungary is around 4 million and the contracts are for an indefinite time in about 92%. We made a guess estimation: our SAM is going to be between 250 000 - 1.5 million people at most.

### **Market Segmentation**

We have identified 4 main types of market segmentation: geographic, demographic, psychographic and behavioural. We found that the best way we can identify our target market is by psychographic segmentation. The four main segments are:

- the people in need of help with tasks
- the companies that can also offer jobs through our application
- the people who want to help the ones in need
- the “ordinary” people, who are looking for jobs and small tasks to earn money

### **The pains & gains for each segment:**

#### the people in need of help with tasks:

- *pains*: need to do a task that they are not capable of doing by themselves
- *gains*: they can connect with someone who can help through an offer in our application

#### the companies that can also offer jobs through our application:

- *pains*: they need to find a person for a specific job, so they are likely to use any platform that they can, especially if it is urgent
- *gains*: they can find a suitable person, who can get the job done, and could find it quicker and pay less money for the same piece of work
- *pains*: would love to help others, but they don't have time due to their work schedule, or simply they don't have time to go out for charity events
- *gains*: this way they can help anyone who is in need and they could get paid for it
- *pains*: would love to earn money (as an addition to their day job or just through the application) + would love to find a new day job as soon as possible
- *gains*: they can easily apply for a job or promote their strengths and abilities through a job request post

We have selected these four segments because we feel that there is no competitor that focuses on big corporations and needy people. Our app connects traditional jobs with volunteering opportunities, this way everyone can find the best-fitted applicant or the job they want. The beachhead segment is going to be “ordinary” people and needy people.

### **Competitive Analysis-Articulate the competitive positioning your venture intends to claim**

We intend to focus on two bigger segments: companies that are looking for employees and people for one time tasks, needy people who need a helping hand in day-to-day tasks. With our idea, we can connect normal jobs with volunteering opportunities, that is unlike any other application on the market today.

Our principal competitor is **Help it go**, which is another Hungarian application for social task sharing. Unlike ours, this does not focus on companies or needy people.

Our direct competitors are:

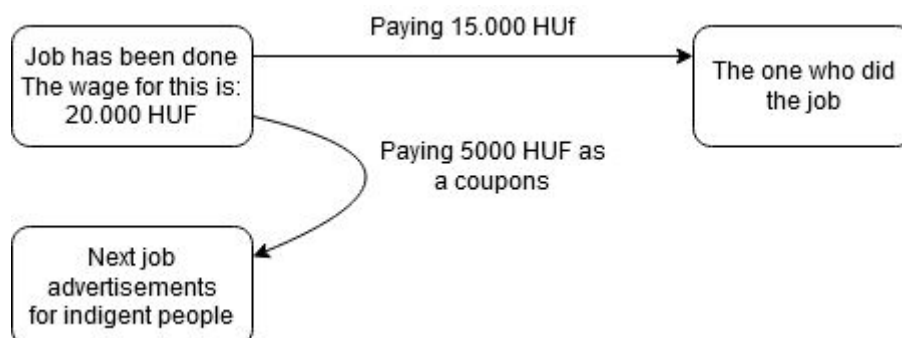
- **OLIO**, which is a sharing app for food and non-food items. You can post your wares and someone will request the items and turn up to collect. You can also arrange a public meeting or drop off the item yourself.
- At **Golden Volunteer Opportunities**, they are helping people find local volunteer opportunities based on the things they would otherwise be doing for fun and help nonprofit organizations by providing high-value volunteers and operational analytics.

- **Elev8society Volunteer Opportunities**, which is similar to the one mentioned above, but it focuses on simplifying the volunteer process by pairing you with the perfect organizations based off of your preference and building a community.
- **Aira**, where blind people can call highly-trained people who are seeing the surroundings with the help of the phone's camera. Aira is backed by a major US carrier AT&T and has a loyal, supportive fan base.

Our indirect competitors are:

- **Fiverr**, which is an online marketplace for freelance services. The application focuses on freelancers and gives them a platform to offer services to customers worldwide.
- **Freelancer** claims to be the world's largest freelancing and crowdsourcing marketplace that puts businesses and employers in contact with a global network of freelancers. The service is unique in that it allows users to bid on projects or jobs; as members post projects, freelancers bid with their rate and expected time to complete it.
- **DoorDash** is a delivery application that facilitates door-to-door delivery by allowing people to work as delivery drivers for local merchants. Deliveries are usually made by car, but certain locations allow "Dashers" to use bikes, and some even allow for walking.
- **TaskRabbit** specializes in "everyday work," allowing you to make money as a "tasker" by completing odd-jobs and errands. It's available throughout the US, and with over 50,000 taskers, the company prides itself on providing the best platform to get things done around the house.
- **Field Agent** outsources market research, allowing anyone to make money by completing assignments on behalf of businesses. They mobilize over a million workers called "agents," through the Field Agent app to furnish businesses with retail audits, mystery shops, market research, and digital product demonstrations.

We differ from each mentioned service because we can connect companies with needy people through work. We help companies find suitable people for their needs and if we can arrange a deal with that company, they pay a bit less for the job and give us a limited number of vouchers. For example, a pub would pay 20.000 HUF to a bartender. Through our app, we make a deal, that they pay 15.000 HUF and give us 500 coupons with a discount of 500 HUF for the first drink. It is a win-win situation for the company and needy people, because this way if any needy people would like to pay someone for shopping, they can just place an advert where they pay 10 of these mentioned coupons.



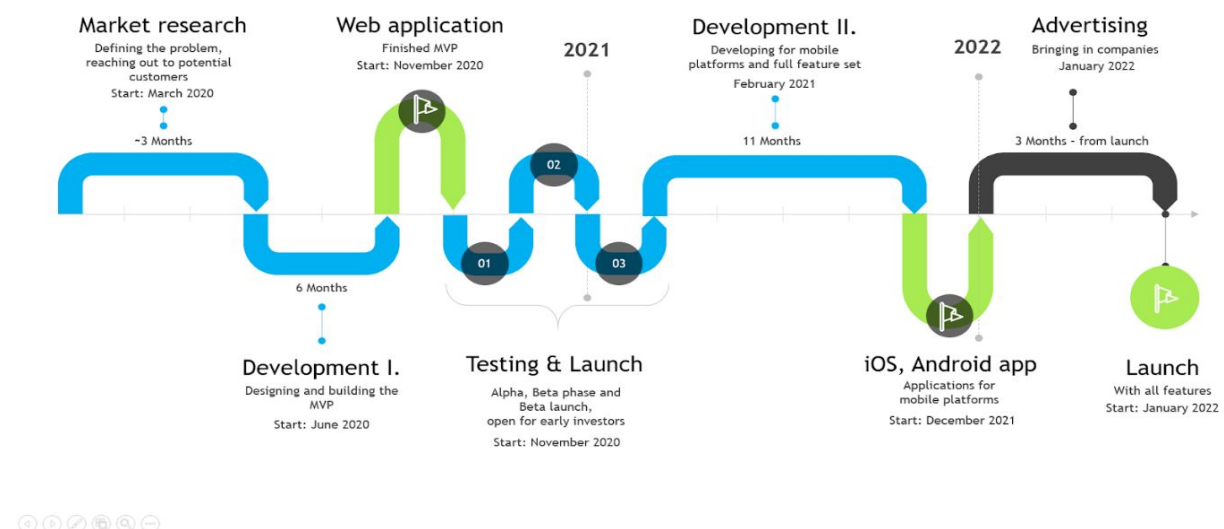
## Barriers to Entry

First of all, at launch it is very hard to find companies, that can get behind our product because it is a small pool of people that they can choose from. There are other applications and bigger organisations if you just want to help needy people, or if you do not care about anything else, just want to find a job.

Nowadays a lot of people and companies realized, that the Earth is not an infinite source of power, and we have to take good care of it. This is why for example more and more Silicon Valley companies use recycled aluminium. Apple's every red colour product has the (Product) Red badge, which means that now 100% of eligible proceeds from (PRODUCT)RED purchases go to the Global Fund's COVID-19 Response. We think that there are a lot of wonderful people in need, not just in third world countries, but in everybody's neighbourhood. We believe that a lot of people would happily use our product rather than just an ordinary job application if they know, that by working through our application they can help others in such way, that more and more people buy red Apple products.

## **BUSINESS MODEL RATIONALE**

### OfficiAlly Roadmap



### **What strategies will you use to GET/KEEP/GROW customers?**

One of the easiest ways to get in touch with a potential customer is if you offer them a FREE "gift". [2] Gift attracts those that might buy your product and hopefully it can convince them or they just get more information about the product/service. On the other hand, the potential customer could associate positive emotions with the company, which strengthen the relationship. In our case, we would benefit from this by sharing a free newsletter or coupons. To grow customers base we should create fresh and informative content on our website and on Social media as well. [1] Specific targeted Advertisements can help to grow too. If we establish fine customer support and if we treat each customer with respect, that will cause an increase in the level of happiness and satisfaction.

### **What generates revenue for the venture & what is the revenue projection?**

The App will generate money from advertisements, which are displayed on the screen while the usage. Projected revenue is the estimated money that a company will generate during a specific period. To make a forecast, firstly we should estimate the number of active users in time

duration. After that, we can calculate the generated money. (The number of downloads does not correlate directly with advertising revenue. Users have to remain on the page to increase income.) The revenue can be estimated with the help of the CPM model: The equation for revenue is simply the number of impressions multiplied by the CPM, and then divide by 1,000. (CPM is proportional with the number of impressions) [3]

### **What is the cost structure? (Direct & Indirect Costs)**

A direct cost is a price that can be directly tied to the production of specific goods or services. For instance, if we would buy new laptops to make programming more efficient, this cost would be considered as a direct cost. On the other hand, the salary of a professional programmer would be the same. Indirect costs are costs used by multiple activities, and which cannot, therefore, be assigned to specific cost objects. For example, the consumed electricity belongs to this category. [5] [6]

### **What are the profits and cash flows?**

Cash Flow is an amount of money which can invest immediately in the business. Profit is the amount of money, which exceeds the expenses of the company. (Earned money- spent money). Earned money would come from advertisements, sponsors, investors and the spent money was detailed by the launching paragraph.

### **Describe your planned distribution channel strategy.**

Distribution channel strategies are used to maximize the sales of products after they enter the market. [7] The most obvious choice is app stores. These stores are not just composed of Android market and App Store, there are other smaller distribution platforms, for instance Microsoft's Windows Phone Marketplace. Another opportunity is a pre-load function. This method enables download before the official launch date. Of course, it consumes money, but experts say, it worth it. By using optimized search engines, website visitors can be converted into app users. Social media ads and special app reviews can increase the access of the app as well. [8]

### **How will the various distribution partners share in the value provided (i.e. what is the split of the ultimate customer revenue?)**

The main distribution platform will be IOS and Android market. This will generate most of the downloads and most of the profit. (60-70%) Ads and app review would be a help to increase the customer base.

### **How much cash will you need to launch? What are your anticipated startup expenses?**

According to the U.S. Small Business Administration, most home-based startups cost \$2,000 to \$5,000 to start. To launch the app, we need some initial advertisements after the app is ready. Fixed expenses, such as rent, marketing, website are consistent from month to month. On the other hand, we need to some spare cash, to avoid running out of money. The following table represents the estimated costs of the first 6 months. [9]

Costs	Estimation
Incorporation fees	ca. \$300
Office Space	ca. \$200 employee per month
Marketing	Google, Facebook Ads costs ~ \$520 / month
Website	Around \$40 per month
Insurance	Average of \$1,200 per year
Taxes	10-20 % of budget
Spare cash	\$2500
Total (6 month + Spare cash)	\$8500= 2 737 000 ft

### **Cash Burn Rate?**

Let us assume that we will start with the above mentioned 8500 \$. It is conceivable that our cash balance will stagnate or decrease within the first 3 months. Afterwards due to happen an increase.

Cash Burn= (Starting Balance -Ending Balance)/ Month = (9000-8500)/4 = 125 \$.

## **GO-TO-MARKET STRATEGY & GOALS**

### **Beachhead (the 1st market your business sells in)**

The number of employed people in Hungary is around 4 million and there are about 400 000 - 600 000 people with disabilities. The size of the beachhead segment is a smaller percentage, we estimate it at around 250 000 - 1.5 million people.

The highest priority needs are finding jobs and getting paid by advertising your talents or finding the advertisement that is best for you. On the other side, disabled people need a helping hand in everyday tasks. We provide a platform for these situations. Our starting marketing strategy is the following: we start advertising our application through social media, google ads, and by word of mouth. We will reach out to charities and organisations through email to join our user base.

### **Follow-On Markets & Offerings (The follow-on market is a market you will enter after gaining significant market share in your initial market (the beachhead))**

As soon as possible, we would like to bring in bigger companies to hire through our platform. When they put up an advertisement for a job, they can pay a small amount in coupons that can be turned back into their business (for example 20% discount coupons at a fashion company). This way we can provide these coupons as a reward of helping the people in need, so they do not need to pay.

### **Key Milestones & Critical Success Factors**

We identified two main accomplishments during the launch. The first accomplishment would be that we could generate enough money to keep the business alive. This means covering the fees for marketing, running the application and keeping it in app stores and paying developers and all employees. Secondly, we would like to reach at least 10 - 15 000 active users, who open the app at least on a daily basis.

In the beachhead phase, we strive to reach at least 100 000 people through advertisements and would like to keep 5-10% of the visitors as active user base. Our objectives are to establish a core number of users and to get feedback from as many users as possible to what features they would like to see and how could we develop the user interface.

## **FEASIBILITY - METRICS THAT MATTER**

### **How much will it cost you to attain each customer?**

Let us estimate firstly the cost of the marketing. We would use Google ads to reach more



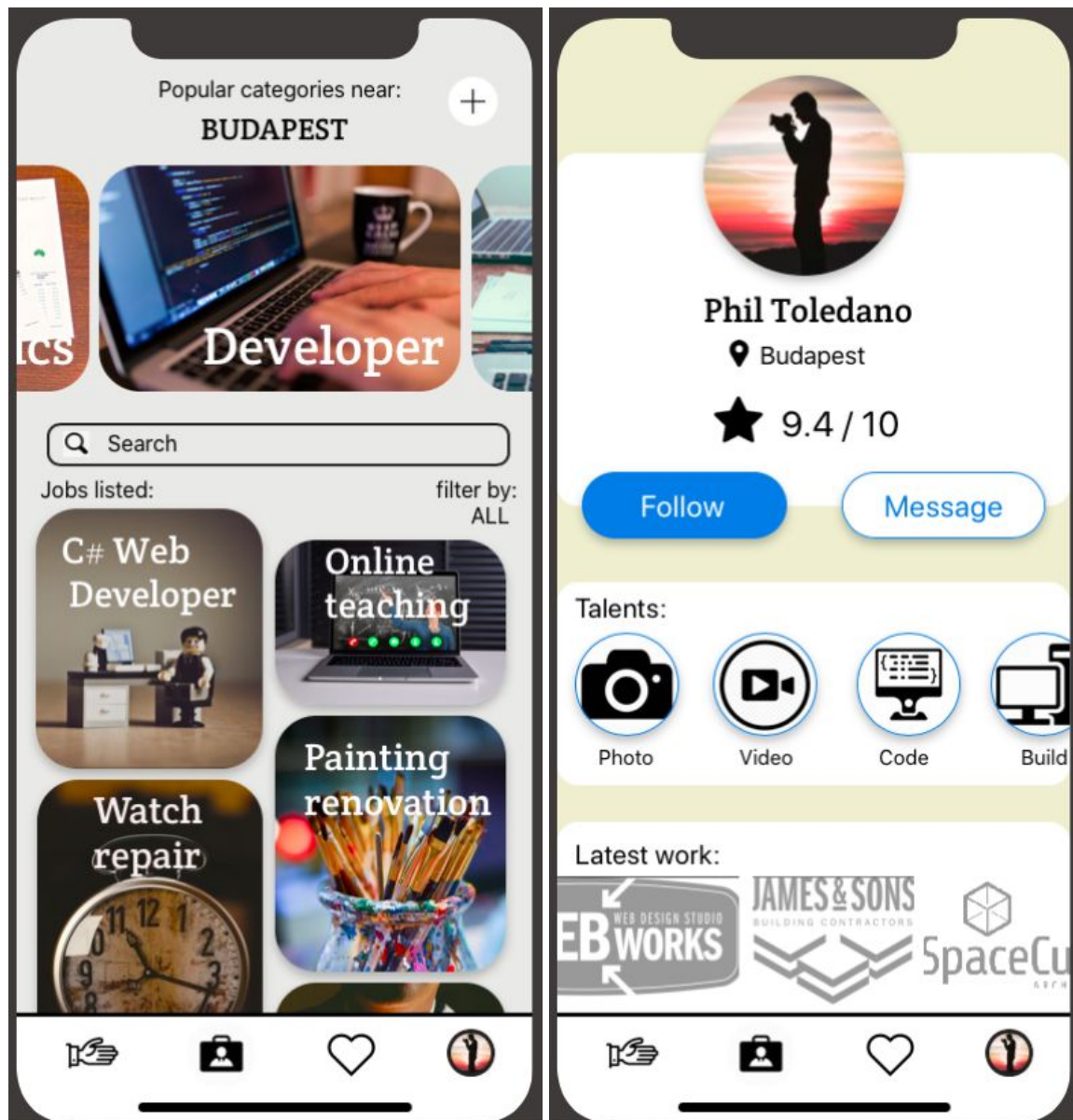
potential customers. Google suggested me an Advertisement for 5000 ft/day. So it is  $31 \times 5000 = 155000$  ft in a month. Google guarantees that the ad will reach 1450-2420 (click onto the ad link) people, who are new potential customers. Hopefully, each month will end up with ca. 200 new customers (with the help of this advertisements method. On the other hand, we could use Facebook ads. (it would be enough to pay 400 ft /day, so  $400 \times 31 = 12400$  ft/ month) The result will be approximately  $10 \times 31$  click= 310/ month and hopefully, 10 % of them will download the application. (I used my previous Facebook ads data, to estimate these numbers)

So CAC in a month is equal=  $(155000 \text{ ft} + 12400 \text{ ft}) / 200 + 31 = 724, 67$  ft. I think these numbers are closer to reality than the previous calculated (by creating unit economics homework).

### **How much cash will you need to reach important milestones, e.g. prototype, beta test, regulatory approval, first ship-to customers, etc.?**

The most important milestones can be seen on the roadmap. We made a calculation, how many workdays required to create the MVP version. In our opinion, 4 people would get ready within 125-130 workdays. (6 month = approximately 125-130 workdays) So we need minimum one extra person for the programming period. 6 month \* 400 000- 600 000= 2,4 - 3,6 M ft would be the cost if we all take part in programming. To share the app on the IOS and android platform, it needs ca. 14-month work. (Including the beta phase and the 2nd developing period) With a professional programmer, the costs are equal with  $14 \times 400\,000 - 600\,000 = 5\,600\,000 - 8\,400\,000$ . If we can not afford those costs, we will schedule the whole process again.

### **Application User Interface Examples:**



### Appendencies:

[1] <https://www.superoffice.com/blog/five-simple-ways-to-increase-your-customer-base/>

[2] <https://smallbusiness.chron.com/pros-cons-gift-campaigns-70314.html>

[3] <https://smallbusiness.chron.com/much-advertising-revenue-can-mobile-app-generate-76855.html>

- [4] <https://quickbooks.intuit.com/r/revenue/forecast-revenue/>
- [5] <https://www.investopedia.com/terms/d/directcost.asp>
- [6] <https://www.accountingtools.com/articles/what-are-indirect-costs.html>
- [7] <https://yourbusiness.azcentral.com/distribution-channel-strategies-9101.html>
- [8] <https://readwrite.com/2010/11/17/10-distribution-channels-for-mobile-apps/>
- [9] <https://www.fundera.com/blog/business-startup-costs>