

FLY2U

Business Canvas Document

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*** Contents of this document are based on the Business Model Canvas.**

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0. Summary

The project is aiming at providing a platform that connects customers who require something from a certain place and customers that can provide that movement of goods service, so they can benefit from it. The key partnership of our project will mostly be the individuals that want to work but our business is not restricted to it. We will also look for the companies that are providing the services. Furthermore, we will involve the payment solution provider and a human resource system to strengthen our product. The key activity is to implement the product with mainly five functions: user-friendly experience, registration, search and match, payment and delivery, and transaction and comment. As for the key resource, it will be physical, intellectual, human and financial resources we mainly need.

The value is to provide a good personal experience for people to live more convenient and some other more segmented values. For ours, it might be the lowest time cost for the great demand and the best price ratio. We have two types of customers: Service Consumers and Service Providers. Our entire business model is centered around these users with both roles of consumers/providers and we will involve them since the design of the product. We will market our solution as a platform to connect needs with people that can solve those needs. For our customers, we will offer convenience, simplicity, and security, with a platform they can trust. The development process we want to follow is a lean startup style, which targeting rapid prototyping. Prototypes will be tested with target representative users who will give immediate feedback and help develop the platform to fit their needs in the most convenient way. After product release, user feedback will be the main channel to involve customers, however, we can expand the idea to an open innovation process, where customers can propose new services and ideas, that are not necessarily part of our existing platform, but that can help in the evolution of the company.

We separate the customers to be two parts: one user group expecting lower prices, compared to commercial service, and the other one who can spend more money, but expecting better quality (safety, time). Our model is a C2C model that mediates service among customers like eBay or Priceline. Obviously, both roles can be real individuals or companies.

For the cost of our project, it includes research and development, sales, marketing, and fixed asset. In the initial stage, there will be a lot of research and development expenses when building an APP or website, which will

account for 20%-30% of the total expenditure. Once the platform and APP are made, the proportion of subsequent investment will drop significantly year by year. And for the revenue streams, we will have a combination revenue scheme contains product sales, billing income, advertising promotions, membership fee, lease serviced investment.

1. Key Partners

To make our product work well, we chose three main partners: individuals, payment system provider, and human resources system provider. These three groups are giving the most important values regarding our main service: Managing transaction among individual people. We mainly have to manage money flow and people, and we can get help from these partners.

Who can be the main partners?

Our main partners will mostly be the individuals that want to provide the service to another individual, but our business is not restricted to that we will also look for the companies that are providing the services. The companies already have the registered certified workers to it will be easy for the customers to choose any work by comparing the prices of the different companies and their rating. We will offer them our service and we will have them as our partners in the applications and that will be a good thing for both the parties. It will be a buyer-supplier type partnership in which they will supply the worker to the systems and the customers can hire them for some specific work that they want to be done. By having this partnership we will have some workers registered in the system so that we don't have to rely on the normal people who want to work in the initial stage of the business, we will have these workers already. This partnership will also cost savings and time to us so that we don't have to invest in hiring the workers for business instead we will focus more on how to grow the business and how we can make it reachable to as many people as we can.

Partner for Payment System

Our application will have the payment system as well. Therefore, we need to have a partnership with the payment solution provider that will help us regarding the payments system. Nowadays, no one is paying using his or her bank account or offline payment. Payment is getting simpler, and

these payment systems companies are in the center of these innovations. By using these commercial tools, we can make the flow of the payment smooth like taking the payment from the customer and giving it to the service provider or the individual worker.

Partner for Human Resources System

People are the most important factors to run our system as the transaction is made by individuals. They are our customers but at the same time our workers to make our system running better, and sharing profits. Therefore, we may need to have a human resources system as well that will track all the things related to the people that will work for the business. We can outsource that part when we are growing as a company, but in the initial period, we will manage ourselves by adjusting a small human management system to our project and company itself.

2. Key Activities

Key Activities are important steps to implement our product. There are many assumptions at the beginning of the startup, such as whether the product can really solve the above customer problems, whether the customer really has these problems, and when the product contacts the customer. The time and money of the entrepreneurial team are limited, so there is probably no way to spend half a year or a year to make a big product as we need to get users' reactions quickly.

Here, the MVP (Minimum Viable Product) is used in order to verify this. Since the product needs to be developed quickly, by deleting the unnecessary functions, the product development process can be more efficient. In this sense, most startup teams adopt "Agile Development" or "Scrum" to support MVP development. Due to the particularity of our platform, some details needed to be considered for the fundamental functions. We will develop our MVP project aiming at the following criteria:

User-friendly experience

Users are free to browse our website (or application) and using some basic functions to know the working process of our platform. At this period, clear user interface, introduction, and good using experience are able to help us keep the potential customers.

Registration

Furthermore, if part of the customers would like to engage in the delivery process, strict registration is needed in order to ensure the safety issues at the first step. Some details are shown below.

	Compulsory or not	Needed for administrator	Shown to relevant users
First Name	Yes	Yes	Yes
Last name	Yes	Yes	Selective
Passport Details	Yes	Yes	No
Nationality	Yes	Yes	Selective & Suggested
Identity Number	Yes, If applicable	Yes, If applicable	No
Occupation	Yes	Yes	Selective & Suggested
Email	Yes	Yes	Selective & Suggested
Phone Number	Yes	Yes	Selective

Table 1. Basic users' information form

Searching and Matching

In this step, the service provider registers their travel information while the demander searching the proper service provider. Here is the search and match sequence by each of user case: Service Provider and Buyer(Service Requester).

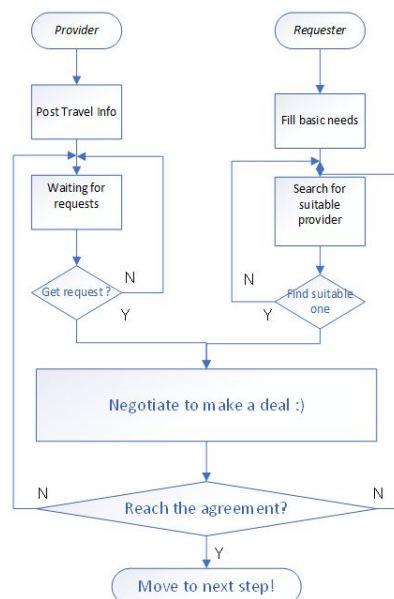


Figure 1. Searching and matching sequence

Payment and Delivery

Although the functionality within the application is important, establishing a model for how to deliver from outside the application is also very important for our application. We divided the delivery case into two cases as shown in the following table.

Type	Preparations	Check	In Trip	Pick-up
Private document or gadgets	Send buyers' item(s) to provider via express, etc. via friends or relatives	The requester (buyer) check the item on platform	Pay taxes if needed	Face-to-face or self-pick-up cabinet
Something New	The providers buy it for the buyer himself; The buyers pre-pay for it	The requester (buyer) check the item on platform	Pay taxes if needed (recommended)	Face-to-face or self-pick-up cabinet

Table 2. Payment and delivery process

Transaction and comment

The service provider gets the fee from buyer and two sides leave each other's comment and complete the transaction. Our application has a responsibility to transfer money and service safely. That's why we had to set up a variety of ways to secure transactions. Secure payment system is the way to keep the money until all the events are finished. The service fee will be frozen until users receive their package. Transportation insurance is for in case of damage during parcel transportation. Users can include insurance to their contract and make their payment more safe.

3. Key Resources

Physical Resources

We will require office where we can register the worker and have a background check on them for the type of work that they are looking for and they can show some proof that they actually know the work. Also, in the early stage of the service, an office may be set up at the airport to help users to use the service to prevent confusion between users. In addition, it

is also necessary to promote the installation of cabinets in the airport, which is planned for additional services.

Intellectual Resources

Our application involves cash transactions and is primarily using baggage transits from the airport which requires high security level, so we must deal with this information carefully. We need to manage the legal documents of the business and also the list of the partners that we will have. Also the data of the customer that we will. But most importantly, it is transactional information between customers that should be handled carefully. We will need to run a server with a separate security policy to protect it. If our company is small, we will have to run a commercial cloud server, but we will have to apply security policies to the trade.

Human Resources

We will mainly need to hire people in service area and train them so that they can support online/offline situation about transaction between users. Small HR team would be enough in the first stage to manage and register the people in our system. We also need to build a tech team as we grow we will need to have big tech team. We will require a support team that will help the customers in case of some issue and try to resolve them. Also if someone wants to query regarding the system the support team will help them. For the promotion and marketing of the business and application we will need to have sales team that will focus on promoting the business.

Financial Resources

In the starting of the business we will need some funding which we will use to hire the people and to make the platform and also to have the place where we can work on. To achieve financial support, we need evidence to show that our ideas can actually be operated. We can quickly build an MVP and run it on a school-by-school or regional basis. After that, we will be able to go to various startup support programs, tournaments, and get various support programs including initial funding or places to work.

4. Value Propositions

Our idea is to create a platform for delivery items for people who live abroad through those people who will transform between these two countries. At the start, this is a personal experience. A is an Asian student, she loves the spicy flavor but she has not found the “right” chili pepper in Stockholm. So, she posted a message in her local social media group to find someone delivery some chili pepper from her country. A senior student she has never know before saw her message and then offered her a hand. This delivery charges her a little fee but A said it is totally worthy.

After this, we noticed that there are always some messages about asking for delivery from domestic in different chatting groups. And sometimes, the same message will be posted into several chatting groups. During this procedure, the chatting groups are considered to be a platform, the people who want to get items (Buyer, or the requester) post their requirement and then the people who can do this will contact her.

But through chatting groups to find the delivery people is not very efficient. Only a few people in these groups will have a corresponding journey with the requester's demand. Buyers also need to post the same message to many groups and then to talk with each of them to check further details (the exact travel time, the space demand, and how to finally get these items, etc.)

And we also summarized there are some features of those items the requester usually would like to ask for a delivery.

- Special products with clear regional characteristics. Such as traditional food or specific festival items.
- Items usually not with very high value or importance. There is no insurance guarantee for this kind of delivery, so for the valuable items, people usually prefer a more official delivery company.
- Bipolarity required for the delivery time. For the greatly needed items(some diplomas or other documents), this delivery method provides the shortest time cost. For items that are not essential(books, cards and etc.), the requester is willing to pay a very long waiting time.

Based on these features and this background, we would demonstrate our idea through two questions mentioned below.

Which one of our customer's problems are we helping to solve?

To make a more direct connect with the requester and the service provider(the people who travel through the same two countries with vacant baggage allowance). Our platform will only gather those who have the ability to provide this service, so it will be more efficient for the requester to get touch with the service provider.

More efficient procedure. All the steps will be regulated. Some information will be collect in advance,such like the specific travel time and the vacant space, so the infor-exchange time will be greatly saved.

Maybe there could be some insurance provided by our platform to make this delivery more guaranteed.

What value do we deliver to the customer?

1) We can offer the lowest time and the most reasonable cost for the most demanding product such as documents.

2) We can offer the best price ratio. As we mentioned before, most of the items requested to be delivered are not very valuable. The existed delivery methods cannot provide an affordable cost for such items.

5. Customer Relationship & Channels

In our case, we consider customers to be not only consumers of our services but also essential to be able to provide such services. We will provide a platform that connects customers that require something from a certain place and customers that can provide that movement of goods service, so they can benefit from it.

In a way, our customers will be part of the company. It's a single ecosystem. Service providers will enable us to present services that consumers can request. Consumers will rate, review and evaluate the performance of the providers. They are the decision makers and will help us guide what kind of services we need to add, remove or modify to better solve the needs of our users.

To get the first customers, we will target niche segments that, for one reason or the other, will find the service highly convenient. We have two types of customers:

- **Buyer (Service Requesters)**

- **Service Providers**

For this reason, our entire business model is centered around these users with both roles of consumers/providers and we will involve them since the design of the product.

We will market our solution as a platform to connect needs with people that can solve those needs. For our customers, we will offer convenience, simplicity, and security, with a platform they can trust.

The development of the product will require an agile strategy of constant improvement and our application will be made based on mobile and web deployments, to take advantage of the continuous evolution of technology in the shape of cloud, mobile and artificial intelligence development. We consider that involving the users in this agile process will be key to improve the platform and services and, according to Anna Cui, There are two types of user involvement:

- **Customer involvement as an information source (CIS)**
- **Customer involvement as a co-developer (CIC)**

CIS is more beneficial for new product outcomes when firms take a more experimental New Product Development (NPD) Process approach, whereas the effect of CIC is stronger when the NPD process is characterized with lower experimentation. CIS and CIC also substitute for each other in their contribution to new product outcomes.

This methodology has two points of view:

Developer's view: Agile involvement

For the developer, the best way to involve customers in our development process is by using the agile method that can have a faster iteration than waterfall (from the top down). And then we can take more amounts of testing and reviewing sessions with possible users. We can get constant feedback on the platform and change quickly to adapt to user requirements.

Business view: Ideation > Development > Launching

In the NPD process, customer involvement during ideation and launch has a positive impact on new product financial performance via speed-to-market, and to cater to the actual needs of the users. A point to

consider is that the speed-to-market is not affected trying to solve every need in the first version, but releasing early and moving quickly.

Our application will not have technological uncertainty as it does not require "New unknown technology". And the 'Gig economy' is gaining ground, with most people already have used services such as Uber or Airbnb, so there's already an intuition of how the idea works. The key for us in the new product introduced in this market is to create trust. It is important to make the customer actively involved in our product show transparency and make a big impact.

We want to offer options in order to allow for comparison between service providers so that the end user always has a choice and will get the best service at the correct price point.

Currently, customers who want to use these services usually find them through direct service, the recommendation of acquaintances, or even recommendations of the Internet community. We compare these options as follows:

Most people are using Google or BBS to get useful information:

- There's not always clear feedback
- There's uncertainty if relying on a recommendation, but usually costs less
- Overall costs (time, price, etc) of traditional providers are high but are more reliable

We want to offer the benefits of more options, lower costs and reliability to our customers. Additional to this, we want to generate useful additional value for our customers, like:

- Classification, pricing, and rating system
- Service fee protection — Only paid after service is done
- Insurance — Service quality guarantee

In the future, we want to incorporate artificial intelligence to be able to offer better services and recommendations.

These are some of the first niches we initially consider to target:

- Students living abroad for a determined period of time that may need to get things from their home countries.

- Professionals that fly frequently for short periods of time and that would benefit from offering the service of moving things.

We will be able to get additional customers by adding additional services. We envision a typical user decision to be similar to the following:

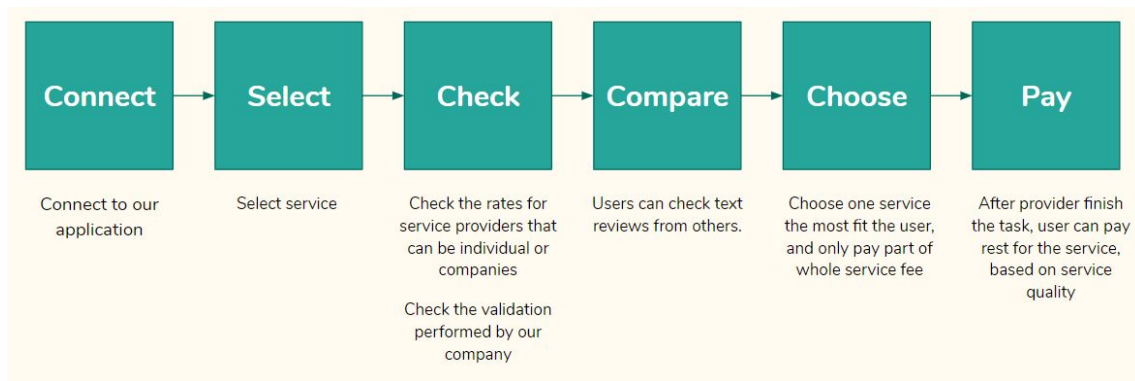


Figure 2. User decision progress

And the required information in order to make a decision can be made directly in our application. For example, we can present a comparison of costs and time required to do the same service, but using a traditional provider, so it will be easier to make a decision.

This introduces the next business canvas building block, the **distribution channels**.

Our value proposition is to make use of digital technology and distribution channels which are fast, efficient, ubiquitous and cost-effective. Digital has transformed all industries in the world, optimizing processes and allowing for new products to appear and we envision the same happening with the transportation business.

A simple diagram of our product is the following:

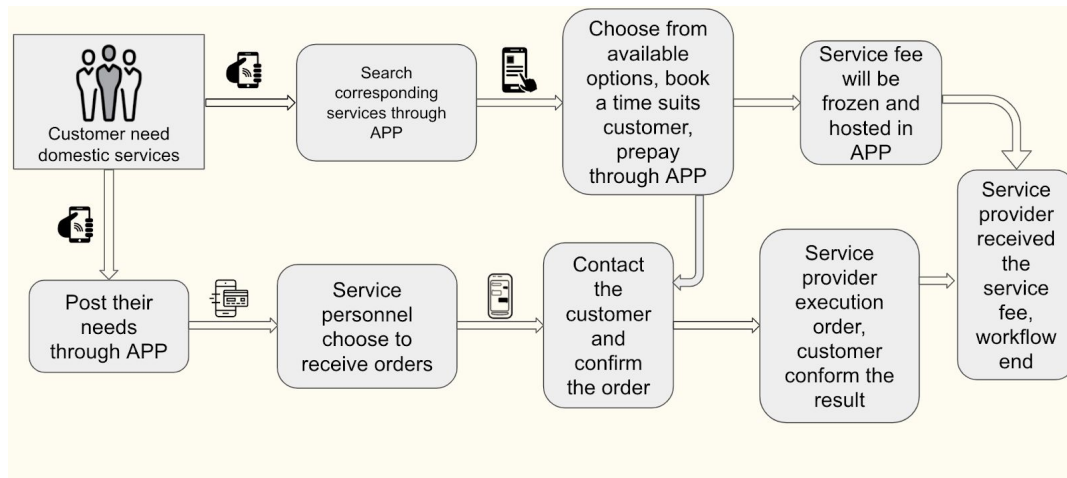


Figure 3. Simple product block diagram

Additionally, for efficient marketing, we will use the learned lessons of Digital Marketing, with activities such as:

- Make use of social media to reach the target audience and be able to listen and influence, creating awareness
- Create an impactful landing page that increases interest and sells the benefits of the platform.
- Make the application visible in the app stores and optimize for SEO in web searches.
- Create viral content that will touch on the emotions of our customers, mention how this kind of services are not only cost-effective, but also eco-effective, for example.
- Start a blog: We plan on being transparent since day one, so we need to communicate with our customers and create trust.

We can also measure interest from consumers by interacting with them. In fact, we plan to do it since the design process. We must do marketing to increase interest in the platform before launching. As mentioned before, customers will be involved since day one. The design thinking process will need to empathize with our customers, so they need to be part of the feedback process as early as possible.

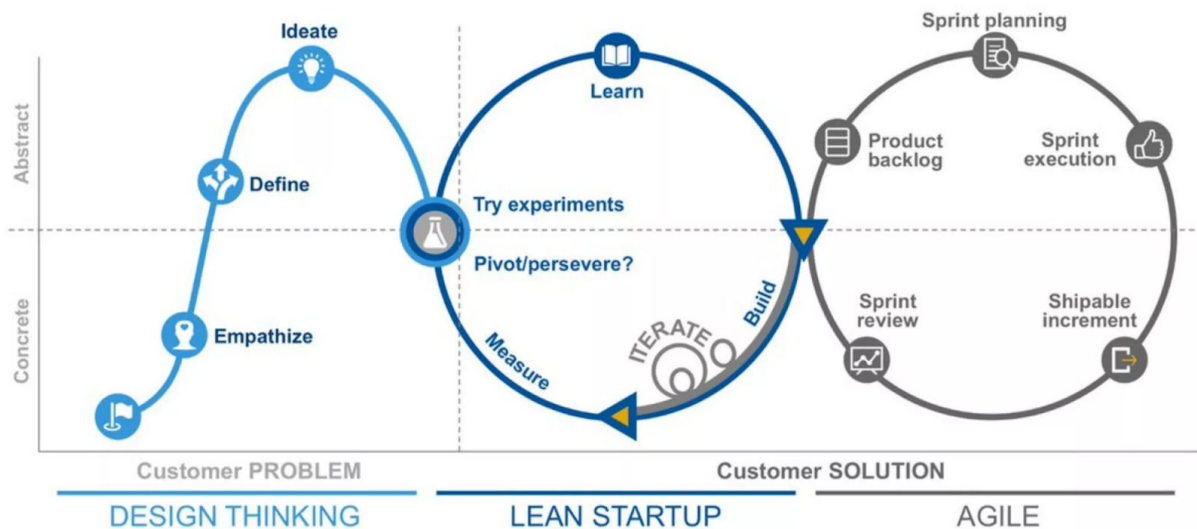


Figure 4. Lean startup sequence

The development process we want to follow is a lean startup style, which means that the target is rapid prototyping. Prototypes will be tested with target representative users who will give immediate feedback and help develop the platform to fit their needs in the most convenient way. After release, user feedback will be the main channel to involve customers, however, we can expand the idea to an open innovation process, where customers can propose new services and ideas, that are not necessarily part of our existing platform, but that can help in the evolution of the company.

6. Customer Segments

Segmentation in a business model can be interpreted in two ways: Narrow meaning and broad meaning. The first is actually a narrow segmentation of what type of user will use our service in the world. Secondly, it is about which area of our sales area our service belongs to, such as B2B, B2C, and B2G. We will first mention the narrow meaning of segmentation and then try to describe our broad meaning.

Because there are many people around the world, there are many criteria to find the right customers. That's why we use a variety of business methods to narrow the range of possible customers and find potential customers who can be the right customers. In this sense, customer segments are important no matter how good a product or service is. If we do not have a customer to buy it may just be 'nothing'.

Narrow meaning of segmentation

To do customer segmentation, we can first divide the type of logistic service users, based on their service preference. We can firstly separate them into two parts.

Expecting lower price, compared to commercial service:

- This segment of users is mainly students, new employee, or international moving immigrants who cannot afford to pay for current expensive services or who has to move big amount of baggage so that the price goes up in a very high extend.
- This segment of users can have high probability to use our application as we are aiming at providing the service with cheaper price than regular service fee.
- Service for them can be just regular service without premium options.

Can spend more money, but better quality (safety, time):

- This segment of users is not our main customer, as they can fully afford to use regular service offering high security and exact transit to front door of the destination.
- However, we have to make this segment our user as well because this segment can pay more for service and can be the means by which we can generate a steady revenue.
- If we want to gather this type of segment, we need to provide premium service than can guarantee similar accuracy and safety to current services, but with cheaper price. We can create company-level delivery guarantee and then try to gather this segment of users.

Broad meaning of segmentation

It is needed to decide which market we can launch a product or service. Then we need to understand the type of customer and listen to their needs. First of all, the market is divided into two parts: 'supply' and 'demand'.

- Based on this material, we tried to understand our possible customers by learning more. Our application has two main users by their function in our service in our language: 'buyer' and 'service provider'.
- Buyer is people who want to get some special products from abroad countries by using our application. Therefore, it can be basically 'individual'.
- Service provider is who can provide empty space for luggage, so it is also 'individual' who can share his/her space.
- Therefore, our model is a C2C model that mediates service among customers like eBay or priceline.
- Obviously both roles can be real individuals or companies. A company can use a service using company's money if they want to send and get documents faster than services like DHL, but with cheaper price. However, we can define it's still a C2C model.
- In order to become a B2C or B2B model, there must be a condition that the company and other companies must exchange services or products in contract form.

However, because we provide services to the public, from our perspective, regardless of how the company uses the service as a company's financing, they also can be regarded as 'customers'.

7. Cost Structure

Research and Development Expenses

In the initial stage, there will be a lot of research and development expenses when building an application or website, which will account for 20%-30% of the total expenditure. Once the platform and APP are made, the proportion of subsequent investment will drop significantly year by year. The follow-up costs are mainly reflected in the operation and maintenance of the website, as well as the research and development costs based on user data, including its artificial intelligence and deep learning technology research and development.

Sales and Marketing Expenses

Sales and marketing expenses include employment pay (Sales team offline advertising), advertising expenses (advertising), and trading user incentives (subsidies). Among them, advertising expenses and user

incentives generate most of the marketing expenses.

- Promotion of products, advertising investment is indispensable. Therefore, this part of the expenditure should account for about 20% of the total expenditure in the early stage of product promotion. As the customer increases this expenditure, it can be reduced.
- The incentive policy is mainly coupons and payment discounts for the customer side.

In the early stage, in order to attract customers to reduce the price by issuing coupons and payment discounts. At the same time, to encourage more people to join and provide service, the travelers will be subsidized too. This part of the expenditure will occupy 50% to 60% of the expenditure in the early stage of market acquisition. After forming a certain user scale and successfully cultivating user spending habits, this part of the expenditure will gradually decrease.

Production expenditure

Our production expenditure can be following costs: Utility bills, property fees, server hosting fees, network traffic costs, payment settlement costs, etc.

Fixed Assets

Our fixed assets include following: Self-reporting, servers, office space, office equipment, etc.

8. Revenue Streams

The core of corporate income sources in corporate business canvas: What value can make customers willing to pay? Implications for entrepreneurship: Describe the company's cash income from each customer segment (revenue after deducting costs from revenue generation). In the expression of the business model, the source of income is the arteries of the business model, and the types need to be clearly expressed to entrepreneurial partners and investors. Sources of income come in the following scheme:

Stream 1: Product sales revenue

Sales revenue is the most common form of revenue for physical projects, and traditional business models use this as the primary revenue category. For example: mobile phone sales, car sales, supermarket product sales, etc. Because we do not sell physical products, this income is not applicable to us.

Stream 2: Billing income from products or services

Providing a specific product or service to a customer is not based on sales, but is charged as a form of billing. For example, accommodation in hotels is charged in days; shared fitness is charged in minutes.

Our product will charge a service fee at a certain percentage of the purchaser and service provider's transaction amount. The amount of service fee in the promotion phase will be set at 5% of the transaction amount. A minimum service fee for one order is 10 kr. After the promotion phase, 15% of the transaction amount will be charged as a service fee.

Stream 3: Advertising promotion fees

With the development of self-media, Internet advertising promotion billing has formed three types of charging methods: traffic display billing, click billing, and download billing. Advertising revenue is mainly the main way of traditional media industry, new media, and revenue from media projects, it can also be part of our company's revenue.

After the number of users has stabilized, the company could do some commercial activities to attract the advertisements to put on the platform. This will be a big amount of income.

Stream 4: Membership fee collection

Many products and services do not price themselves, but are bundled in the membership system and become exclusive products or services of members. The revenue comes from the membership fee or annual fee. For example: online games, mobile games, registered members, monthly or annual fees (such as games, monthly card quarter card), HBO membership fees and so on.

We will offer two membership for buyers and sellers as well as a super membership for a user who do both sales and purchases. Buyers' membership will use the promotion method of reducing the proportion of service fees and free use of self-receiving cabinets to promote buyers to purchase members, resulting in user stickiness. The seller will have a very fast collection, free use of self-receiving cabinets and other promotional methods to promote the seller to buy, but also promote the seller to provide more services to ensure the normal operation of the platform. These membership fees can also be used to make more profits as well.

Stream 5: Lease service revenue

Many assets or services are charged in the form of collecting rental fees. For example: car rental, house rental, etc. Our self-receiving cabinet could also be charged as a lease. Each time the user uses the self-receiving cabinet to put in and take out, he will be charged a certain fee, about 10kr, and the fee may be reduced during the promotion period.

Stream 6: Investment income from the cash pool

Because there will be a significant time difference between the payment from the buyers and payment to the sellers, we will get a safe cash pool through financial calculations, and use this amount of funds to make a steady investment to obtain higher revenue.

In summary, our revenue will not be a single model, but a complex model, and the final revenue will be the integration of the above six models. It may be added or changed continuously depending on the situation as it is the nature of the startup.