

Deployment plan: Hawk Cloud

Hawk Cloud is a simple cloud file storage system. It allows users to upload and organize files and then download them for later use. If this product were to form the basis of a business, there would be two separate services offered. A service geared more towards small business and companies which would allow for the program to be installed and executed on their servers and that intended as storage for intracompany use. In this case, Hawk Cloud will offer support for the product. The other Hawk Cloud would offer, is personal, simple cloud storage. This would be akin to the service offered by dropbox, but with fewer frills.

The founders of Hawk Cloud (Andrew Megaris, Alexander Kimani, Dillon Fruhwirth, Rusty Riedel, and Sierra Seacat) plan on turning the project into a sustainable business. The following document details the founders' plan for deploying Hawk Cloud into the market. This plan assumes market research has already been conducted and there is a market for the product. The strategy of deployment involves forming a limited liability corporation, finalizing the product (in areas such as design and the incorporation of an end-user agreement), marketing and advertising the product, purchasing a domain name and setting up servers, and raising funds from investors in order to cover costs associated with launching the product.

The first step towards deployment is a forming a limited liability corporation (LLC). The formation of a LLC will make the company a separate legal entity, a step the founders feel is necessary to protect themselves from lawsuits and/or bankruptcy [1]. The LLC will be formed under the name Team13 LLC (the name is actually available) in the state of Kansas. The reservation of the name with the Kansas Secretary of State's office will cost \$35. The Limited Liability Articles of Organization (DL 51-09) will be filed with the Kansas Secretary of State in

order to form the company. The filing fee for the DL 51-09 is \$165 [2]. Along with this, a resident agent will be appointed. This entity will accept legal papers on behalf of the LLC if it is sued. It will be advantageous to also make an operating agreement. It will detail the rights and responsibilities of the founders, as well as their interest in the company, and rules regarding how the company will be run [3]. It will also be necessary to file with the Internal Revenue Service to obtain an IRS Employer Identification Number (EIN) since there will be more than one employee of the company. It could also be necessary to file for a business permit in the city and state of operation, since we would intend on selling a product. It may also be necessary to hire a lawyer to assist with this process, particularly the drafting of the operating agreement. This could range from \$350-\$800 per hour. The cost for hiring a lawyer to assist with the creation of the LLC would likely cost \$2,000 to \$5,000 total [4]. In total, dealing with the legal aspects of forming a company could cost \$5,200.

After or during the formation of the LLC, the product will need to be finalized so it can be placed into production. There are two components to this: design and legal. The product is not currently designed in a manner that would be visually pleasing to a user. To correct this, the founders deem it necessary to hire a web designer, as none of them have design backgrounds. The web designer will be responsible for creating the frontend of Hawk Cloud and making it more aesthetically pleasing and user-friendly. Freelance web designers generally charge between \$40 and \$75 per hour [5]. This is estimated to take no more than 160 hours of work [6]. Thus an upper limit estimate on this cost is \$12,000. Another important aspect of the design of any product is a distinctive logo. Therefore the founders believe that it is necessary to hire a graphic designer to create a logo for Hawk Cloud. Freelance graphic designers typically charge \$75-\$125

per hour [7]. This should take a competent designer 10-30 hours to complete [8]. An upper limit estimate of this cost is \$3750. The total for design work should not exceed \$15,750.

It is also necessary to deal with potential legal issues pertaining to the product before deployment. Since the product allows the user to upload any content they wish, there is a risk of uploaded content violating the Digital Millennium Copyright Act (DMCA). In order to cast legal responsibility for copyrighted materials hosted on the servers away from the company, the founders would like to have an end-user agreement written up. The end-user agreement and Terms of Service will state that Hawk Cloud does not allow for the hosting of copyrighted and illegal materials and that the user will assume risk for everything they upload. A lawyer will be hired to draft the terms of service for the website. The cost for this can be assumed to range from \$350-\$500 [4]. It should take no more than 10 hours of work for the Terms of Service to be drafted. This expense should cost no more than \$5,000. An attorney specializing in copyright law is preferred for this because of the great risk for copyright infringement the company has. A copyright lawyer would also be kept on hand to help deal with any copyright issues that could arise throughout the operation of the company.

With the completion of design aspects of the product and the Terms of Service, the product itself will be ready for deployment. However, servers and a domain name are needed before actual deployment can occur. A .com domain can be purchased for about \$11-12 a year [9]. However, it is advisable to also purchase several domains with similar names or names that are easily confused with the actual domain name [10]. The domain name hawkcloud.com is not available [9]. We would have to either choose a similar domain name that would work, or find

the person who owns hawkcloud.com and try and negotiate to purchase it from them. This could cost 1000s of dollars.

It will also be necessary to either set up servers or have our product run on another service such as Amazon Web Services. Amazon Web Services charges a monthly rate for their storage services based on how much storage is used, how many requests there are, and the numbers of transfers. Since this is a pay-as-you-go type model, there appear to be no upfront costs to using this service to deploy the product [11]. All of the web hosting could also be done in house, but this would require the purchasing of servers, as well as business class internet service and electricity for the servers. In house hosting could lead to performance restrictions, especially if Hawk Drive were to undergo rapid growth in users after it is started. Thus it makes the most sense to start out using Amazon Web Services for hosting, at least initially. The company could grow enough in the future that it would be feasible to host the website ourselves.

Now that the product is ready to be deployed, a strategy for marketing and advertising the product needs to be considered. Business cards could be beneficial to have as Hawk Cloud is trying to appeal to businesses by giving them a simple cloud service they can run on their servers for intracompany file storage. Business cards would be left with potential clients and are practically a necessity. Business cards can be purchased from vistaprint for \$26 or less [12]. As for other marketing, our company should get booths at some technology conferences. For instance, the South By Southwest tradeshow could be beneficial to attend. Stands at South by Southwest range in price from \$3,400 to \$47,200 [13]. Other conferences could be considered too. The prices for booths for most other conventions are probably in line somewhere with this

range. CES charges \$20,000 just for space on the floor and an additional \$50,000 to rent the booth [17].

There are other costs to be considered in the deploying Hawk Cloud. For instance, some sort of office space will be needed, at least for meeting clients in, but also for working in. Office space in Kansas City rents for around \$15-\$20 /sq. ft/ yr (though this is probably the low end) [14]. The five founders also need to be paid something during the time leading up to the launch of the product. Startup founders do not typically pay themselves very well (\$37,800 average salary per year), so at this point the founders of Hawk Cloud are not going to have large salaries [15]. However, if the founders were to be paid typical developer salaries it would be around \$75,441 [18]. This is only being taken into consideration as a deployment cost because if building this product is the only job the developers have, they will need to have something to live off of. Deployment seldom happens just over one day, there are a lot of factors to consider.

This deployment plan was written under the assumption that Hawk Cloud would be able to become a large company and would get money from investors anticipating this growth. If this were the case, the average valuation for a company in Kansas is \$3.9 million [16]. Assuming it takes less than a year to deploy Hawk Cloud and no very large costs were overlooked, the company could easily get by with that amount of money. However, reality was idealized for the writing of this plan. Getting any amount of money from investors for this product seems unlikely because it is not a very novel idea nor executed any better than competing services. As was mentioned early, this deployment plan assumes that market research has been conducted and that there is a market for our product. The premise of this plan requires one to suspend their disbelief for a moment to fully buy into it.

A more realistic scenario to consider though, is that Hawk Drive is not intended to be a business, but something created and operated for fun. If this is the case, most of the costs mentioned here could be dropped. All of the legal fees, hiring of designers, and renting of office space would no longer be required. The only things that are absolutely needed are purchasing a domain and web hosting through Amazon (or some other service). This would be fairly inexpensive. Services such as those offered by Amazon are making the cost of entry into the market for software products very low. It seems viable to actually deploy a product like this into the marketplace, either for fun or as a more serious business endeavor (with a few idealizations).

References:

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