PenPaws Business Plan

Team: TechNo Sisters

Written By:

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1. Executive Summary

PenPaws was founded in the summer of 2017 and is a social enterprise based in Taiwan. It offers a unique social media platform, where pet shelters and owners can post about their pets. What the app does is establish emotional connections amongst the users and the shelter pets on the social media in order to increase donations and adoptions of those shelter pets. The details will be elaborated later on in the business plan.

The purpose of this business plan is to provide a clear idea of the unique services that our business offers and the value it can bring to the world we live in. Then, we will demonstrate the viability of our venture by offering market analysis, financial projections, and development plans.

2. Company Summary

2.1 Mission Statement:

It is our goal to make the pet adoption and donation process more universally known, accessible and enjoyable through a connecting community and captivating media.

2.2 The Team:

The PenPaws team was established in the summer of 2017 by the TechNoSisters, two Wu sisters from Pacific American School in Hsinchu, Taiwan, who both shared the passion for pet adoption issues and aspire to implement their vision into a social enterprise. Annshine, the leader and the finance manager of the team, is in charge of monitoring the overall progress, facilitating the meetings, drafting budget plans, coming up with financial projections, analyzing the market and the viability of the application, and continuously programming and revising our code. Jessica, the creative director of the team, is responsible for designing the aesthetics of the application. She is also responsible for marketing/branding and public relations, which entails contacting animal shelters for thoughts on our application and looking for potential partnerships. Jessica also finalizes the short-term and long-term development plans for PenPaws.

2.3 Immediate Future and Future Goals:

In our first step to solving the issue of stray animals, we have created the first working prototype in which users can follow animals and view their content. In the future, we wish to begin partnerships with local pet shelters in order to expand the features of our social media platform. As we finalize our application, we hope to launch the app in the Taiwan market in order to truly make a difference. Then, as we establish our presence in our home base Taiwan, we hope to expand it other countries such as the United States or other Asian countries such as Japan, who can truly benefit from the services that our venture offers.

3. Services that PenPaws Offers

Before we delve into the description of the services that PenPaws and the benefits it offers to the society we live in, we must understand the stray animal problem and its causes.

3.1 The Stray animal Problem and Its Causes:

There are over a million stray dogs in Taiwan alone. In the past, a dog was only given 12 days to be adopted before being euthanized. In 2017, the legislation to ban animal euthanasia was implemented. However, with the lack of financial resources to support the stray dogs, shelters are left with no choice, but to let their animals die of starvation or illnesses. The issue of stray dogs is not only evident in Taiwan, but all around the world. With a growing number of 200 million stray animals worldwide, the issue cannot be ignored any longer.

The stray animal problem is broken down into three causes: 1. Easily solved misconceptions, concerns and ignorance regarding pet adoption, 2. Lack of funding due to inconvenience, misconception and unawareness, 3. Not all pet-lovers can fulfill multi-folded needs of pets, greatly reducing adoption rates.

Regarding the first cause, after conducting our hypothesis test, we discovered that the top reasons for not adopting pets include the unfamiliarity with pet adoption processes (43.1%) and local pet-shelters (39.8%), the misconceptions of not being able to find the specific pet that's fitting for the owner (20.3%), and other minor concerns that could be easily solved with education on pet adoption and its processes.

Regarding the second cause, we found that though most people have never donated money to pet shelters, 68.9% of those have a desire to do so. Their principal barriers include unfamiliarity with

the donation process (77.9%), lack of constant awareness and reminders for donations (44.2%), the misconception that one has to donate in large amounts (44.2%) and the inconvenience of the donation process (15.7%).

Regarding the third and last cause, we found that pets' needs are multi-folded (including financial, time, physical, environmental resources/factors) and a significant portion of pet-lovers cannot fulfill all requirements. Therefore, it prevents pet-lovers from adopting pets and significantly lower pet-adoption rates.

3.2 How our Application Addresses the Stray Animal Problem:

Big Idea: Our mission is to create a mobile media platform that reduces the problem by building an emotional connection between the users and the shelter animals, which would promote the adoptions of stray animals and donations to animal shelters or pets-in-need.

Like many other social problems, the issue with shelter animals must be solved with the effort and input of the public. This is why we proposed PenPaws as the solution to make pet donation and adoption process easy, accessible, and fun. PenPaws is a social media platform designed to nurture an emotional connection amongst shelter animals and its users.

By allowing shelters to create profiles for their animals and post video and photo updates of those pets, the audience can follow their content and grow closer to them with each post. Within our app, we will provide features that allow users to directly donate with monthly subscriptions or one-time donations. Furthermore, users can also start the process of adoption by submitting a request below the profile of the dog to the associated shelter.

As our convenient platform builds an emotional connection amongst the users and the shelter animals, users will be more prompted to contribute by donating to the pet shelter or adopting the

pet. For the pet shelters to thank the users for supporting them, pet shelters will be required to provide periodic exclusive content for the contributing users.

Regarding the third problem of pet-lovers not being able to meet all resources of a pet, we aim to tackle the financial aspect by linking financial aids to pet expenses for owners that adopt the pets. The application will do so by yielding 20% of our advertisement revenue and 100% of donations donated through our convenient channel to corresponding pet shelters, a trustworthy third party who will determine the owners that can receive financial aid for pet-expenses.

With the specialized media platform, it will also educate users and raise awareness regarding pet-adoption and donation processes. Furthermore, we will provide a convenient platform for users to easily search for adoptable pets that fit their preferences so they can easily communicate with local pet shelters.

4. Market Analysis

4.1 Market and Market Niche:

Market

As our venture offers a unique social media platform for animal lovers to follow photo and video updates of shelter pets or other pets, our venture would draw from the market of individuals who would be interested in adopting or donating to animal shelters. Currently, the number of people looking into owning a pet is rising. In 2011, only 63% of American households had pets. However, the numbers increased to 81% in 2013. Furthermore, according to a 2014 US PetSmart charity survey, 66% of owners are looking into adoption (PetSmart, 2014). For Taiwan, however, fewer people are willing to adopt. From a survey regarding the dog populations in Taiwan, only 1% of people have adopted dogs from animal shelters. This roughly equates to 15,000 dogs (Tung et al., 2010). This is largely due to a stigma surrounding shelter animals and the lack of professional adoption channels. Also, most private adoption centers in Taiwan do not euthanize animals. When these animals stay in shelters for the rest of their lives, there is a need for monetary support and volunteer work. Working with private shelters to strengthen their connections with the public is an opportunity we are looking into. That being said, the Taiwanese government do not require private shelters to record exact information, so it is hard to pinpoint the exact demand from private animal shelters (Tung et al., 2010).

Market Niche:

Our niche is focused on and animal lovers. We aim to draw in children, young adults and even adults through the social media aspect of our application. Animal donations are growing in the US. A survey from 2014 reveals that 40% of adults choose to donate time or money to efforts that stop animal homelessness. Also, the percentage of people not contributing to animal welfare gone down from 62% to 55% within a year (PetSmart, 2014). So with our unique platform that

combines social media and aid to animals, we hope to broaden our niche to include as many people as possible, and not limit itself to become just another social media application.

4.2 Competitors:

Direct Competitors

With our unique social media platform that integrates features for pet donations and adoptions, our application technically has no direct competitors – which, in strict terms, have to include companies that provide identical services as our application within the same market. Our application also includes multiple functions that have never appeared in other mobile applications before – thereby putting our application at a competitive advantage. For instance, the built-in communication platform allows users to receive information regarding pet adoption and become involved in a pet-friendly community. If we were to be looser on the terms of direct competition, mobile apps that feature virtual pets are closest to fitting the qualifications. For instance, Pocket Friend is an iOS application that features a virtual pet dog with which the user can feed, clean, play, and chat. Another close direct competitor includes Touch Pet Dogs 2, which is a mobile application that lets its user adopt a dog and list the qualities the user wants in his/her dog. The current existing mobile applications featuring virtual pets are built mainly for entertainment purpose and does not correspond to real-life animals. Knowing that they are connected to real animals and can adopt them if capable, the users are not limited to merely interactions with virtual pets and can develop emotional connections with the pets. Our application goes beyond the sole purpose of entertainment and sets itself apart from its competitors with the underlying social cause of helping animal shelters and allowing the users to get to know the pets in different animal shelters.

Indirect Competitors

With the use of different features to attract customers and different interface, we believe that our indirect competitors are arguably more rigorous to compete against than our direct competitors. For instance, there are photo-sharing applications such as Instagram or Facebook. Instagram allows users to post and share photos or videos, while Facebook prides itself on the connections made amongst its users. While all of these are photo-sharing applications, the targeted audience varies widely. Instagram is targeted towards the general audience who are simply interested in sharing content, and Facebook aims to connect its users. However, PenPaws is linked to a specific type of content regarding shelter animals. It does not simply connect its users to each other, but connect its users with the shelter animals. As PenPaws serves an entirely different usage in comparison to its indirect competitors, PenPaws will not be placed at a competitive disadvantage.

Another source of indirect competition stems from other pet-related apps including Talking Tyler or Webkinz. Talking Tyler features animals that respond to the user's touches and repeats everything the user says in a funny voice. The application is solely for entertainment purpose and does not include any further purposeful functions that link the users to a social cause. Therefore, because the features and purpose of Talking Tyler do not overlap with those of our application, our application is not placed at a competitive disadvantage. Additionally, marketed to children ages 6 to 12, Webkinz is an online game released by the Canadian toy company Ganz. Customers purchase plush Webkinz toys in actual stores and receive an attached tag to the Webkinz toy with a unique code that allows the owner to play with his/her pet on the "Webkinz World" website. We consider Webkinz an indirect competitor due to its successful sales – reaching one million online accounts in 2006. Further, according to one estimate published in Wired, the company earned a total revenue of $100 million in 2006 (Gear, 2007). Though it is a highly successful online game, the customer segments of Webkinz and our application are different. Whereas Webkinz is targeted at elementary children, our application allows a broader range of aged groups to participate as PenPaws is aimed at those who are considering to adopt or donate. Our application has the potential to cover a broader range of age groups and an underlying good cause to raise awareness of pet homelessness and promote pet adoption (as

opposed to pet purchases) through the integration of a communication platform. Our application has a great potential to overcome the competition among other virtual pet games as it sets itself apart from its competitors with the unique functions.

	PenPaws	Direct Competitors		Indirect Competitors			
	PenPaws	Pocket Friend	Touch Pet 2	Instagram	Facebook	Talking Tyler	Webkinz
Links to a social cause	✓						
Animal Related	✓	✓	✓			✓	✓
Links to a real life animal	✓						
Photo-sharing	✓			✓	✓		
Interactive community	✓			✓	✓		

5. Strategy and Implementation

5.1 Product Development:

In its first working prototype, PenPaws has all basic functionalities working such as following an animal, viewing its photo content, and donating to the animal. It also includes profiles of animals, shelters, and users themselves. However, as the application is still under development, we have not reached out to local animal shelters to begin working partnerships. Thus, functions that require working partnerships with animal shelters are yet to be finalized such as the contacting the shelters, submitting adoption requests, or in-app payments. Furthermore, we must also build a shelter or pet owner version of PenPaws for them to post content.

Our priority is to launch PenPaws in the App Store based on our current prototype. From that, we will conduct research to understand our consumer's willingness to donate and their satisfaction with the posted content of the shelter. In the future, PenPaws will be launched to both Android and iPhone users. Following, other research and development activities may include a Game Version of PenPaws where a user can raise a virtual pet that corresponds to a shelter pet in reality.

5.2 Development Plan:

We will be focusing a large part of our development phase into designing the most user-friendly interface to donate and adopt pets. As people are unwilling to donate simply due to the complications of the process, PenPaws will simplify the process with the cooperation with pet shelters to make the process of adoption and donation smoother and less tedious. After the framework of the app has been developed, we will release a prototype app to a selected number of volunteers for feedback. Some of our volunteers will be those who have experienced the process of donation and adoption for pets, while others will be those who have never done so. This way, we can have the critiques from both perspectives and understand whether the

application has truly clarified the complications and solved the drawbacks of the current system of donation and adoption within pet shelters. After the feedbacks are collected, we will undergo analysis and make app adjustments. Then, we will officially release our app and push promotional works by launching campaigns such as those on pet shelter websites or for those who visit shelters. Within the first months, we aim to have our first hundred downloads. Following, as the app gains more attention, we will develop more advanced features. Future installments will include typical monthly updates that fix app bugs and add new features. We are also planning to add a communication platform as one of the new features that connect users directly to the pet shelters. Also, after a regional success, we will start pushing the app to other countries and tailor their shelter pet interaction experience to their location. Countries we are looking towards spreading our idea include counties with well-developed animal welfare organizations, such as North American and European countries, but also countries with a large stray animal population, such as India.

5.3 Marketing:

Like any other mobile social media platform, Pen Paws would require a smart marketing plan that highlights our selling points to stand out in the market. Starting off with attracting initial customer segment or users to use our specialized social media platform, we need to find quality content users on our platform that will give frequent and timely video and photo updates of the real pet to our users scrolling through the feed or supporting the pets through donations. However, to do so, we need to give these owners of adopted pets incentives in exchange, such as financial aid to pet-expenses, coupons to use at local pet-product stores, and monthly subscription pet-treats box.

Regarding promotion of our application, our principal marketing means would include putting ads on Facebook and Instagram, cooperating with pet-shelters to advertise our application and working with socially conscious brands and social media influencers and celebrities who are pet-lovers. We believe with the advanced Facebook and Instagram analytics, our ads can

cost-efficiently reach compassionate pet-lovers who are interested in our cause. We also believe that pet-shelters would advertise our application for free, considering that we are generating large incomes for them through our in-app donation channels while increasing pet-adoption rates. We believe that pet-shelters, a trustworthy third party, would be particularly effective, considering that pet-owners who adopted pets from the shelters can benefit from the application and thus, be motivated to download the application. Furthermore, we believe that we would not have to pay socially conscious brands, social media influencers, and celebrities high advertising fees, considering that our application can enhance their public image, especially in this era in which brand image is of utmost importance. We also believe that social media influencers and celebrities would be effective in promoting our application, seeing that with the help of social media, they are developing closer and thus more influential relationships with their followers.

6. Financial Plan and Projections

6.1 Revenue Model:

PenPaws will operate with a freemium model. Thus, anyone will be able to use our application. However, we will still generate revenue through advertisements. We are open to any company that needs a platform for advertisements, but we will also aim to advertise for companies and organizations that directly relate to our cause, such as shelters or companies producing pet supplies. For general advertisements, we have not yet chosen a company to work with so we cannot determine the amount we may potentially gain. As a general guideline, and depending on the number of users we have, we aim to achieve around 5 to 10 dollars per user every month after our first hundred users.

6.2 Financial Projection:

Before we make the financial projection of our application, we decide to first analyze the expenses of our company and create a first-year budget that is most likely applicable to the first three years of our startup. For our first year budget, we estimated a total of 196,050 USD. To minimize our expenses, we decide to set our headquarters tentatively at a co-working space in Taipei called Citron, which charges a daily fee of USD 10. Other parts of our budget will include developing the app (59,400$ in total), research expenses (1200$ per month), insurance, license, and permit fees (3500$ per month), equipment and supplies (7000$ in total), advertising and promotion (4000$ per month), employee expenses (1800$ per month).

First-Year Budget	Cost (USD)
App	**59,400**
Rent	**10*365**
Research Expenses	**1200*12**
Insurance, License, and Permit Fees	**3,500*12**
Equipment and Supplies	**7,000**
Advertising and Promotion	**4,000*12**
Employee Expenses	**1,800*12**
Total	**196,050**

After carefully analyzing our fixed and variable costs for the company, we build two sets of revenue projections, in which one is aggressive and the other conservative. Our conservative revenue projections includes two marketing channels and one new function or service introduced each year for the first three years. On the other hand, our aggressive case include three to four marketing channels managed by our team and a marketing manager and one new function or service introduced in the first year, five more introduced for each segment of the market in the second and third year. Lastly, because our customer service and direct sales expenses are low and almost none, we predict that our net income would be able to increase 10 to 50 percent in the next five years. The projected revenue will be the following: 45,000$ in the first year, 75,000$ for the second year, 100,000$ for the third year, 200,000$ for the fourth year, and 300,000$ for the fifth year. Taking into account both the projected revenue and the budget spent, the projected net income will be as follows: -1000$ for the first year, 8000$ for the second year, 14,000$ for the third year, 40,000 for the fourth year, 63,000 for the fifth year.

Projected Revenue for the First 5 Years
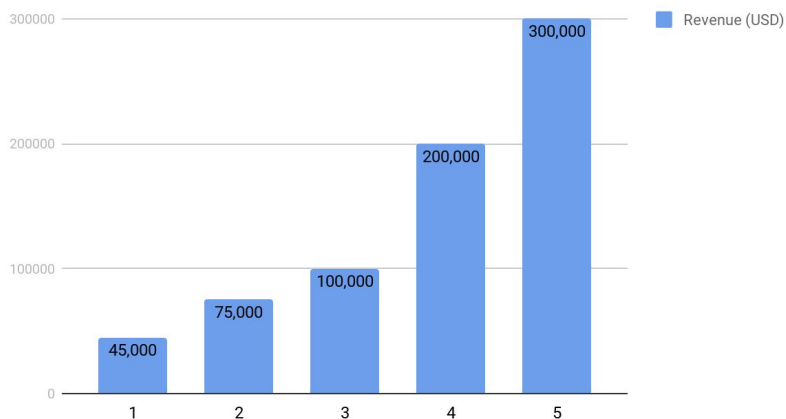
Projected Net Income for the First 5 Years
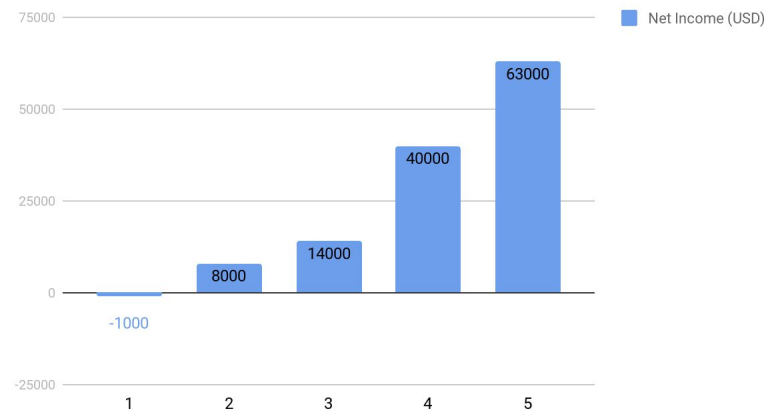
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