

Acknowledgements

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Business Model

A business model describes an organizations value to its customers. It illustrates the capabilities and resources required to create, market and deliver this value and to generate profitable, sustainable revenue streams. The business model is important because it describes how you will make money with your venture.

Most of the information you require to describe your business model will have been developed in Market Strategy Development Workbook 2: Critical Value Factors and Market Strategy Development Workbook 3: Strategic Marketing Approach.

This section should include the following details: - how your business model works - the value proposition - the target market - key partnerships - pricing and positioning - the distribution model

Refer to the information you have documented in Market Strategy Development Workbook 2: Critical Value Factors.

content

Acknowledgement will differentiate itself from existing solutions by developing a product known for enhancing productivity and being creating a “frustration-free” work environment. Acknowledgements will rely heavily on client referrals in the early stages of its development. It is through these referrals that Acknowledgements will leverage its acceptance at a one company to acquire further clients.

Partnerships

Our future involves partnerships with A Small Orange web hosting company, LibreOffice, a software development company and Mint.com, a secure application development company.

1. **Mint.com** will be our first partnership. Security is an important part of our clients’ workflow. Mint.com is experienced in creating secure applications, and they will be able to help us ensure that our application is secure.
2. **A Small Orange** will be our second partner, and will be pursued once our product is done development. All our services will be hosted on their servers. They offer great prices and great services and will be a valuable part of our business.
3. **LibreOffice** will be a long-term partner. Once our product is established with a starting client base, we will expand the offerings of our product to include a fully integrate office suite in our online software.

Distribution

The distribution of Acknowledgements is greatly simplified as a web application. The service will be accessible by multiple clients from a single central location. If a client would prefer to host the service on-site for security or other client-specific reasons. Assuming a client is using the centrally hosted option, the additional cost per client will be negligible during early stages of deployment. Common web hosting solutions are capable of serving hundreds of clients without the need to upgrade. As Acknowledgements grows, distribution costs will increase marginally, but be significantly less than additional client revenue.

While hosting the application centrally will greatly reduce distribution costs, it also increases risk since there will be a single failure point. This risk will be mitigated by utilizing a large hosting company such as Amazon, which allows the deployment of Acknowledgements to be managed centrally, but have redundant hosting centers in case of server failure.

Pricing

While Acknowledgements will become a critical system for the client, they will be initially unaware of their need. As such Acknowledgement's pricing scheme will emphasize initial low entry costs, with costs growing proportionally with the client's dependence on the application. Client revenue is proportional to the size of the company's current contracts. As such the cost of Acknowledgements will increase on a per-project basis. This scheme will be logical to a client since all drawings and other document will all be project specific.

Acknowledgements pricing will therefore be divided into three categories:

- **Trial** - All potential clients will be eligible for a trial of the software, free of charge. During this trial the client will have full application functionality, for the period of the project. The trial will allow a potential client to try the software, with minimal risk.
- **Ongoing Fees** - Upon completion of the trial, the company will be charged a yearly fee based on the current number of projects being managed through Acknowledgements. This pricing scheme will allow company's to slowly adopt Acknowledgements, without large upfront costs. As user acceptance grows, the application will become critical to the client's business model.
- **Extended Functionality** - The development of additional features will possible at any point after the client has become an ongoing Acknowledgements client. Additional features will be available for an upfront development cost in addition to a small ongoing yearly fee.

Marketing and Sales

Market adoption and sales are the true measures of success. Clearly convey your strategy and tactics to penetrate the market and drive sales. Potential investors want to understand your customer awareness and buying stimulus programs from the customers and salespersons perspective. If you are not currently selling your product, explain your product launch plans. Convince the audience that you have an effective go-to-market strategy that will not break the bank.

Include the following key points: checkmark - What is your go-to-market strategy? - How will you drive market demand for your product? - What is your branding strategy? - What is your pricing strategy? Addressed in Model - What is your marketing communication plan? checkmark - How will you recruit and build your sales force? - What is your distribution plan? - Who will be your key partners? - What is your customer retention strategy? - Who are your largest customers?

Refer to the information you have documented in Market Strategy Development Workbook 2: Critical Value Factors and Market Strategy Development Workbook 3: Strategic Marketing Approach.

Describe your go-to-market strategy in the corresponding section of the Business Planning and Executive Summary workbook template. Use the information from the Market Strategy Development workbook guides that is indicated in the bullet list above.

The Competition

To properly evaluate the competition and find our foothold in the market, table 1 shows our competition profile.

Table 1: Defining the Competition

Compeitor	Type of Competition	
Previously established approval software contracts.	Economic	St
Document revision control schemes (ie: Google Docs)	Direct	Strength: Our product will f

How we Differ from the Competition

We focus on differentiating ourselves from our competitors by providing a product that helps develop a productive and frustration-free work environment. Seeking approval for your work by a higher-up should not be a cumbersome process. Acknowledgements allows users to quickly draft an approval request and send it off in minutes from anywhere.

Every aspect of our software will focus on helping the customer have a hassle-free experience. The interface will be uncluttered and easy to use. Mobile and desktop web applications will allow for your Acknowledgements account to be easily accessible. Finally, our eager team will be available to help create custom functionality to serve the ever-changing needs of our clients.

Our value curve shows visually how we differentiate ourselves from our competition.

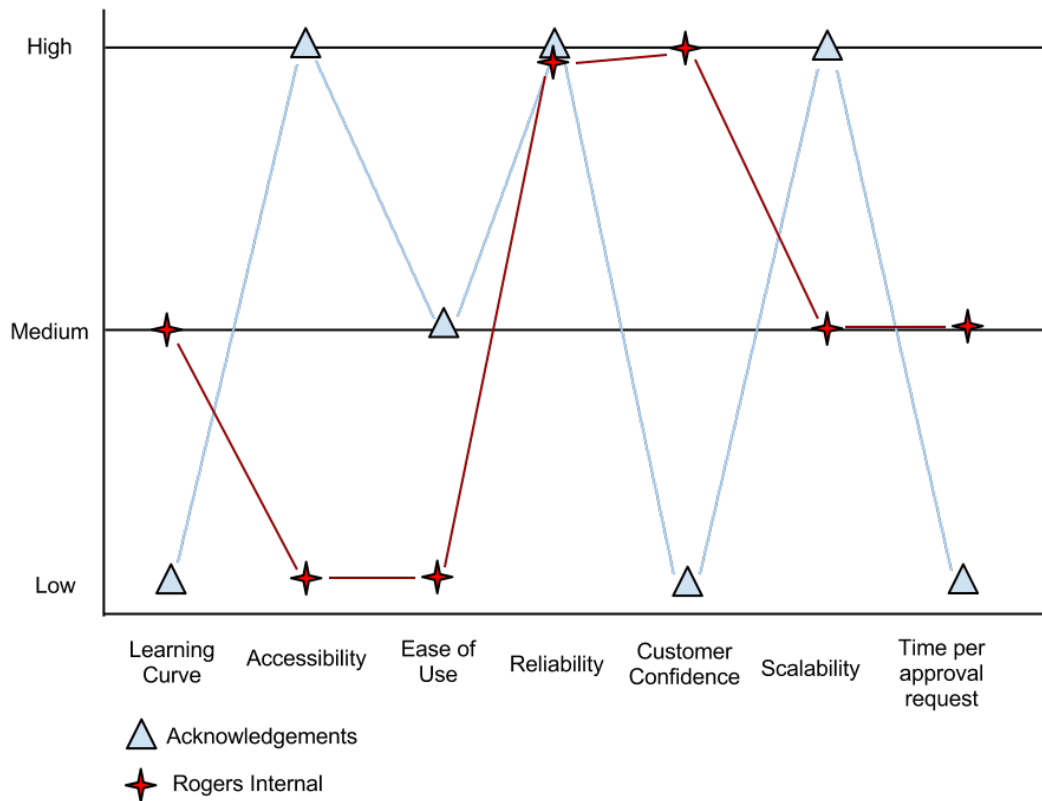


Figure 1: Value Curve

Go-to-Market Strategy

Our go-to-market strategy involves obtaining our first clients by August of 2013. Our entire plan from the early stages of development to the revenue-earning phase is detailed in the following figure.

We are planning to enter the product development stage by early May 2013. With our

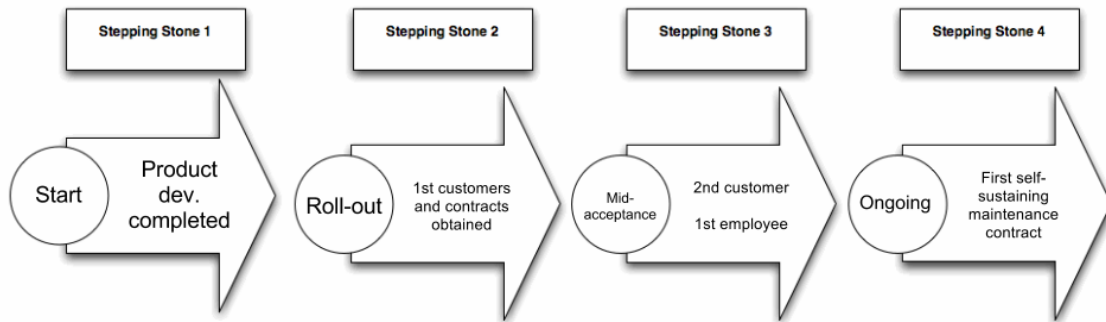


Figure 2: Growth Cycle

experienced team, we will have the product ready for release by mid August 2013.

We will roll-out our product to our first customer by the end of August 2013. Our next set of customers will be obtained by end-of-year 2013.

Once the second customer base is established, we will enter the ongoing phase of our company's growth. Self-sustaining maintenance contracts will be the main source of revenue for the company, and no more funding will be required.

Hiring Cycle

Once **Acknowledgements** has achieved its **Mid-Acceptance** milestone presented in figure ?? we will hire our first employee. As our second customer base is acquired, the extra work will require the additional employee to help maintain the maintenance contracts.

As **Acknowledgements** grows to its **Ongoing** milestone, it will be time to hire new sales staff. Maintenance contracts will makeup the majority of our workbase, and new clients need to be acquired. At this point within our first year, a single sales staff will represent **Acknowledgements** on the market. It will be expected that this staff bring in more clients.

Customer Retention