

# napses

knowledge synced

napses

napses

napses

napses

napses

napses

May 2013



UCSB



Paper Age

Digital Age

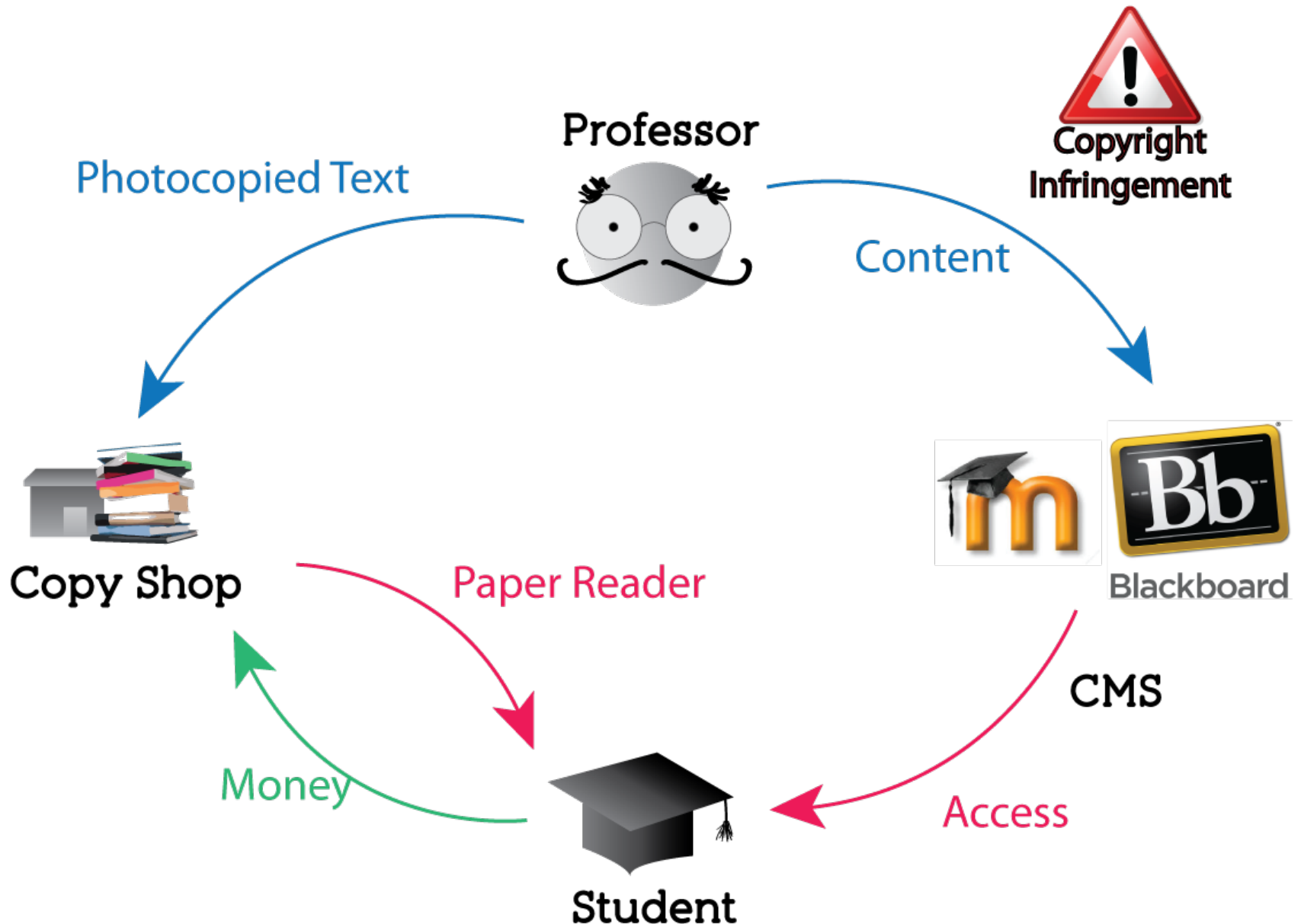
# 320+

customer development

market validation

interviews & surveys

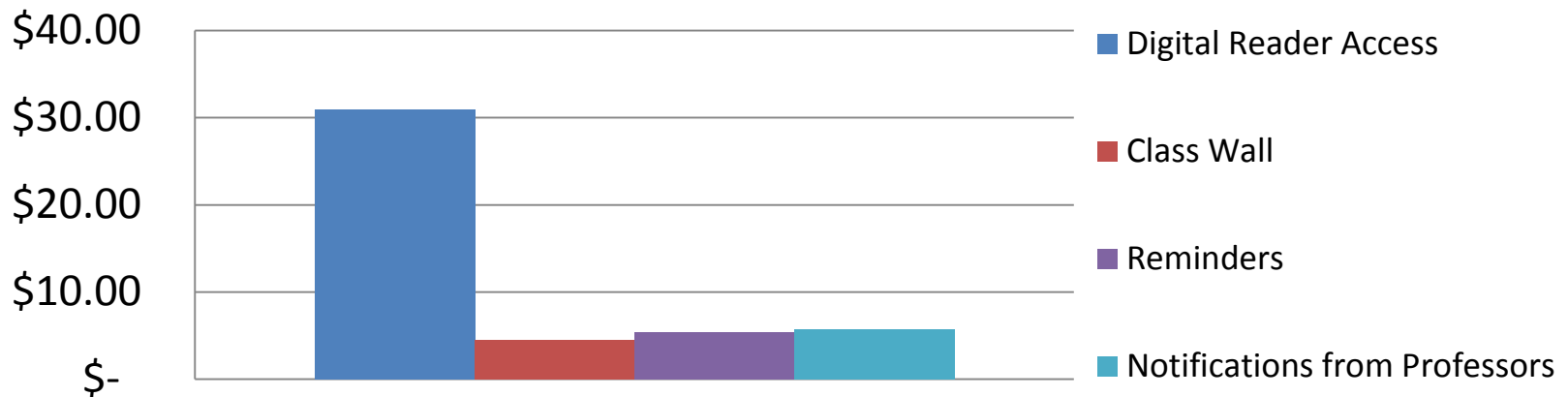
# Academic Reader Industry



# Students are required to waste money on readers



**Average price students are willing to pay (per feature, per quarter, per class)**



## Customer Segments



**Professor**  
decision-maker



**Student**  
end-customer (payer)

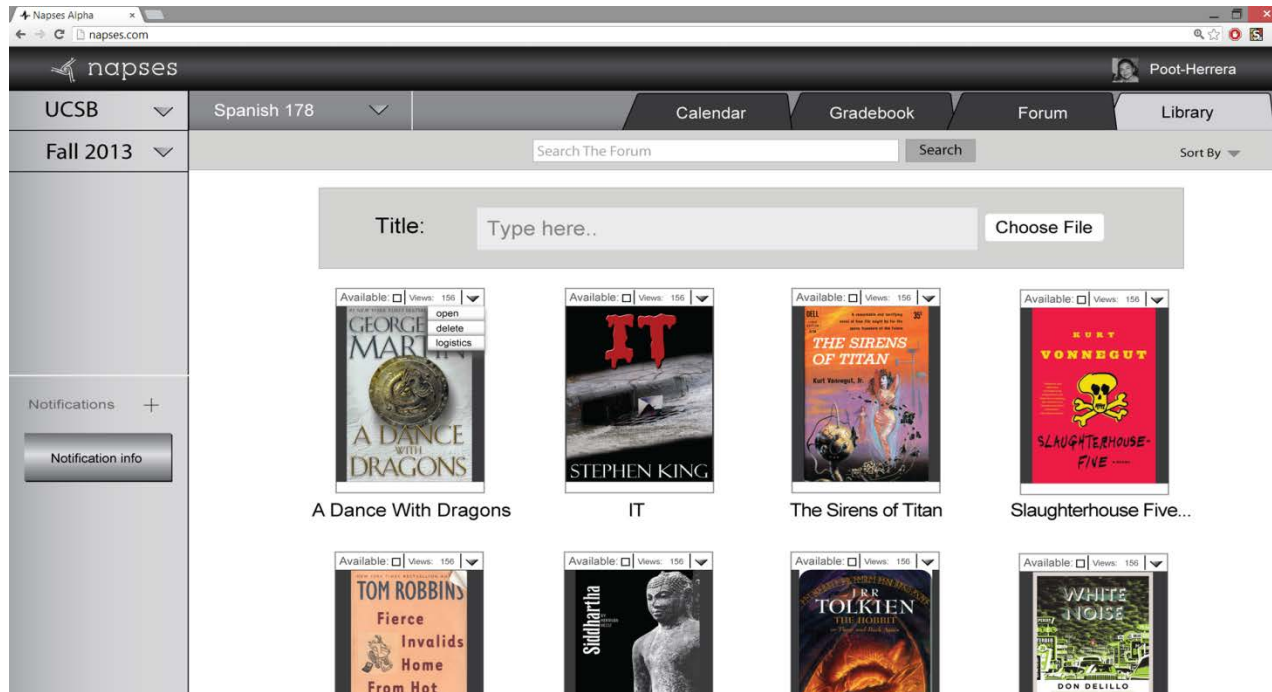
## Value Propositions

Distribute  
Class  
Materials in  
Real-Time

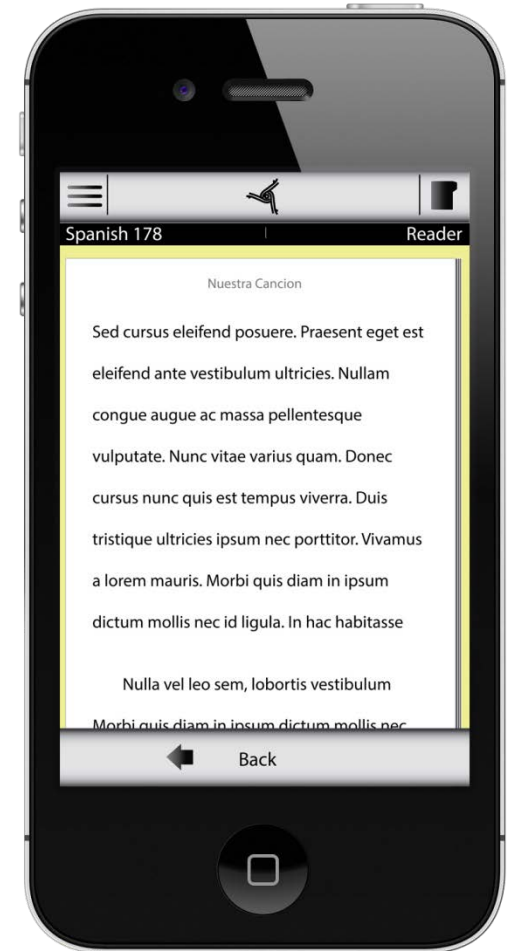


Flat Rate  
for Digital  
Course  
Materials

MVP



Professor



Student

# Business Flow Diagram

Publishers



Licenses

Professors



Content

Royalties



Web App

Limited Rights

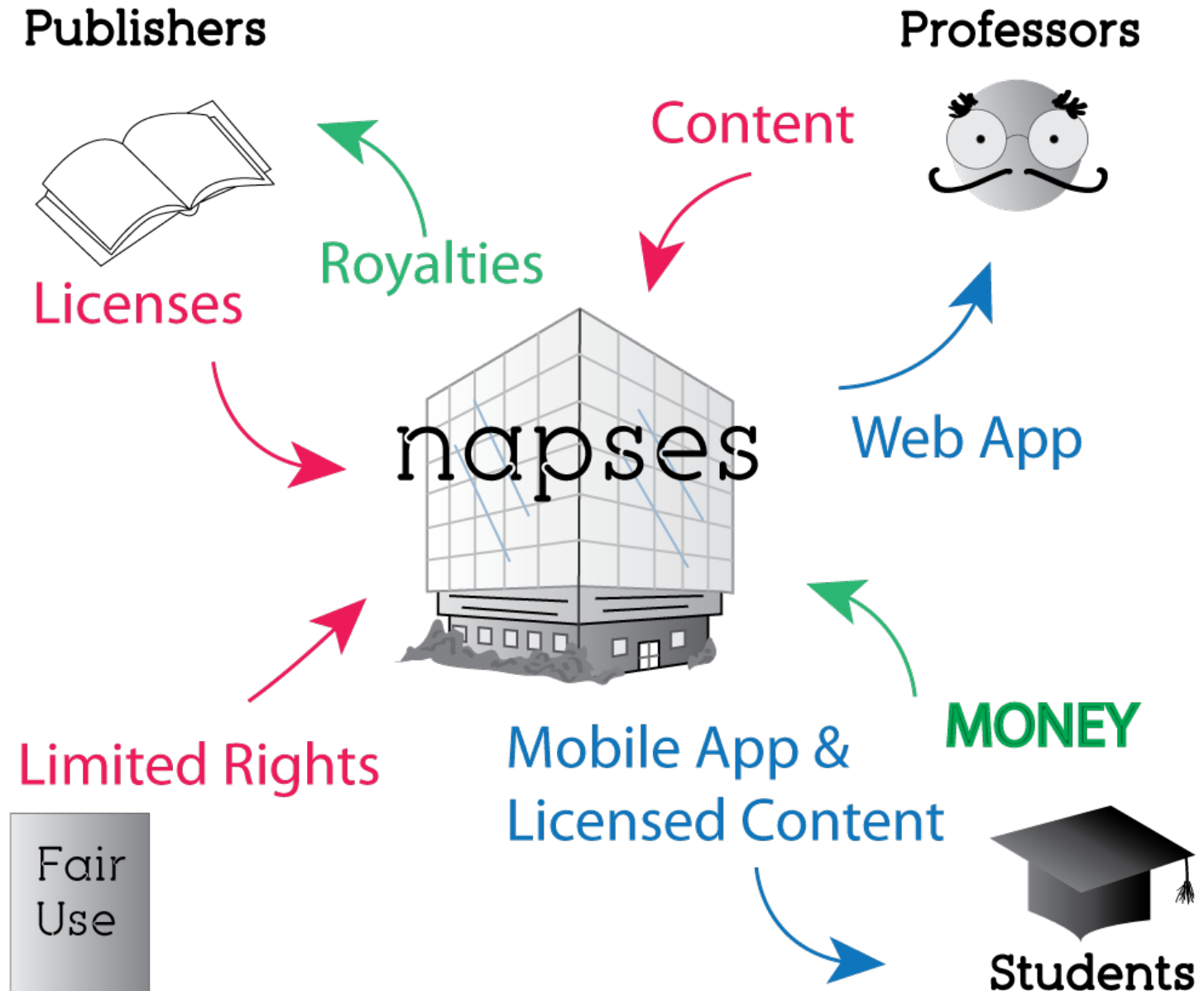


Mobile App &  
Licensed Content

MONEY



Students





## Competition

	Digital Material	Copyright Clearance	Real-Time Distribution	IP Protection
Copy Shops		~		
Study.net	✓	✓		
StudySoup	✓			✓
Harvard Press	✓	✓		
CMS	✓		✓	
Napses	✓	✓	✓	✓

## Market Size

### Served Available Market

humanities & social sciences

**6 million** individuals  
**\$540 million\***

### Target Market

few CA campuses

**50,000** individuals  
**\$4.5 million\***

### Total Addressable Market

all US college students

**20.3 million** individuals  
**\$1.8 billion\***

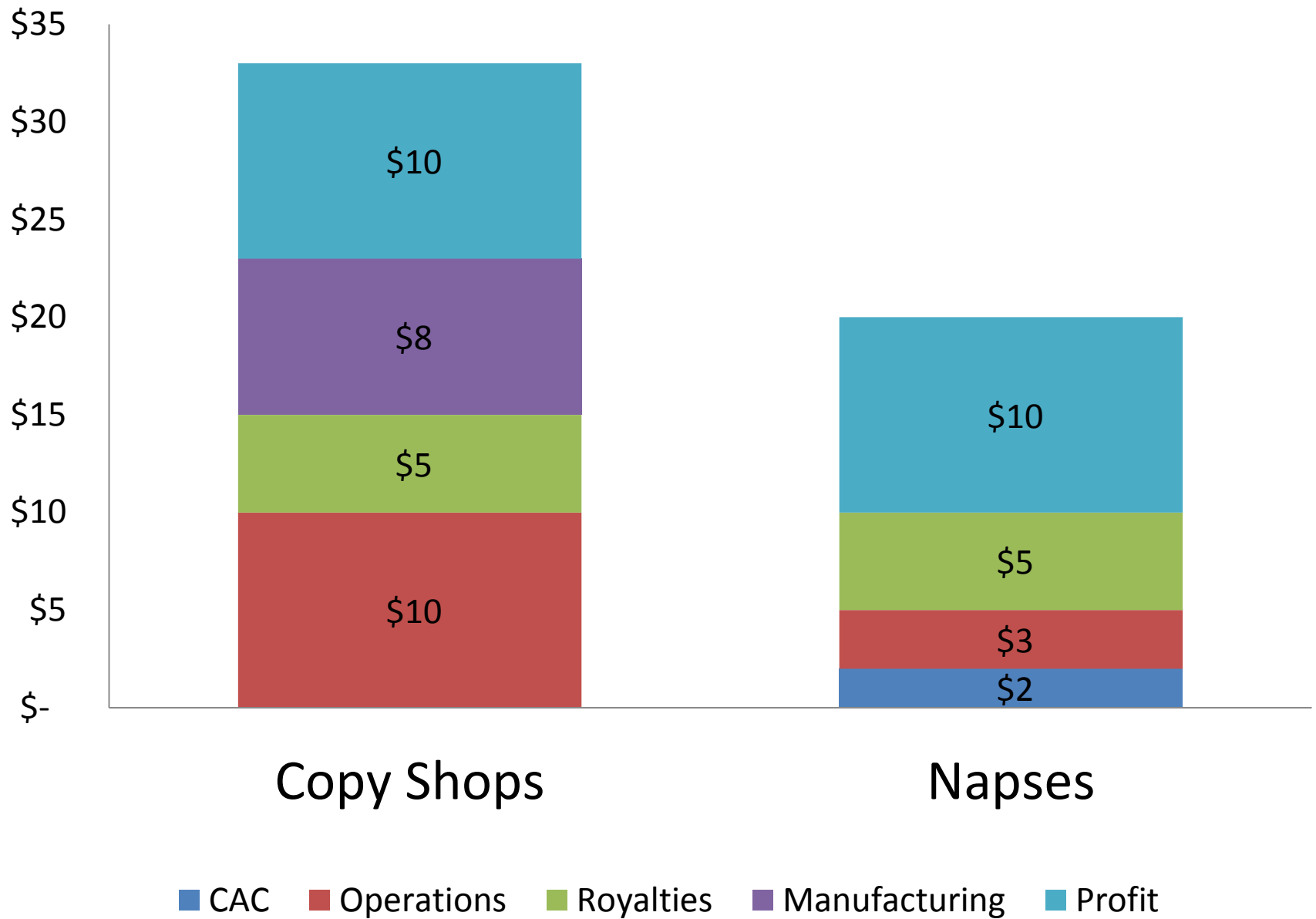
\*Average projected annual revenue

## Expansion

Fall 2013	Winter 2014	Fall 2014	Winter 2015	Fall 2015
UCSB	UCSB	UCSB	UCSB	UCSB
	Westmont	Westmont	Westmont	Westmont
		CSU Northridge	CSU Northridge	CSU Northridge
		SDSU	SDSU	SDSU
			USC	USC
			UCSD	UCSD
			UC Riverside	UC Riverside
			UC Irvine	UC Irvine
				UC Berkley
				UC Santa Cruz
				UC Davis
				UC Merced
				Stanford

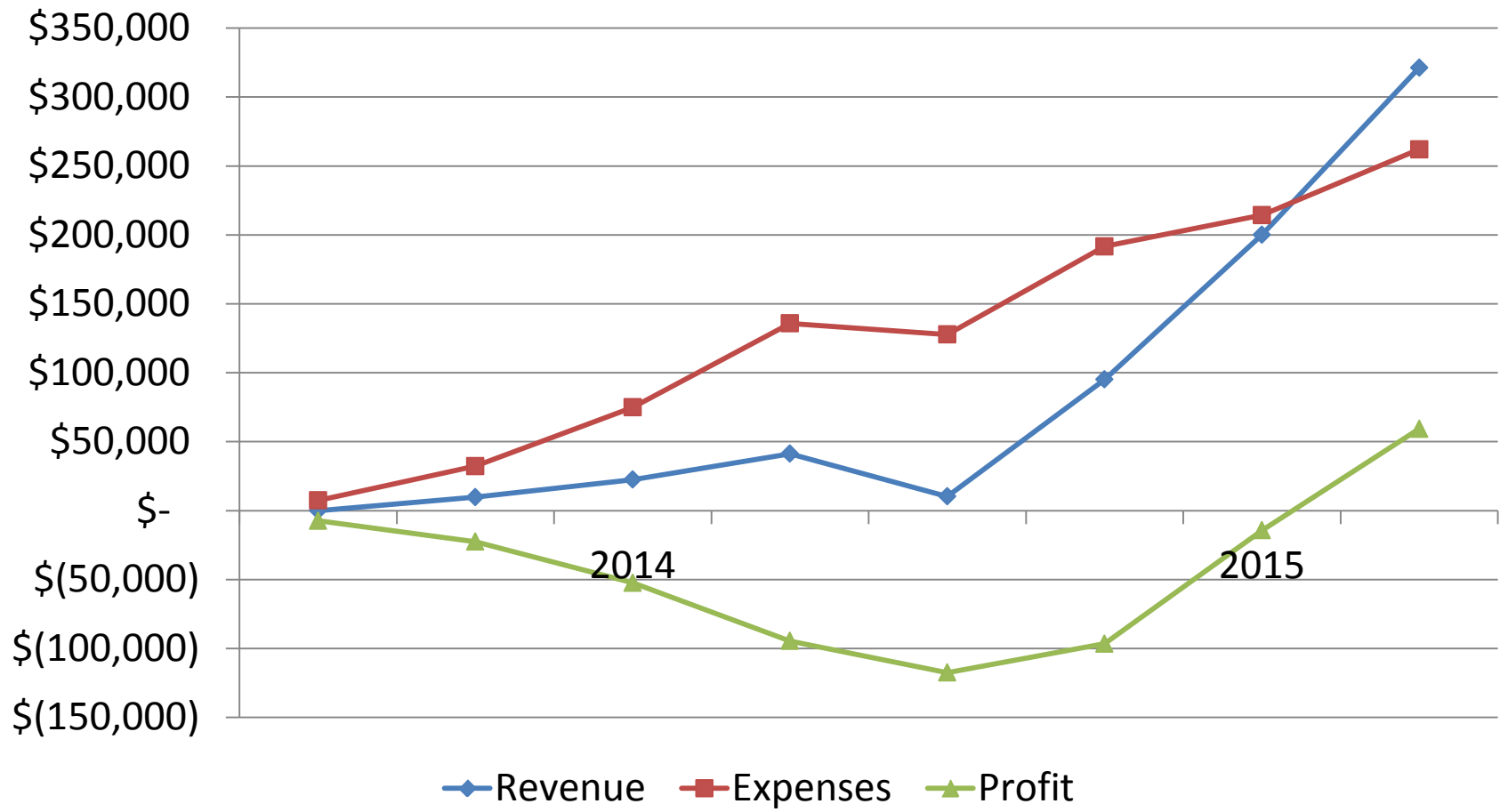
**Stage 1: Direct Sales** **Stage 2: Marketing Campaign**

## Unit Economics



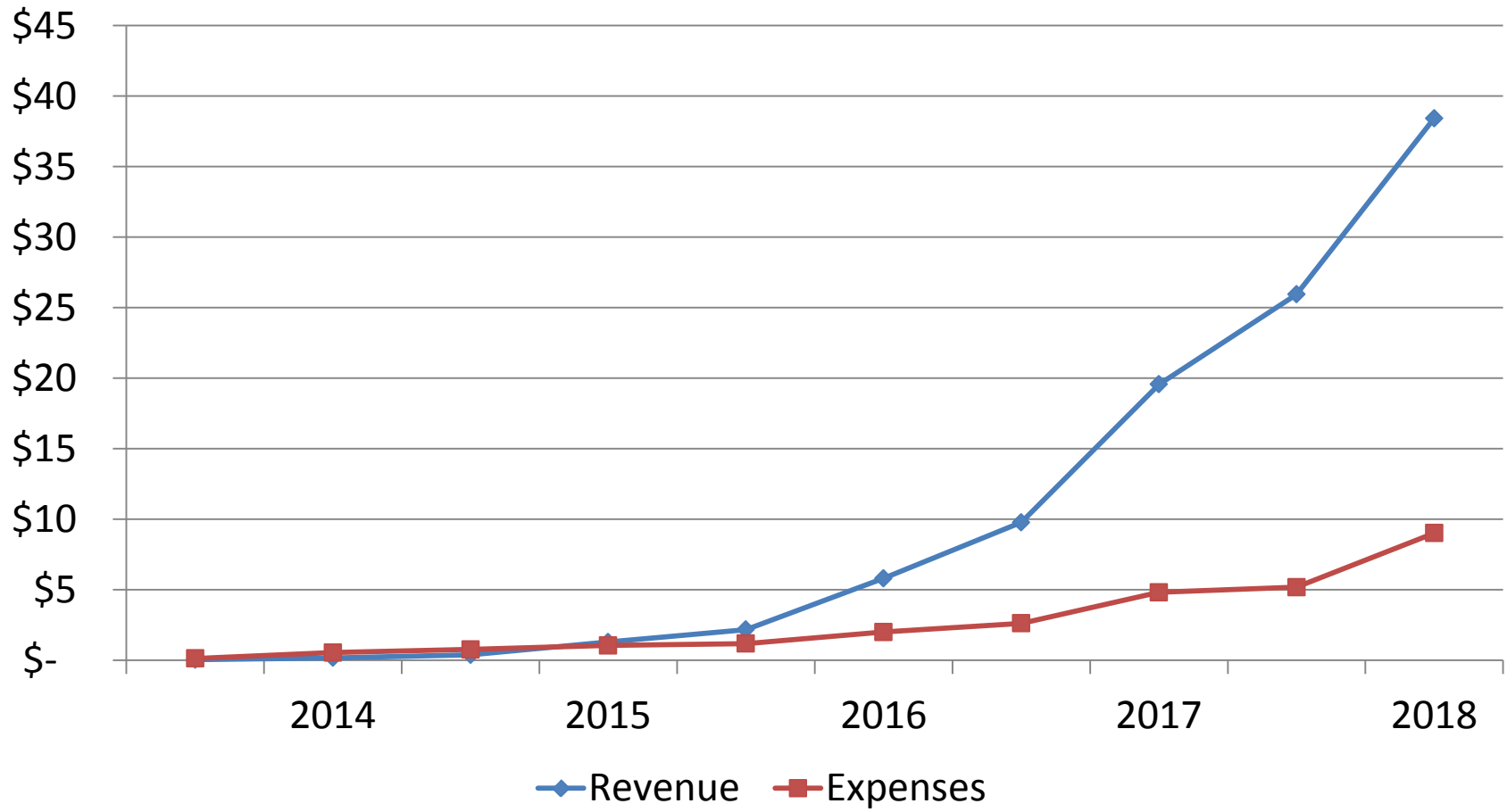
Projections

## Quarterly Revenue, Expense, Profit



Projections

## Yearly Revenue & Expense in Millions



Cash Requirements

\$75,000

for

10% of

California Registered

napse LLC



# Management

- David A. Campos CEO
- Alexander Knittel CFO

# Sales

- Kourosh Azin

# Engineering

- Katya Fomenko
- Sanchit Gupta
- Prithvi Sathiya

## Team

# Advisors

- Jim Terzian
  - Corporate Sales
- Mark Okuno
  - Copyright Expert
- Ricardo Lizarraga
  - Software Engineer





and  
that's it...

Questions?

**Finance**

## Subscription Model

**\$19.99/quarter\***

\*Based on over 300 customer development interviews

## Expansion

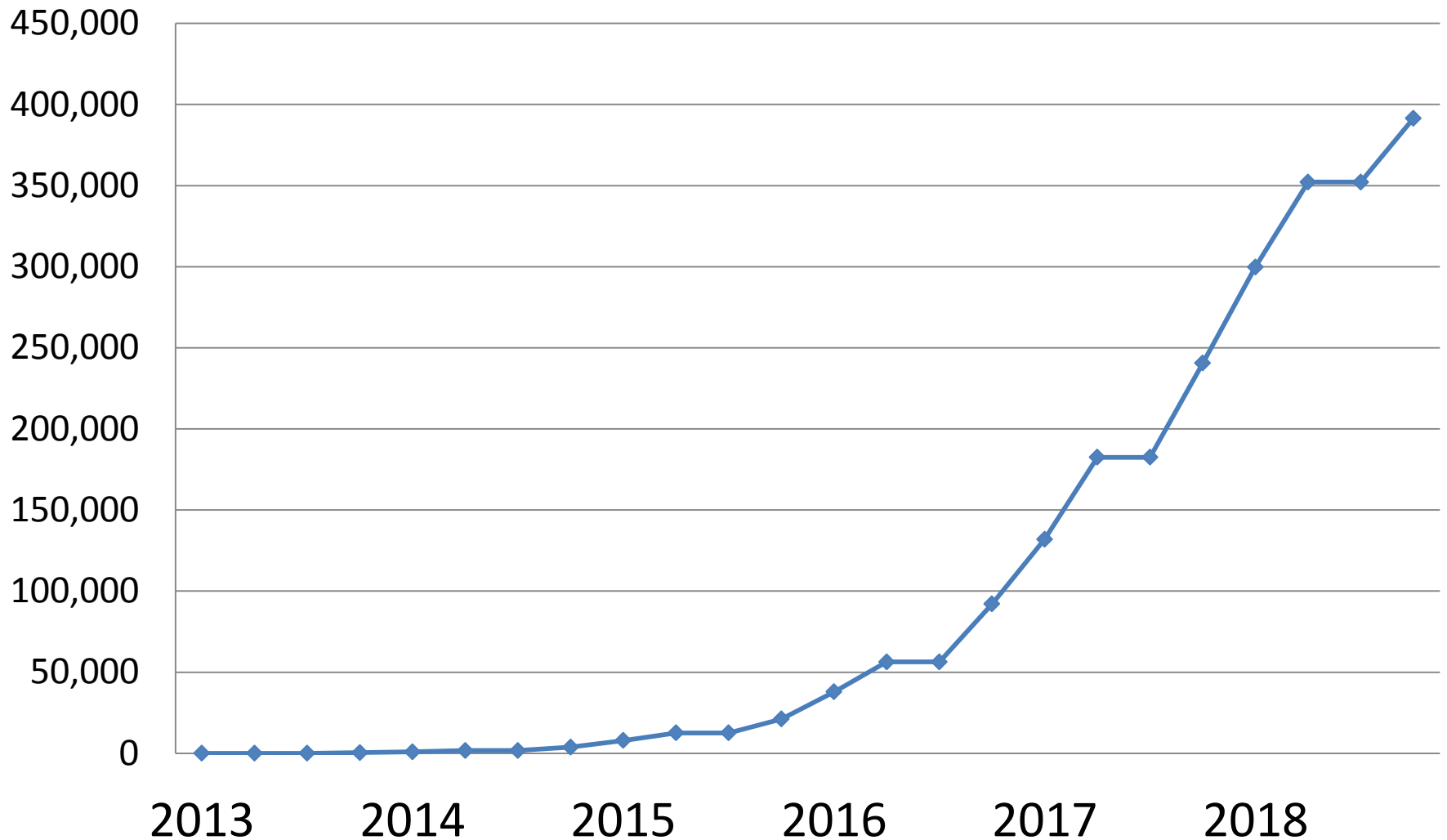
Fall 2013	Winter 2014	Fall 2014	Winter 2015	Fall 2015
UCSB	UCSB	UCSB	UCSB	UCSB
	Westmont	Westmont	Westmont	Westmont
		CSU Northridge	CSU Northridge	CSU Northridge
		SDSU	SDSU	SDSU
			USC	USC
			UCSD	UCSD
			UC Riverside	UC Riverside
			UC Irvine	UC Irvine
				UC Berkley
				UC Santa Cruz
				UC Davis
				UC Merced
				Stanford

# **2016 Rollout Schedule**

UC Santa Barbara	UC Los Angeles	Brigham Young
Westmont College	Long Beach State University	University of Texas Austin
CSU Northridge	Fullerton State University	Rutgers University
San Diego State University	Fresno State University	Boston university
University of Southern California	Los Angeles State University	Penn State University
UC San Diego	Santa Clara University	University of Maryland
UC Riverside	University of Redlands	University of Michigan
UC Irvine	Pepperdine University	Indiana University
UC Berkley	University of Washington	University of Virginia
UC Santa Cruz	Arizona State University	Ohio State University
UC Davis	University of Arizona	University of Minnesota
UC Merced	University of Oregon	Florida State University
Stanford	Washington State University	University of Connecticut
San Jose State University	University of Colorado Boulder	University of Georgia

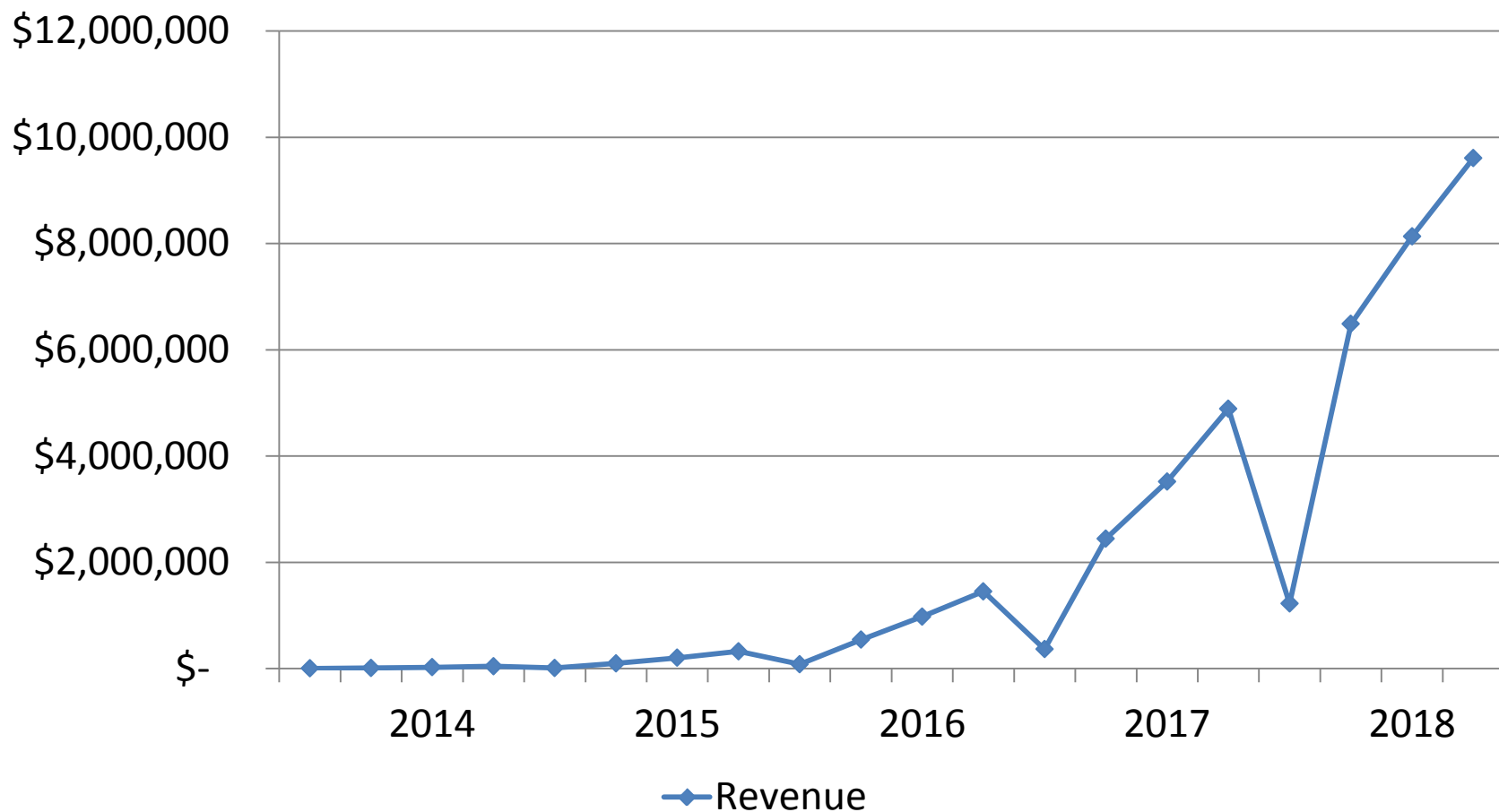
Projections

## Paying Customers per Quarter



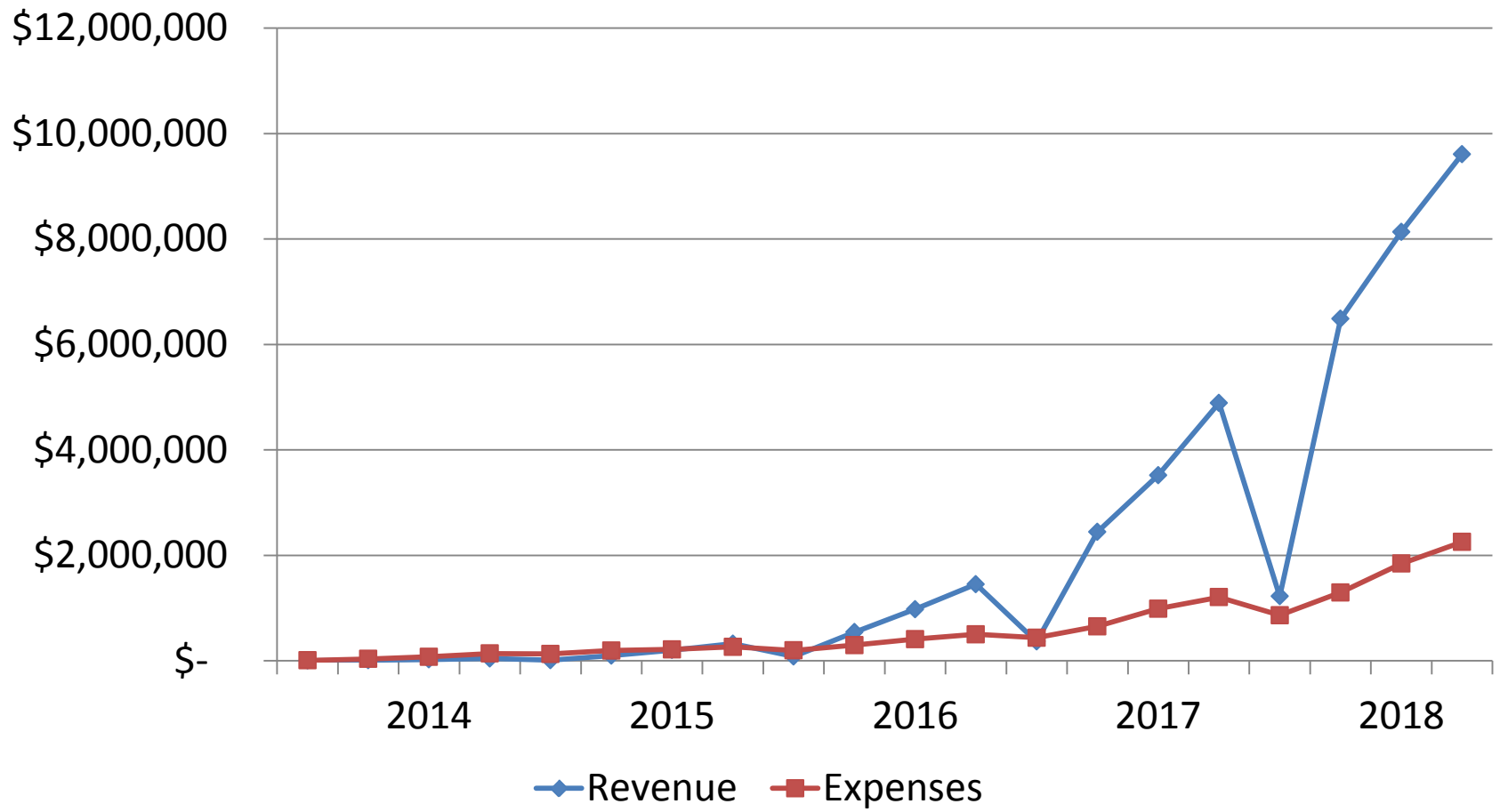
Projections

## Quarterly Revenue, Expense, Profit



Projections

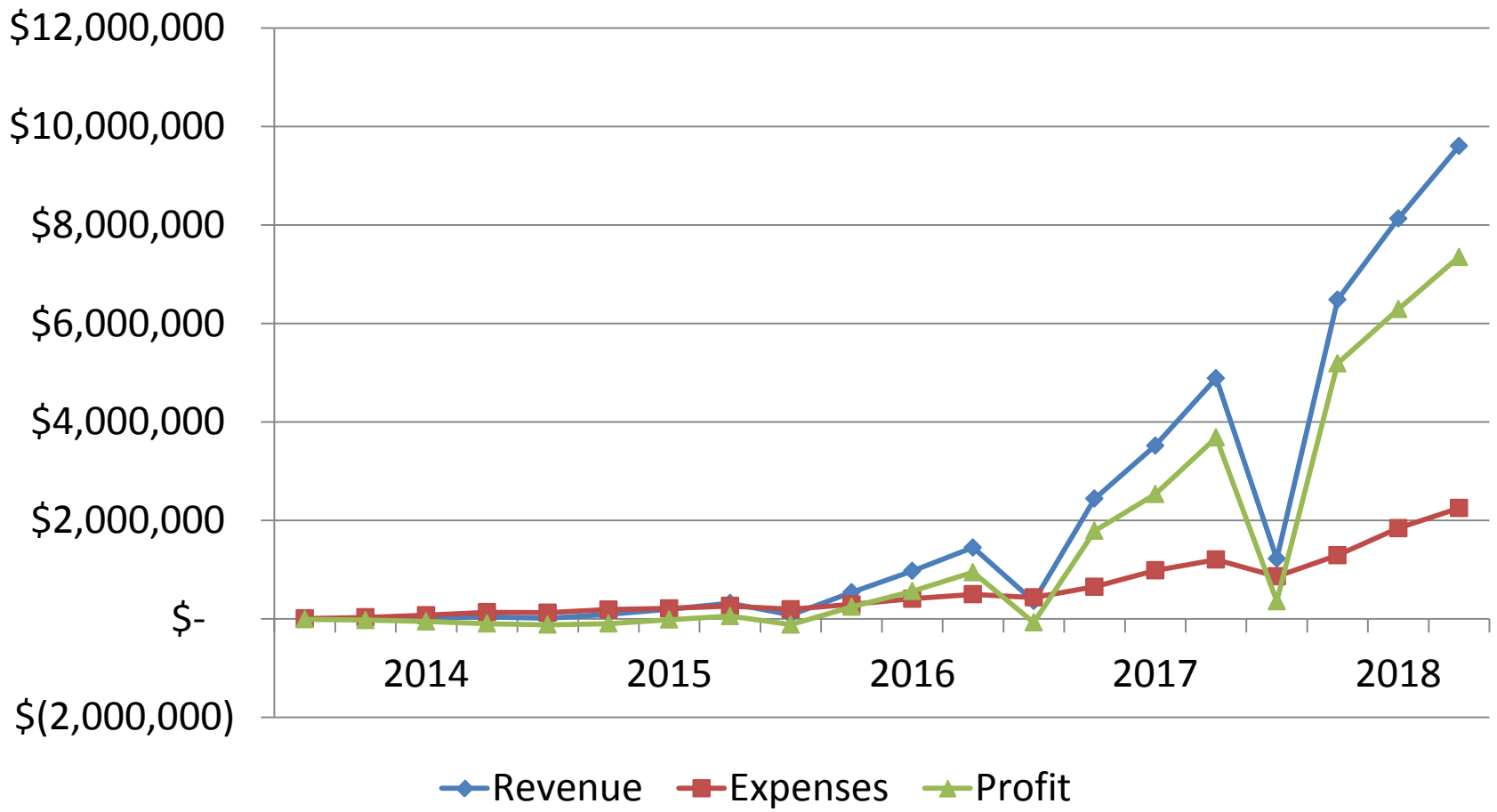
## Quarterly Revenue, Expense, Profit





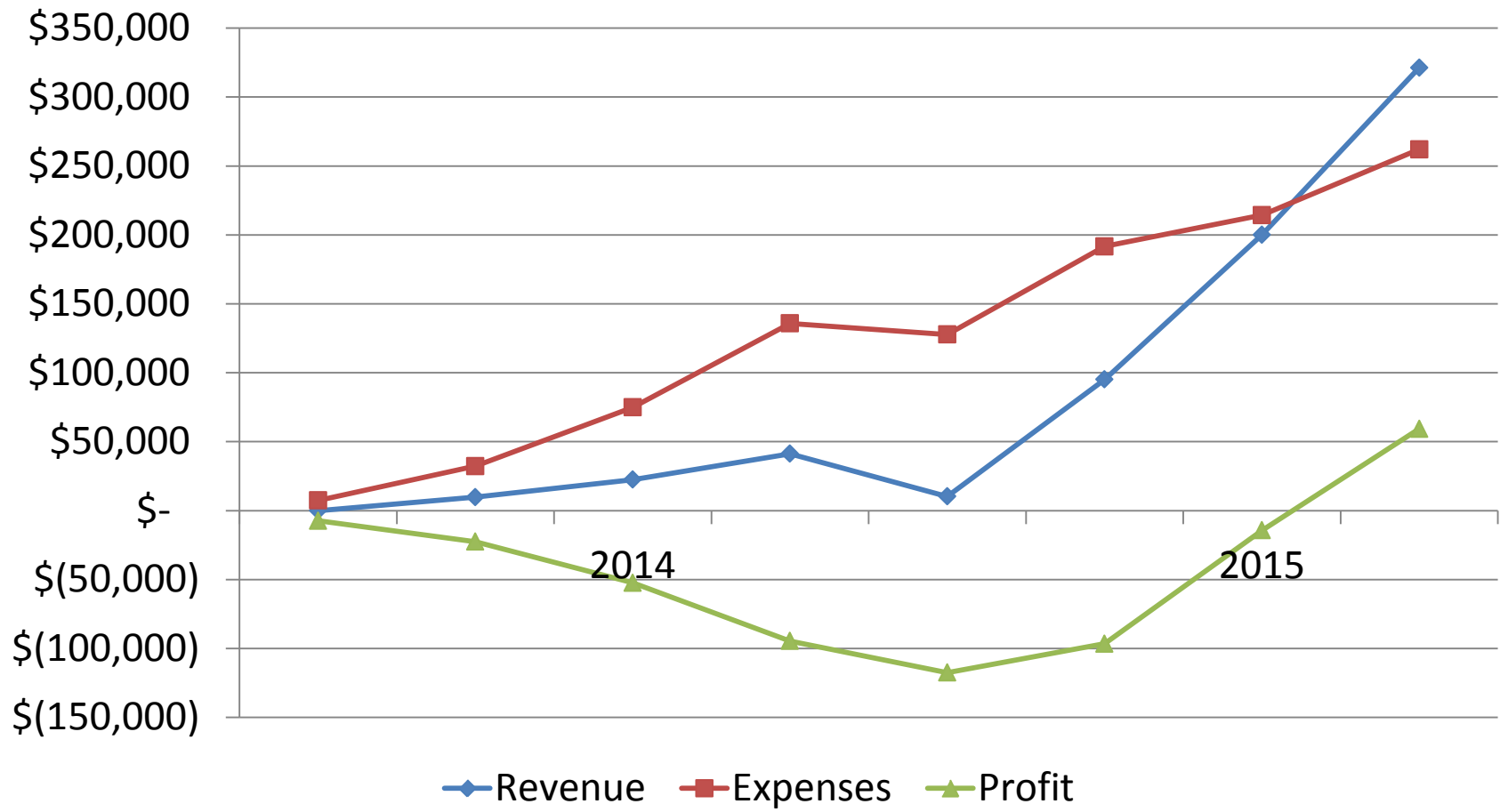
Projections

## Quarterly Revenue, Expense, Profit



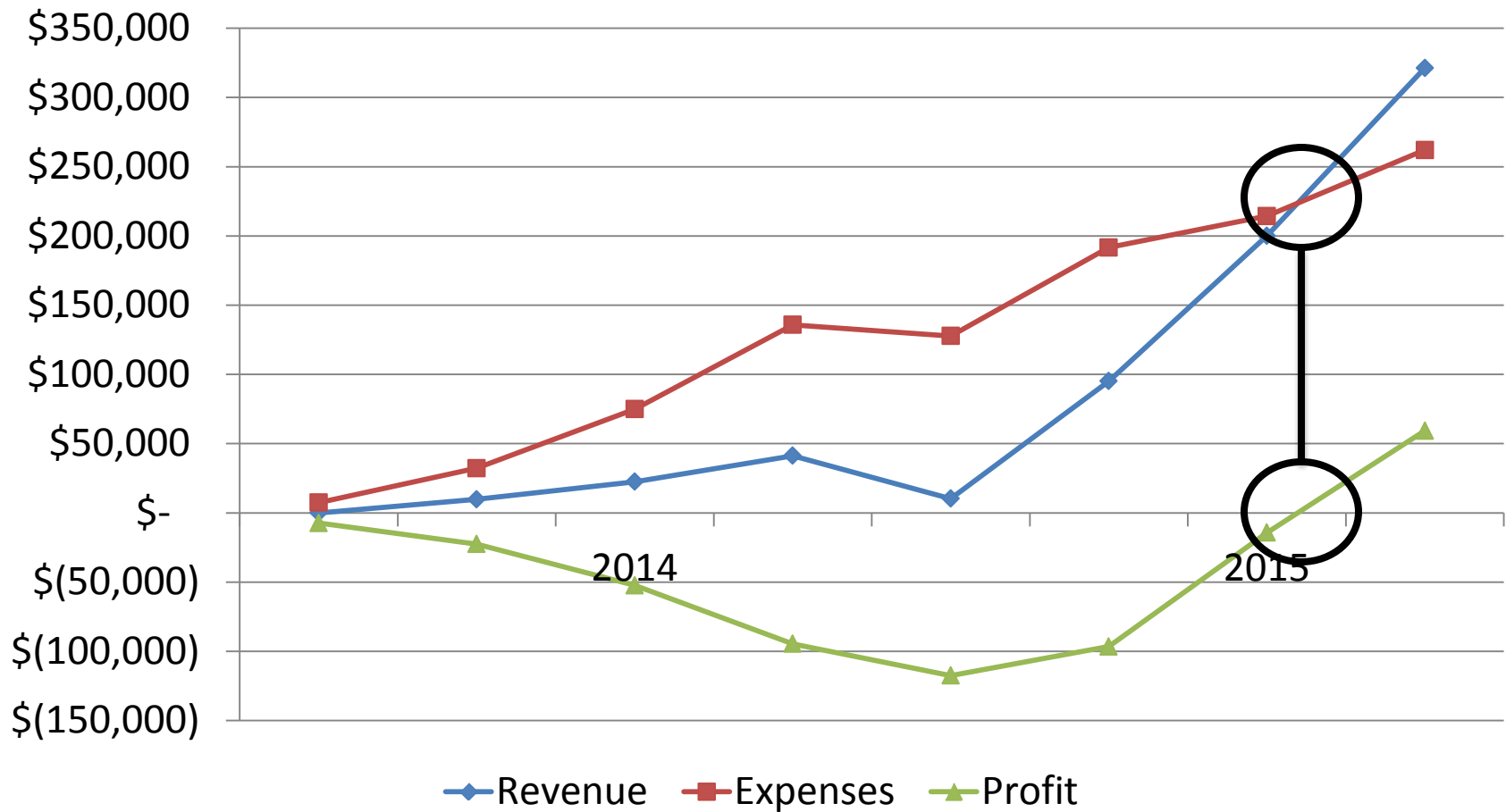
Projections

## Quarterly Revenue, Expense, Profit



Projections

## Break Even in the Winter of 2015



## Projections

### Income Statements Over First Two Years

	<u>2013 Q3-4</u>	<u>2014 Q1-2</u>	<u>2014 Q3-4</u>	<u>2015 Q1-2</u>
Total Revenue	\$ 9,746	\$ 67,923	\$ 105,424	\$ 521,425
Less: Cost of Goods Sold	\$ 1,755	\$ 12,091	\$ 18,976	\$ 93,857
<b>Gross Profit</b>	<b>\$ 7,991</b>	<b>\$ 55,832</b>	<b>\$ 86,448</b>	<b>\$ 427,569</b>
Less: Operating Expenses				
G & A Expense	\$ 29,417	\$ 71,873	\$ 84,656	\$ 99,135
Sales & Marketing Expense	\$ 3,498	\$ 17,993	\$ 26,810	\$ 37,936
Development Expense	\$ 5,093	\$ 109,143	\$ 189,658	\$ 245,778
Total Operating Expenses	\$ 38,008	\$ 199,009	\$ 301,124	\$ 382,849
<b>Operating Income/(Loss)</b>	<b>\$ (30,016)</b>	<b>\$(143,177)</b>	<b>\$(214,677)</b>	<b>\$ 44,720</b>
Less: Tax Expense	\$ -	\$ -	\$ -	\$ (16,099)
<b>Net Income/(Loss)</b>	<b>\$ (30,016)</b>	<b>\$(143,177)</b>	<b>\$(214,677)</b>	<b>\$ 28,620</b>

**Total loss over first three semesters = \$387,870**

Cash Requirements

\$75,000

for

10% of

California Registered

napses LLC



# Cash Requirements

Seed  
Round

- **\$75,000**
- Summer 2013

Angel  
Round

- **\$400,000**
- Fall 2013

VC  
Round

- **\$1,000,000**
- Fall 2014



# Major Assumptions

## Conservative Scenario

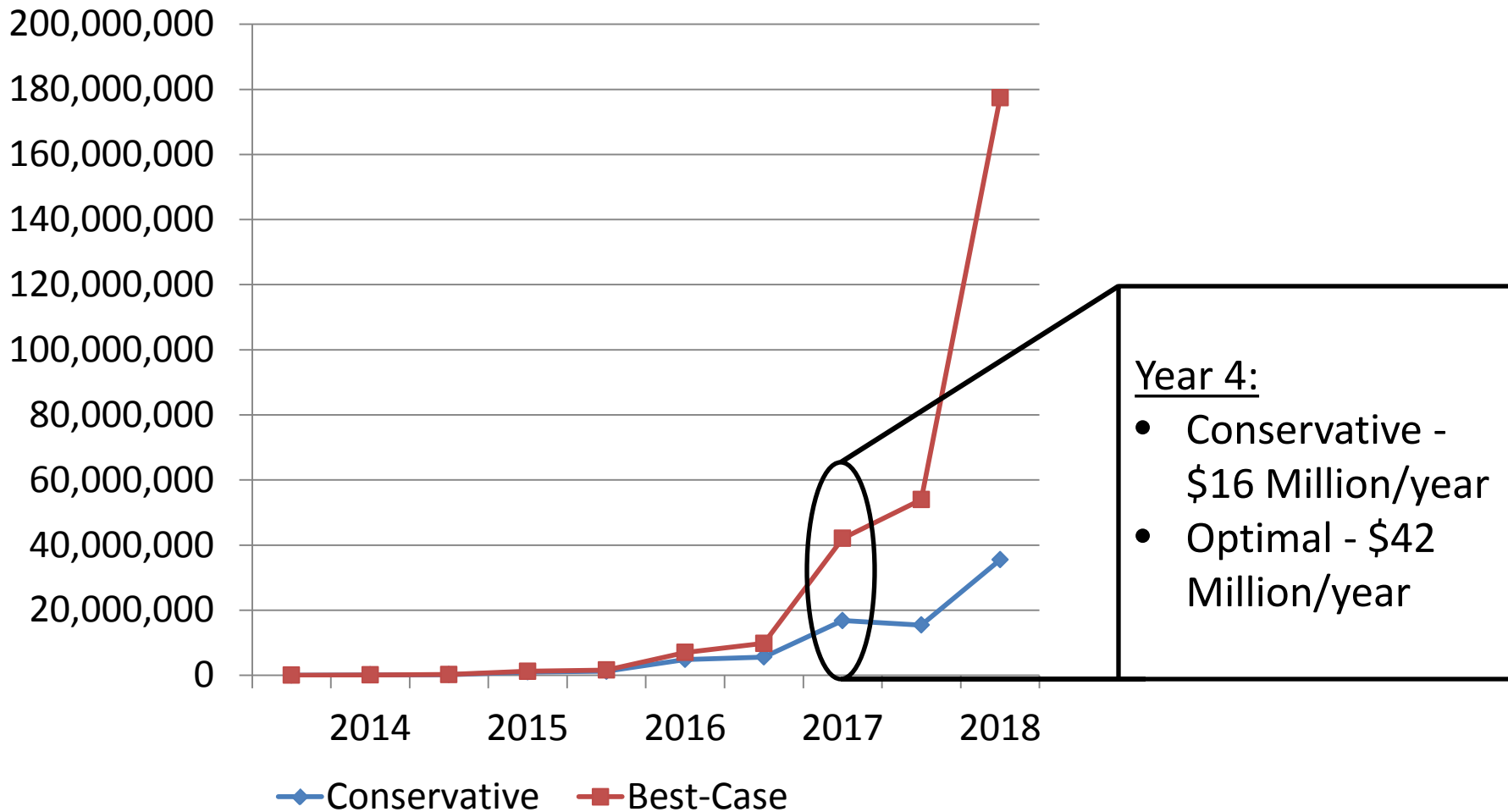
- \$19.99 per student per quarter
- **42** universities by year four (fall 2017)
- No more than **30%** of **undergrads** at each school
- Six Napses engineers
- Two Napses graphics designers
- One Copyright Expert

## Optimal Scenario

- \$19.99 per student per quarter
- **120** universities by year four (fall 2017)
- Several **entire** universities paying **yearly subscriptions**
- Six Napses engineers
- Two Napses graphics designers
- Two Copyright Experts

# Projections

## Annual Revenue





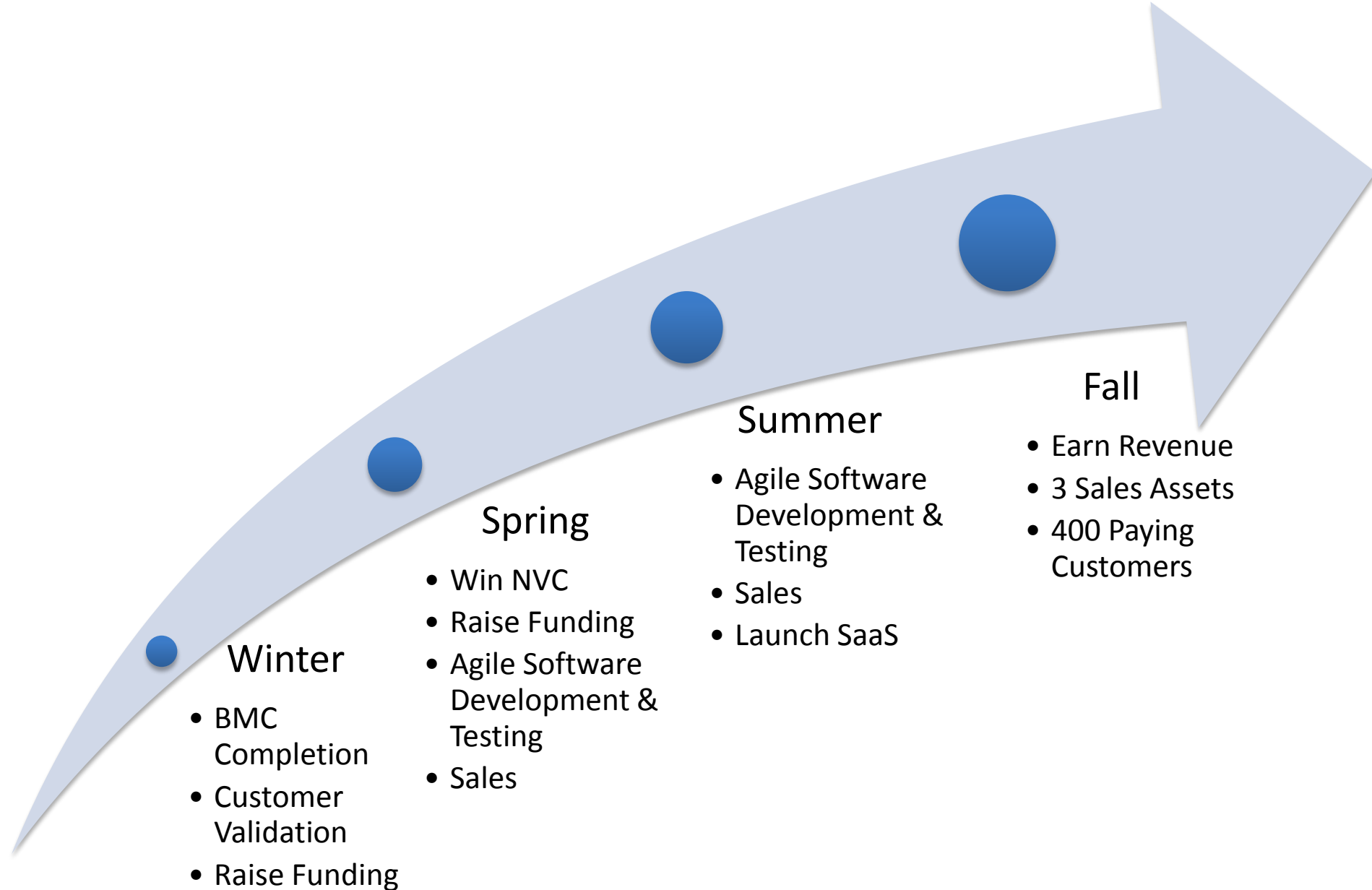
An abstract black ink drawing on a white background. It features a central spiral that winds outwards, with several long, sweeping lines extending from the spiral's path towards the corners of the frame. The lines have a hand-drawn, expressive quality with some frayed or feathered edges.

executions...

# 1 Customer Acquired

- 180 students acquired for Fall of 2013
  - \$19.99 per student
  - 1 reader cleared
- Currently communicating with Religious Studies and Spanish Departments

# 2013 Projected Agenda



## 2013-2015 Projected Agenda

- 2013
  - Launch SaaS (Summer)
- 2014
  - Launch Mass Media Marketing Campaign (Summer)
  - New Version Release (Summer)
  - Break-Even Point (Fall)
- 2015
  - 10,000 Paying Users Benchmark (Spring)

## 2016-2018 Projected Agenda

- 2016
  - \$1 Million in Revenue per quarter (Spring)
  - 92,000 Paying Customers (Fall)
- 2017
  - Napses transitions from Startup to Large Company with \$4.8 Million in Revenue per Quarter (Fall)
- 2018
  - \$7.8 Million in Revenue per Quarter (Fall)
  - 400,000 Paying Customers (Fall)



**BMC in detail...**

## Business Model Canvas

Napses LLC

### Key Partners

Developers  
Charities  
Academic  
Departments  
Copyright  
Clearance Center  
Academic  
Publishers

### Key Activities

Product  
development  
  
Operations (clearing  
copyrighted  
material)

### Key Resources

Lawyers  
  
Hardware  
  
Software  
  
Servers

### Value Propositions

STUDENTS  
Flat quarterly rate for all  
class readers  
  
Effortless agenda with  
automatic updates  
  
Mobile compatibility  
  
Communicate with class  
effortlessly  
  
PROFESSORS  
Easier way to design class  
program  
  
Distribute class materials  
and notifications in real  
time  
  
Answer questions more  
efficiently  
  
Easier/faster grading

### Customer Relationships

Direct  
  
Mass Media  
Marketing

### Channels

Web (Paypal)  
  
Mobile (Google Play,  
iTunes/App Store)

### Customer Segments

Students  
(payer)  
  
Professors  
(decision maker)

### Cost Structure

Hardware  
Software  
Operations  
Legal  
Payroll  
  
Product development  
Internet Service  
Copyrighted material  
clearance

### Revenue Streams

Subscription model

## Value Propositions

### • Professors

- Easier way to design class program
- Easier way to distribute (in real-time) class materials, assignments, and notifications
- Save time answering class questions via class Wall, email/OH
- Easier way to grade and submit grades to registrar's office

### Students

Effortless agenda with automatic updates on class events and due dates

Read class materials and complete class assignments, MOBILE

Better class collaboration through public discussion

Quarterly rate for all readers

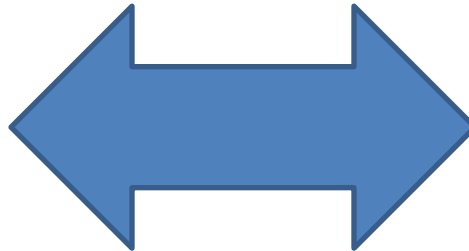


- Multi-Sided Platform

(customer interdependency)



College Students



College Professors

# Channels



Paying Customer

# Customer Relationships

- Early Stage
  - Direct Sales Force
    - Customer Acquisition Cost: \$1 to \$2
  - Customer Service
    - Email, phone, SMS
- Later Stage (Fall 2014)
  - Customer Service
    - Email, phone, SMS
  - Mass Media Marketing
    - Email, YouTube, Facebook, Twitter, Blog



# Revenue & Pricing Models

- **Model A**

- Subscription Fee
  - Quarterly
- Value-based

- **Model B**

- Freemium model
  - Free tier
    - » Everything premium has except quizzes, grading, and clearing of copyrighted material
  - Premium account
    - » Model A

# **Key Partners**

**Programmers**



**Charities**



**Copyright Clearance  
Centers**



**Publishers**



Penguin Group

## Key Activities

- Product Development
- Operations
  - Clear copyrighted material
  - Sales
  - Marketing

## Cost Structure

- Servers (Amazon Web Services, Right Scale, GitHub)
- Hardware, (computers, miscellaneous)
- Software (Basecamp, Adobe Master CS 6, QuickBooks)
- Corporate Operations
- Legal
- Software development
- Payroll
- Clearance of Copyrighted Material