Black Team Newsfast

Business Model Canvas

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# Customer Segments

Our sole customer segment will be advertisers. The reason they are important is that they are our sole source of income. Without them we simply wouldn’t have a business. While the revenue types from advertisers will take different forms (Cost per Click, Cost per Impression, Private Advertising, and Affiliates) from our perspective we still treat it as one customer segment as they are renting space on our website with a view to attracting users to purchase their product. These different forms of advertising will be discussed in more detail in the Revenue Streams section below.

While we will also provide a service to the users of our website, we don’t envisage charging them for this service, we will treat them as partners instead of customers. It is important to note in this section that this classification doesn’t mean the users will receive an inferior service as we don’t see them as customers. Our view is that we need happy repeat users otherwise we won’t have any advertising revenue and hence we will have no business.

# Value Proposition

### 

### The value we create for advertisers is to create a central hub of users with a keen interest in technology. This will serve as an excellent marketplace for technology related advertisers as they will know that all our users will be relevant to their business and therefore more likely to make a purchase.

### The hub will contain technology news articles which are consolidated from numerous sources. Our Unique Selling Point (USP) is that the product will be customised to the individual users interests. For example if the users has indicated they are interested in a particular topic then the articles relevant to that topic will be prioritized over other articles. We will also automatically keep track of what articles each user reads, and use this to further customise their article feed. The top ranking articles will all be relevant to the user with no filler articles and no need for scrolling to find something interesting to read. Consolidating these articles into one central, customised hub will also save users considerable time.

### The typical type of products we would envisage being advertised would include that likes of technology books, technology training, technology gadgets and products, and tech jobs.

# Channels

For now our the website will be the only means by which our product will connect advertisers to our users. While we have added functionality to improve how it looks on mobile platforms we may at a future point in time expand our offering to include apps for mobile devices. When this happens there will be a continuation of service offerings - same tailoring of articles no matter how content is accessed. If a user logged on via the website, iPhone or Android app simultaneously they would see the same customised articles. This will ensure that the mobile apps are still an attractive proposition for our users and hence our customers.

### Social media for marketing

We will rely heavily on social media to create brand awareness and for feedback. Initially we will use Twitter to keep users up to date with new features, attracting new users and retaining old ones. Later on this will spread out to other forms of social media such as Facebook and Twitter.

All our interaction with social media will contain reference to the main site as well as our social media profiles to help raise awareness of our brand. Also in the future if we expand our offering to allow users to share content on social media then we will ensure that the functionality will include mention of our brand ex. the tweet will end with “via @newsfastme”.

To assist build up our user base we will look to build relationships with ‘Influential Users’ that is users with a large following in social media, with the aim of getting a mention in an influential technology blog to drive traffic to our site.

We would prefer to use viral/free methods to attract users but if the website is not receiving traffic then we may resort to paid means such as Google Adwords, Facebook Ads and natural search to drive traffic to our site.

### E-mail and survey for feedback

Our website also contains links to email us and to continuous online survey. This allows us to get as much feedback as possible on what we are doing well and what needs further improvement.

# **Customer Relationships**

To setup and maintain our customer relationships we will be using external partners such as Adsense (cost per click) and later on possibly Buysellads (sponsored adverts). For our part we will need to comply with their terms and conditions in keep this arrangement. There are no direct set-up costs to use these services, we will be charged a portion of the fee the advertisers pay which is currently 32% for Adsense and 25% for Buysellads. It easier to get setup initially with Adsense, but Buysellads requires you to meet certain thresholds before their service can be used e.g. high number of unique visits and strong social media following on Facebook and Twitter.

# Revenue Streams

Our users will never be asked to pay for our service. Revenue will come from the advertising customer segment through the means described below.

### Cost per click

With this type of advertising the revenue is calculated as a set amount of money for every 1000 times a user clicks on an ad. Initially we would see this as being done through Adsense, as adsense revenue is determined via a bidding process. If the return/response is poor then the CPC rate will be reduced. It is difficult to estimate the revenue that we will receive per user click/visit to our website. the details below are used for illustrative purposes only.

A CTR (Click-through Rate for the advert expressed as a percentage) of 1% and a CPC (Cost-Per-Click) of €0.97 would result in €3191 Euro a year if we had 21,000 unique visitors a day (see Figure 1 below)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **CPC examples** | **Full CPC** | **CPC minus Google commision** | **no of ads available** | **No of visits per day** | **clicks** | **daily rev** | **Total** |
| **First 45 days** | €0.97 | €0.66 | 5 | 2,150 | 107.5 | €71 | €3,191 |
| **46 to 90 days** | €2.67 | €1.82 | 4 | 3,100 | 124 | €225 | €10,131 |
| **91 to 135 days** | €3.07 | €2.09 | 3 | 4,500 | 135 | €282 | €12,682 |

Figure This table table detail revenue targets from CPC for the first 135 day after our launch. The three different CPC rates represent low, moderate, and high CPC as taken from Google Adwords on 13/8/2015, see image below for mid range example.

For our calculations as CTR of 1% is assumed. While it is difficult to get an accurate figure for CTR, 1% is generally taken as a de facto standard for calculations. A number of sources claim that a CTR of 2% is the real average but this has not been confirmed by Google ( see <http://www.wordstream.com/average-ctr> regarding a 2% CTR) so 1% is used instead for our calculations.

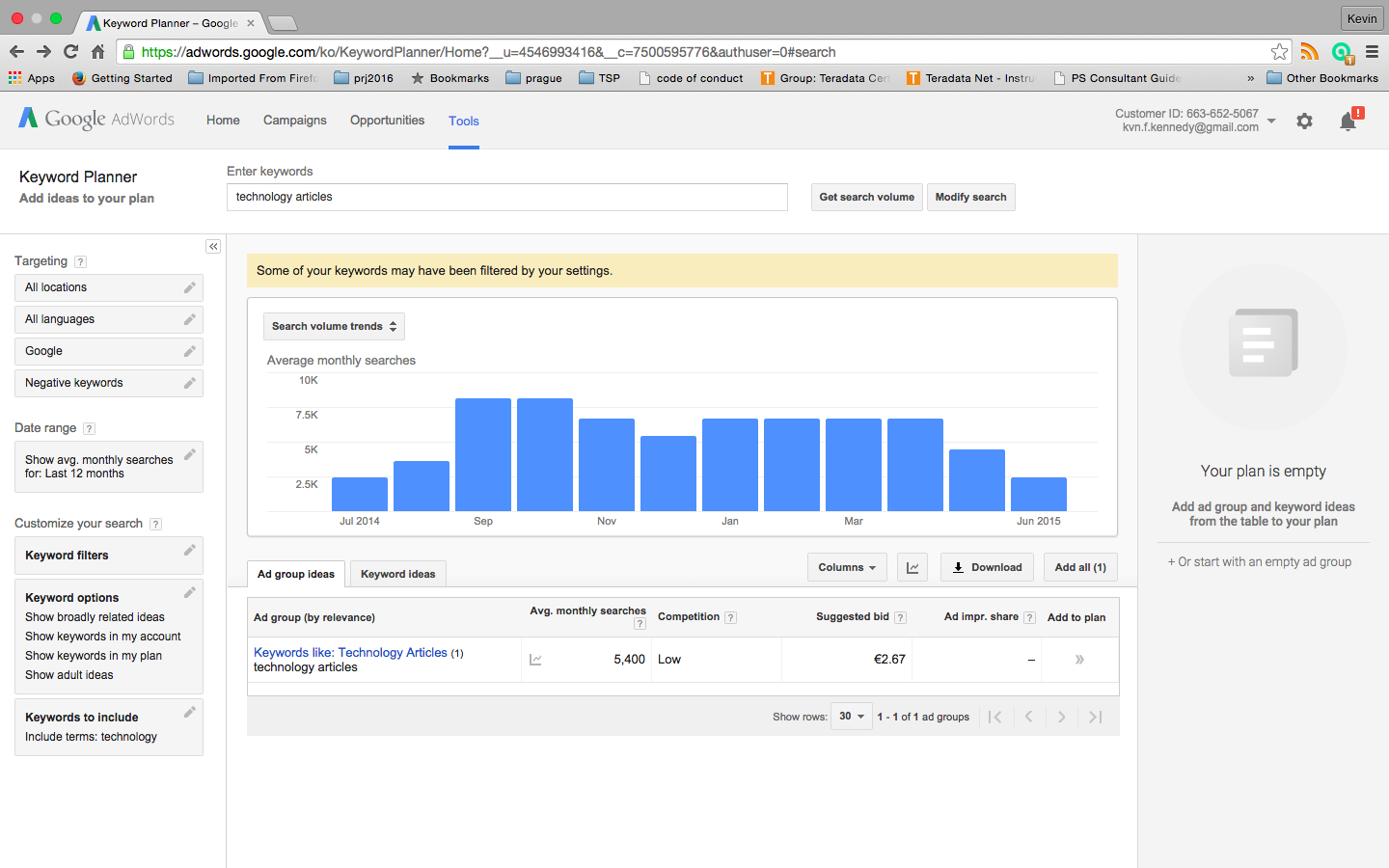


Figure The midrange CPC rate taken from Google Adwords on 13/8/2015

While there are alternatives to Adsense we feel that Adsense would be a better fit to building a hub as the Ads would be more relevant to our individual users.

### Cost per Impression

CPM ( Cost per 1000 Impressions) is an alternative to CPC. With Cost per Impression revenue is based on a set amount for every 1000 views of the ad.

### Private Advertising

This would become an option as our user base grows. This means that we are made an agreed amount for fixed period of time. We would need many thousands of unique visitors a day to consider this. Even then this option is time consuming to source and will require at least one person to spend time away from working on the functionality of our website. Buysellads would be a good partner for this but as they have strict entrance criteria it would not be practical to consider this until we have firmly established our product in the marketplace.

### Affiliates

Another source of income is Affiliate links. In this scenario we would receive a commision based on purchases made after a user clicks on a link on our site. This would also be time consuming to create but potentially very lucrative.

The table below shows revenue targets from all sources for the first 135 days in increments of 45 days.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Time Period | CPC | CPM | Private Advertising | Affiliates | Total |
| First 45 days | €3,191 | €616 | €0 | €0 | €3,807 |
| 46 to 90 days | €10,131 | €1,233 | €616 | €0 | €11,980 |
| 91 to 135 days | €12,682 | €1,849 | €1,233 | €1,233 | €16,997 |

Figure Revenue targets

It is important to have these targets to allow us to evaluate and plan for the website. In particular to assess if it is viable and also worth our while continuing to invest our time and resources into the business.

The targets we have set for the business to be successful are quite aggressive, we discussed this as a group, for the business to be attractive to us we need it to break even in months. We would close the business if it didn’t meet the projected figures, we believe that it’s better to fail quickly than over a long period of time.

Note: Figure 4 in the Cost Structure section of this document compares the cost and revenue targets for this business.

# Key Resources

### Content

### The RSS feeds that we use to create our articles are vital to our business as without them our website has no content. Currently we have approximately 50 distinct RSS feeds that we use. We continually review this to ensure they are reliable sources of tech news. To date we have removed several due to the quality or content not being up to the standard we expect. We are also constantly looking out for new RSS feeds that we can bring in. Our design approach allows us to quickly and easily add or remove any RSS feeds using the administration section of Newsfast.

### Hardware

On the hardware side we need a high capacity server or virtual server with high speed web access. The capacity will need to be increased as our number of users increases over time. Renting a virtual server from strategic partner may be the most cost effective method and it will free our personnel to work on the core product while our partner maintains the hardware for us. The partner would also take care of backup and data recovery. To give the user fast access to the website, we may need to distribute the website in different regions, for example with Amazon Web Services in Europe, United States, and Asia.

### Business & Technical Skills

The high level of both technical & business skill sets within the team need to be maintained.

### Marketing Partner

It may be necessary to align ourselves with a marketing partner to help build our brand. We recognise that no matter how good our website becomes we still need to get the message out to potential users. Bringing in recognised experts to help with this can only be beneficial.

### Finance/Revenue resource

At least one resource will need to have primary responsibility for monitoring Adsense and other revenue resources. While this is quick and straightforward to set-up initially, it is important that as the number of users increase that so do our number of clicks. Revenue sources need to be regularly monitored for effectiveness.This resource will also be in charge of monitoring costs.

# Key Activities

### Strong Initial Product

We need strong initial product that provides value to users on day one. The User Interface needs to be simple & fast with strong working version of preference algorithm to customise the news articles.

### Social Media Presence

A strong social media presence, especially twitter initially is vital to building our brand.

### Be Revenue focused

We need to ensure that when we do have users, that the advertising section of the website is successful in bringing in revenue. Too many online businesses become “successful” without actually becoming a viable business and this is not a trap we want to fall into. We believe is important to embed sponsored content from the start so there are no significant redesigns later on.

### Continuous Improvement

We need to continually review and update the preference algorithm. The key activity is to attract users to the website and to keep them returning. Product development is important, that we can add features to ensure that our website has differentiators and is better than the competition.

# Key Partnerships

### Users

### Our belief is that the user segment is the most important aspect of our product in the sense that without them we won’t get any advertising revenue. Our mass market approach will mean we will provide the same level of service to all users.

### Within the user group there will be particular users who have strong social media following and are seen as technology experts by their followers. Any recommendations or endorsements from these particular users would be extremely valuable in promoting our service. Throughout this document and our other project deliverables we will refer to these users as Influential Users.

### UCD/Hardware Supplier

At the moment our main partner is UCD who is providing us with our current Virtual servers. We view this as a temporary partnership and will need to find a long term replacement. This will also provide us with higher capacity as our business grows and also outsource the maintenance of the hardware. This should allow us to benefit from economies of scale as we would be sharing the physical resources with other organisations. Most importantly this will free up our internal resources to focus on continuous improvement of our software.

### Marketing Partner

As mentioned earlier we may need to also form a partnership with a Marketing firm.

### UI Expert

We identified as part of our SWOT that none of us have a strong User Interface background, so it may be necessary to consult with a graphic designer or experienced web developer. This would be more of a short term/occasional arrangement.

### Content Providers

In order to make our product work we need access to numerous technology news related RSS feeds. There is a large number of these available so this should never be an issue. There is a risk that RSS feeds are becoming less popular, as a contingency we need to be ready to use web scraping or other means to get the same information.

### Authentication

At the moment we are relying on Twitter to authenticate our users. This can in the future be rolled out so that users can authenticate using other forms such as Facebook.

### Revenue Providers

Any companies that are part of our revenue chain such as Adsense are vital partners. While it may be simple to maintain these relationships (adhere to basic code of conduct including not clicking on your own links), the importance of these relationships should not be overlooked.

# Cost Structure

Our business model strives to keep costs as low as possible so that they will start off small and only increase as our business and revenue grows. We are bootstrapped at the start by our own funds, and those of UCD in terms of server costs to a minimum.

### Staff costs

Staff costs will become an issue the medium to long term as none of the team are planning to work for free. As we are all working full time, initial salary figures are set to be €10,000 for each of all 5 members of the team. This will be split between base salary and bonus tied into business related performance targets.

### Server

We will need a structure in place to deal with costs relating to our server / virtual server capacity needs, including potentially a separate database server. Having a strategic partner for this will help make these cost easier to manage as they will become more fixed in their nature. This will mean cost will only start to increase as our business grows. Currently our preferred option would be AWS t2 large which would cost $0.104 per hour - this equates to $911 per year. We would need a minimum of 2 servers for redundancy, giving $1822 per year.

### Brand promotion events

As part of our brand promotion on social media there will be small cost for events such as “like and share”, funniest tweet mentioning our brand. cost for this are expected to be €250 to €2000 per year initially.

### Marketing Partner

Additional cost would accrue if we brought in an established company as a marketing partner. In the short term to medium term we will most likely use cheaper means such as a student competition to come up with the best idea to promote our brand. This temporary measure would be a supplement to our ideas. Initial cost for this are expected to be €250 to €2000 per year initially.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Time Period | Staff costs | Hardware | Promotion events | Marketing | Total |
| First 45 days | €3,082  (5 \* €616) | €205  ( converted from $225) | 250 | 250 | €3,787 |
| 46 to 90 days | €6,164  (5 \* €1,223) | €205  ( converted from $225) | 1000 | 500 | €7,870 |
| 91 to 135 days | €6,164  (5 \* €1,223) | €205  ( converted from $225) | 2000 | 2000 | €10,369 |

Table Table of costs

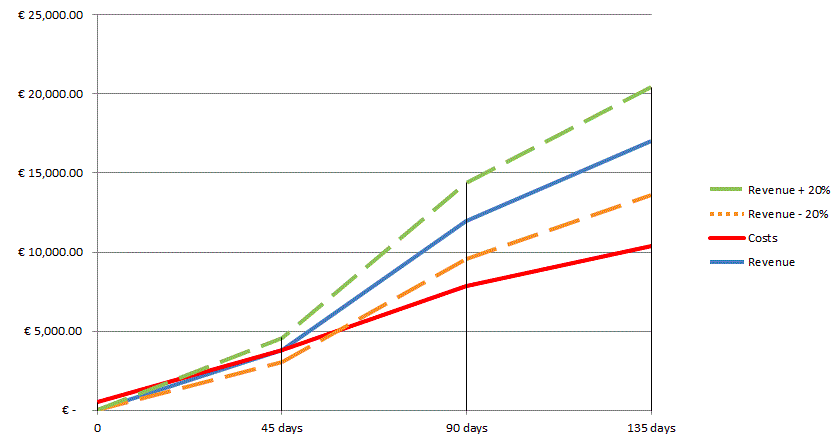


Figure Graph of Cost vs Revenue

This graph compares our cost and revenue figures. The lowest of the 3 revenue figures from our Revenue section has been taken and to add further contingency lines showing both + and - 20% of expected revenue have been included. All going well we would expect that once we reach the 45 day mark we should be at our Break Even Point (BEP). If revenue is 20% less than than expected in this model then the BEP would be closer to 60 days.

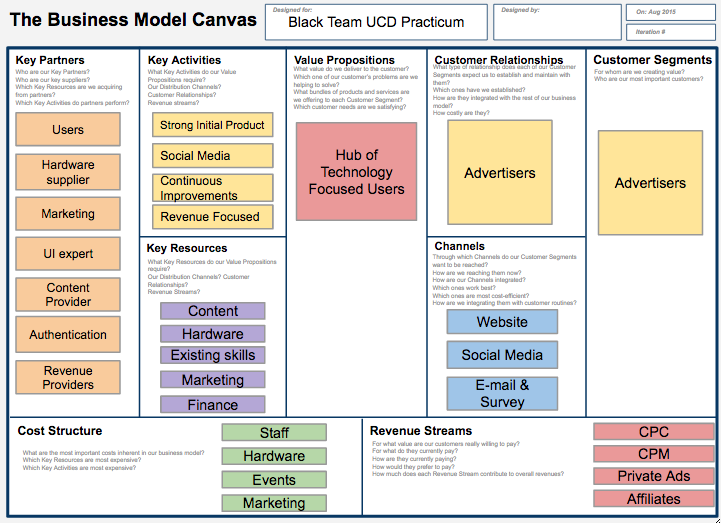


Figure The Business Model Canvas