Proposal for of the

AStream

Prepared for: Fund Raising
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1. Introduction

This proposal is composed to outline the entire business plan.

Through market researches, crucial indicators such as consumer tastes and preferences, purchasing power and market competition are made clear so as to eliminate doubts on where, when and how to strike.

Observation on the current players in the industry will help us to identify the viable step for expansion and the niche in the market that has yet to be captured.

As a whole, the author hopes to manifest to you the **viability** of this enterprise in terms of **scalability**, **profitability** and **sustainability**.

2. What's AStream

2.1 Namesake

Australian-Stream. AStream is easy to remember. The author initially wish to name it

AuStream, however it sounds regional while the enterprise is looking overseas.

AStream is catchy. It retains Australian resemblance yet still left room for interpretation

by our users.

2.2 Targeted Market

Our **core users** will be **gamers** and **anime fans** whom aged from **10 to 30**. We will also

cater to a **diverse consumer background** to broaden our user base.

2.3 Nature of the firm

The AStream is an **internet based** IT company that is centred on a **video sharing website** which hosts **User Generated Contents (UGC)**, or videos in this case. We encourage users to upload all kinds of videos while game and anime related videos will be the area of our special emphasis.

This website features the unique **Barrage Commenting System**.

 (Figure 2.1, a screenshot showing the barrage commenting feature in practice)

The Barrage Commenting System allows comments to be **overlaid** directly onto the video display where the comments are synced with a specific playback time. This is able to innovatively create an **unmatched Real-time and Instant Connectivity** amongst viewers. The viewing experience is thus more **attractive** as **user participation and interaction** increases.

The Barrage Commenting System, together with our focus on game and anime, will be our **fundamental uniqueness** that sets us aside from other video sharing websites in our targeted market.

3. Market Potential

3.1 User base

While having gamers and anime fans being the significant groups of our users, the website will arrange the videos into 13 categories (discussed in section 6.1.2) to attract and cater to a more diverse consumer background, thus broadening our user base.

Some groups of our users are:

Gamers

As of 2016, there are around 1.2 billion gamers worldwide (Venturebeat, 2013), all of them are our potential core users. The largest game related video streaming website is Twitch, it possesses more than 100,000,000 (100 million) users. Gamer usually watch game reviews, game tutorials, competitions and live streaming.

Anime fans:

Anime fans are our core users. There are around 150 million anime fans in the world. Their usual online activities are to watch the latest anime episodes and related videos while participating in discussions in forums.

Performers:

The video sharing website will serve as a platform for users with a flare in singing, dancing or other form of arts to show off their talents and gain fans. Having users gaining fame is a part of a bigger plan that facilitates other services (discussed in section 6.2.1).

Technological geeks:

Videos on the documentaries, technological developments and the review of the latest electronic gadgets will be hosted here.

A very crucial point that the author would like to emphasise is that though being anime, comics and game (ACG) centric, we encourage users to upload all kinds of videos.
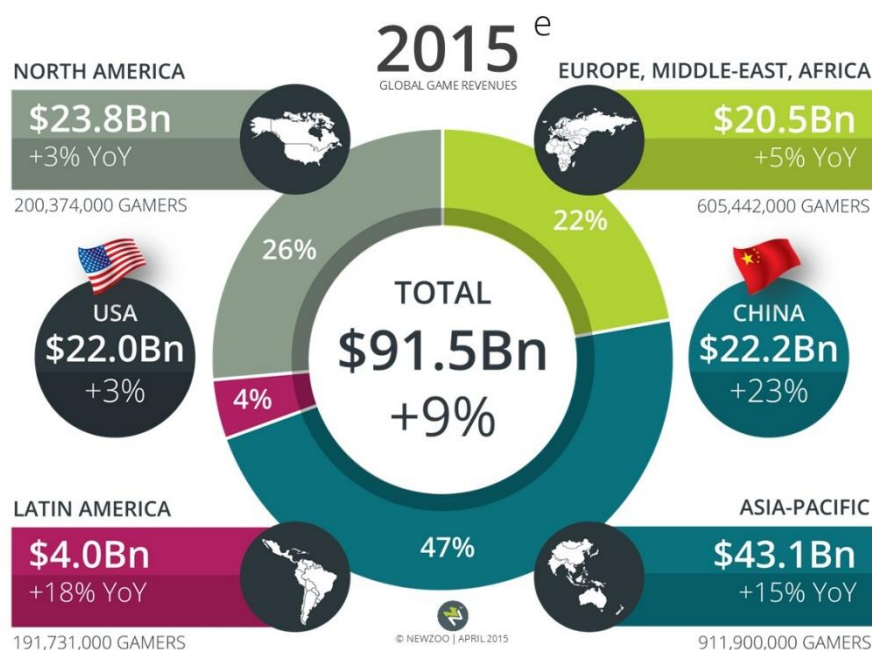
3.2 Purchasing power

The volumes of the gaming and anime markets should be indicative of the purchasing power of our potential users.

The volume of the gaming market is US$91.5 billion in 2015, projected to be US$107 billion in 2017.

(Figure 3.1, a chart showing volume of the gaming industry)

The volume of the anime market is US$15.4 billion in 2014.

Japanese animation market trends in a broad sense (i.e. market size based on estimated sales in animation and animation-related markets) <2002 – 2014>
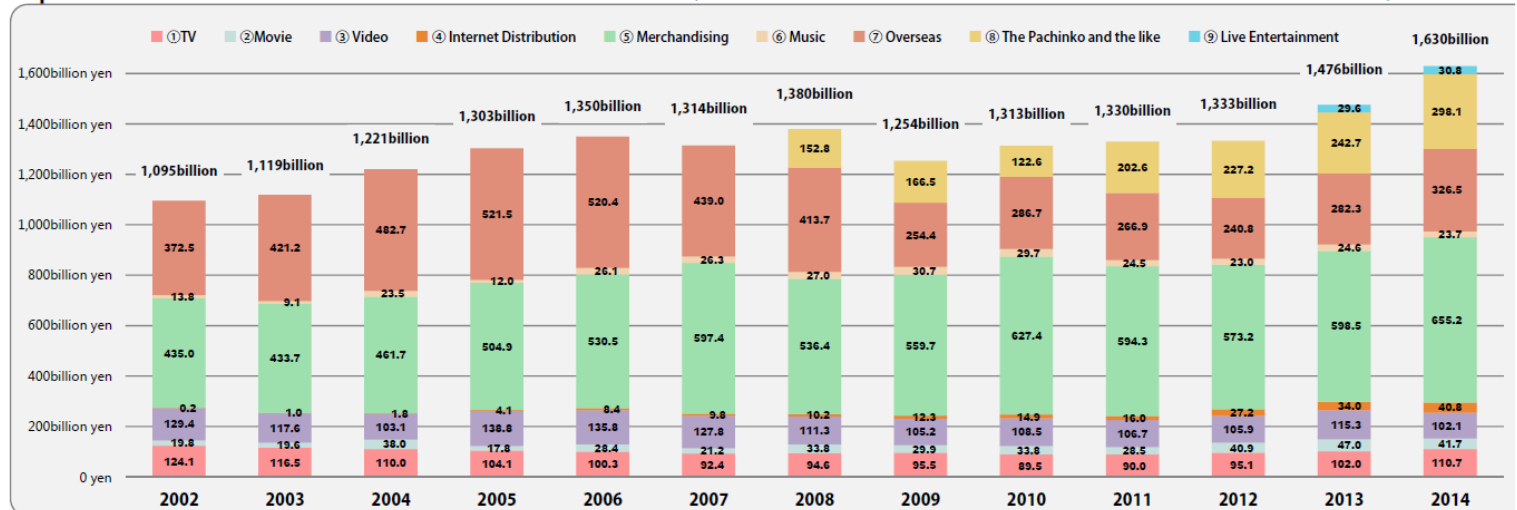
Based on questionnaires conducted by the Association of Japanese Animations and other publicly available statistics

(Figure 3.2, a chart showing volume of the anime market)

Most gamers and anime fans are concentrated in developed countries and developed parts of developing countries. The author used to live in Singapore, a country where most of the youths are gamers and anime fans.

(Figure 3.3, showing crowds on Anime Festival Asia 2014 in Singapore)

Country \ Data	ACG conventions organised in each year
US	254
Canada	57
UK/Ireland	79
France	34
Germany	41
Australasia	7
South East Asia	21
Japan	22
China	27
Total	542

(Figure 3.4, table reflecting the number of Anime conventions held each year)

The author wish to argue that, due to obsessive interests, gamers and anime fans genuinely possess the willingness and the purchasing power to spend on services that they enjoy. The author has planned attractive services (objectively) with the following being the main sources of revenue (discussed in detail in section 6):

1. Sales of **premium** membership.

2. Third party **ads** that are implemented across the video hosting site and the forum.

3. Sales of **virtual items** in Smartphone games.

4. Sales of articles and admission tickets during offline merchant and cosplay **events.**

5. Sales of articles of our **online store.**

3.3 Field research

The author simulated a pseudo market environment during his high school in a series of steps and thereby testing the viability of his enterprise idea in terms of **receptiveness** and **profitability**.

3.3.1 Proposing an ACG Club in the form of a Japanese Cultural Society

The author first proposed to the college principal for the creation of an anime, comics and games (ACG) Club, the Japanese Cultural Society. The purpose for this is to discover the popularity of anime, comics and games amongst youths while **gathering the manpower needed for the next move**. A proposal for this new Co-Curriculum Activity (CCA) was compiled and handed to the principal. The proposal was evaluated and approved. A teacher was assigned to me to help in organising this new CCA.

(Figure 3.5, a poster to attract members)

The process of recruitment faced minimal friction, 53 students indicated their interest and became the founding members of this new CCA in 3 days.

Icebreaking session was organised for founding members to get familiar with each other. In this process, a total of SG$ 265 (SG$5 from each member including the author, around US$200 in total) were gathered and submitted to the college as CCA fund.

A remarkable level of enthusiasm from the members was noted. With overwhelming interests in both participation and contribution, the preparations of the new CCA were swiftly accomplished with many creative ideas and ground up initiatives from the members.

3.3.2 Organising 'Rhapsody 2013'

To simulate the environment of an ACG convention, the author initiated and organised an ACG Cultural Programme called the 'Rhapsody 2013' as part of his high school's Learning Festival. The purpose of this programme is to discover the receptiveness of youths at a larger scale, and also to investigate their willingness and ability to spend. This programme is organised using the funds raised from founding members of the Japanese Cultural Society.

'Rhapsody 2013' consists of Lecture programmes on digital and paper-based animation drawings, a competition that requires participants to utilise the skills learned during the lectures and a merchant programme selling ACG related products.

The author was the leader of the organising team, the tutor who delivered techniques on animation drawings, the judge that provides guidance and scoring to the participants of the competition and the salesperson at the merchant booth.

Advertising was carried out before the programme to create a greater awareness. Attractive prizes were prepared to serve as an incentive for participation of the competition.

(Figure 3.6, posters and competition rules)

(Figure 3.7, posters pasted outside the library)

(Figure 3.8, photos showing moments during the program)

These were the moments in the lectures, even some of the teachers are ACG fans and participated in the programs.

An online public voting was held for the students to vote for their favourite artwork and the votes represent 30% of final score.

A total of 243 students participated for the animation drawing classes and 58 students contested in the competition.

(Figure 3.9, photos showing the merchant booth)

At the merchant booth, Comic, CDs, anime character models, posters and toys, video game disks, accessories and more were sold. At the end of the 2 week festival, our revenue was more than SG$3200 and profit of around SG$1720. A total of 429 customers were served. The profit made went to the charity.

As a whole, the market research was concluded with a highly positive outcome in terms of awareness, participation and attentiveness.

4. Observation on Existing Firms

To accurately identify our **direct** competitors the **boundary of the industry** must first be established. **Video sharing websites** that possess the **Barrage Commenting System** will be targeted as the direct competitors.

4.1 Major Firms – Concentrated in Japanese and Chinese markets

The major players are concentrated in two Asian markets, namely the Japanese and the Chinese markets.

The condition of the Japanese market is straight forward, there is a monopoly player called the NicoNico. Established in 2006, it is the **first/pioneer** website that features the Barrage Commenting System and this innovation enabled them to drive out established competitors and become the **largest** video sharing website **based in Japan**, captivating 12% of all internet data transmission within Japan. By August 2015, it possesses more than 55 million active users and more than 2.5 million premium users. It charges a monthly fare of JPY540 (~US$5.00) per premium user. Taking into account its earnings from hosting third party ad and offline events, its yearly revenue is estimated to be more than US$ 200 million.

The situation of the Chinese market is slightly more complicated than the Japanese market as there are 2 major players – a typical duopoly scenario. The 2 largest players are BiliBili and Acfun, they both feature barrage commenting and are established in 2007. Their combined user base (excluding **overlapping**) is more than 55 million. There are also a few much smaller players in the Chinese market, their market powers are insignificant.

4.1.1 Strengths

Due to the highly similar product/service nature, the three major players (NicoNico,

BiliBili and Acfun) have deployed similar marketing strategies. The author have ordered

their strengths in the **order of importance** (objectively).

1. Established Eco-systems.

- Being UCG video sharing websites, they have attracted a large number of **talented users** which uploads **high quality and original User Generated Contents/Videos**. This is the most crucial achievement that contributes to their **survivability and sustainability**. They have created a 'Eco-system' and are able to **use users to attract users**, saving much of their cost in creating attractive contents.

2. Piracy free.

- **Streaming of new anime episodes** is one of their most important source of attraction. With sufficient revenues and investments, they are able to purchase the **official streaming rights** from Japanese anime producers. This helped them to avoid copyright violations.

3. Brand loyalty fostered.

- With a firmly established user base that were **fascinated by the creative barrage commenting system**, unmatched brand loyalty was fostered.

4. Webpage advertisement.

- Due to the **large number of active users** they possess, earnings from being an advertising platform is a significant source of revenue.

5. Diversified service sectors.

- They begin to **feature many different forms of services aside from video hosting**. Some of these services include game development, merchandise, hosting offline events and etc. As such, they were able to further increase their revenue and rely on not just one sector for survival.

6. Product differentiation.

- They were able to **differentiate** their service from the others by fostering unique **brand cultures**. Thus further boosting consumer loyalty.

4.1.2 Weaknesses

1. Restricted markets.

- All three established players are **only** conducting business activities in their **domestic** markets (Chinese and Japanese markets) and made **little or no** effort in capturing foreign markets. Thus there is a niche in the non-Asian markets as they are vastly uncaptured.

2. Limited categories of videos.

- Although they tried to instill some diversity, their videos remained concentrated on ACG. This would lead to the loss of many potential users.

4.2 Other players – in English market and beyond

There are 2 major players in hosting game and anime related videos in the non-Asian markets. However they both **do not** feature the **Barrage Commenting System**.

The largest game related video streaming firm is Twitch as mentioned before.

The more established firm in streaming anime is Crunchyroll, based in the USA. Established in 2009, Crunchyroll possesses 20 million monthly visits and more than 300,000 premium users. It **only** streams anime episodes.

The other players are small and have insignificant market power. They have no premium users as the nature of their website remained as non-profitable forum style – they are not commercialising. They also do not feature the barrage commenting system, their purpose of existence is to stream new anime episodes to fans.

4.2.1 Strengths

1. Webpage advertisement.

- Earnings from being an advertising platform is a source of revenue. However, due to the limited number of active users they possess, this earning may not be significant.

4.2.2 Weaknesses

1. Eco-systems not established.

- The upload of videos, which are the anime episodes, is performed by the crews of their websites.

2. Limited categories of videos.

- They only streams anime episodes, this would lead to the loss of many potential users.

3. Piracy.

- Crunchyroll is the only one that purchases official streaming rights, all other websites are pirates. The reason that they did not caught into trouble is because their influence is insignificant.

4. Restricted markets.

- All these players conduct their activities mainly in the U.S. market. Even so, the U.S. market is not exploited to the fullest extent.

5. Weak brand loyalty.

- Users visit their websites with the sole purpose to watch new anime episodes, there is no other attractions.

6. Limited range of service sectors.

- They only provide streaming services for new anime episodes.

7. Little efforts on product differentiation.

- Their websites are not distinct from each other, users can easily abolish and switch to other websites.

4.3 Strategic implications from observations

To replicate the strengths and avoid the weaknesses of **current players**, the goals in

our operation are set out in the following 5 MUSTs.

Expansion must be rapid;

- Our primary objective is to capture the **English markets**, because the **Asian markets are saturated** while the **non-Asian markets remain vastly uncaptured**. Multi-language implementation for the website will follow up soon.
- To quickly strengthen our foothold, we must seek **rapid expansion** to **eliminate** existing and potential competitors – other websites that host ACG related videos.
- Success in the English markets (Australia, US, UK, Canada) will give us a strong back-rock as it wields substantial **purchasing power**. Success in the English markets will catalyse the subsequent successes in other markets.

Eco-system must be established;

- Those with firmly established eco-system achieves better profitability and sustainability.

User experience must be attractive;

- We will feature the unique and creative barrage commenting system as it will give us an **edge** over the majority that don't.
- We must establish an Eco-system where users upload a variety of quality videos aside from ACG.

Services must be diverse.

- Those that diversified their services achieves better profitability and sustainability.
- We must not limit ourselves only to video hosting industry.

Hunger effects must be indoctrinated;

- Our services must be **irresistable** and we must **deliberately** create an **insufficiency of enjoyment** to eventually drive users into paying for our services.

5. Introducing our Plan

5.1 Tripartite structure in operation

The operation of AStream will be following the triangulation of 3 key service sectors, namely the Online sector, the Offline sector and the Publicity sector. These 3 sectors are **interrelated** so as to alleviate potential constraints of each independent sector.
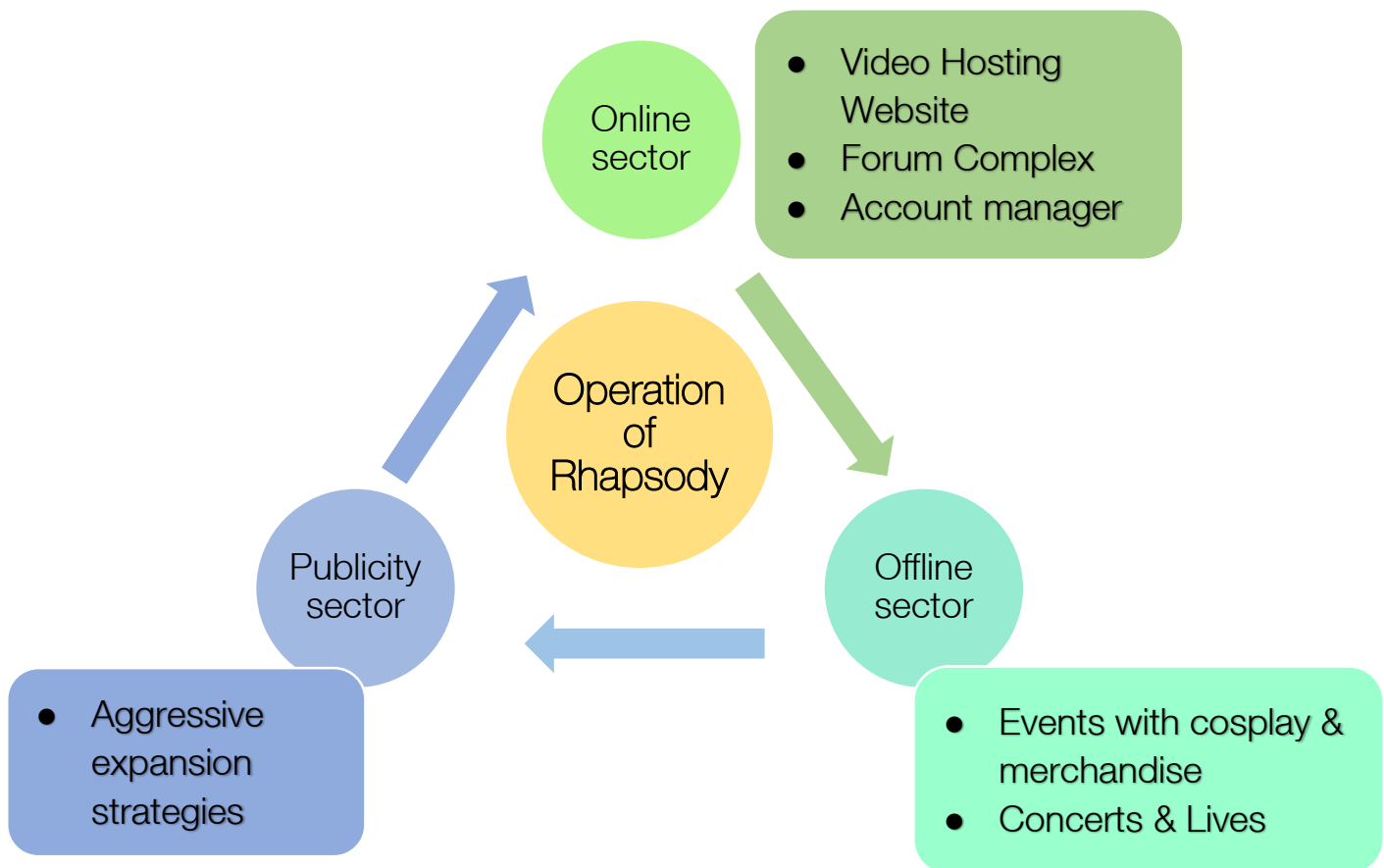
(Figure 5.1, reflecting operation framework)

Our main sources of revenue would be:

1. Sales of **premium** membership.

2. Third party **ads** that are implemented across the video hosting site and the forum.

3. Sales of **virtual items** in Smartphone games.

4. Sales of articles and admission tickets during offline merchant and cosplay **events**.

5. Sales of AStream's **online store**.

6. Structural Organisation of Services

This section will show you in detail the components under each service sector.

6.1 Online Sector
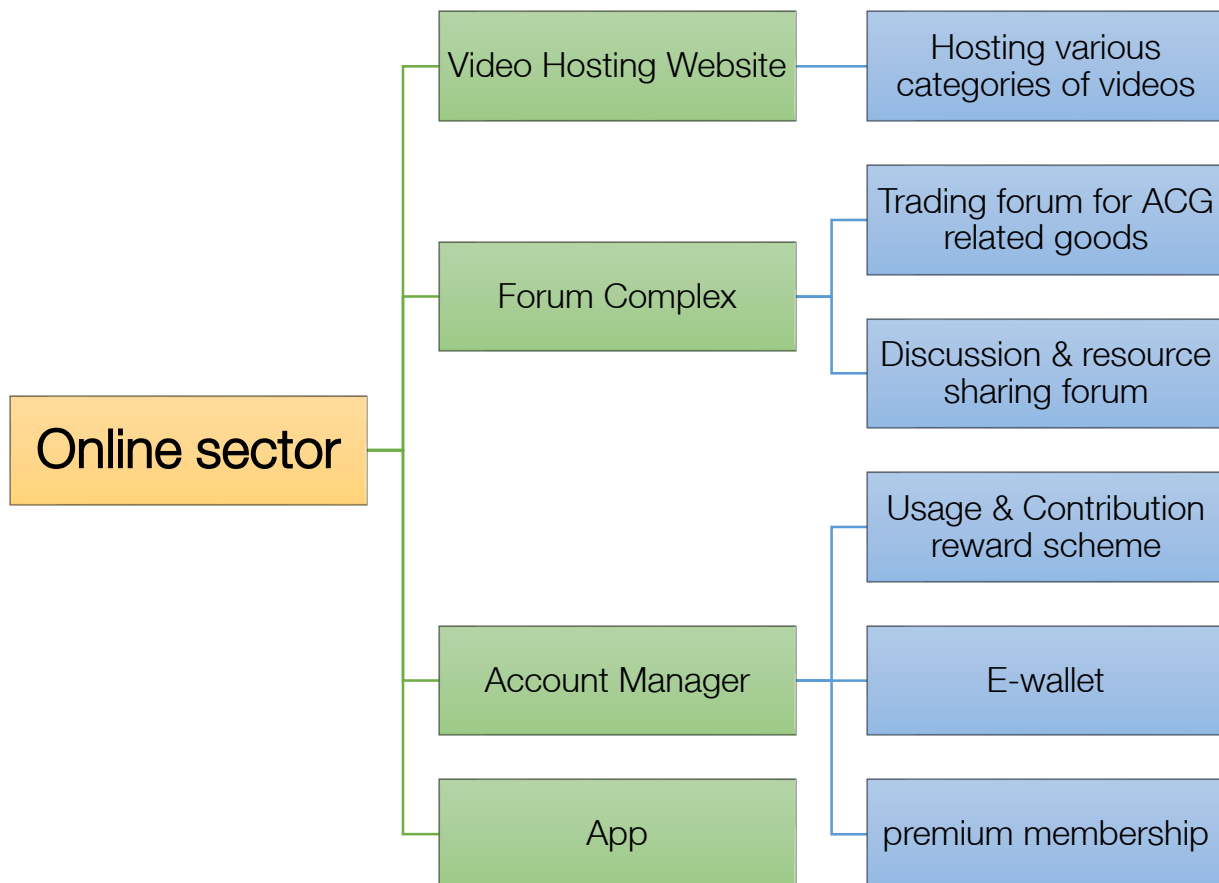
6.1.1 Account manager

The account manager is a crucial component that is implemented across the video

sharing website and the forum complex. It is the key to profitability and sustainability.

The author would first list out the possible user activities on every component of the

Online sector where the Usage & Contribution scheme is involved.

Component	Activities (Non-exhaustive)
At Video Hosting Website	1. Watch videos; 2. Watch compulsory ad; 3. Skip ad if premium; 4. Utilise the premium services, if the user has paid; 5. Rate the videos; 6. Subscribe/Unsubscribe to another user; 7. Barrage Commenting; 8. Upload Video(s); 9. Create Channel(s);
At Forum Complex	1. Create post(s); 2. Engage in discussion(s); 3. Create focussed interest group(s); 4. Upload and share resources; 5. Download resources; 6. Set up online shop; 7. Seller select paid advertisement plans for goods;
At account manager	1. Purchase premium membership; 2. Trading cash to points;

(Figure 6.1, showing activities that involves the Credit system)
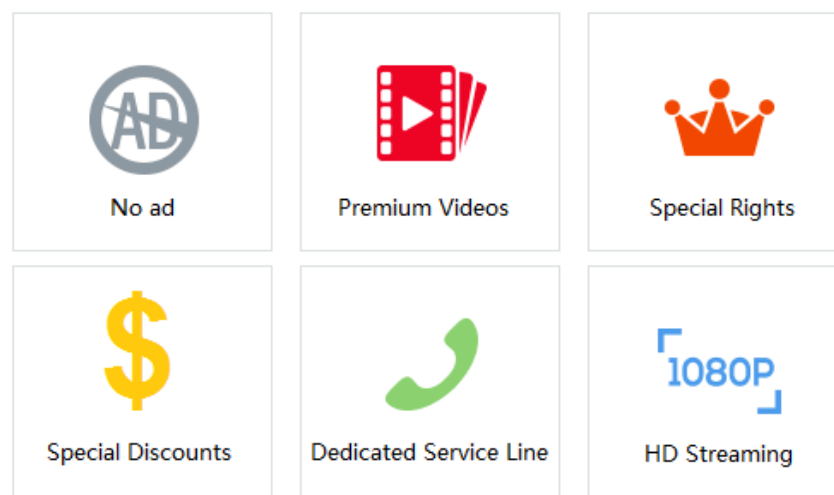
(Figure 6.2, showing the privileges that can be enjoyed by a premium user)

Along with the account manager, the Usage & Contribution reward scheme is also implemented across both Video Sharing Website and the Forum Complex. It provides **incentive** for users to upload resources and contribute to the growth of AStream while **indoctrinates** hunger effects that encourage users to purchase premium membership.

Components	Sub-Components	To earn points	To use points
Video Website	N/A	Watch Videos	Watch Premium Videos
		Barrage Commenting	
		Upload Videos	Purchase premium
		Create Channels	
Forum Complex	Trading forum for ACG related Goods	Creating Online Shops	Seller Using points to pay for advertisements
		Placing goods on sales	
	Discussion & Resource sharing forum	Engaging in discussions	Download Resources, songs & videos
		Creating Posts	
		Creating focussed interest group	
		Uploading resources	
Account Manager	E – wallet	Trading Cash to points	Purchase premium
			Purchase virtual items

(Figure 6.3, a table reflecting the flow of Credits)

To encourage usage, points will be rewarded even when users utilise simplest services such as watch a video or put up a comment. However, points gained through these simple activities will be little to enjoy paid activities – they would have to compensate by paying cash or having greater contributions to AStream (such as uploading videos). This will also help in forming the eco-system as users are encouraged to upload videos.

The amount of points rewarded for user contribution must be **tactfully and skilfully** set. It must be sufficient to encourage users to contribute to AStream while not being too much to the extent that users can earn enough points to purchase premium membership.

6.1.2 Video Hosting Website

The Video Hosting Website is our core service. These are the proposed categories of videos that the author believes to be **game and anime oriented yet sufficiently diverse.**

| Category	Description
Anime series	• Latest high definition Anime episode streaming.
AMV	• Tribute Videos & etc.
Game	• Video Game Reviews, Tutorials and Competitions & etc.
Music	• Anisong, Billboard, Oricon, Classic, Folk musics & etc.
Dance	• Modern Dance, Folk Dance & etc.
Science & Technology	• Videos on the latest scientific developments. This is where Technological Geeks concentrates.
Education	• Tutorials videos on video, audio and image editing, programming languages & etc.
Sports	• Videos of matches, including live streaming of competitions
Fashion	• Videos and tutorial on make-up and fitness.
Lifestyle	• Funny, organic videos, allows you to broadcast yourself.
Current Affair	• Domestic and International News.
Movie	• Streaming Blu-ray movies of various categories.
TV series	• Streaming the latest American, Japanese and Korean TV series & etc.

(Figure 6.4, showing proposed categories of videos on Rhapsody's main site)
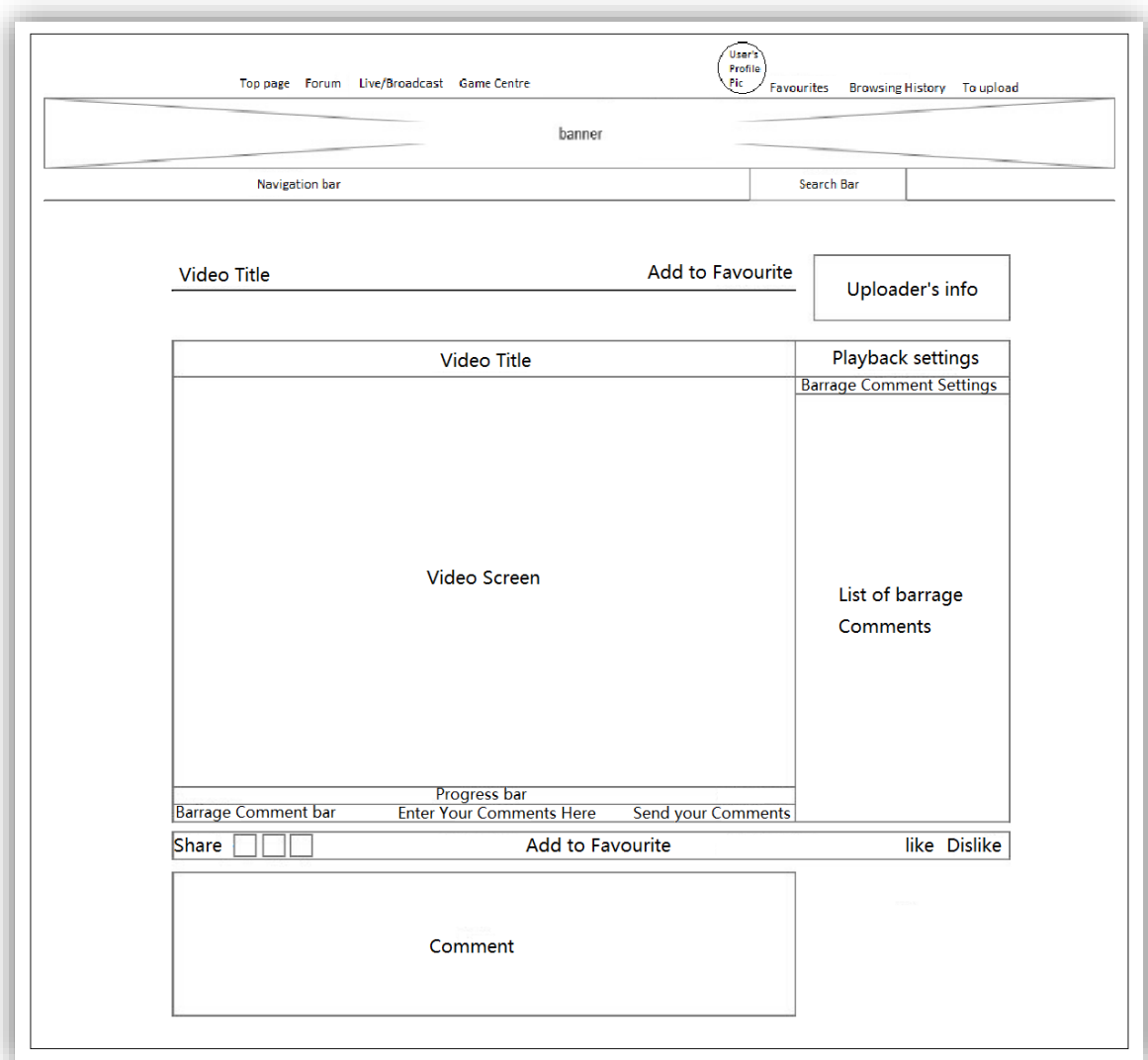
The server-side structure has been planned:
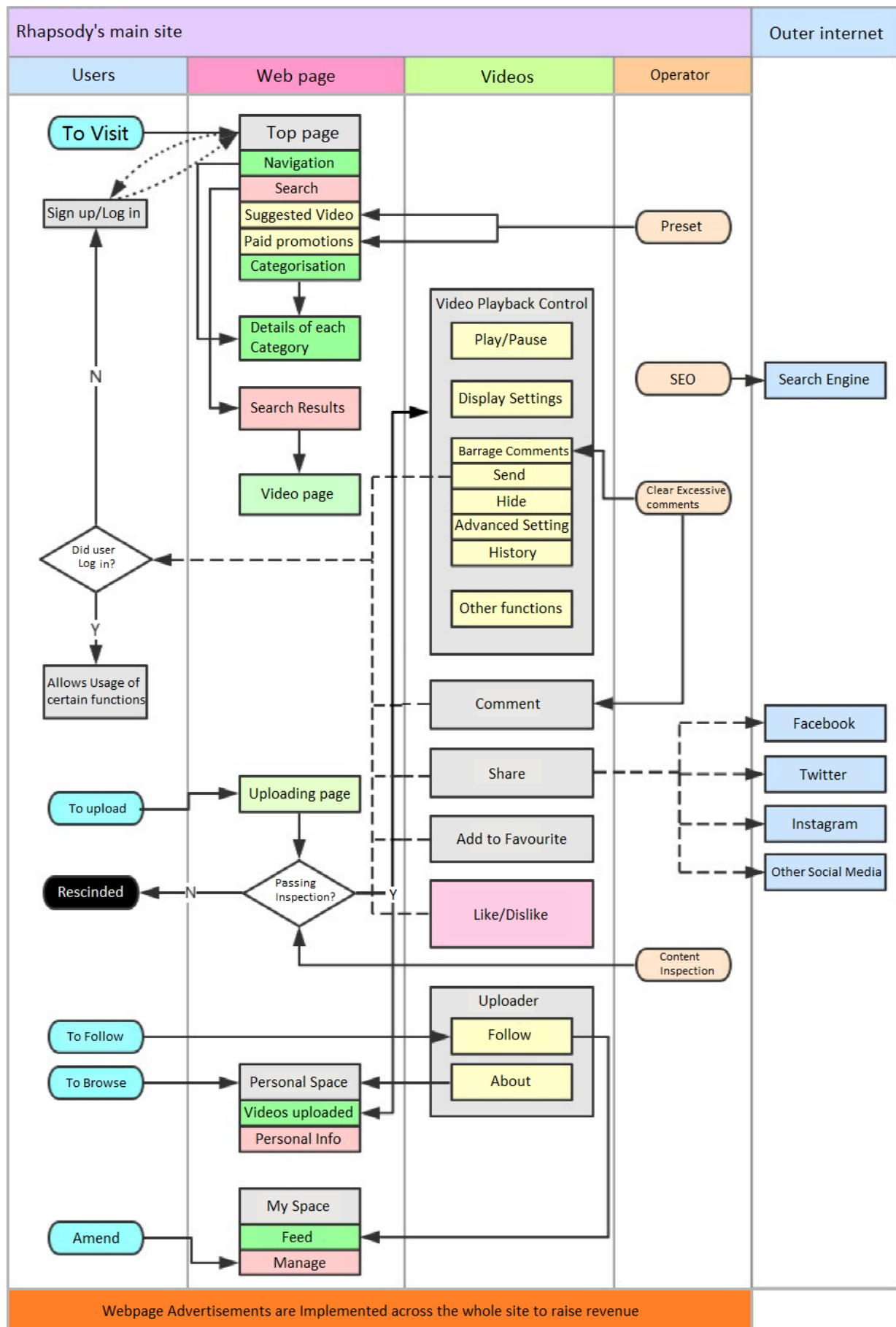
(Figure 6.5, manifesting participation and relationship of elements)

The design of the top page:
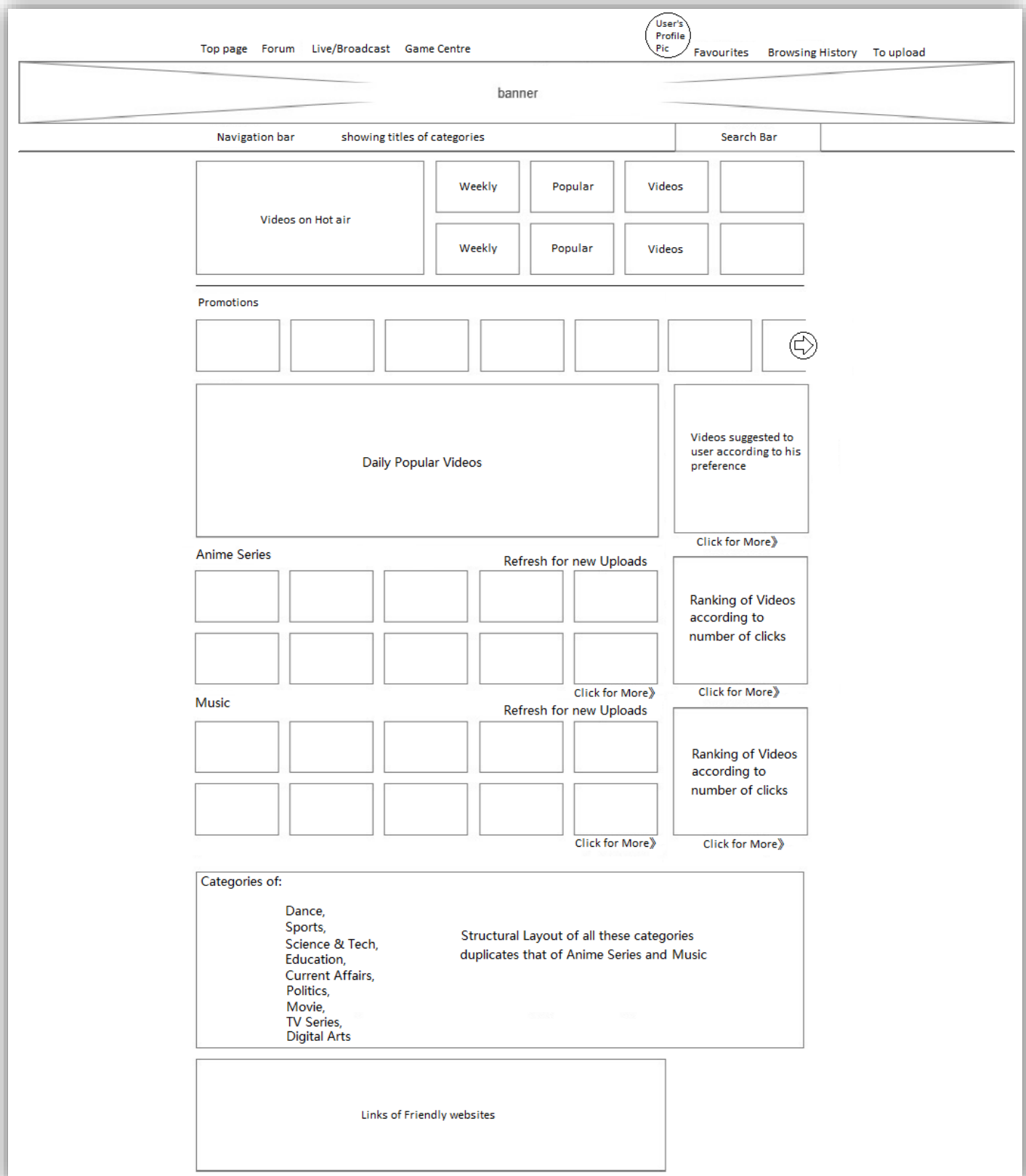
(Figure 6.6, manifesting the design of the top page)

The design of the video page:

(Figure 6.7, the visual design of the video playback page)

6.1.3 Forum Complex

Forum complex is where we lengthen the usage time and further to strengthen users'

loyalty to AStream.

Discussion & Resource sharing forum

At here, users can create **focussed interest groups** to engage in discussions. They can

also upload and **share** resources such as songs and videos for other users to

download. Such sharing will in turn serve as **attraction** for more users to come.

(Figure 6.8, a screenshot demonstrating a music download page)

Trading forum for ACG related goods

Users can post their ads on goods they wish to sell. They can even create their own online stores. The trading forum is a crucial bridgehead for us to extend our services from online to merchandise as we can set up our official shop here as well.

(Figure 6.9, a screenshot demonstrating the variety in the marketplace)

Users can also pay us to push for their goods, resulting in a win-win situation.

6.1.4 App

The smartphone application should be built with the intention of maximising the usage hours by allowing users to utilise all services **on-the-go**. The author believes that the probability and frequency of a customer paying for our services is positively related to the amount of time he or her spends on our services. In other words, **the more time the customer spent our services, the higher the possibility that he or she would pay**.

(Figure 6.10, a screenshot demonstrating bilibili's mobile app)

6.2 Offline sector

When a sufficient and stable consumer base is acquired, services will be developed

further into the offline events.

	Events with cosplay & merchandise	Investigate interests before each event
Offline sector	Concert & Live	Investigate interests before each event
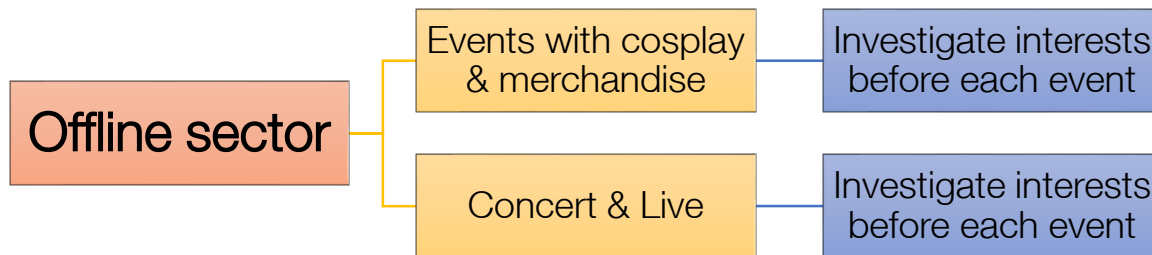
6.2.1 Live & Concert

There will be users who manage to become famous by using the website as a platform

to showcase their talents in singing or dancing. We are going to invite those users to

perform during offline events for their fans, thus resulting in a Win-Win situation as we

get to earn from **selling admission tickets** while performers invited are able to further

boosting their recognition. Before each event, survey and data analysis will be

conducted to plan the favourable programmes, which mainly consists of songs and

music from anime or movies.

(Figure 6.11, showing lives organised by a NicoNico in Japan)

6.2.2 Conventions with Cosplays, Games & Merchants

Merchants may take this opportunity to set up **paid** booths in our conventions.

Another attraction would be to invite famous cosplayers and gamers to play live match.

(Figure 6.12, showing scenarios of live and concerts)

6.3 Publicity sector

Publicity sector	Aggressive Expansion Strategies

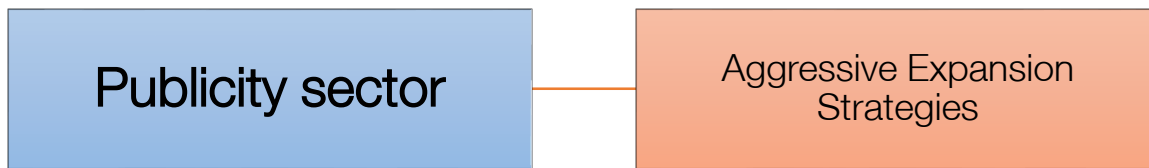The author believes that **the quantity of user is everything**. Quantity itself possesses potential that can be explored. We must pursuit the objective of rapid expansion as we can wield the following benefits (non-exhaustive):

1. Enjoy higher revenue from the sales of premium membership;

2. Enjoy significant earnings from hosting third party ad;

3. Enjoy higher revenue from the sales of merchandise;

4. Enjoy economies of scale (cost per unit reduces as scale of production increases);

We should grab as many users as possible and it needs to be done quickly to drive out potential competitors.

6.3.1 Expansionary Strategies

We will be spreading advertisements through online platforms such as social media. We will also give out physical pamphlets at places where youngsters congregate.

Besides these conventional methods, we will also be **mobilising the current users** to attract new ones. Current users will be given **invitational codes** which they will **pass on** to new users (possibly their friends) for registration. Once we have confirmed that a new user of a particular invitational code has registered, the corresponding introducer will be **rewarded with points**.

7. Estimated user base, cost and revenue

First of all, thank you for reading this far. The author sincerely hopes that you are satisfied with this enterprise after you have read the entire proposal

In five years, the author would picture this enterprise to become one of the dominant video sharing websites and reshaping users' video viewing preference towards Barrage Commenting from the current plain displaying of videos.

7.1 User base

The author has planned milestones of growth in terms of user base with the ultimate goal of acquiring at least 50 million users **worldwide** in 5 years. The milestones to follow are achievable targets under realistic and conservative estimation and with references to the established major companies.

Acquiring 100,000 users in 3 months of establishment

The author would first push AStream **in the ANU**. This can be achieved by pasting posters on noticed boards around the university and giving out pamphlets to students at crowded places such as outside the Manning Clarke centre.

It is very advantageous to first introduce the AStream in the university because of a few reasons.

First, the university is where our target users, the youngsters, congregate.

Next, students of the ANU are from many places and so are their social circles.

Students may share AStream with their friends and peers that are living and studying in other major cities and universities in Australia and probably even other parts of the world.

Concurrently, the author will set up official accounts/pages for AStream and push it repeatedly with periodic intervals on the **social media** and major anime and gaming forums. There are more than 10 anime and gaming groups with more than a million members on Facebook alone.

On top of that, the author will also transport popular videos from YouTube to AStream to increase the attractiveness of our contents.

By doing all of above, the author is confident (relatively) to obtain at least 50,000 active registered users in the first 3 months.

Acquiring 500,000 users in 6 months of establishment

As we are being mentioned more frequently in discussions by our users in their social circles both online and offline, more people will be **aware** of the existence of AStream and become our user. Furthermore, as the name of AStream is cited more frequently, AStream will perform better on search engines and thus be more like to be seen.

The discussion forum will be launched. This will strengthen the dependency and thus loyalty of our existing users to AStream by allowing them to engage in discussions. This will also be able to generate more traffic which also allows AStream to perform better on search engines.

On top of that, as the author continue to push the AStream and its forum on social media, more people will be aware of the AStream and become our user.

Search engine optimisations will also be performed.

Aggressive expansionary measures will be implemented. We will be **mobilising the current users** to attract new ones. Current users will be given **invitational codes** which they will **pass on** to new users (possibly their friends) for registration. Once we have confirmed that a new user of a particular invitational code has registered, the corresponding introducer will be **rewarded** (the reward is to be decided).

Acquiring 1 million users in 1 year of establishment

The as AStream is being cited more frequently by more users and the effect of aggressive expansion strategies start to actualise, the number of users is expected to increase exponentially.

The author will personally, if not, arranging his colleagues to go to Singapore to push AStream to youngsters on local social circles online and by handing out pamphlets at crowded places and outside high schools. The author chooses to expand AStream into Singapore because he is familiar (relatively) with the taste and preference of Singaporean youths as he was one of them and he is certain that Singapore is a valuable market that is ready to be captured (with ease).

Acquiring 5 million users in 2 year of establishment

At this point, AStream will be finishing its start-up phase and it will require another round of investments to create larger impacts.

AStream will start to organise offline events in major cities in Australia and perhaps in Singapore. Because at this stage, many talented users may have already emerged and gained fan base through AStream and the size of the user base of AStream is viable to host offline events. Fans will be meeting their idols and favourite 'AStreamers' and game and anime related goods will be sold during the events. Forum discussions will increase and some programmes during the events will be streamed. AStream's popularity and fame will increase on the internet and hence it is more likely to be seen on search engine.

Official online stores will be established on e-markets to sell game, anime and AStream related products and accessories.

To capture foreign users that are far beyond the Australian domestic market, promotional campaigns will be launched on game and anime forums, universities and other social circles of other English speaking countries such as the USA, the UK and Canada online. Promotional videos of AStream will be uploaded on other major websites in such as Twitch and YouTube to attract more users.

Acquiring 10 million users in 3 year of establishment

The author believes that acquire 10 million users in 3 years is a realistic target. Such claim is supported by the case of NicoNico, which captures 10 million users in just 2 years with highly similar strategies as the author had described above.

At this point, AStream should begin to purchase official streaming rights from Japanese anime producers and implement premium user scheme as mentioned in section 6.1.1.

Correspondent offices would need to be set up in countries where large factions of AStream's user are from.

Offline events will be organised in major cities around the world.

The live streaming platform should be launched and famous YouTubers and Twitch users should be invited to set up their channel on AStream, if they have not done so. This will allow AStream to grab another huge number of users from exist major video websites.

Smartphone game department should be established as AStream's user base is large enough to gain significant income from gaming.

As AStream's user base increases exponentially, the major video websites such as YouTube or Twitch will start to realise our existence. It is expected that they will begin to learn from AStream and implement the **barrage commenting system**, competition can be expected.

A strategy from Bilibili when facing stronger opponents without barrage commenting system should be studied here. Bilibili did not implement all the features that it currently has on its barrage commenting system – it reserved new features and unlock them one by one gradually. Some of the features include different font colour, size and family of and different directions that the barrage comments that are flowing. When features are fully developed and released, Bilibili has already gained a user base that is **large and firmly established** (more than 40 million).

Acquiring 30 million users in 4 year of establishment

At this point, AStream should seek another round of investments for IPO.

A list of new services should be designed and introduced to increase user participation by keeping them engaged with activities and resources provided by AStream. These services are shown by NicoNico and later Bilibili to be effective in increasing user satisfaction and thus loyalty. Some of these services are:

A platform that hosts, **displays** and **shares** CG drawings produced by users.
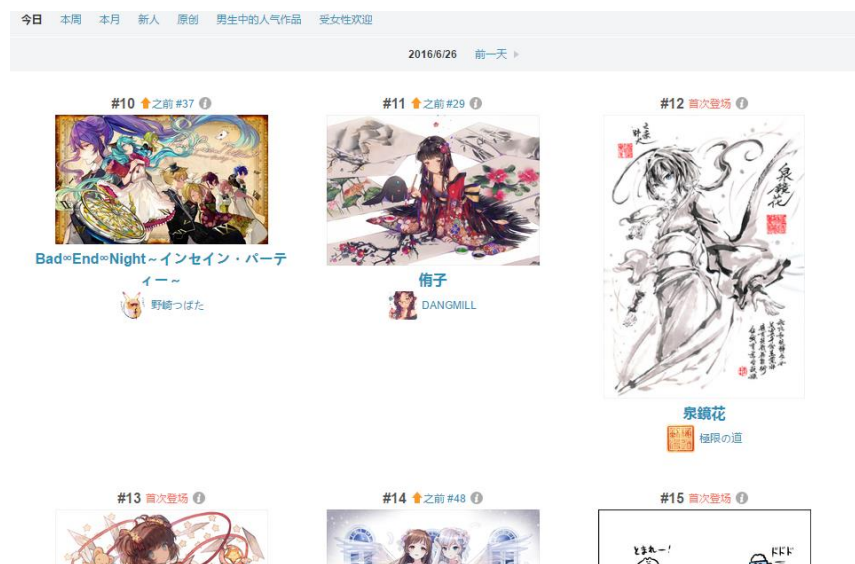
(Figure 7.1, showing CG drawing sharing platform NicoNico Pixiv)

A platform that hosts, **displays** and **shares** 3D models produced by users.
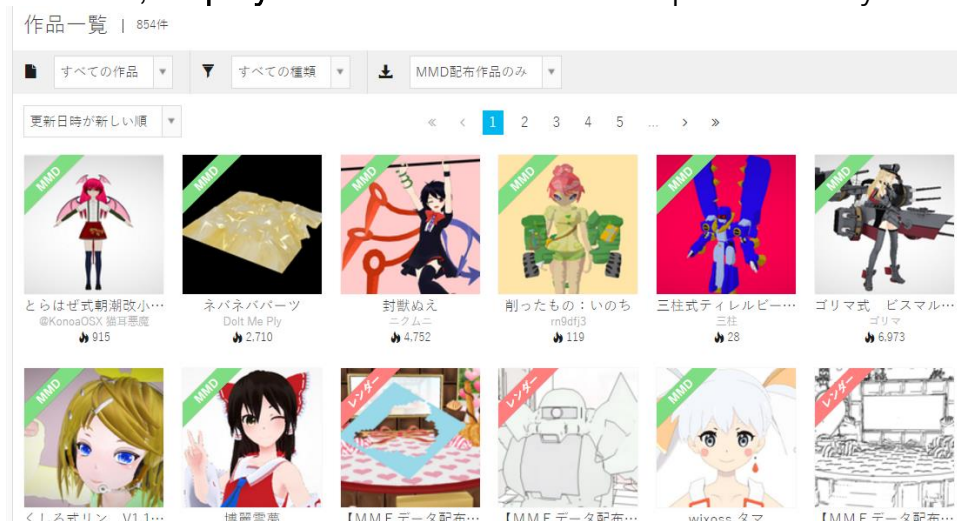
(Figure 7.2, showing 3D model sharing platform NicoNico Solid)

Acquiring 50 million users in 5 year of establishment

At this point, AStream would have become a dominant video website that serves users all over the world with the predominant language of barrage comments being English and wields great influence.

With lots of talented users uploading interesting and original contents, survivability and sustainability are ensured.

The author believes that it is highly possible to achieve such an outcome and even surpass these estimations, as very well proven by established players NicoNico and Bilibili (they both expanded at a rate much faster than the author's estimations).

AStream should then diversify its services into other business opportunities such as the hardware sector (smartphone and accessories), if financial position allows.

7.2 Cost

Cost for the first 3 months of establishment

Labour cost:

There will be no labour cost at the beginning as the complexity of project is manageable by the author and his teammates. However, as the project evolves to realise more services, the current members will not be able to cope with the workload. Higher year computing students need to be recruited or professional software engineers should be hired.

The operation and maintenance of the website is manageable as well since there will not be significant amount of users at the beginning. However, as the number of user increases, more manpower will be needed to mandate the website.

Consultation costs:

Consultation costs will be the major expense.

At the beginning of this enterprise, issues on legal, copyright and business administrations have to be consulted to set up the company proper.

During the implement and operation of this enterprise, consultations on accounting, finance, marketing, human resource management and relevant technologies are required.

This will cost between AU$500 to AU$1,000.

However, if the professional supports from Canberra start-up communities are strong, consultation cost may substantially reduce.

Hardware & assets cost:

At the beginning of this enterprise, no workstation need to be purchased as software developments will be perform on the author's and his teammates' personal computers.

However, the purchase of servers is required to run the website. To sustain a website that serves 50,000 users, at least 3 servers have to be purchase and that would cos between AU$1000 to AU$3000.

Office rent:

~ AU$200 each month, ~ AU$600 for 3 months

As there are supports from incubators, rental may even be free.

Promotional cost:

Pamphlets will be printed in the quantity of hundreds. A budget of at least AU$500 should be reserved for this purpose.

At least 20 advertising posters should be printed. A budget of at least AU$100 should be prepared.

To sustain more rounds of advertising, more pamphlets and posters should be printed, thus a budget for a total AU$1000 should be reserved.

Utility costs:

Negligible or none as the rent of the incubator is inclusive of those costs.
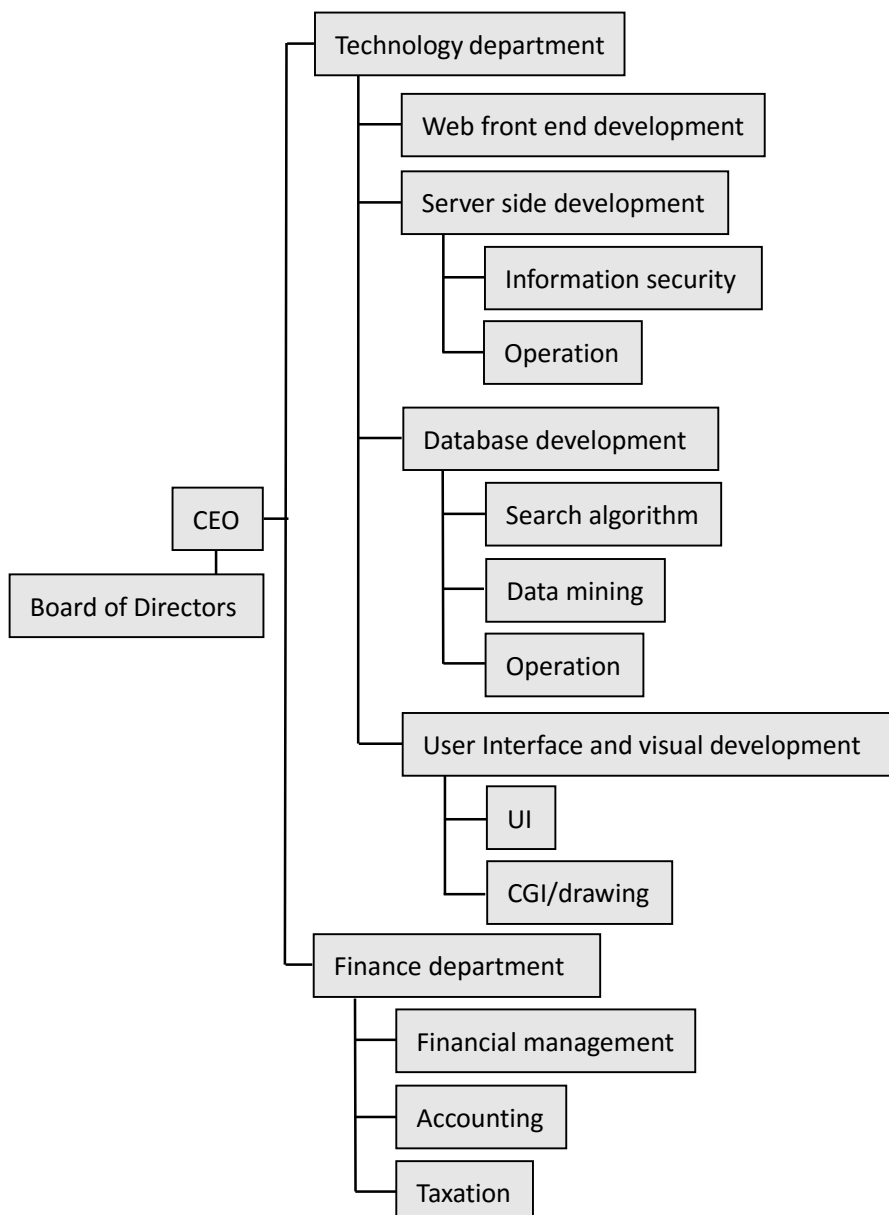
Total for the **first 3 months**: ~AU$4000

Cost for the 4ᵗʰ month to the 6ᵗʰ month of establishment

As the more functions are being developed, the complexity and hence the workload of the project increases. More manpower is needed for server side and database programming as user action increases when more functions being made available.

Besides that, the forum will open at this stage, adding strain to manpower further.

Search engine optimisations must be performed to allow AStream perform better on search engines.

The general structure of the firm at this stage:

Technology department
- Web front end development
- Server side development
  - Information security
  - Operation
- Database development
  - Search algorithm
  - Data mining
  - Operation
- User Interface and visual development
  - UI
  - CGI/drawing

CEO

Board of Directors

Finance department
- Financial management
- Accounting
- Taxation

Labour cost:

The structure of the firm is still relatively loose at this stage – it is still not formalised with all necessary departments. Thus there will be no labour cost as most of the staffs, including the author, are not officially hired.

The financial department at this point will virtually be just 1 upper year accounting (or related major) student that does all the job.

Although technical workload increased, the author and his teammates will push themselves further and recruit capable upper year students that are keen in this enterprise instead of recruiting a professional software engineer so as to reduce cost. However as upper year students are occupied by their coursework and internships and can only work on this project on a part-time basis. The same is true for the author and his teammates.

Consultation cost:

Consultations are needed for technical, legal, marketing and human resource management. A budget of at least AU$1,500 should be reserved.

Hardware & assets cost:

More servers need to be purchased to sustain the quadruple increase of user base. A budget of at least AU$5000 should be reserved for this purpose.

Promotional cost:

None as promotions will be carried out online.

Office rent:

~ AU$200 each month, ~ AU$600 for 3 months

As there are supports from incubators, rental cost may substantially reduce.

Utility costs:

Negligible or none as the rent of the incubator is inclusive of those costs.
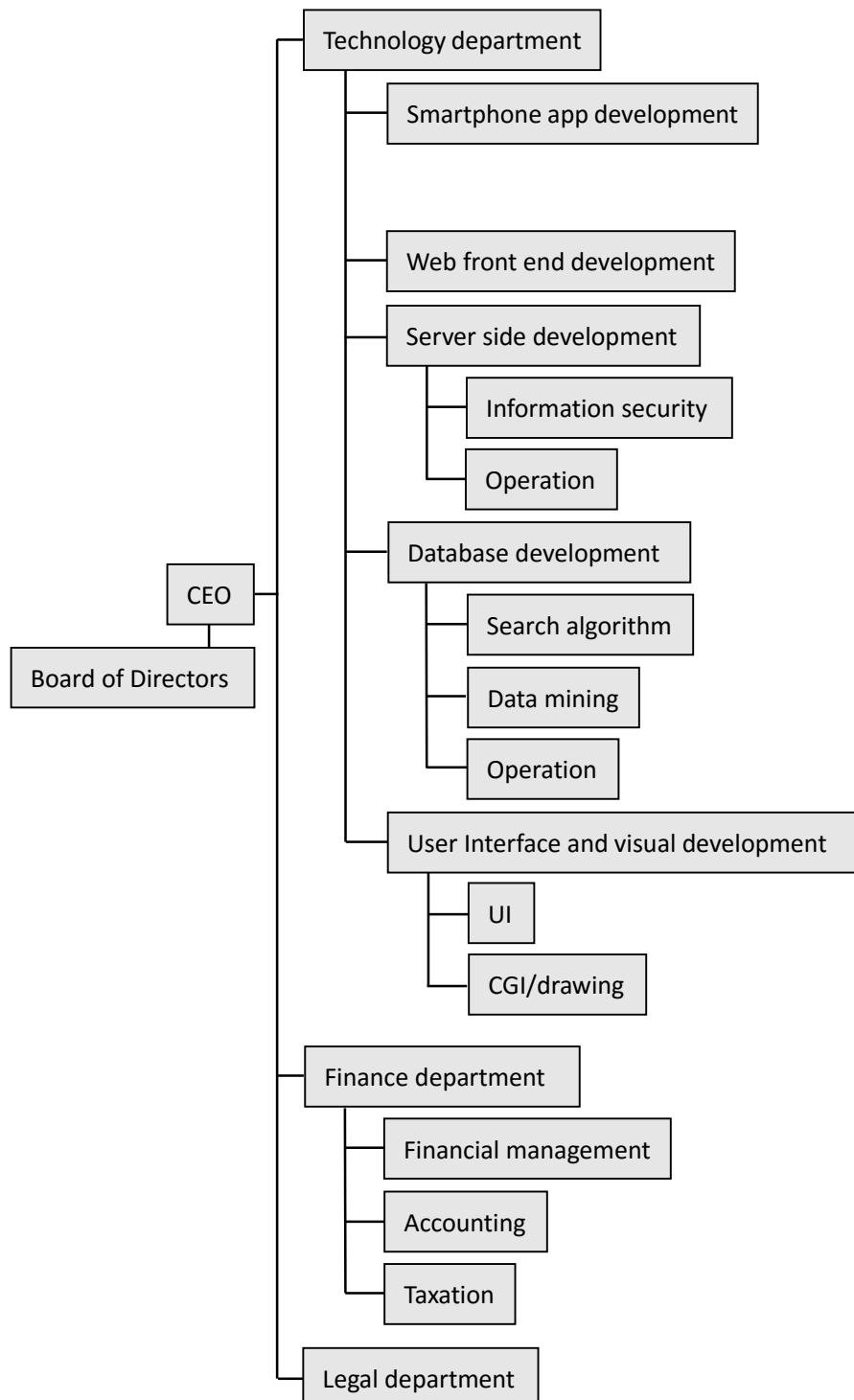
Total cost for **the 4ᵗʰ month to the 6ᵗʰ month**: ~ AU7,000

Cost for the 7th month to the 12th month of establishment

There will be no new services being introduced during this period as the author would

seek to formalise the firm by hiring professionals. A rough labour cost estimation can

be performed based on the average salary of related professions in Canberra.

The structure of the firm:

Technology department

Smartphone app development

Web front end development

Server side development

Information security

Operation

Database development

Search algorithm

Data mining

Operation

CEO

Board of Directors

User Interface and visual development

UI

CGI/drawing

Finance department

Financial management

Accounting

Taxation

Legal department

Labour cost:

Smartphone app development

Job	Quantity	Salary / month	Total cost / Year
Project manager	1	AU$13,000	AU$78,000
Software engineer	3	AU$10,000	AU$60,000
Total	4	AU$43,000	AU$258,000

Web front end development

Job	Quantity	Salary / month	Cost for 6 months
Front end engineer	2	AU$8,000	AU$48,000
Total	2	AU$16,000	AU$96,000

Server side development

Job	Quantity	Salary / month	Cost for 6 months
Security Architect	1	AU$13,000	AU$78,000
Software engineer	2	AU$10,000	AU$60,000
Total	3	AU$33,000	AU$198,000

Database development

Job	Quantity	Salary / month	Cost for 6 months
DBA SQL engineer	1	AU$10,000	AU$60,000
Data analyst	1	AU$13,000	AU$78,000
PHP/Ruby engineer	2	AU$10,000	AU$12,000
Total	4	AU$43,000	AU$258,000

User Interface and visual development

Job	Quantity	Salary / month	Cost for 6 months
Graphic designer	1	AU$9,000	AU$54,000
Total	1	AU$9,000	AU$54,000

Financial management

Job	Quantity	Salary / month	Cost for 6 months
Accountant	1	AU$6,500	AU$39,000
Total	1	AU$6,500	AU$39,000

Legal department

Job	Quantity	Salary / month	Total cost / Year
Legal secretary	1	AU$6,000	AU$36,000
Total	1	AU$6,000	AU$36,000

Labour cost in total for the 6 months period would be around AU$939,000.

Consultation costs:

Consultations may be needed for marketing. A budget of at least AU$1000 should be reserved.

Hardware & assets cost:

As the user base is doubled during this period, more servers have to be purchased. A budget of at least AU$7,000 should be reserved.

Office rent:

~ AU$400 each month, ~ AU$2400 for 6 months

As there are supports from incubators, rental cost may substantially reduce.

Utility costs:

Negligible or none as the rent of the incubator is inclusive of those costs.

Total cost for **the 7th month to the 12th month**: ~ AU$949,600

The author will stop here for cost estimation as further estimations are likely to be
inaccurate due to the author's limited exposure to business administration, i.e. there
may be many unforeseen factors and uncertainties that the author fail to cover.

The author would like to present the ultimate structure of the firm:
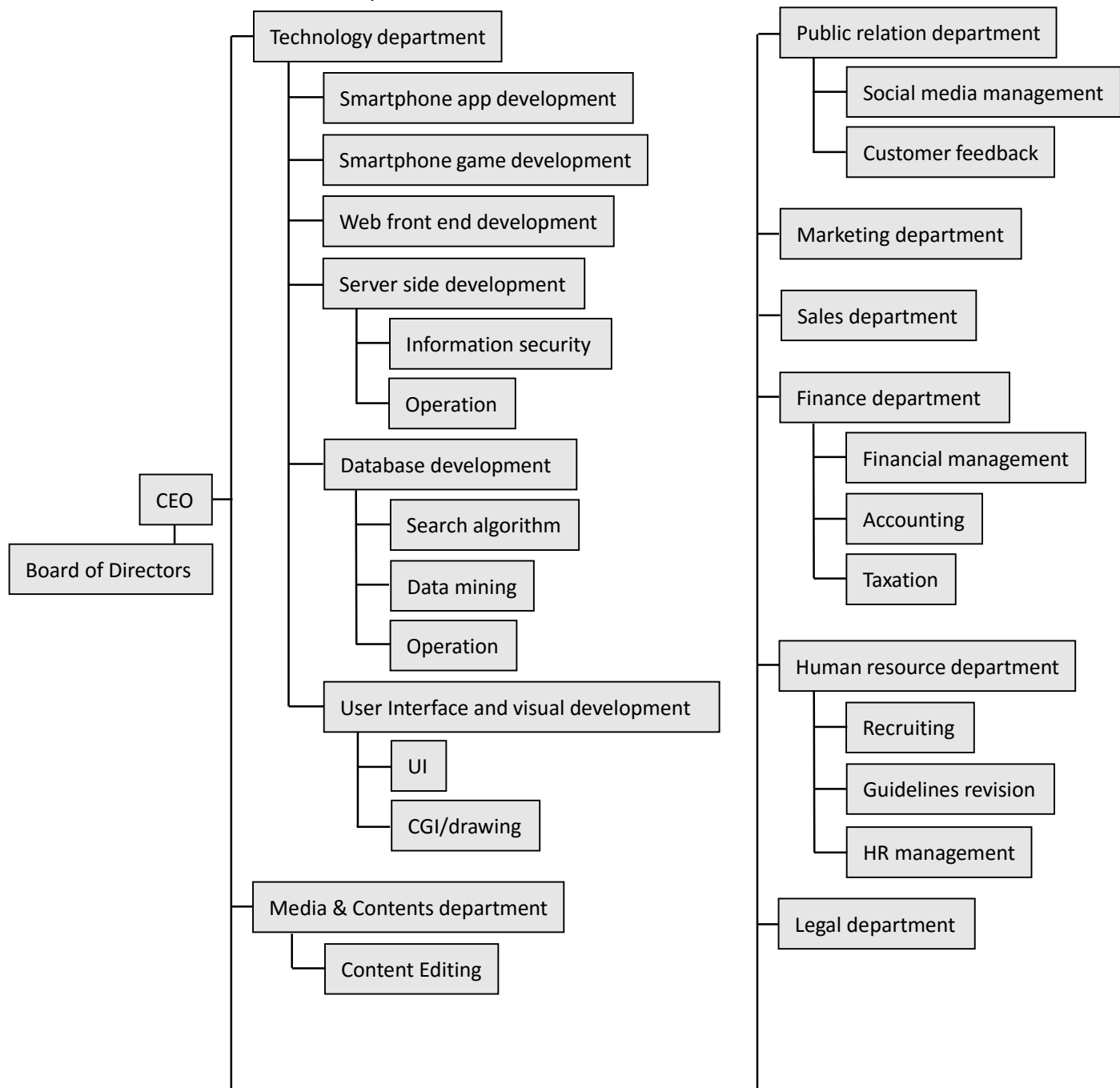
7.3 Revenue

Before estimating the revenue, the author would like to restate AStream's main sources of income:

1. Sales of **premium** membership.

2. Third party **ads** that are implemented across the video hosting site and the forum.

3. Sales of **virtual items** in Smartphone games.

4. Sales of articles and admission tickets during offline merchant and cosplay **events**.

5. Sales of articles from AStream's **online store**.

As most of the service are still underdevelopment in the first year, these sources of income will **not** be available in the **first** year of establishment except for revenue from hosting third party advertisements.

Revenue from other sources will appear and soon become significant after the first year.

AStream will have to survive on investments, revenue from hosting advertisements and donations from users in the first year.

The author would like to show the estimated profit for AStream in its 4th year with references to the 4th year annual revenue of NicoNico as it employs the identical strategies to those the author had described in previous sections.

Sales of webpage advertisement:

Advertisements can be on various blank spaces of the webpages. Ads of a few different companies can be on standby simultaneously with a possibility of each of them showing up upon each refresh. NicoNico charges JPY300,0000 (~US$30,000) for displaying one day of such advertisement for 1 company. They imposed a limit of maximum 5 different ads at any point of time. Their queue for advertisement display is always full, this would lead to a revenue of around US$150,000 being earned each day and US$54,750,000 (AU$73,230,000) being earned each year.

Advertisement commercials can show up before each video. Again, commercials of several companies can be on standby simultaneously with a possibility of each of them showing up before each video is played. As the commercials can be skipped after 5 seconds of running, NicoNico charges for these commercials by the number of seconds of a commercial being played. The rates differ for commercials of different length and on average NicoNico charges US$0.1 for each second of commercial being played. With more than 150 million videos being played each day and each commercial being played 7 seconds on average, NicoNico's estimated revenue from displaying such commercials is around US$20,000,000 (AU$26,750,500) each year.

Sales of premium membership charges:

Around 5% of NicoNico's users are premium users and a fare of US$5 is charged per month. With a total of 256,0000 (256 million) premium users, the revenue of premium membership is around US$153,600,000 (AU$205,443,840).

Sales from virtual items in Smartphone games:

NicoNico's annual revenue (fiscal year 2014) from this category is around

US$66,334,166 (AU$88,723,606).

Sales of offline events:

NicoNico's annual revenue (fiscal year 2014) from this category is around

US$23,842,355 (AU$31,889,746).

Sales of online store:

NicoNico's annual revenue (fiscal year 2014) from this category is around

US$25,955,398 (AU$34,966,204).

Total:

NicoNico's total annual revenue (fiscal year 2014) is around US$269,731,919

(AU$363,373,400).

The estimated profit for the 4th year would be around AU$355,873,400.

8. Conclusion

Thank you for taking your time in reading this, there are so much more the author wishes to share with you personally.

Although the author believes that the points he raised in this proposal are viable ones as proven by other major companies, he is very open to ideas, to better and optimal ideas suggested by experienced mentors.

To sustain AStream for its first year, the author believes that around **AU$1,000,000** of investment is required.

In conclusion, the author firmly believes in the high growth potential of AStream and would hope to have convinced you to think in the same way.

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