

Challenge 4

Design a sustainable business model

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Section I - Business Model

Picking up on the business ideas from Challenge 3, we settled on the following idea:

Reduce the amount of time users spend on screens by using machine learning algorithms to recommend ways to stay off their phones

My business will be called **ScreenSnooze**, a convenient play on words that combines *screen* and *snooze*, as a way to identify the spirit of the app, which is encouraging that people ‘snooze’ their devices.

Here is my Business Model Canvas based on Alexander Osterwalder’s model:

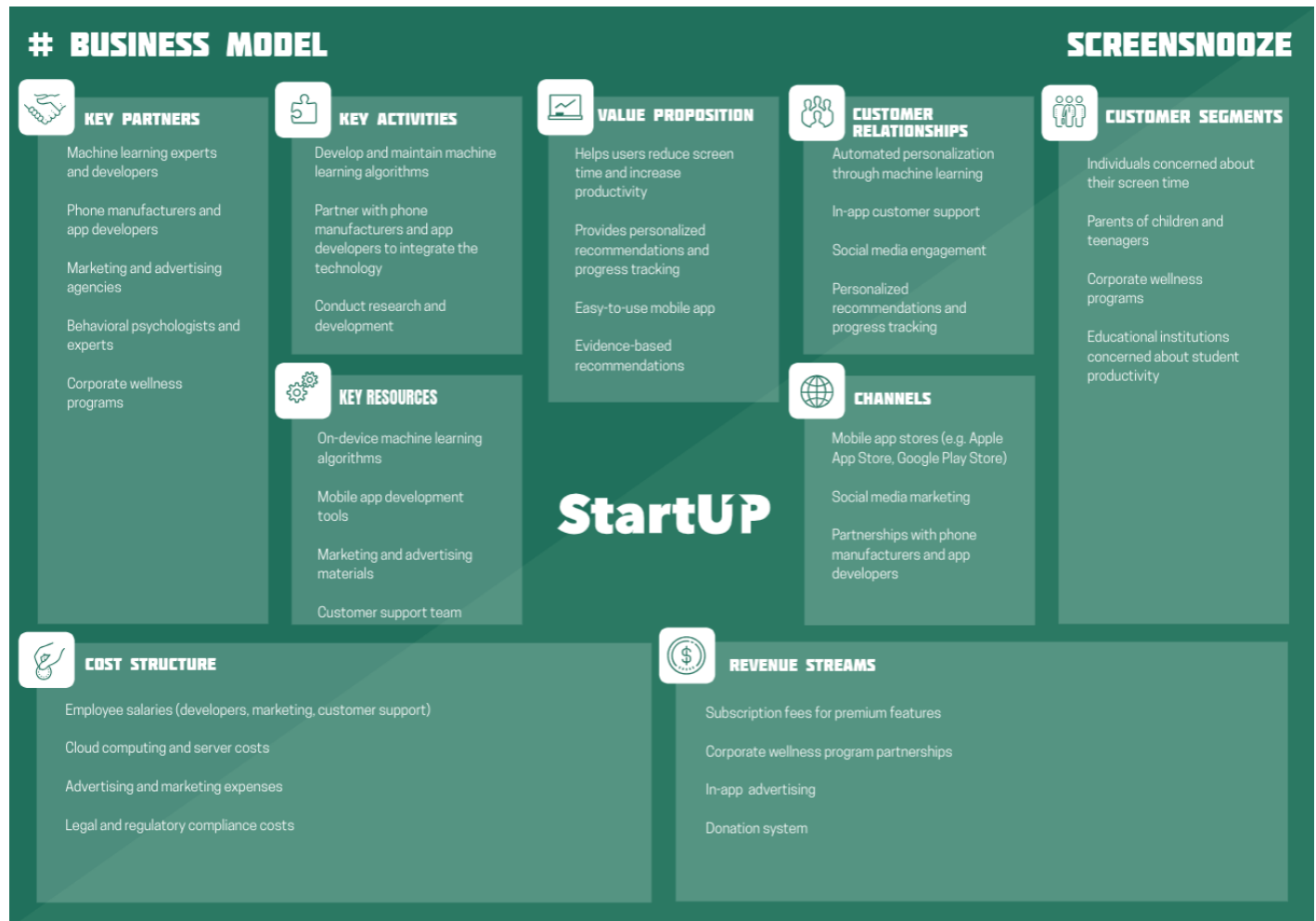


Figure 1: Business Model Canvas

Section II - Agile Financial Plan

Using the given template, we have the following results:

ECONOMIC AND FINANCIAL DATA		UNCERTAINTY	
INVESTMENT			
Funding from Friends and Relatives	50,000.00 €		sure
Investor Funding	75,000.00 €		sure
Crowdfunding Campaign	100,000.00 €		sure
Accelerator Program Investment	150,000.00 €		sure
Venture Capital Funding	200,000.00 €		sure
Strategic Partnership Investment	250,000.00 €		possible
Government Grant	300,000.00 €		sure
Bank Loan	350,000.00 €		possible
Corporate Sponsorship	400,000.00 €		unknown
Initial Public Offering (IPO)	500,000.00 €		possible
Private Equity Investment	750,000.00 €		unknown
Total Initial Investment	3,125,000.00 €		

Figure 2: Investment

UNIT SALES PRICES	year 1	year 2	
ScreenSnooze Basic	20.00 €	25.00 €	sure
ScreenSnooze Freemium	40.00 €	50.00 €	sure
ScreenSnooze Donate	60.00 €	75.00 €	possible
ScreenSnooze Plus	80.00 €	100.00 €	possible
ScreenSnoozee Enterprise	100.00 €	125.00 €	unknown
MONTHLY INSTALLMENTS	year 1	year 2	
Quota Type 1	2.00 €	2.50 €	sure
Quota Type 2	4.00 €	5.00 €	possible
Quota Type 3	6.00 €	7.50 €	unknown
Quota Type 4	8.00 €	10.00 €	unknown
Quota Type 5	10.00 €	12.50 €	unknown

Figure 3: Revenues

VARIABLE COSTS (of unit product)	year 1	year 2	
ScreenSnooze Basic	3.00 €	4.00 €	sure
ScreenSnooze Freemium	6.00 €	8.00 €	sure
ScreenSnooze Donate	9.00 €	12.00 €	possible
ScreenSnooze Plus	12.00 €	16.00 €	unknown
ScreenSnooze Enterprise	15.00 €	20.00 €	unknown
VARIABLE COSTS (of dues)	year 1	year 2	
Quota Type 1	0.20 €	0.25 €	sure
Quota Type 2	0.40 €	0.50 €	possible
Quota Type 3	0.60 €	0.75 €	unknown
Quota Type 4	0.80 €	1.00 €	unknown
Quota Type 5	1.00 €	1.25 €	unknown

Figure 4: Variable Costs

FIXED COSTS (monthly)	year 1	year 2	
Rent	3,000.00 €	3,500.00 €	possible
Utilities	1,000.00 €	1,200.00 €	sure
Office supplies	500.00 €	600.00 €	sure
Website Hosting	80.00 €	110.00 €	sure
Software Licenses	300.00 €	450.00 €	possible
Accounting	500.00 €	600.00 €	possible
Salaries	20,000.00 €	26,000.00 €	possible
Insurance	1,500.00 €	2,000.00 €	unknown
Marketing and advertising	2,500.00 €	3,500.00 €	sure
Travel Expenses	1,000.00 €	1,300.00 €	possible
Training of Professionals	500.00 €	500.00 €	unknown
Research Studies	1,500.00 €	2,000.00 €	unknown
Maintenance	1,000.00 €	1,600.00 €	unknown
Tax	2,000.00 €	2,500.00 €	unknown
Total Fixed Costs	35,380.00 €	45,860.00 €	possible

Figure 5: Fixed Costs

OWN RESOURCES	
Partner 1	160,000.00 €
Partner 2	75,000.00 €
Partner 3	30,000.00 €
Partner 4	15,000.00 €
Partner 5	5,000.00 €
Total Own Resources	285,000.00 €
BANK LOAN	
Amount	800,000.00 €
Amortization term (months)	60
Annual Interest (Nominal)	6.0%

Figure 6: Own Resources and Bank Loan

Financial Plan *** PRELIMINARY *** Only as an approach see sheet "(0) LIMITATIONS"													
	YEAR 1												
	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
SALES [units]													
ScreenSnooze Basic	100	120	140	200	250	340	500	670	800	920	1200	1400	6640
ScreenSnooze Freemium	50	60	70	100	120	160	250	320	400	450	550	700	3230
ScreenSnooze Donate	40	50	60	80	100	130	220	300	370	420	500	650	2920
ScreenSnooze Plus	60	70	90	120	130	150	270	240	420	560	600	720	3430
ScreenSnooze Enterprise	20	30	40	50	100	150	170	200	320	450	600	730	2860
FEES [total]													
Quota Type 1	1	1	1	1	1	1	1	1	1	1	1	1	12
Quota Type 2	50	55	600	63	67	70	75	80	85	90	95	100	1430
Quota Type 3	25	30	32	35	38	40	42	46	48	52	55	58	501
Quota Type 4	40	42	48	52	55	58	60	63	65	72	74	77	706
Quota Type 5	5	6	7	10	11	10	13	16	19	22	21	24	164

Figure 7: Sales & Fees of the first year

Financial Plan *** PRELIMINARY *** Only as an approach see sheet "(0) LIMITATIONS"													
	YEAR 2												
	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
SALES [units]													
ScreenSnooze Basic	1600	1700	1780	1840	1880	1930	1920	1650	1940	1960	1950	1980	22130
ScreenSnooze Freemium	180	200	220	220	230	230	230	180	230	240	250	240	2650
ScreenSnooze Donate	800	850	900	920	960	980	980	950	970	1000	960	920	11190
ScreenSnooze Plus	830	900	920	920	1000	1020	1100	1050	1020	1200	1150	1000	12110
ScreenSnooze Enterprise	850	900	920	900	870	925	970	1000	950	960	960	980	11185
FEES [total]													
Quota Type 1	1	1	1	1	1	1	1	1	1	1	1	1	12
Quota Type 2	103	107	111	115	116	119	121	122	127	130	132	133	1436
Quota Type 3	63	65	66	69	71	71	73	73	77	78	79	79	864
Quota Type 4	80	84	86	91	90	90	94	99	98	100	102	101	1115
Quota Type 5	26	28	32	35	36	38	42	45	43	42	46	50	463

Figure 8: Sales & Fees of the second year

With all this data, we get the following curve:

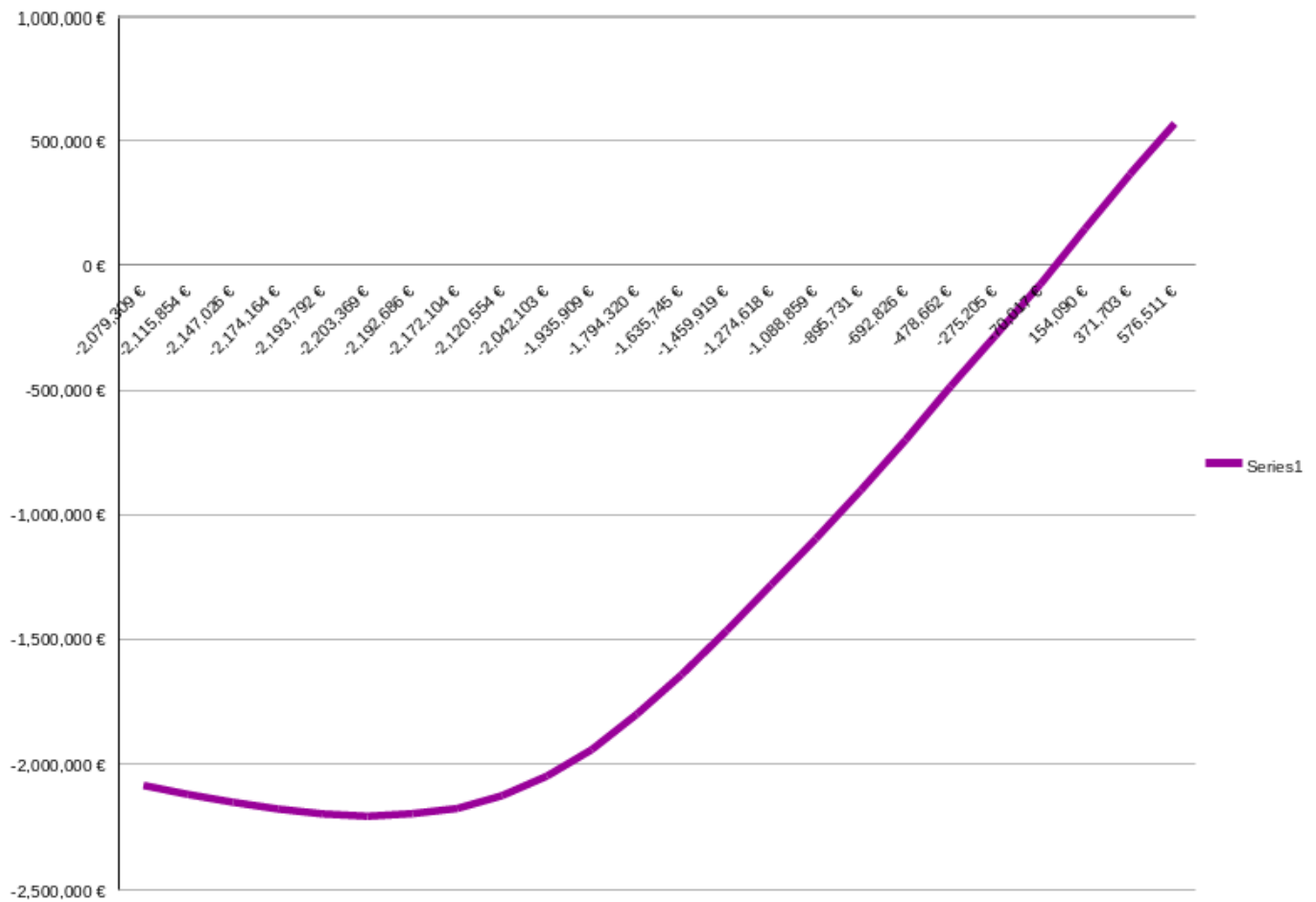


Figure 9: 2-year curve

Section III - Funding the Project

Regarding funding options, Venture capital is worth considering.

In exchange for shares in the business, venture capital firms invest in start-ups with significant growth potential. Several advantages of this kind of finance for the project include:

- **Risk mitigation:** Before making an investment, venture capital firms often undergo a thorough due diligence process, which can help lower the risks involved with early-stage startups.
- **Contributing to growth:** In addition to cash, venture capital firms can offer contacts and strategic advice to support the project's expansion and success.
- **Increasing expansion speed:** With access to large capital, the initiative may expand more quickly, potentially reaching more users and bringing in more money.

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