Idea Journal

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Entrepreneurship 402

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Table of Contents

Idea One

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Description

Do you have a hobby? Have you ever struggled to find others who are interested in your hobby? Have you ever wondered where you can learn about your hobby or buy equipment to get started? A market research company named Aytm (2016) reported that only 20% of respondents said that they don't have a hobby. Most people have a hobby and I think there is a market for a platform that allows users to share information about their current projects, meet others who share their interest, or post ads for buying or selling their equipment. There are places that address these needs, but not all in one place. You may find forums for your particular hobby, or be able to list your equipment for sale on Craigslist or Facebook Marketplace. Facebook also has groups which may be related to a hobby, but there is no platform dedicated to just hobbies and many different hobbies.

In class, it was mentioned that ideas can come from hobbies and we also talked about makerspaces. I think it is important to have hobbies, so I thought about what the barriers are to pursuing a hobby. The first one that came to my mind was borrowing expensive equipment, but makerspaces address this issue already. I thought about how sometimes when learning about a new hobby or working on a project, you can get stuck and finding somebody who could help you solve that problem can be challenging. I also thought that finding people to do your hobby with can be challenging too. I think there is a market for a platform which can address all of these pain points in one place. Facebook

largely solves two of these problems: buying and selling equipment and finding groups of like-minded people. My proposed platform has the advantage that groups are dedicated to hobbies and hobbies only, and it also encourages sharing of projects, questions, and knowledge which typically Facebook groups don't do.

This idea appeals to me because I like to tinker with electronic components, circuits, and programming their control modules such as with Arduino or Raspberry Pi computers. I often need to scour the web to figure out how to do a specific thing or find a particular part that I need. It would be great if I could showcase my projects, ask questions, and find parts all in one place. I'm also interested in silviculture, and although I've learned some about it, I generally don't know where to start. It would be great if I could find others interested in silviculture as a hobby to point me in the direction of some good resources.

VPMF

Money-Making

I'll start with money-making so that I can introduce a business model that I think might work for this platform. I think a viable business model would be one where the users are the product. In other words, targeted advertisements to the platform's users will pay for the development and maintenance costs of the platform. Maybe there could be a subscription fee for businesses to become users of the platform as well, so that they can further engage with the community and hobbyists can be easily routed to their products.

Value

Value is brought to people with hobbies because they will have lower barriers for starting a new hobby or gaining experience in an existing one. Rather than having to search multiple platforms to meet their needs, they can engage with one platform. The more users that engage with the platform, the easier it will be for users to find what they are looking for. Value is also brought to businesses who engage with the platform or use it as an advertisement space because they can advertise their products to consumers who already have an interest in that type of product.

Problem-Solving

The platform addresses the problem that people with hobbies may have trouble finding the necessary information, tools or people to pursue their hobby. The platform aims to bring people with similar hobbies together. The platform also helps solve businesses' problem of finding a good space for advertising and gaining new customers.

Fit

One reason this idea is a good fit for me is because I'm passionate about having hobbies and I'm a computer science student with some web development experience. One reason that it is not a good fit for me (right now) is that I don't have much capital. As with most software ventures, there is a large expenditure in the developments phase and only once the application is running is revenue generated. Without investors, it would be

challenging to complete the project. One thing I could do is start work on the application in my spare time (as a hobby!), while working full time and saving money to later invest in the project.

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Idea Two

January 29, 2024

Description

Even though institutional investors still account for the majority (80%) of trades by volume, retail investors still make up a large portion of the trades (Palmer, 2023). With free access to no-fee trading platforms and more readily available information, the percentage of trades by volume which retail investors occupy has nearly doubled in the last decade (Salvucci, 2024). Retail investors have access to a lot of free information and tools, but of course the best software for stock analysis is locked behind a paid membership. Retail investors often have less money to invest with than retail investors or are just starting out and afraid to risk much of their savings. Their returns on a relatively small investment cannot cover the cost of the premium software. Wouldn't it be great if retail investors not only had the same access to markets as institutional investors, but also equally powerful analysis tools? I think a web application which has the latest stock information, news articles, technical analysis tools, portfolio management and machine learning prediction tools would be very beneficial to retail investors. The idea would be to provide tools of similar caliber as the best software for businesses and larger investors, but operate on a different business model. Once again, I'm proposing to market to a large group of people and use targeted advertising to cover costs.

This idea came from a side-project of mine and is something I've been slowly working on. I was having little success picking stocks on my own and wondered if I could

come up with an algorithm to give me greater than 7% returns on average. I might try different strategies such as the Magic Formula, technical analysis, machine learning or a combination thereof. Once the algorithm is created, simulations can be ran on past stock market data to see how effective the strategy is. There is no guarantee that the strategy will work in the future just because it worked in the past, because maybe one of the variables that is used to predict prices may change as the world and markets change. This is a risk, and the effectiveness of the tool will have to be constantly evaluated. This idea is part of a broader dream of mine to make access to tools like this, and other cutting-edge tools available to retail investors in a user-friendly interface. Since the software would serve to make investing more accessible to retail investors, it will help increase the number of retail investors and therefore increase size of the market as well. Why should only people who have lots of money be able to make money with their money?

VPMF

Money-Making

This idea has money-making potential through targeted advertising, although for this idea I would be open to running as a not-for-profit or even open-source project. The top-down approach used for calculating SOM estimated annual revenue of $2,788,500. This revenue would help cover any development costs, maintenance costs, and charges for web-server hosting. As with most software projects, a large amount of capital will be needed initially for development and no revenue will be earned which is a significant barrier. Open-sourcing the project and running the company as not-for-profit may be a good way to reduce the initial capital required.

Value

As partly described in the description of this idea, it provides value to retail investors by further increasing accessibility to investment tools and information. As a student and budding software developer, I greatly value open-source code, data and knowledge. I believe that improved access to these resources in investing is important to level the playing field between those who have lots of money and those who don't. I don't entirely discredit the capitalist system we live in, because I think that people should be rewarded for their efforts and others shouldn't be able to steal their intellectual information. I do believe that wealthy people have a fundamental advantage in that they must make a smaller percentage of off investments to cover the costs of say cutting edge tools or even basic livable income. Although in my opinion people should be rewarded for hard work, ingenuity, perseverance and maybe even luck, I don't think simply having money should

mean that an advantage is awarded. This product would provide value to people by improving economic mobility.

Problem-Solving

This product would solve the problem of retail investors having limited funds to purchase access to the leading investment analysis tools. More broadly, it addresses the problem of the rich getting richer and the poor getting poorer by helping reduce the advantage that wealthy people and companies have when investing.

Fit

This idea is a good fit for me because I'm pursuing a career in software development and have an interest in investing in stocks. I'm an amateur stock analyst, so having a partners with more expertise in portfolio management or stock analysis would be a big asset. I'm also interested in using artificial intelligence as one of the prediction tools, and although I have taken a class in machine learning I'm by no means an expert. Having somebody who is practice in creating machine learning models would also be a huge asset.

Appendix 1

Total Available Market(TAM)

- I will consider the total available market to be revenue from advertisement clicks from all people in the U.S. and Canada who own stock directly (not through an ETF or mutual fund).

- 20% of families in the U.S. own stocks directly (Federal Reserve 2023 as citied in Caporal, 2023). I am extrapolating this percentage to use for all adults in U.S. and Canada.

- The U.S. Adult population is about 258 million, while Canada's is about 31.6 million (US Census Bureau, 2021)(Statista, 2024).

- Advertisers pay Google a $1.50 cost-per-click(CPC) on their advertisement. Google hosts the advertisement service which can be embedded into other websites, and Google will pay the website owners 68% of each CPC on average (Rycroft, 2023).

- Now I'm going to make some assumptions. I'm assuming that somebody who owns stock directly visits the website a few times per month, but they only click on an advertisement once per year.

- 20% * (258,000,000 + 31,600,000) people * 1 Click/Person-Year * 68% * $1.50/Click = $59,078,400

Serviceable Available Market(SAM)

- The SAM will be the same as the TAM because the application will be available across the U.S. and Canada. We assume everyone who owns stock has access and knows how to use a computer.

Serviceable Obtainable Market(SOM)

- I was able to find 53 stock analysis tools between services that brokers themselves offer and other platforms offer for free.

- I'm assuming that direct stock owners will use 2.5 services on average because in my experience, I've used the service from my broker and one or two others to research stocks.

- So there is a 4.72% chance that somebody will use this stock analysis tool if customers are evenly distributed through the tools.

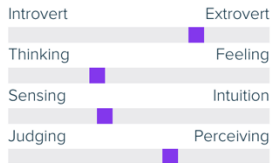- 4.72% * $44,308,800 = $2,788,500 per year.

Persona

James

"I will take calculated risks to build strong foundation for my life to come."

Age: **25**
Work: **Construction Project Coordinator**
Family: **Engaged**
Location: **Toronto**
Character: **Practical, Trustworthy, Openminded**

Personality

Introvert	Extrovert
Thinking	Feeling
Sensing	Intuition
Judging	Perceiving

Goals

- Retire by 65.
- Own a home.
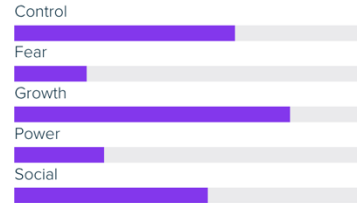- Start a family.

Frustrations

- Being behind the curve because premium investment analysis tools are too expensive.
- Other free solutions have limited functionality and tools available.

Bio

James has been working as a project coordinator in Toronto for two years now. He has dabbled in the stock market, but knows that if he wants to make the best decisions possible with his savings so that he can afford to buy a house, have a family and retire by 65.

James and his partner live a very modest life because they are trying to save as much as possible. The annual cost of $250 for a stock analysis product like Morningstar takes a large portion of their expected annual return of $1800. Instead, James and his partner are looking for the best available free stock analysis tool.

Motivation

Control

Fear

Growth

Power

Social

Brands

Preferred Channels

Traditional Ads

Online & Social Media

Referral

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