

# e-Motion: Covering your mobility needs

## Business Model - Introduction to Libre Software

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Máster Software Libre, 2009-2010. A Coruña Edition

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- Goals
- Relationship to Hecker's businesses models
- Licensing options

## 2 Economic analysis

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- Incomings
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- Budgets
- Return of Investment

# Outline

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# e-Motion: Covering your mobility needs

e-Motion is an initiative aimed at providing

- Open Source solutions for mobile devices
- Open Source solutions for mobility needs
- Training
- Externalized Research & Development.

## Mixed strategy

### Targeting

- Small and medium business (*SMB*)
- End users

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## Short-term goals

- Get well-known within the mobile devices companies
- Build a large user base, via *free*, *low-cost* or *advertised-supported* applications
- Sell custom solutions to *SMB*
- Participate in major markets awards: Android<sup>1</sup>, iPhone<sup>2</sup>, Nokia<sup>3</sup>
- Participate in local contests, too.

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<sup>1</sup><http://code.google.com/intl/es-ES/android/adc/>

<sup>2</sup><http://developer.apple.com/wwdc/ada/index.html>

<sup>3</sup><http://www.callingallinnovators.com/>

## Mid-term goals

- Increase the amount of *SMB* deals
- Start providing paid-services to our user base, in addition to those supplied previously
- Get local customers to make advertisement deals
- Start providing training
  - Workshops
  - Courses
  - Consider providing training for unemployed people via public funding



## Long-term goals

- Consolidate the brand
- Receive external  $R \& D$  contracts from first level companies
- Provide mobile consulting support
- Increase training options

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# Overview

It would be based on the following four schemas

- Open-core
- Training and documentation
- Research and development
- (Selection and) consulting

## Open-core: Companies

- Building extensible Open Source solutions, provide closed plugins or services on top.
- Charge for implantation and support, distribute freely the business core (with a *copyleft* license)
- Allow other developers to build plugins for our ecosystems
- Provide mixed solutions: server + desktop + mobile clients

## Open-core: End-users

- Charge symbolic amounts to end-users
- Provide free and paid solutions to end-users
- Explore different funding options
  - Advertisement founded
  - Founded by other companies (e.g. a mobile client for a website)

## Training and documentation

Specialized training as one of the main goals

- Periodic workshops and short courses, done in-house
- Take part on University programs via institutional agreements
- Provide corporate training at other companies' installations
- Provide subsidized courses via social funding

# Research and development

Once that the company gets well-known enough, it should concur to competitive examination to get R & D contracts

# Consulting

Once that the company would have grown enough, consulting services could be given provided that enough interest is shown.



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## Licensing concerns

Business model based on a Open Core approach

- 3<sup>rd</sup> party components must be *non-copyleft*, to get extra flexibility
- Solutions developed can be closed when they are plugins
- Framework solutions can be *dual-licensed* or GPL.

Following FSF, LGPL would be used for cloning existing, but closed, functionalities, while GPL and / or *dual-licensed* would be better suited at new developments

# Product A

## Leisure and entertainment options

- Bars, *cafés* and pubs would be targeted.
- An open framework to position leisure and night life and entertainment options, extensible to other businesses.
- Based on the time of day and location, the end-user application will suggest an appropriate choice.
- Previous choices would help refining the results.
- The business pays a fee for each successful transaction started by the application.
- Business can opt to pay an extra amount to improve their visibility.

## *Product B*

### Interactive tourist guide

- Towns and cities would be targeted.
- Itineraries would be presented to users visiting the town.
- Towns would invest in the development and deployment.
- Relatively small amounts would be charged for development, as the cost would be shared among different towns.
- Fees would be charged annually to keep the information up to date.
- Could be integrated with *Product A* so small business can appear in the itineraries.

# *Product C*

## Inventory management applications

- Would be targeted at businesses with inventory management needs.
- Development costs would be shared between businesses.
- Besides deployment, support would be offered.

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# Strengths

- Company members would be experts in the area
- Company members would be very motivated
- Company members would be prepared to countless hours working
- Company members would push themselves to the limit

# Weaknesses

- Company members would be first-time entrepreneurs
- Bureaucracy would be very hard, as there wouldn't be an administrative at the beginning.
- Marketing and Sales could be a problem if the company was unable to get a good Commercial



# Opportunities

- Plenty of potential customers, both mobile device users<sup>4</sup> and *Small and Medium Businesses*<sup>5</sup>
- Affordable technology, as some *smartphones* can be obtained by less than 200 unlocked, and from 0 subsidized
- While there are markets quite exploded, like medium-large companies working with inventories, many *SMB* are still potential customers since they can afford the technology now.

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<sup>4</sup>Mobile internet penetration is around 20% in Spain, according to <http://www.elmundo.es/navegante/2008/11/28/tecnologia/1227879302.html>

<sup>5</sup>There are more than 12000 pubs just in A Coruña province, according to the *Rexistro de Empresas e Actividades Turísticas*

# Threats

- Competency: there are already other companies doing this, and more will appear
- Competency (2): there are lots of applications, so visibility must be improved by any means
- Creating a brand is difficult, and making a name is even more
- While winning prizes and awards is a great way to build a name, it is hard and unreliable

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# Companies

- Every small business: restaurants, bookshops. . . where the seller has some need for mobility is a potential client.
- Possibility of training other developers.

# End-users

- Every person with a *smartphone* or mobile device, with or without a data plan, is a potential client
- People are becoming less afraid of micro-payments
- Several services are highly demanded
  - Devices synchronization: mobile phone + web + desktop.  
**Everything must be available everywhere**
  - *smartphones* as a payment method: stop worrying about carrying cash
  - People tracking systems. Children, elderly, mentally impaired. . .

# Public funding

- Some of the previous options could be the target of public funding research
- Entrepreneur helps and funding: Plan Avanza<sup>6</sup>
- Local, National or European helps to *Research & Development*
- Open competitions, calls for bids and public contests: Eganet<sup>7</sup>

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<sup>6</sup><http://www.planavanza.es/>

<sup>7</sup><http://www.eganet.org>

## Product A

- 15000 bars and pubs just in A Coruña province!
- Getting 1% of that market would be 150
- Conservative average of 30 people a month
  - Some businesses would get much more people
  - More people would go on weekends

Concept	2010	2011	2012	2013
<b>Businesses</b>	150	190	250	350
<b>Monthly clients</b>	30	38	50	68
<b>User fee</b>	1€	1€	1€	1€
<b>Monthly incomes</b>	4500€	7220€	12500€	23800€
<b>Anual incomes</b>	54000€	86640€	150000€	285600€

## Product B

- Spain has more than 400 cities with more than 20000 inhabitants.
- Getting 1% of those cities would be 4 cities in the first year.
- 3000€for deployment, 250€for support. First year free, others optional
- 1000€for updating when support is not paid

Concept	2010	2011	2012	2013
New cities	3	5	7	9
Support	0	1	4	7
Total	9000€	15250€	22000€	28750€



## Product C

- Considering just the first product targets would be around 15000 businesses
- Considering that 1% of the business are interested would be 150
- 150€for deployment, 20€for support. First year free, others optional

Concept	2010	2011	2012	2013
New businesses	150	220	300	390
Support	0	75	185	335
Total	22500€	34500€	48700€	65200€

## Total Incomes

Concept	Annual amount
Product A	54000€
Product B	9000€
Product C	22500€
Total	85500€

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# Expenditures

- Licenses
  - Devices' stores require different kinds of fees and licenses: development, distribution. . .
  - Some devices must be used from specific Operative Systems.
- Assurance
  - Some stores will require it
  - Companies will gain confidence due to it
- Marketing and advertisement
- Public fees and charges

# Human resources

Human resources	Number	Annual salary	Subtotal
Main developers	2	33000€	66000€
Marketing–Salesman	1	30000€	30000€
<b>Total</b>	3		96000€

Human resources	2010	2011	2012	2013
Main developers	2	2	3	4
Marketing–Sales professional	1	2	2	2

## Costs & infrastructures (I)

Office	Monthly cost	Annual cost
Office rent	400€	4800€
Office material	100€	1200€
Total	500€	6000€

## Costs & infrastructures (II)

IT	Monthly cost	Annual cost
Development boxes	-	2400€
Development devices	-	1000€
Licenses	-	100€
Website	-	150€
Total	-	3650€

## Costs & infrastructures (and III)

<b>Connectivity</b>	<b>Monthly cost</b>	<b>Annual cost</b>
<b>Phone lines</b>	80€	960€
<b>Data plans</b>	80€	960€
<b>Total</b>	160€	1920€



# Total Expenditures

Concept	Cost
Human Resources	96000€
Office	6000€
IT	3650€
Connectivity	1920€
Total	107570€

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## Budget - 2010–2013 period

Year	2010	2011	2012	2013
<b>Expenditures</b>				
<i>Salaries</i>	96000€	132300€	175300€	222264€
<i>Other expenditures</i>	11570€	12150€	12800€	13450€
<b>Incomes</b>				
<i>Product a</i>	54000€	86640€	150000€	285600€
<i>Product b</i>	9000€	15250€	22000€	28750€
<i>Product b</i>	22500€	34500€	48700€	65200€
<b>Balance</b>	-22070€	-8060€	32600€	143836€

5% CPI has been used to update expenditures over the 4 years.

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## Return of Investment

Concept	2010	2011	2012	2013	Total
<b>Expenditures</b>	107570€	144450€	188100€	235714€	675834€
<b>Incomes</b>	85500€	136390€	220700€	379550€	821640€
<b>ROI</b>	-20,51%	-5,57%	17,33%	61,02%	21,57%

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