

# GBACARD LIMITED BUSINESS PLAN

---

GBACARD MOBILE APPLICATION

20<sup>TH</sup> OF JUNE, 2016

This document and its content is copyright of GbaCard Limited - © GbaCard 2016. All rights reserved. Any redistribution or reproduction of part or all of the contents in any form is prohibited other than the following:

- You may print or download to a local hard disk extracts for your personal and non-commercial use only
- You may copy the content to individual third parties for their personal use, but only if you acknowledge the website as the source of the material

You may not, except with our express written permission, distribute or commercially exploit the content. Nor may you transmit it or store it in any other website or other form of electronic retrieval system.

All material in this course is, unless otherwise stated, the property of GbaCard Limited. Copyright and other intellectual property laws protect these materials. Reproduction or retransmission of the materials, in whole or in part, in any manner, without the prior written consent of the copyright holder, is a violation of copyright law. A single copy of the materials available through this course may be made, solely for personal, non-commercial use. Individuals must preserve any copyright or other notices contained in or associated with them. Users may not distribute such copies to others, whether or not in electronic form, whether or not for a charge or other consideration, without prior written consent of the copyright holder of the materials. Contact information for requests for permission to reproduce or distribute materials available through this course is listed below:

---

REVISION HISTORY

---

S/N	Author	Revision	Date	Comment
1	Williams Tobiloba	1.0.0	20 <sup>th</sup> of June, 2016	Baseline Documentation

---

**CONFIDENTIALITY AGREEMENT**

---

The undersigned reader acknowledges that the information provided by Williams Tobiloba in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of the GbaCard Team.

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader may cause serious harm or damage.

Upon request, this document is to be immediately returned to Sir Ademola Aladekomo, Williams Tobiloba or Theophilus Oseghe.

---

Signature and Date

---

Name

This is a business plan. It does not imply an offering of securities.

---

## TABLE OF CONTENTS

---

Copyright Information	1
Revision History	2
Confidentiality Agreement	3
Table of Contents	4
List of Tables	6
List of Figures	7
<b>1. Executive Summary</b>	<b>8</b>
<b>2. General Company Summary</b>	<b>9</b>
2.1 Company Summary	9
2.2 Mission	9
2.3 Keys to Success	9
2.4 Objectives	9
<b>3. The Product</b>	<b>10</b>
3.1 Introduction	10
3.2 Development Requirements	10
3.2.1 Strengths	11
3.2.2 Weaknesses	11
3.2.3 Conclusion	12
3.3 Product Description	12
3.3.1 Overview	12
3.3.2 Features	12
<b>4. Market Analysis</b>	<b>14</b>
4.1 Market Segmentation	14
4.2 Market Research	14

4.3 Sizing Up The Market	15
4.4 Assessment of the Competition	16
4.5 SWOT Analysis	17
4.5.1 Strengths	17
4.5.2 Weaknesses	17
4.5.3 Opportunities	18
4.5.4 Threats	18
<b>5. Strategy and Implementation Summary</b>	<b>19</b>
5.1 Marketing Strategy	19
5.1.1 Mass Marketing	19
5.2 Sales Strategy	21
5.2.1 Price Setting	22
5.2.2 Sales Forecast	23
<b>6. Personnel Summary</b>	<b>25</b>
6.1 Personnel Plan	25
<b>7. Financial Plan</b>	<b>26</b>
7.1 Underlying Assumptions	26
7.2 Projected Profit and Loss	26
7.2.1 List of Revenues	26
7.2.2 List of Some Expenses	26
<b>8. Milestones</b>	<b>28</b>
8.1 Planning With Partnership	28
<b>9. Final Conclusion</b>	<b>31</b>

---

LIST OF TABLES

---

Table 1: Strengths	11
Table 2: Weaknesses	11
Table 3: App Price Categories	23
Table 4: Personnel Plan	25

---

LIST OF FIGURES

---

Figure 1: Gbacard's Simplicity	13
--------------------------------	----



---

## 1. EXECUTIVE SUMMARY

---

Gbacard Limited is a technology company which has a passion for innovation and is unafraid to invest in R&D projects. During one of our brainstorm sessions with Sir Ademola Aladekomo, we came up with the idea to create a mobile application. Worldwide, smartphones are becoming the most widely available communication platforms. We wanted to create an application which lets users send their business cards or contact information using their mobile devices. We noticed there was a hole in the market since to date, no such application is available on the market.

The purpose of this business plan is to decide what to do with the mobile application: either bring it to the market ourselves or sell the technology to some strategic partner.

Therefore multiple steps were taken. The first was to measure the interest of the market for such a product. We conducted a pilot test on the first version of the application to screen whether our idea was appealing to our market segmentation, which were individuals aged from 15 to 55 and business owners or service providers. The results of this survey were more than positive. Although these have to be taken with a grain of salt, it was still a confirmation that our idea had merit.

Secondly, we had to choose what type of business model we would adopt for this application. After some reflection, we decided to study the impact of two different models: the pay-per-download model and the subscription model. The price setting for the pay per download model is One Thousand Naira only (N1000). The price was set in conformity to the market for quality apps. Once the price was set, we had to look at the financial aspect, which depends on our sales forecast. We wanted the sales forecast to be based on factors we could monitor. In our case, we used the conversion rate of downloads or the number of visits to our website.

After updating our sales forecast, we did a profit and loss projection and calculated the cash flows for each case. We quickly concluded that the only case which was profitable was the best case scenario with a pay per download model. That was not exactly the result we were hoping for as we thought this model is inappropriate for our type of application.

As going to market ourselves is not a viable option, we have decided to launch the application on the market anyway, and tried to gather as many good reviews as possible and work out all the technical issues before starting the sales process.

As this document is an internal document only intended for the eyes of our management, a new business case will have to be made with a view to sale.

---

## **2. GENERAL COMPANY SUMMARY**

---

### **2.1 COMPANY SUMMARY**

Gbacard Limited is a start-up organization whose vision is to create the finest software solutions to support to various businesses and individuals. Gbacard Limited was founded on the 29<sup>th</sup> of April, 2016 as a Private Company Limited by Shares. The company is owned by Sir Ademola Aladekomo, Tobiloba Williams, and Mr. Theophilus Oseghe.

### **2.2 MISSION**

Gbacard is the complete mobile application for exchanging and sending contacts using platforms such as SMS, emails, QR Code etc. Our purpose is to provide a mobile application to help users create their own e-Business card a swift and easy way of exchanging contacts. We exist to make products that the market demands and have a positive impact on the society.

### **2.3 KEYS TO SUCCESS**

- Develop an interactive contact exchange application that is very useful and fun. If it is not fun, it will likely not be used.
- Implement a strong marketing campaign to develop awareness of the software and its benefits.
- Design strict financial controls for the organization.
- Rapid development and penetration of the market.

### **2.4 OBJECTIVES**

- Achieve 15 – 30% market penetration within the first year.
- Grow a large user base.
- Grow a “Big Data” of over 10 million users.
- Generate new revenue.

---

### 3. THE PRODUCT

---

#### 3.1 INTRODUCTION

GbaCard Limited is a company whose strategy is based on providing technological solutions and support to businesses and individuals. In one of our meetings with Sir Aladekomo, he had an idea to create a mobile application which provided an opportunity for anybody to create and share his or her contact details or “e-Business Card” to people at a low cost and easy to implement. We were looking for a market segment within mobile applications that was not currently served: a hole in the market. We realized individuals had to pay a lot to print business or complimentary cards and give to people whom in most cases misplace the card or forget to save the business or complimentary card’s information into his or her mobile device.

The only mobile applications on the market that offer contact exchange services could only share contact information via the social media such as WhatsApp, BBM etc. which was very limited to only those users in your social media. There were no applications that gave users the possibility to exchange contacts, send contacts using other platforms such as SMS, emails, QR Code etc. and brand independent. So we decided to create one: GbaCard was born.

#### 3.2 DEVELOPMENT REQUIREMENTS

The first question we have to ask is which type of application we want to develop. There are basically two types: a native version and a web-based version. Both have advantages as well as inconveniences, which we will run through in this paragraph.

First of all, let us define what native and web applications are. A native app is for a certain mobile device (smartphone, tablet, etc.) and the app is installed directly onto the device. Users typically acquire these apps through an online store or marketplace such as the iOS apps on App Store or Android Apps on Google Play.

When we talk about mobile web apps, we are referring to Internet-enabled apps that have specific functionality for mobile devices. They are accessed through the mobile device’s web browser (i.e. on the iPhone, which is Safari by default) and do not need to be downloaded and installed on the device. Let us compare both types versus the following factors:

- 1) **User interface:** In terms of the general look-and-feel, there’s little difference between the two, making for a consistent user experience.
- 2) **Development:** For native apps, each mobile application development platform (e.g. iOS, Android) requires its own development process and has its own native programming language. The web app runs in the mobile device’s web browser and each may have its own features and quirks. Mobile web apps are mostly written in HTML5.
- 3) **Hardware interfacing:** Native apps can interface with the device’s native features, information, and hardware (camera, accelerometer, etc.) Mobile web apps can access a limited amount of the device’s native features and information (orientation, geolocation, media, etc.)
- 4) **Monetization:** Developers have the ability to charge a download price and app stores will typically handle the payment process (in exchange for a percentage of sales). Charging users for the mobile web app requires the set-up of an own-pay or subscription-based system.

- 5) **Distribution:** Native apps are directly downloaded onto a mobile device from stores and marketplaces and run as a standalone application (no web browser needed). Users must manually download and install app updates. Web apps are accessed through a mobile device's web browser. There is no need to install new software as updates are made to the web server without user intervention. Since there is no app store for the Mobile Web, it can be harder for users to find our app.
- 6) **App Version:** As a result of distribution methods native app users may choose to ignore an update, resulting in different users running different versions of the app, while all web app users are on the same version.

### 3.2.1 STRENGTHS

Native Applications	Web Applications
Typically perform faster than mobile web apps	Have a common code base across all platforms
App stores and marketplaces help users find native apps	No installation needed
App store approval processes can help assure users of the quality and safety of the app	Direct control over the application's distribution (no store approvals needed)
Tools, support and standard development best practices provided by device manufacturers can help speed up development	Delivering updates is much more convenient

**Table 1:** Strengths

### 3.2.2 WEAKNESSES

Native Applications	Web Applications
Are typically more expensive to develop, especially if we're supporting multiple mobile devices	Mobile web apps can't access all of the device's features
Supporting multiple platforms requires maintaining multiple code bases and can result in higher costs in development, maintenance, pushing out updates, etc.	Supporting multiple mobile web browsers can result in higher costs in development and maintenance, etc.
Users can be on different versions and can make our app harder to maintain and provide support	Users can be on different mobile browsers and can make our app harder to maintain and provide support
App store approval processes can delay the launch of the app or prevent the release of the application	For users, it may be harder to find a mobile web app because of the lack of a centralized app store

**Table 2:** Weaknesses

### 3.2.3 CONCLUSION

As we can see there are multiple factors to consider when deciding which type of application we want to develop, such as business objectives, target audience, technical requirements and so forth. We decided to choose for a native application due to the following reasons:

- Direct access to a large group of consumers through the existing stores. Native apps are easy to find and install. The Apple App Store, Google Play, etc. are great places to browse for and download apps.
- Complete integration with payment systems. Apple users are notoriously voracious consumers and are two clicks away from buying an app. Apple have 400 million active iTunes accounts with credit boards on file which make app purchases really easy.
- Higher user adoption, usage volume and user engagement (i.e. duration of usage per session).

## 3.3 PRODUCT DESCRIPTION

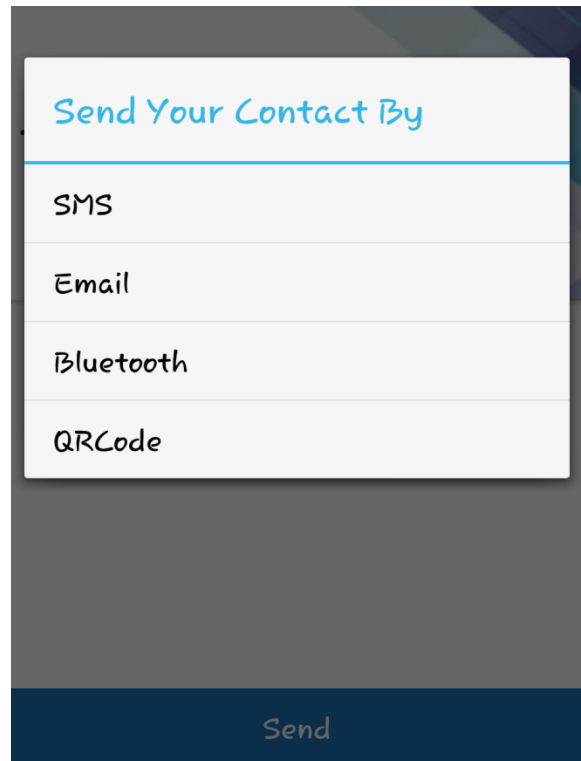
### 3.3.1 OVERVIEW

Gbacard is a mobile application which allows users to exchange contacts, send contacts using platforms such as SMS, Bluetooth, and QR Code etc. using their mobile devices (such as Android and Apple devices). The application is highly customizable and gives users the full freedom to create their own e-Business Cards (Electronic Business Cards). The application setup is quite simple: All you need is an Apple or Android device and an internet connection.

### 3.3.2 FEATURES

Gbacard is an innovative software solution for working-class individuals and everyone who considers spending less, simplicity, mobility, user-friendliness an advantage.

1. **Simplicity:** The application provides different simple-to-use ways of sending contacts to people.



**Figure 1:** Gbacad's Simplicity

2. **Mobility:** A user can send his or her contact from anywhere in the world using some of the long-range sending options such as the email or SMS. Our cloud feature (coming soon) will also help to share or send one's contact or business card to anyone, anywhere in the world.
3. **User-Friendliness:** The application is very simple to use with a very smooth, beautiful and interactive user interface.
4. **Low Cost:** This application helps users to save costs in printing thousands of business cards.

In summary, here are the main features of Gbacad:

- Create and design your personal e-Business Card in seconds.
- It helps to save cost.
- No need to print thousands and millions of business card. Just make one and share to people.

---

## 4. MARKET ANALYSIS

---

Market research analysis is conducted in order to gather as much information as we can on the target market. This research will be divided into three parts. The first will handle the market and customer's needs. The second estimates the size of the market and the final part assesses the competition.

### 4.1 MARKET SEGMENTATION

We want to determine which types of customers would be interested in our product so we can target them directly through our marketing channels.

The four basic market segmentation strategies are based on:

- Behavior (rate of usage, loyalty status, readiness to purchase etc.,)
- Demographics (age, gender, occupation, socio-economic group etc.,)
- Psychographics (personality, lifestyles etc.,)
- Geography (customer location, region etc.,)

The one we are using is Demographics. Our segmentation is as follows:

- For 2016, the number of smartphone users is forecast to reach 2.08 billion. This is very logical in order to use the application.
- All of the application content is written in English, thus understandable for everybody.
- **Age Group (15-55 years):** This must be taken into account. We think that only working class individuals and people that run their businesses or provide some other form of service tend to get a business or complimentary card.
- People who want to use this application will need some small level of technical knowledge on how to use a smartphone.

### 4.2 MARKET RESEARCH

Now that we have defined our market segmentation, we want to perform a primary market research to gather qualitative and quantitative data on our market niche. The tools that are usually used are focus groups, surveys, field tests and interviews. Primary research is usually based on statistical methodologies that involve sampling as little as 1 percent (1%) of a target market. This tiny sample can give an accurate representation of a particular market.

The downside of primary market research is that it can be very expensive. Fortunately, a growing number of online tools allow us to conduct primary research such as surveys ourselves at minimal cost.


The focus of our primary market research was to see if our idea of a brand-independent and fully customizable mobile application for contact exchange was appealing to our market segmentation. We decided to perform a primary market research by conducting a pilot test. Our first goal was to release the application to "Only 500" users to get feedback on how to make the application better.

After the pilot test, we got some feedback and handful of suggestions on how we can improve the Gbacard application.

Besides the primary research, we will perform what is called secondary marketing research. Secondary marketing research involves the investigation of existing data sources and previously detailed relevant information. This data is available through other publications or reports, newspapers, magazines, websites etc. Secondary market research is easy to find, and much of it is free or low-cost. The downside of secondary market research is that it is not customized to our needs, so it may not be as useful as primary market research. For example, we can find out how many applications were downloaded last year and at what price, but that will not tell us how many downloads our application will generate.

Some of the information we were especially interested in are:

- How many apps are available in both the Apple store and the Google Play store?

**Answer:** Google Play store has 2.2 million apps while Apple store has 2 million apps (<http://www.statista.com/statistics/276623/number-of-apps-available-in-leading-app-stores>)  


- How many applications are uploaded every day?

**Answer:** Over 1000 applications

- How many utility applications are available in in both the Apple store and the Google Play store?

**Answer:** Over 95,000 applications

- How many of the applications involve contact exchange?

**Answer:** About 5 – 10 (in both the Apple store and the Google Play store).

- What is the average price setting of these applications?

**Answer:** N200 – N300 (\$1 - \$1.5)

#### 4.3 SIZING UP THE MARKET

Perhaps the most important question for anyone trying to market a new product or service is determining the size of the potential market. The estimation of market size gives a business plan its sense of scale. We want to know how big the opportunity is currently and how big it may become in the future.

Sizing up the market is probably the most challenging aspect as it is not an exact science. Market size is relative, markets change quickly, so market numbers are educated guesses at best. There are many techniques which can help us estimate the size. The one we shall use is the chain-ratio method. It consists of multiplying a larger market size, which is well known, by a chain of related-percentages.



The known market we will start from is the total population of Android users. According to Wikipedia, who took their information directly from Android Central, over 1.46 billion Android devices are active so far worldwide.

#### 4.4 ASSESSMENT OF THE COMPETITION

When entering a market with a new product or service, it is crucial to screen and analyze the competition. A competitive assessment is a business-planning tool that will help us make good business decisions by taking into account the presence of competitors and their potential impact. An assessment typically involves creating a list of competitors and creating a profile for each competitor that includes information such as the types of products and services they sell, their market share, marketing strategies, and notable strengths and weaknesses.

Before going further, we have to make the distinction between different market types:

- **New Market**

A new market is usually created by a disruptive innovation. There are no customers, no competitors. A need has been created that did not previously exist.

- **Existing Market**

An existing market is a market where the competitors are known, the customers are known, and most importantly, the basis of competition is known (these are the features which are very important to the consumers and for which the consumers are ready to dump their current supplier). Winning shares of an existing market is only done when performing better on those features. The competitive analysis must be around those features.

- **Re-segmented Market**

This is an existing market which we want to segment, meaning we found some characteristic or needs of customers in an existing market that incumbents are not addressing. The strategy to be used here is a market niche strategy: we will not go into a head-on battle with the competition. We want to create a new market space and be first to the market which offers a great advantage.

We have to identify in which market type we are active: this is clearly a re-segmented market. We have a product that fulfills an unaddressed need in the business world: exchange of business cards through smartphones.

A competitive analysis makes sense when a company is entering an existing market. In a re-segmented market, a competitive analysis starts with the hypothesis of “Here’s the problem we are solving for our customers.” The competitive analysis chart highlights the product features that differentiate our start-up from the existing market incumbents because of our understanding of specific customer needs in this niche.

The research of potential competitors first began in the App Store using keywords such as “contact exchange”, “send contact”, “exchange business card”, “send business card” etc. The best strategy was to download some of those applications and test them thoroughly.

We notice that some of the applications developed by competitors usually come free of charge with one or two functionality. There are no real direct competitors providing numerous ways of exchanging contacts electronically which is the main purpose of our app.

#### 4.5 SWOT ANALYSIS

A SWOT analysis is a method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats of a business. The purpose is to align our strategies with the realities of our business environment in order to:

- Maintain and build on our strengths
- Take advantage of our opportunities
- Fix or eliminate our weaknesses
- Counter threats

##### 4.5.1 STRENGTHS

- **Strong Developer Team:** The developers of the mobile app are key developers of the R&D department with very strong skills.
- **First to market:** We have and must always keep a step ahead. A first mover may not always be an advantage. Secondary or late movers to an industry or market, have the ability to study the first movers and their techniques and strategies. They can learn from their mistakes.

The competition is also allowed to benefit and not incur the costs which the first mover has to sustain. First movers must deal with the entire risk associated with creating a new market, as well as the technological uncertainties which will follow (Shifts in technology or customer needs).

- **Solid Technology:** It is an open and very configurable technology, no black box.
- **Good Segment:** Not everyone has (or can afford) the necessary software and hardware for automation projects. With no market leader or competition here, GbaCard has a unique opportunity to capitalize on our technology.

##### 4.5.2 WEAKNESSES

- The application is only available on the Android platform. Thus, it is only available to about 40% of the smartphone market. We are awaiting the reaction of Android users before we develop it for other platforms.
- **Monetization model:** We are unsure about the business model to use in order to make profit and to grow. The monetizing model is not fixed; we are free to experiment with it and it will have to be fine-tuned after some time.
- **No strong marketing capacity:** We are a technology company, not a marketing one. We need to accumulate some marketing knowledge. We may appeal to some marketing agencies who could potentially help us in this matter. Additional training could also be considered.

#### 4.5.3 OPPORTUNITIES

- **Partnership:** A partnership with an advertising agency may very well be considered.

#### 4.5.4 THREATS

- **Evolution of applications:** As mobile technology is evolving very quickly, it is hard to predict how mobile apps will evolve in the future. As for countering the competition, we need close monitoring of all new trends on the market in order to react accordingly to any changes and trends.
- **Competitors emerging:** As we are one of the first to the market, we need to be sure to stay one step ahead of the competition.

The business environment is constantly changing and a SWOT analysis is not a static tool. We have to revisit our SWOT analysis on a regular basis, at least annually and more frequently if our business is experiencing growth problems, or failing to meet goals and objectives, to see how the balance of strengths, weaknesses, opportunities, and threats may have shifted.

### 5.1 MARKETING STRATEGY

The next question we have to ask ourselves is how we will reach our potential customers? How can we make them aware our app is available and convert them into our customers? This will be realized by our marketing strategy.

There are three kinds of marketing strategies:

- **Direct Marketing:** There is a straight communication to the customer (or potential customer; this can be used on contact information from a database) with advertising techniques such as SMS, email, interactive consumer websites, online display ads, fliers, catalog distribution, promotional letters, and outdoor advertising.
- **Mass Marketing:** This is the technique of trying to spread a marketing message, to anyone and everyone who is willing to listen, through big audience media such as radio, television, the internet, etc.
- **Direct Sales:** This is done when a customer base exists, where we can directly reach out to our customers usually by phone, by email or through direct personal contact.

For our application, we are going to use the Mass Marketing Strategy.

#### 5.1.1 MASS MARKETING

We have seen that our potential customer base is between two and three million people, so we have quite a big audience. These people are not existing customers, we have no relationship with them nor do we possess their contact information. The strategy to adopt is a mass marketing strategy. We will try to reach to our niche through mass marketing channels, mainly the internet. There are many ways to proceed:

- Getting our app into the Android's Google play store. In later stages, the app will be available on independent app stores such as Apple's app store, Blackberry app world, Windows store, and Amazon etc. We choose for a slow distribution so we can manage feedback, fix bugs quickly and concentrate on updates before a rollout strategy.
- Making an app-specific website. We will also promote our app through our firm's website.
- Reaching out to bloggers such as Linda Ikeji, Nairaland, TheNextWeb, TechCrunch, TUAW, VentureBeat, Mashable etc.
- Setting up search marketing campaigns through search providers such as Google, Yahoo and Bing.
- Placing an advertisement or an article in a specialized magazine.
- Using social media. We will create some YouTube video's where we will demonstrate our application. Besides YouTube, we will create Twitter and Facebook accounts and use LinkedIn as a communication channel.

The marketing strategy can be divided into two parts: A pre-launch and post-launch strategy. The prelaunch strategy is used to create awareness and visibility. The goal is to try to acquire the interest and build the curiosity of as many users as possible. The post-launch strategy is used to maintain existing customers, to increase the conversion rate and to create user retention.

## 1. Pre-Launch Strategy

- **Social Media Profiles:** Create social media profiles so we can spread the word about our blog posts, our landing page, and website, and also write about the category and related content of our app. It is also important to follow and connect with influential people in the niche market (bloggers, reviewers, writers etc.)
- **Blog:** Create a blog where we will write regularly about the issues that our product covers or might be a solution for.
- **SEO:** Begin search engine optimization or SEO for our website. The idea of SEO is to generate as much traffic as possible on our website by finding the most relevant and popular keywords for the site and our app and using them in a way that generates and converts traffic.
- **Landing Page:** Create a landing page, typically a one-page website that is an advertising tool for our app. Even though a lot of downloads will come directly from the app store, a huge amount of traffic is driven through the web. This is also a good way to build an email database as we will invite people to share their email addresses to stay updated when the app launches. These are the people that are more likely to be converted into customers.
- **Tech Blogs:** Once the beta testing is finished and the app is ready for launch and bug-free, we want to prepare a press release of our product idea and start getting in touch with blogs such as Mashable, TechCrunch, TheNextWeb, FastCoDesign, Ars Technica, etc. A press release will contain a short description of the app and its key benefits, some screenshots, links to videos, links to user testimonials and reviews and a link to the website which includes our contact information.

## 2. Post-Launch Strategy

- **App Review Websites:** As a large audience reads online reviews before downloading an app, we need to prepare a press release and send it to app review sites. As our app is a paid app, we can give 50 promotional codes that let this precise number of people download our application for free. We will send these together with the press release.
- **Tech Blog Redux:** If the tech blogs did not cover our app in the pre-launch phase, we have another reason to write to them, informing them of the launch. If our app does well, this is yet another reason to write to them informing them about the statistics and how well the product has been received on the market
- **Reviews and Ratings:** We will encourage our customers to review and rate our application. The more the ratings, the more chances of it being downloaded from the Google play store. All feedback, positive and negative, must be quickly responded to.

- **App Store Marketing:** We will try to grab the attention of the online audience by having a catchy app icon. Application stores require us to mention keywords that we feel our customers will use to search for our application so the selection has to be done wisely. Our app description is also important, it is our selling pitch. It should be short, explain key benefits and highlight the cool features.

## 5.2 SALES STRATEGY

This part considers our business model choice. A business model describes how an organization creates, delivers, and captures value and generates revenue, or in other words how will we make money through our application. Monetizing an application can be the single most challenging aspect when undertaking a mobile venture. How to price our application? Will our application be free for users or will they be charged? What is the appropriate pricing model for our application? These are some of the questions which will be reviewed here.

There are about 5 existing different business models today in the mobile app business:

- **In-app Advertising:** In the advertising model, users download the app for free. Instead, ads are placed (usually banners, but not always – lots of innovative new ad types are available these days) and we get paid by advertisers when users click the ads.
- **In-app Purchasing:** With this model, the application can be free (but is not required) and the main revenue stream is generated through the in-app purchase. The applications consist of an initial usable part and a part that is only usable if the customer decides to buy it. For example, a game has five free levels and to play the sixth level the user has to buy the level.
- **Subscription:** A subscription means the customer has access to a service or product as long as a fee is paid. The fee is paid for a limited period of time; if the time is complete the customer has to re-initiate the subscription. Magazines or newspapers work with this model.
- **Pay per download:** This model generates income directly from the App Store when users download them. We fix a price and the user pays that price to download the application. This model works for almost any application. A drawback is once the application is sold there is no way to sell the application to the same customer a second time.
- **Freemium:** These applications are free. The objective here remains to make money. Free is a very powerful motivator to get people to download a product. This model generates income only from other business activities, such as:
  - **Building our own reputation:** These apps are promotional tools which extend the power and offering of the company. Great examples of these are eBay or Facebook.
  - **Increasing sales of related products:** Here we usually have two applications, a free one, and a paid one. The free application is used as a demo to show the user how powerful the paid application is. The free application is more likely to be downloaded than the paid application and therefore the free application can be seen as a marketing move. The user is able to test the free application and decide if they will buy the paid application.

Which models will we choose?

In order to answer this question we can break it down into the following questions:

Is my app high usage, with long session times (advertising)? Will my users be willing to pay for my app? Or am I better off keeping it free and monetizing through advertising? Is my app compelling enough that users will buy it without trying a free version first (pay per download)? Can the value of my app be broken into multiple pieces and sold à la carte (in-app purchase)? Or does it need to be packaged all as one upgrade (Freemium)?

The Freemium model is not an option for us as we only have one app. The in-app advertising model is only interesting when we expect a very large user base in volume markets which is not our case. The in-app purchase was considered but it is difficult in our case to decide what content is free and what will be charged. We are afraid if the free content is not enough it will negatively reflect upon our app (poor functionalities) and if we expand the free content too much, the users will not upgrade to other functions. The business models we will consider are the pay per download and the subscription models:

- The pay per download model which is applicable for any type of application. It is the most popular and most suited in our case.
- A subscription form. This may, in the first instance, be a better choice as it will provide a returning source of income. But subscriptions are a natural fit for certain types of content, such as magazines or other types of content that get refreshed regularly. We don't really have an app whose content lends itself to this model so we actually want to use subscriptions purely to try and increase the amount of money we can draw from users which is not a good idea as users will perceive this.

Nevertheless, we will consider both models in the following section.

#### 5.2.1 PRICE SETTING

There are a number of factors that should help us determine what to charge for our app. The first step consists of pricing our app in relation to the existing competition. This assures fair pricing for our mobile app and gives our audience the impression that we are at par with the competition. Raising our price slightly above the competition will make customers think that ours is a better product.

The most important key in app pricing is the user expectations. Users expect simple apps to be either free or 0.99 cents (about N200). More complex utilities often sell for between 2.99 and 4.99 Dollars (about 700 – 1000 naira). Apps in the 4.99+ Dollar range need to have an expansive feature set and lots of polish. That is, they need to look good and provide a great deal of value for the user. While users won't know if they got their money's worth until they install the app, users will be quick to leave negative feedback if they feel they've been ripped off, which will likely turn off future customers.

For the pay per download model, we will set the price at **N1000 (One Thousand Naira only)**. Let us remind ourselves that app prices aren't fixed. We are free to change and experiment with various price settings and models.

For information, this table shows the number of apps per price category.

App Price (Dollars)	App Price (Naira)	No of Apps	No of Games	Total	% of Total
Free	Free	436,593	81,939	518,532	58.64%
0.99	280.42	132,290	46,977	179,897	20.23%
1.99	563.67	61,583	12,857	74,440	8.42%
2.99	846.92	32,471	5,212	37,683	4.26%
3.99	1130.17	15,933	1,253	17,186	1.94%
4.99	1413.42	18,528	2,009	20,537	2.32%
5.99	1696.67	5,690	248	5,938	0.67%
6.99	1979.92	3,017	279	3,296	0.37%
7.99	2263.17	2,410	97	2,507	0.28%
8.99	2546.42	1,775	53	1,828	0.21%
9.99	2829.67	8,695	261	8,956	1.01%

**Table 3:** App price categories

### 5.2.2 SALES FORECAST

In chapter 4.3 we made an estimation of our market size which was about 2.8 million. The question now is how big will our market share be? How many apps will we sell?

There are many models for new product sales forecasting:

- **Historical Review:** If a company has introduced similar new products into similar markets in the past, these histories can be used as predictors of future outcomes. This approach has limitations as history is not always a good predictor of the future.
- A widely used method is to compare the new product to sales volumes of existing similar products. For example, if our new product involves only a slight innovation or change, it will likely sell very much like our (or someone else's) existing product.
- Mathematical Models

As our product is an innovation unlike any other product on the market, we won't use any of the methods described above. Instead, we will use following method:

We want to forecast our sales on factors we can obtain. These factors can be monitored at all times so that we can tell when we are off our forecast. All forecasts are by definition wrong. What is important is to see how wrong, in what direction and what do we do to manage our business better?



Over time the forecasts will get better. By the second month, we have some data that can help us make better assumptions. The purpose is setting guesses down as assumptions so we can track later how the real results differ and then revise and make course corrections.

The factor we will consider is the number of app downloads and traffic on our mobile application's website.

Our forecast sales will be based on traffic, clicks, conversions, page views, visits, and other analytic-driven techniques. Our traffic is a function of searches, paid searches, and marketing efforts. We will go from that traffic to conversions to sales, and we'll have something we can track and manage later. We start by using the Google Adwords Keyword Tool to get an estimate of the number of people that might be interested in our product.

Assuming we use Google advertising to enhance traffic to our website, we can set up an ad campaign that targets all our product related keyword phrases that are only displayed when the user searches using a PC or a phone for example.

According to Google, the average click-through rate for an AdWords ad is 2%. On this basis let's assume that of the 55,000 searches per month that occur, 2% will click through on our ad:

$$55,000 \times 2\% = 1,100 \text{ monthly clicks.}$$

We suppose that the traffic generated through Google advertising represents 80% of the total traffic on the website. 20% will come from other sources (forums etc.). Now that we know we will have 1,000 visitors each month, we need to determine a conversion rate for those visitors. How many will become customers? From here on, we will consider multiple scenarios: a medium, worst and best case. The factor we will adapt is the conversion rate.

- Medium case : 2%
- Worst case : 1%
- Best case : 3%

Let us work out the medium case in detail. We assume the conversion rate will be no more than 2% so we will have 26 downloads of our app every month.

This sales projection is only based on Google advertising. We can add some more sales projections:

- If we can be published in some specialized blogs and/or magazines, the impact on sales will also be noticeable.
- We assume that each purchase of the app will result in additional sales because the buyer will share it with his hobbyist friends or via social media.

No forecasting is perfect. All are based on hidden assumptions and include human judgment, and if these underlying assumptions or judgments are off the mark, then the corresponding forecast can be inaccurate. Nevertheless, the forecast is based on factors we can track which provide the ability to correct if necessary.

---

## 6. PERSONNEL SUMMARY

---

### 6.1 PERSONNEL PLAN

The personnel plan is quite short as we will only employ one developer (i.e. a graphics artist) who will be responsible for:

- Creating and maintaining the website
- Customer support
- Creating logos, and the demo video (info-graphics)

Personnel Plan	2016	2017	2018
Developer 1 (Williams Tobiloba)	N1,000	N1,000	N1,000
Developer 2 (Theophilus Oseghe)	N50,000	N50,000	N50,000
Developer 3 (Graphic Artist)	N30,000	N30,000	N30,000
Developer 4 (Web Developer)	N0	N30,000	N30,000
Developer 5 (Web Developer)	N0	N0	N30,000
Total People	3	4	5
<b>Total Payroll</b>	<b>N81,000</b>	<b>N111,000</b>	<b>N141,000</b>

**Table 4:** Personnel Plan

---

## 7. FINANCIAL PLAN

---

### 7.1 UNDERLYING ASSUMPTIONS

The Company has based its pro forma financial statements on the following:

- GbaCard will have an annual sales growth rate of 1%.

### 7.2 PROJECTED PROFIT AND LOSS

A projected profit and loss statement is a financial document that reflects the amount of profit or loss we expect our business to generate in future periods. It will be a useful tracking tool for determining whether our business is likely to make a profit or else generate a loss. The projected profit and loss statement will list revenues (from sales or services provided), our cost of goods or services provided, operating expenses (such as wages, rent, advertising), and net income or loss.

#### 7.2.1 LIST OF REVENUES

1. **Sales:** The sales are based on our different forecast models.

#### 7.2.2 LIST OF SOME EXPENSES

1. **Payroll:** These are the salaries of the personnel described in 6.1.
2. **Marketing:** This line covers all marketing expenses such as advertising in magazines, standing fees on events etc.
3. **The Cost of Goods Sold (COGS)**: This is the category of expenses directly related to producing a service. It includes all the costs directly involved in delivering a service. These costs can include labor, material, and shipping. The idea behind COGS is to measure all the costs directly associated with making the product or delivering the service.

For a software company these costs are:

- Costs related to supporting customers throughout the usage of the product such as the depreciation of equipment bought by the company, all equipment that might have been leased and the amortization of software related to providing professional.
  - Costs related to keeping the product up and running for customers. A SaaS company would expect to incur additional hosting and storage-related expenses as its customer base increases.
  - Other costs incurred due to the sale of our product: Examples here may include software licensing fees, credit card fees, etc. Marketing, advertising, commissions, or other sales- related costs would NOT fall under this umbrella.
4. Purchasing of Computers, office furniture etc.
  5. **Website and Server hosting:** Setup and upgrade costs of our own datacenter.
  6. **Utilities:** These costs fall under the running activities of the main company. There are no extra costs related to this complementary activity.

7. **Travel:** Covers the travel expenses of participating at an event.
8. **Insurance:** These costs fall under the running activities of the main company.
9. **Dues and Subscriptions:** As we want to remain up to date with the latest technologies and trends, we will subscribe to both online and offline (print) magazines.

---

## 8. MILESTONES

---

### 8.1 PLANNING WITH PARTNERSHIP

Here is an overview of all steps:

#### 1. Internal beta testing

It is clear the app has to be truly tested before we launch it on the market. The testing will be divided into two groups. The first group will be internal persons who will test the app for technical “viability”.

We ask them to pay attention to following points:

- Does the app perform the tasks it was designed for?
- How does the app perform when being used consistently or under a heavy load?
- Is it possible to hack the app?
- What happens when you push the app to its limits?
- What is the sign-up process like? Etc.

They should test all the functionality and security issues.

The second group will be external persons who test the app for usability and the end user’s work environment.

We ask them to pay attention to following points:

- The usability, which means does it have a user-friendly interface?
- Is the use inside the app intuitive?
- Are the features and functions what they expected?
- How is the app design? Etc.

#### 2. Creating Content

In order to support our marketing efforts, we will need to create some content for our app. This will typically comprise of:

- Demo videos which illustrate the possibilities of the app and its functionalities
- An attractive and appealing app icon
- The best screenshots with description
- A press release

- User guides, presentations, and articles which can be uploaded to Slideshare for example, and which can easily be shared on social media etc.

### **3. Build Online Presence**

It is vital we create Twitter/Facebook accounts for our app well ahead of the launch. We need to engage with the people on these networks whom we believe may want to try our app. Social networks become extremely powerful once we have a large following of people who subscribe to our updates. There are multiple free tools available which automate the laborious task of finding and getting people to follow you. Tools like TweetAdder are extremely useful for finding people to follow on Twitter that fit our target audience. Guest blogging is also one of the most effective ways to increase the visibility of our app's website in search engines like Google. Guest blogging involves writing blog articles on other people's blogs, with the hope of being able to have a link from that article back to your app's website. There are entire online communities available for people to find blogs to guest post on. MyBlogGuest, for example is one of them.

### **4. Create a Website**

The website has not yet been developed and it will be created before the app launch. Below are some focus points:

- The website needs to be social media friendly, which means it must be easily shared on the social media platforms.
- A keyword research has to be done and implement those onto all pages of the website.
- We need to incorporate all content created in point 3.
- We may have to incorporate our own blog. Etc.

### **5. Getting our app tested by third party sites**

To ensure the objectivity of the tests we might want to send the app to third parties in order to test them thoroughly.

### **6. Launching the app**

After completing Google's app submission process, the app will be finally launched on their store.

### **7. Subscribe to an analytic service**

Which method is the most effective? How many users renew their subscription? Do we need to change our business model? These questions can be answered by subscribing to an analytic service. We need to measure what works and what doesn't.

### **8. Getting our app reviewed**

Here are a few channels we can use in order to get reviews:

- Initially, identify all our niche influencers (this can be done setting up Google alert for example) and ask them if they want to test our app.

- There also are a lot of online review sites we can contact and submit our app to.
- We must target online forums which are already fans of the genre our product falls into. This is generally the most receptive consumer base and they'll be more than happy to download the product, fostering discussions and viral word-of-mouth publicity.
- Also, users should be encouraged to write reviews.

## **9. Social Sharing**

We have spent time cultivating our product's following on these social networking platforms. We can now get the word out that our product is finally available in the mobile marketplace. After the launch, we must keep participating in online forums to keep the discussion about our product active and on-going, and keep cultivating and growing our app's Facebook page and Twitter following.

## **10. Monitor Feedback**

All feedback and reviews of users have to be closely monitored and responded to.

## **11. Keep Updating**

We want to improve the users' satisfaction by incorporating changes based on the feedbacks.

## **12. Partnership**

A partnership with an advertising agency would be essential for us in achieving some of these milestones. We have already contacted Mr. Adeola of KLagos and he has agreed to help us with the advertising aspects.

---

## **9. FINAL CONCLUSION**

---

Business plans have a reputation for being subjective and any incorrect assumptions within our analysis may have a dramatic effect upon our venture. After examining the rate of progress, we are ultimately disappointed with the results, which is not what we expected. However, as the application is fully developed, we will launch before the end of the year and gauge the response of the market.

If this is in line with our predictions, we will attempt to sell the technology. If not, we will continue our online adventure. A business plan is a dynamic tool which needs to be monitored and updated frequently. We will adjust our conclusions and actions to the market dynamics.