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Abstract

Zyanzoom Inc. solve the trilemma experienced between the three parties involved in package deliveries which are: consumers, couriers and pickup locations.

Smart Locker Development Plan

ZyanZoom Inc. Business Plan

**NDA (non-disclosure agreement)**

This business plan covers the Company's trade secrets and is only available to investors who have an investment intention. The Company requires the Project Manager of the Investment Company to make the following commitments when receiving this business plan:

Keeping this business plan in good custody, the Company’s trade secrets involved in this business plan shall not be disclosed to third parties without the consent of the Company.

Project Manager Signature:

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**Executive Summary**

In the logistics industry, the "last kilometer” has been a major problem for logistics companies. At ZYANZOOM INC. we have a viable solution to this global problem using Smart Lockers. The current solutions are costly and inefficient for todays consumer. Before our introduction of the smart locker, many logistics companies have tried to solve the "last kilometer” problem but did not get the desired results. The introduction of our smart lockers will solve at least three problems in the final part of the logistics workflow:  
  
(1) The smart lockers will be accessible 24/7 solving the current extremely common receiver and delivery time asymmetry. Most of the main customers of the courier industry are full-time workers and the working hours of these people conflict with the hours of courier deliveries. Therefore, for most of the week they can only receive their package delivery at their workplace (if possible) to take home, or arrange for family members at home waiting for collection of the package. Through the smart locker, the recipient can pick up their package at any time, eliminating the need to take the package home, entrust others at home to collect, or risk the package being stolen.   
  
(2) The use of smart lockers solves the problem of unprofessional and error-prone collection points. Collection points introduce issues such as insufficient inventory space, package damage disputes, as well as fraud among other challenges. This is mainly due to the lack of protocols for the person/place receiving the package. Smart lockers can solve these issues with dedicated package storage, and familiar protocols for delivery couriers to follow. This ensures packages are delivered as quickly as possible, eliminating theft and missed deliveries.

(3) The wide-ranging use of smart lockers can greatly improve the efficiency and reliability of couriers, allowing logistics companies to reduce costs and increase profits. According to the logistics company's data, courier’s door-to-door delivery on average take twice the amount of time versus using a smart locker self-service delivery method. Therefore, the use of smart lockers allows logistics companies to deliver twice as many packages versus the traditional door to door method.

ZYANZOOM INC. is a technology company focused on the software used by smart lockers. **We solve the trilemma experienced between the three parties involved in package deliveries which are: consumers, couriers and pickup locations.** This software app will allow consumers and couriers to interact with the smart lockers directly eliminating the confusion and inefficiencies introduced by the pickup location. At this time, we are currently not focused on the hardware development of the smart lockers. We have close ties to the producer of these smart lockers who we will be purchasing our units from. The smart lockers will temporarily store the package for customer pickup. It will also send out delivery information through SMS, Email etc. to users when a package is ready for pickup. Our smart lockers enable 24-hour self-service pick-up, accommodating for the busy modern day, time constrained consumer. This model solves the "last kilometer" problem experienced by consumers, couriers and pickup locations. Smart lockers can be used in large shopping malls, supermarkets, schools, residential buildings and any other high population low space location.

Our inspiration for smart lockers comes through our personal experience in China seeing them installed and used in all major cities for years. As well as using them ourselves in China and seeing the need and business opportunity here in Canada and the US. We plan to be one of the first in Canada and US to install smart lockers and cement our first mover advantage. The business model has been proven in China which greatly lowers the risk involved. ZYANZOOM INC. is determined to solve the "last kilometer" problem in delivery logistics, through our innovative software solutions.   
  
The team leading this development: Zhang Xudong, Li Yang and Zhang Lingyan.

**Part I Company's basic info**

* Company Basics:
* Company name ZyanZoom Inc.
* Founded 2019-04-08
* Place of registration: 9 Pheasant Dr, Richmond Hill, ON, L4E 3S9, Canada
* The company registration: Limited.
* Company history:

Zhang Xudong is the founder of ZyanZoom Inc. and holds a100% equity position.

* + ZyanZoom Inc.is a software company from Toronto specializing in customer and business facing software for smart lockers.

**Part II Corporate Management**

**Founders:**

* Software developer
  + Zhang Xudong, male, 26, China, 2266063883
  + Graduated from the University of Waterloo with a major in statistics and now works at Moody's Analytics as Software Engineer
  + Formed a three-person team developing decentralized applications on Ethereum using blockchain technology. Raised funds and completed an alpha production of the decentralized app successfully. Co-founded Zyanzoom Inc. courier company, with more than 20 store partners. Have completed more than 500 orders online since the beginning of the project.
* Software developer
  + Li Yang, male, 27, China, Canada PR,

Computer major at the University of Waterloo, now working for Amazon as Software Engineer

* + Co-founder Zyanzoom Inc. Courier company, mainly responsible for the development of the website front and backend.
* Marketing role
  + Zhang Lingyan, female, China, Canada PR, 6478065888
  + The University of Science and Technology of China, University of Illinois, Double Master's Degree
  + Former Nokia sales manager is now responsible for Zyanzoom Inc. marketing and sales.

**Part III Products / Services**

Target market:

Condo market is ideal but may be used in any high population low space area.

* **Product update cycle:**

The service life of the smart locker is approximately 30 years.

* **Competitive advantages (including performance, price, service, etc.):**

The ZYANZOOM INC. smart locker can provide users with 24/7 access to their deliveries. Solves the trilemma between consumers, couriers and pickup locations by removing the friction of package delivery. Packages can now go efficiently from courier to consumer 24/7. Customers will no longer need to visit pickup locations at inconvenient times to pick up a package. At present, there are no established smart locker competitors allowing for a first to market competitive advantage for ZyanZoom Inc.

* **Product after-sales service network and user technical support:**

After-sales products include follow-up product hardware maintenance, theft and emergency treatment, insurance, etc.

**Part IV Research and Development**

* **Ensure product quality and reliability, product upgradability and maintain uptime of the of smart locker software, the company's development direction, Development of key and ongoing technologies and products, etc.:**

Smart locker future upgrades include two parts, hardware and software. Hardware-related upgrades include new business development directions (future planning and automated sorting, distribution by robots, including integration and collaborative operations after the commercialization of L5 autonomous driving technology). The upgrades of the ZyanZoom Inc. smart locker itself includes screen upgrades for the advertisement.

* + Company's research and development state:

ZyanZoom Inc. has been in research and development for 6 months. Clear direction and business plan have been established as well as business connections for immediate demand of ZyanZoom Inc. smart lockers. We contacted few potential smart locker producers for partnership.

* + The capital and personnel investment budget in the next 1-2 years:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Post | Grade | Number (number) | Unit price (C$1,000) | Total investment (C$1,000) |
| Software Engineer | Senior | 2 | 150 | 300 |
|  | Junior | 2 | 100 | 200 |
| Marketers |  | 1 | 80 | 80 |
| Sales and operations |  | 1 | 70 | 70 |
| Equipment |  |  | 50 | 50 |
| Smart locker |  | 50 | 3 | 150 |
| Total |  |  |  | 85 plus tax and bonus (10) plus maintenance (insurance, legal and advisory services) |

**Part V Industry and Market Conditions**

* **Industry Overview:**

Logistics is an important link between the supplier and consumer, and the development of logistics has changed the traditional way of life and consumption. Data shows that China's delivery business volume has been the world's first for four consecutive years. Trends indicate the world is moving to almost completely shopping online and having items shipped to them, rather than visiting a store in person to purchase products. For countries in North America, such as Canada and the United States, there are some minor advancements for product delivery, but the momentum, speed and breadth of the industry are not as fast as China's growth. In general, with the rapid growth of the delivery industry, the cost of end delivery is also increasing, especially with the lack of space capacity when products are delivered. There are long wait times, delivery time conflicts, etc. This seriously restricts the efficiency of the entire process from purchase to product delivery. Fast, intelligent, efficient, connected has become the main goal of logistics development. The use of smart lockers opened the end logistics cost-effective road, for consumers and couriers have reduced time from purchase to product delivery. The emergence of intelligent smart lockers is on trend of development with the fast paced society of today. It enhances the relationship between the company, courier, consumer, effectively solving the problem of the delivery in the last 100 meters, to the convenience of consumers. Of course, the process of smart locker is not complex, for couriers first need to scan the code or swap the card to confirm, and then choose the appropriate size of the smart locker, enter the express information after putting in the package, enter the user's mobile phone number and the system will automatically send information to remind the recipient. The recipient can then use the pick-up code in the text message to open the smart locker with their package in it. Once the user closes the locker, the locker will go back to available state.

The following paragraph is a general introduction of the logistics and distribution and the e-commerce industry over the past year.

The costs of the logistics industry include the cost of obtaining orders, the cost of the driver's wage. Prices are typically between$1 0 and $1,000 in CAD and between 15 mins and a month or two. Due to the wide variety of segments (e.g. commodity categories, routes, time, tariffs, service range, etc.), prices and fees wildly vary. Company in this industry has low profit margin and high volume. Typical delivery issues occur when there are: delivery of meals and delivery of large products, when the user has no way to sign up resulting in product theft or spoilage of food. There is limited improvement driver can do to decrease the driving time. But if recipient is not at home the time wasted for driver to wait the recipient can be a lot. Also, if we can avoid driver to take escalator to deliver package upstairs and waiting for recipient to open the door and sign up for pickup. Five minutes or ten or five minutes will be saved, the driver's income will be increased by at least 20%. According to Canada's minimum wage reference, this method generates a value of extra $4/ hour. Assume a full-size smart locker has 50 small grids, each locker will be used every 3 days, the total value generated by using smart locker is roughly equals to $24,333 per year. The maintenance cost of the smart locker for one-year is around $1000 (including insurance, network, electricity, floor and related maintenance costs. If there are 100 local smart lockers are put to use, the value created will worth millions of dollars, and if the first-tier cities can be filled with smart lockers, the revenue scale will increase linearly accordingly.)

Data reference: There are 488,475 high-rise apartments in GTHA form City of Toronto, 2011, assume 500 apartments per unit, we get roughly 977 units in total. This number will exceed 1000 by this year, according to the efficiency estimates above. Each smart locker can generate a value of $24,333, these smart lockers may generate a total value of $24M per year. Assuming there are1,000 similar cities in the world, the resulting value is expected to be$24B per year. If the general conversion as income or profit, the market prospects are considerable.

(City of Toronto. (2018, December 4). Data, Research & Maps. Retrieved from https://www.toronto.ca/city-government/data-research-maps/.)

* **Competition Analysis:**

**Amazon hub locker**

Started around 2016 and is expected to double the amount of smart locker investment by 2020. (We can't get the exact number inside of Amazon, but based on this three-year use, we can also see the potential value of the smart locker market from Amazon's new plan)

Charge: One-time charge, no follow-up fee. Have its own supporting mail and delivery services.

Advantages: Related supporting services

Weaknesses: The entire laying plan is largely influenced by the policies of the company's senior management. The location within Condo is of utmost importance, and most properties don't know Amazon's services, so Amazon doesn't have much of a brand advantage.

**Canada Post parcel box**

This is a smart locker with a key lock structure. it belongs to the product of the previous era. Compared to smart locker, this product is missing the user's data tracking and collection, the lack of security warning and dynamic key distribution, the lack of expansion of the opening. A solution that is an internal problem. The advantage is low cost. However, there is no way to generate further benefits for income generation.

Since not all packages have collection demand, we estimate that the distribution market size is in the trillions. Take 1/5 of the distribution volume as the demand for use,1/10 as the use price, we expect the entire collection market profit size of 10 to100 Billions of USDs are around that every year. Market size can be derived from the NPV formula

* **Industry Chain Analysis:**
* **Analysis of the industrial chain of intelligent express smart locker industry**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Upstream raw materials | | | | |
| Steel | Electronic | Display/monitoring devices | Control your computer | PCBA |
| Midstream production | | | | |
| Indoor smart locker | | | Outdoor Smart locker | |
| Downstream applications | | | | |
| School | Residential buildings | Office | Supermarket | |

**Part XI Marketing Strategy**

* **Strategies and implementations**

The company plans to take some courier companies' business and lay a certain amount of smart lockers by word of mouth advertising, and traditional media advertising channels

* **Strategies and implementation of product sales prices:**

Due to the unique strategic significance of the pickup box. It corresponds to a variety of profit models.

1. Charge mode
2. Drain mode
3. Ad mode

Charge mode:

Charges are charged from the shipping fee based on the size of the box used, and if the overdue transfer is charged from the recipient.

Charges are divided into:

|  |  |  |  |
| --- | --- | --- | --- |
| Boxes (individuals)/fees(CAD) | Small | In | Big |
| Price | 0.99 | 1.49 | 3.99 |
| Discounted price (promotion period) prepaid | 0.49 | 0.99 | 2.49 |

Traffic mode:

As linkage between the customer and logistic company, the smart locker act as the choking point of the delivery services. Its special and valuable strategic position will provide positive impact for the follow-up e-commerce store and ancillary services. As the only security service providing 24/7 pickup option, smart locker will provide traffic to logistics company or e-commerce store. Promotional costs and take cut from selling profits, in improving profit margins at the same time can improve the use of the box.

Ads mode:

Box ads and software ads can be used as a fee-paying entry

Advertising costs are estimated at$10 to$30 per day per box, and advertising revenue for a single box is estimated to be $3,650to$7,300 per year

* **Strategies and implementation in building a good sales force:**

The sales team will still follow the traditional base salary increase strategy and reserve room for the increase in positions to motivate employees through business metrics.

* **Strategy and implementation of product after-sales service:**

After-sales planning use of the product

**Part VII Service Process**

* **Brief lying about the service process:**
* First, the mail
* 1. Online order to fill in the mail information (WeChat/Alipay/Pay/APP)
* 2. Sweep to the smart locker/enter the mail code
* 3. Pay shipping out-of-the-box delivery
* 4. Courier pick-up printed goods bill
* 5. Delivery
* Second, pick-up
* 1. Courier selects the corresponding size of the goods
* 2. Scan the bill of lading
* 3. Enter your phone number
* 4. Put in the box out of the box
* 5. Trigger WeChat/SMS messages
* 6. Scan/Enter pickup code Take out the express

|  |  |  |
| --- | --- | --- |
|  | Cargo delivery process | Software service process |
| Distribution | Delivery to the attachment of the collection address, if the guest is not at home to put in the collection smart locker | (If you place an order in advance: the logistics company adds or integrates the smart locker in the software or website, the container system will send the user the pickup verification information, and send the container storage verification information to the driver, if lost can be checked again by sweeping code or selecting the package number) |
| Receive | The delivery person obtains the relevant open-box information by using the previously received verification information or by scanning the goods barcode or QR code again, after scanning the container, placing the package in the receiving smart locker provided by the system and leaving after closing the door | If you request a verification code again, the system resends the verification code to the contact information provided by the delivery company to the client.  The container will then scan the verification information provided by the distribution personnel and open the corresponding container for easy pickup. Send a pickup reminder to the customer after the goods have been stored and confirmed. |
| Pick-up | When the recipient arrives at home, the package is picked up based on the verification information (2D code or digital verification code) prompted by the system | Container sifts for customer verification information and opens the appropriate container while alerting the recipient |

**Part VIII**  **Management**

* **What incentives the company will adopt to management and key personnel:**

Preferred shares and bonuses

* **Whether the company is considering employee** **shareholdings, please** **state:**

Employee preference shares are given as incentives, with the unlock rate at 5%in the first year and15%per year thereafter, depending on the time allocation.

* **Whether the Company signs a competition prohibition agreement** with those who hold key technology and other important information of the company, the main contents of the agreement **are:**
* **The company signs labor contracts with each employee:**

Labor contracts are subject to industry standards and need to be followed up and by lawyers to be finalized on a case-by-case basis.

* **The company signs confidential contracts with relevant employees for the company's technical secrets and trade secrets:**

Confidentiality Contracts will be based on industry standards and need to be followed up and a lawyer to be finalized on a case-by-case basis.

* **The company buys insurance for employees and products:**

The insurance type refers to the industry standard insurance type, needs to be followed up and the insurance company according to the amount of insurance and insurance coverage of the root specific circumstances to finalize.

* **The Company's Protection of Intellectual Property, Technical Secrets and Trade Secrets:**

The company's patents for intellectual property rights and related product research and development products will be patented in the relevant government departments. Get online copyright at the same time.

* **The company needs external support during the project implementation and how to get it:**

Project before landing needs to finalize with the courier company fees and services, responsibility scope, in the product local development at the same time, will be responsible for the operation and maintenance department responsible for investment and coordination of quotations.

**Part IX Investment Requirements**

* **In order to ensure the implementation of the project, it is necessary to raise C$2million in the form of equity financing, giving away15% of the equity**
* **Use and use of funds:**

See "The Company's Development Funding and People Investment Plan for the Next 1-2 Years"

* **Proposed to sell 15% of the shares to the investor. The calculation is based on the following.**

**:: Market value estimates**

* **Expect the average annual return on net assets to be less over the next 3 or 5 years?**

1.1

* **What oversight and management powers do investors have?**

The investor can monitor the progress of the project based on the RoadMap provided. and have the right to provide relevant development advice and advice.

* **If the company does not achieve the project development plan, what are the responsibilities of the company and management to the investor?**

See for the betting agreement, equity adjustment.

* **How the investor recovers the investment, in the specific manner and when it will be implemented:**

Ways to recover your investment:

Major shareholders buy back or in accordance with the resolutions of the board of directors, IPOs, mergers and acquisitions, repurchases, subsequent financing rounds exit, sale of old shares, liquidation, etc.

Short-term strategy (3-5y): Subsequent financing round exit

Phased equity financing, up to30%/ times, mergers and acquisitions

Long-term strategy(10-25ys): IPO, merger, repurchase, sale of old shares, liquidation, etc.

Profit, Equity Appreciation, (OTC, Tier 1 Secondary Market)

**Part X Risk Management**

Please explain in detail the risks and control and prevention measures that may be encountered in the implementation of the project:

Relatively manageable risks include policy risk, technology development risk, management risk, market development risk, production risk, financial risk, risk of dependence on key personnel of the company, etc. ZYANZOOM INC. Smart locker services related to the relevant policies involving the traditional courier and vending machine industry. Industry-related laws and regulations are relatively standardized and stable, the risk of policy changes is small, market norms. The company needs to find a team of professional lawyers to improve the internal to external terms of service, in the legal level to establish a perfect set of products and services moat.

The creative team has sufficient technology development capabilities and resources, so the technology-related development risks are relatively low.

The management team has relatively long experience in entrepreneurship and team management collaboration, and has sufficient confidence in the quality and stability of customer and product services.

The market development team has a lot of experience dealing with small shops and needs to take the first step in dealing with large customers.

Production by the domestic SF Express smart locker foundry of the original factory contract production, quality is guaranteed.

At the heart of the risk:

"Financially, the company's up-front development phase requires a lot of financial support, and the development team needs to ensure that the company can meet the development goals it set before it is expected to be profitable for five years."

**Part XI** **Roadmap**

Details of the project implementation plan and progress (indicating the start and end time):

Stage, expected, capital requirements, (number of box shop), time

The first stage: business landing, express smart locker test run 2M to 5M (40 to500boxes) (2 to 3y)

Phase 2: Industry cooperation, profit model verification 200M (2K to 1w boxes) (3 to 5y),

Phase 3: Core Business Scale 10B (100w boxes global market size, 80% left off) (5 to 15y), 1.6y

Phase 4: Stabilize core business and expand usage scenarios and demand TBD (10-20y)