

## INTRODUCTION

Füdventory will be an online service that will streamline food distribution between suppliers including farmers and secondary wholesalers, to restaurants across the Greater Toronto Area. In addition, the mobile app will incorporate food transportation and storage companies to maximize efficiency throughout the delivery process.

**Mission Statement:** Füdventory will create pathways for local food suppliers to connect with restaurant owners which will facilitate lower costs, improve quality, and bring clarity to the food industry by completely simplifying the the food supply process.

The process of food distribution is often a very costly and ambiguous venture. This incoherent process includes the organization of logistics, labour, and sales. The mobile application Füdventory will boost restaurant profits by reducing costs associated with the supply chain process and offer ease of access. Restaurants will be able to maximize food quality which generates improved consumer satisfaction. To summarize, Füdventory will decrease costs by optimizing the food distribution process and improve profits by providing fresher food to the customers.



## PROPOSED STRATEGIC PLAN

**Supplier to Restaurant Management:** Füdventory will initiate and propel interaction between wholesale food suppliers and restaurants within the GTA. Suppliers will create online profiles which will display their products, availability and respective prices. Restaurant owners can then select which suppliers they wish to purchase from, and contact suppliers directly. Suppliers will be able to list their credit terms, back-order policies and return procedure. This creates a direct and mutually beneficial supplier and consumer relationship.



**Transportation and Inventory Management:** Füdventory facilitates interactions between restaurant's order management system and their key suppliers distribution centre. The Füdventory app will be the first to specifically target the food distribution network and will act as a way for restaurants to find suppliers that best meet their needs and cost demands. In the future, Füdventory can be expanded to allow suppliers to display their drop off or pick up locations in their profile, allowing for the supplier or restaurateur to contract a third party transportation service. This could potentially be done by allowing suppliers and their clients to track every aspect of the services

Füdventory provides, and glance at real-time status reports and proof of placement once the consumer base is large enough.

Füdventory hopes to reduce costs by offering better route planning and load optimization. All this will be done while providing greater flexibility for both parties to make changes in delivery plans. Füdventory will utilize mobile GPS systems which will connect suppliers, transporters and restaurants all together within an online cloud storage that will be maintained by Füdventory's servers. GPS will allow suppliers to alert transporters where to pick up or drop off supplies, inform restaurant managers where their logistics are, and provide a live location feed within the app allowing for both the transporter and restaurant manager to make an estimation on when they can expect their delivery.



Additionally, restaurants can focus on acquiring quality local produce that can be delivered on the same day. This will improve quality while creating a competitive marketplace that will encourage lower prices.

In the future, users of the app will also have the ability to rent warehousing spaces. Restaurant owners are able to directly coordinate the purchase, delivery, and storage of the produce. This will help restaurant owners acquire their resources in a centralized, efficient, and economical manner.

**E-payments system:** In order to further simplify the food distribution process, restaurants and suppliers will be able to transmit payments between each other through the app. Users can open accounts connected to their profiles and deposit money for purchases through the app. The app will offer an escrow service whereby money can be transferred from one user's account to another. This will give the purchaser confidence that they can get their money back should a problem arise and will reassure sellers that they will receive their payment in full. In order to maintain such a system and to provide an additional source of revenue, a small fee will apply to each transaction.

**Website Development:** The development of Füdventory will be scheduled to begin on June 1, 2017, and will be expected to be complete by March 1, 2018 giving the developers of Füdventory roughly 10 full months of app development. During this time, it will be split into periods of initial setup (15-20 weeks), design (8-12 weeks), implementation (4-6 weeks), and verification (2-4 weeks) before launching its first trial tests on the Apple and Android App stores.

## CUSTOMER SEGMENTS

# Füdventory

Füdventory will be primarily marketed towards three customer segments: **Restaurant owners, food suppliers, and food transporters**. Since most major restaurant chains already have long term relations with their suppliers, Füdventory will be more optimized and adjusted to the needs of smaller restaurants, food suppliers, and transportation services that do not have permanent long term contracts for supply distribution.

In order to entice restaurants and suppliers to use Füdventory, we will reach out to members of trade associations such the Canadian Restaurant and Foodservices Association and Food and Beverage Ontario. Additionally, reaching out to small businesses will be a priority and to accomplish this, will be pitched to the Business Improvement Areas of Toronto, aiming to connect local restaurants and food suppliers.

Füdventory will keep its users through features like real-time shipment tracking and one-click purchase that would encourage users to keep using the app. Furthermore, users will be rewarded with “**Füdpoints**” on every transaction that they complete using the app. After accumulating enough points, users will be rewarded with a one-time 15% discount on their order, which will be paid for by Füdventory. This will incentivize restaurant owners to continue using the app even after they build steady relationships with various food suppliers.

## FINANCES AND RETURN ON INVESTMENT

Füdventory is anticipated to be a very profitable business venture. If the app manages to capture even just a tenth of the restaurant and food supplier industry, the startup is projected to break even within 2 months.

**Revenue Stream:** Revenue will come from a monthly fee of \$10 that suppliers and restaurant owners will pay to have unlimited usage of the app. Users can pay for more additional promotional material within the app such as placing themselves as featured vendors or suppliers. The e-payments system will charge a 3% fee for every transaction in order to pay for the maintenance the system. The fee will be charged on both the buyer and seller with both parties paying 1.5%.

With over 16,600 registered restaurants that are listed by the Toronto Public Health Board, we estimate that approximately one tenth (1,600) of these restaurants will have a use for the services provided by Füdventory and continue to use this app after the six week free trial. Factoring in food suppliers, it can be projected that the total user count for Füdventory to be 2,000. In addition, we will assume that the average transaction that goes through Füdventory will be \$2,500.

Using the principle of conservatism, it can be estimated that a quarter of the users will make a successful transaction through the app per month, and that each user will only agree to one contract. These moderate assumptions extrapolate to a monthly total of 500 contracts of \$2,500 on average. This would yield \$37,500 of revenue per month when factoring in the 3% commission fee. In addition, all 2,000 of these users would have to pay a \$10 monthly fee, roughly generating an additional \$20,000 in cash flow each month. To summarize, the app will be able to return the \$50,000 development cost in a month after the six week free trial.

# Füdventory

**Revenue and Expenses per Customer:** A typical customer transaction would generate anywhere upwards of \$85 from the commission and monthly fees. Assuming the figures above, this app would be making \$28.75 per user. According to FierceWireless, an app's maintenance costs 20% of its development costs. Therefore, Füdventory will cost \$10,000 to maintain every year. This will result in \$5 per user to maintain this app or 17% of the revenue generated per user. In addition, there could be miscellaneous costs associated with maintenance so the cost to maintain this app per user would be around 20%.

**Expected Revenue:** By the first year, this app targets to have 4,000 users. Assuming a linear increase in users, that would mean the app would generate \$690,000 in the first year. This figure comes from a monthly revenue of \$115,000 from 4,000 users, multiplied by 12 months, and divided by 2 as the number of users would gradually increase. Therefore, the app is projected to make \$2.07 million in two years.

Projected Revenue After 1 Year		
Item	Calculations	Annual Revenue
<b>Customer Transactions</b>	1000 transactions * (0.03 * 2500) commission * 12 months	\$900,000 (2nd Year) \$450,000 (1st Year)
<b>Monthly User Fees</b>	4000 users * 10 dollars * 12 months	\$480,000 (2nd Year) \$240,000 (1st Year)
<b><u>TOTAL REVENUES</u></b>		\$1,380,000 (2nd Year) \$690,000 (1st Year)

\*First Year revenue is halved as we assume the app is gaining 4,000 users at a constant rate.

Risks Associated With Strategic Plan	
Risk #1	Risk #2
<ul style="list-style-type: none"> <li>❖ Füdventory requires a sizeable portion of the restaurant industry to use it.</li> <li>❖ To encourage adoption among Toronto's restaurant industry, a six-week free trial will be offered. Additionally, food supplier and restaurant associations will be approached to try the app.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Users may discontinue their use of the app after making creating steady relationships with suppliers.</li> <li>❖ Features such as real-time shipment tracking, one-click purchase, and the implementation of <b>Füdpoints</b> will incentivize users to continue their usage of the app.</li> </ul>

After a thorough analysis with particular consideration given to risk mitigation, different customer segments, and financial management, it is substantially clear that Füdventory would not only be a supremely profitable venture, it would also considerably decrease expenses for restaurants operating in the GTA. This innovative mobile app integrates various perspectives and philosophies and has the potential to become the supply chain management procedure of the future. It will simplify the food supply process by bringing clarity and coherence to the often disjointed industry.

