

WagerMe

Business Model Canvas

KEY PARTNERS:

The basis of WagerMe is the reward system. Winning your bets gives the users reward points that are redeemable at the marketplace. Therefore, the key partners of WagerMe would be the places that make up the marketplace. Most of the marketplace of WagerMe will consist of local shops or eateries.

WagerMe benefits from having a variety of places for the WagerPoints marketplace. The better the marketplace is, the users of WagerMe will be more likely to continue using the application and recommend it to their friends and family. The shops benefit from increased business. When the users have points and redeem them, they are likely to go spend money at the shop or eatery that they would not have without using the benefit from WagerMe.

Bovada, or similar betting line company, (establish a relationship to gain instant betting lines)

KEY ACTIVITIES:

To get WagerMe off the ground and running, there are some key activities that need to happen. Possibly the most important is building the marketplace. Without the marketplace, the application would be useless. Next is the promotion and marketing of WagerMe. This is to get our name out there and get people to use WagerMe. Ideally, if we can get one person to download WagerMe, they will tell their friends and they too will download the application. WagerMe will also allocate part of its annual budget towards marketing and advertising on Facebook, Google, and other methods to reach more people. Finally, the application needs to be updated periodically to ensure the marketplace is steady and there are no bugs or mechanical problems with the betting feature or overall application.

KEY RESOURCES:

PHYSICAL:

Online, Cloud, & Backup Servers (maintain/store data and player information), Computers, Mobile Devices, Software (creation and usage of app)

INTELLECTUAL:

WagerMe Brand Patent (protect name & rights of the business) \$2,000+, File as LLC \$49 Team Compensation Agreements, Application Store Licenses (Android and Apple) \$25-100, Trademark for Electronic Applications \$275, and Betting Data from National Registries (such as Bovada)

HUMAN:

Team Members: Justin Dekker, Vincent Robin, Zane Habib, Jeff Cameron, Sahil Patel, Tyler Garwood, John Schmidt

All team members will be important factors in the development of the application. In addition, team members will work to update and maintain the application, in addition to providing marketing efforts to increase the WagerMe application customer base.

Outsourced Contractor (\$10,000): All development factors that cannot be solved by our team will be outsourced to a high quality, top of the line application development company.

FINANCIAL:

Fixed Costs (Years 1,2,3) = \$22,489, \$11,300, and \$11,300 respectively), so the first year faces higher costs due to many setup and licensing fees. To meet these costs we will need funding of at least \$22,489, as the revenues will be greater than operating and fixed costs in the years following. We are seeking \$30,000 to ensure financial stability in the first year.

Our initial investment of \$30,000: 46% - PERSONAL FUNDS: \$2,000 each (\$14,000 total)

54% - FAMILY & FRIENDS: ~\$2,286 each (\$16,000 total)

VALUE PROPOSITIONS:

There are two customer segments WagerMe will deal with. First, our application users and second, the businesses that advertise on our application.

WagerMe provides an easy to use affordable betting platform that allows users to create their own bets with their friends. WagerMe provides an unparalleled convenience factor to their customers by allowing customized along with suggested bets. WagerMe also presents an easy to use interface that gives the customer the ability to bet, send bets and cash out all in one place.

WagerMe provides an easy way for businesses to promote their product or service on our app. This will give businesses access to hundreds, if not thousands of users who are primarily college

students. Having access to this demographic can be very beneficial for a lot of companies, especially if they are located in college towns.

A college student focused betting application does not exist and that is a problem within itself. Students use third party betting sites and have no real way to bet against each other. Using third party sites creates inconsistency and are unreliable in tracking all of your bets. Other betting sites also do not allow for customized betting. With the creation of WagerMe users will be able to make customized bets all in one place with whoever one chooses. WagerMe will keep track of wins and losses along with upcoming and past bets, allowing users to stay on top of their bets.

For businesses, WagerMe opens a doorway to college students. This solves a problem for businesses because they may not have access to this demographic before.

We are offering users a free download of the app in both the apple and google application store. There are no more costs for users to use the app and no direct revenue streams from the users.

WagerMe will offer businesses the ability to advertise on the application. There will be several advertising packages that companies can buy, in order to have their business promoted.

CUSTOMER RELATIONSHIPS:

WagerMe's main goal in developing customer relationships is to create a sense of community among users. Betting is a highly community based activity in which users interact with one another by placing bets against each other. Even in the case of betting on sports lines, users commonly create dialogue about different bets they made. WagerMe will act as a facilitator for these relationships. Having a facilitator in this type of relationship is critical for many reasons. One would be holding losing bettors accountable, another would be helping users find other people who are interested in making similar wagers. WagerMe's emphasis on community will help to unite customers, while also expanding into customer's personal networks of potential users.

WagerMe's customers also value self-service in betting. WagerMe takes away the "middleman" by removing the bookie from the exchange. Therefore, customers can make their bets themselves and receive instant rewards. This independence motivates customers to research and make educated bets using the application. Self-service also adds the aspect of convenience. Bettors no longer have to meet with a person to carry out a transaction and collect reward. Instead, they can make bets immediately, with no travel, or appointment time required.

Overall, the foundation of communities and self-service has relatively low cost. These fees are already built into the application development, and do not require any additional cost. Having these values integrated into the application allows WagerMe to save on cost, while capitalizing on advertising revenue.

CHANNELS:

RAISING AWARENESS:

Initial launch on the Bloomington area and then geographical expansion

Primary method to distribute the app: direct sales through fraternities/sororities on campus or events, marketing support with flyers, posters

Secondary way of spreading: ensuring word-of-mouth

Support of Social Media and online marketing tools to

- Ensure a strong customer base
- Be used as a backup plan to the word-of-mouth based process

SOCIAL MEDIA CAMPAIGN RELEVANCY:

- Accessibility of our targeted audience
- Preciseness in reaching the rights prospects
- Cost relatively low compared to other solutions
- Main requirement being time, which we have in the 7-member team
- Right moment since prospects would use our app when they are bored and they currently go to social media at those moments
- Work along with the personality of the brand
- Match with what the concept of the app is about (sharing, connecting, have fun)

RECEIVING FEEDBACK:

- Invite them to share their experience
- Invite users to send us private messages in case of difficulties to solve them
- Have an “ask for help” option on the app
- Have a support email address

CONVERSION & RETENTION:

- Building indirectly strong reviews on the app stores (via a light and fun way of reminding people to do so)

- Ensuring impressions are good on social media and recommendations positive or proactively reach people if not
- Showing a link to the download page in most articles, posts or comments

CUSTOMER SEGMENTS:

Based on our survey results we feel that our target demographic is males ages 18-29. We also want to focus our efforts on college campuses. By focusing on this demographic, we have created a segmented market for WagerMe. Each college campus provides students within our targeted age range, while expanding our application to different locations across the country. While having a specific target demographic and geographic segment is crucial, we also want to focus on consumer behaviors. Our typical customer may be someone who bets frequently, while also having an interest in sports. We see sport betting as a key component to our application. We have chosen college campuses, because we feel that there are strong betting communities who want a legal betting option. Our survey told us that men are overwhelmingly more interested in this type of betting application as opposed to women. According to our survey most people prefer real money over a reward system for betting, however due to legal issues we cannot provide the option to use real money. We feel we have created a creative enough reward system that will entice users anyways. Also there is other research that suggests that people in this age group are the most likely to use applications that allow them to redeem prizes. Males who are currently in or have been in a fraternity are our critical customers. These men have shown a lot of interest in being in a community. It is also commonly known that there is a betting culture within fraternities. Word of mouth is also very powerful within fraternities. If one person in a house downloads the application it is very likely that most of the other brothers in the fraternity will try it too.

Our users are the foundation of our customer base. However, we must also work to build customer relationships with our sponsors who provide advertisements. Advertisements are our main source of profits, making it crucial to build and maintain relationships with companies who want to advertise. To keep consumers engaged, we need to appeal to their interests outside of betting. For example, if many of our bettors enjoy sports, we may want to have Dick's Sporting Goods advertising their athletic clothing and sporting equipment. Our goal is to align our customer's interests with the interest of the sponsors to mutually benefit both parties. Aside from the advertisements, the options to partner with companies for rewards are endless. Sponsored rewards from companies can range from shopping, restaurants, event tickets and much more. This will also allow us to tap into our users' outside interests and keep them engaged in using our application.

COST STRUCTURE:

The most important costs inherent in WagerMe's business model are the app development, marketing, advertising, patent and licensing costs. App development is the most expensive cost, but it is key to the app's long term success because that determines the quality of the product that users will interact with. A high quality app will help maintain WagerMe's customer base, which is necessary for a consistent revenue stream. It will require a \$10,000 cost for the app's initial development since one of the entrepreneurs behind WagerMe already has the skills to develop the app, and no outsourcing will be necessary. However, once it is up and running, it is expected that further app development will only require \$1,200 per year for periodic updates for security or additional features. Facebook and Google ads, in addition to other marketing materials, is necessary to grow WagerMe's customer base. The more users WagerMe has, the more revenue the app will generate. WagerMe will create a budget of \$5,000 per year to allocate towards ads to be displayed on Facebook and Google. Another \$5,000 per year will be allocated towards miscellaneous marketing materials, which can include billboard and TV ads among others. Patenting the app is another important cost to WagerMe's business model because it will provide protection against new competitors. While WagerMe isn't the only way to gamble, it provides a unique experience due to the social aspect and rewards system. The provisional patent will have a cost of \$2,000, and a trademark permit will be a one-time \$275 cost. WagerMe will also have to apply to become an LLC which will cost \$90. Finally, WagerMe will also need licenses to get onto the Apple App Store and Google Play Store to reach its customers. The Apple App Store license will cost \$99 per year, while the Google Play Store will just be a one-time \$25 fee.

The Key Resource that is the most expensive is a human resource, related to the development of the app. Another important Key Resource is the intellectual property, which is covered through the patent and trademark. Initially, it is not expected that WagerMe will need any physical resources other than the computers and servers necessary to run the app. Financially, WagerMe will borrow from family and friends to get started since startup costs aren't expected to be very high. This allows WagerMe to reinvest a larger portion of its initial profits back into the business, and provide the 10% return rate to the investors.

The Key Activities that are the most expensive is marketing. Facebook and Google ads, along with other marketing tactics will be given a total annual budget of \$10,000. This is necessary to build and grow the number of WagerMe users. Since WagerMe is inherently a social betting

platform, it is necessary to have a large number of users for long lasting success. Another Key Activity is the periodic updates to the app. A \$1200 annual budget after the first year is expected to cover these updates.

WagerMe would be more of a value-driven business because as a free application, our customers will be paying through their time and usage of the application. This will lead to more revenue from advertisements, which is our primary source of income.

REVENUE STREAMS:

Our target customers will pay for the pleasures that betting amongst their peers provides. They are paying for this through their time and engagement in betting activity within the app. As well the customer is paying for an alternative to wagering real money as WagerMe offers a completely different currency, which makes it legal.

By using WagerMe the customer will build up WagerPoints as to redeem a prize at some point. These prizes will range from local gift shops to great eateries in the area. As well the customers are paying for the medium to make custom bets with their friends that this application provides. There are few, if any, fully functional peer-to-peer betting apps that work within the United States due to legal reasons which makes us stand out. We are affordable, and a differentiated product in this market.

We hope to involve a subscription method at some point to the user that will allow them to bypass ads, and pay a monthly fee to use our services and gain special rewards. At the moment the use of Ads will monetize the application for us. This basically means that time will be the most important method of payment from the user. The more ads they watch the more money they make.

In our survey we asked the user if they would like the app to be free. Most if not all stated that he or she would be more inclined to use the application if that was the case. We took this information, and came up with the idea of using ads to monetize the app rather than charging the customer before they even were to use it.

Our number one revenue stream to start out will be advertisements, because users will need to click them in order to receive more WagerPoints. Once we have enough sales and a larger customer base we will then offer a premium version that will cut into the money that is made through ad sales.