



ENTREPRENEURSHIP PARTICIPATING EVENT INDEPENDENT BUSINESS

MONTA VISTA HIGH SCHOOL DECA

MONTA VISTA HIGH SCHOOL

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Table of Contents

I. Executive Summary	1
II. Description and Analysis of Business Situation	2
A. Rationale and Market Research	2
B. Introduction	3
C. Self Analysis	3
D. Analysis of Business Opportunity	3
E. Proposed Organization	5
III. Proposed Marketing/Promotional Plan	5
A. Proposed Product or Service	5
B. Proposed Pricing Policy	7
C. Personal Promotion	7
D. Nonpersonal Promotion	7
E. Place	8
IV. Proposed Financing Plan	8
A. Projected Income/Cash Flow	8
B. Projected Three Year Plan	9
C. Capital and Repayment Plan	10
V. Bibliography	11
VI. Appendix	11

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I. Executive Summary

Mission Statement: To empower 21st century shoppers with a smartphone application which allows them to save their valuable time at retail stores by bypassing cash register lines

Problem: Retail stores today follow the 100 plus year old method of making their customers wait single file in lines at the cash register to check out their products. In the 21st century, the people simply do not want to waste their time like this with 40% of smartphone users leaving stores if the line is too long, 52% going to less populated stores, and 21% not even entering according to a survey taken by PRNewsWire® Online Publication in 2012. The people want a modern solution to this problem that requires minimal effort on their part but also saves them valuable.

Solution: NueTek™ has developed an application called Numia™, which allows users to scan and check out their items using their smartphone at a retail store thereby bypassing the long lines at checkout. This application will use the phone's camera to scan the barcodes of the item and then the user's stored credit card information to check it out. In addition, they can view store specials and redeem coupons directly through our application, which saves the store money on advertising their sales. For security modifications, GuardRFID® will sell an RFID security system to participating retail stores with tags to place on products, scanners for employees to verify carts, and security towers to reduce shoplifting and expedite checkout.

Market for Product: As of 2012, there are over 115.8 million people who own a smartphone and this amount is projected to grow to 192.4 million people by 2016 according to BusinessInsider.com. In a survey conducted by The Daily Business Review, 33% of smartphone owners already use their smartphones during the shopping process to look up prices and according to a survey done by AisleBuyer®, one of our competitors, another 60% said they would buy an application that could speed up the checkout process. The Global Retail Technology industry is worth about \$7 billion, and is projected to go to \$9.5 billion in 2015, with yearly growth of almost 6.5% and the mobile self-scanner market segment is expected to record 17% yearly growth to reach almost \$120 million in 2015, up from under \$55 million in 2010 according to MarketLine Research Group®.

Target Market: Our primary target customers will be big box retail stores with monthly revenues between \$500,000 and \$2,500,000 like Target®, Costco®, The Home Depot®, Fry's Electronics®, Best Buy®, and Lowe's®. These stores are losing customers in the shopping season because of the long lines and more customers are turning towards showrooming, which is view products in store to return home and buy them online, so retailers need a remedy. Our primary consumers will be tech savvy adults from the ages of 25 – 34 with incomes from \$50,000 – 100,000, who are always on the move and dislike time-consuming bottlenecks like waiting in line. Our secondary consumers will be business professionals from the ages of 34 – 50 with average incomes between \$50,000 – 100,000, whose time is money and whose work requires them to be available at almost all times of the day, so waiting in line to them is both unnecessary, annoying, and expensive.

Management:

CEO: Swapnil Thombre - 5+ Years in iPhone development, Cofounder of Zenith Apps, 4+ Years Business Classes

CFO: Prem Nair - Advisor to ICICI Bank and Wells Fargo, Accounting Major & Banking Minor from UPENN: Wharton

CMO: Sean Ellis - Founder of Qualaroo, Marketing Director for Dropbox, Lookout, Xobni, and Grockit (mobile startups)

CTO: Yesh Ramesh - Cofounder of ZenithApps, Coded Mobile Apps: EasyMath, CarbonPrint

Proposed Financials: NueTek will require **\$790,838** of initial investment to start up and cover cash flow deficits for the first year. Of this amount, **\$450,319** will come from the founder and his family, **\$340,519** will come from the Angel Investor, and **\$150,000** will come from a Kickstarter. We will reach our breakeven point 1.5 years after opening. By the end of year 2, NueTek will be reporting a profit of \$678,165 and by the end of year 3, we will be reporting a profit of \$3,522,429.

Exit Strategies and ROI: The investor will be given equity in our business worth 43%. In 7 years, we can exit through an Acquisition and be acquired by a company like Sage PLC. or Oracle Inc. for \$90,000,000 and the investor's return on investment will be \$38,700,000 or a 11,365% increase. Another exit strategy planned is a Sale where we can be outright sold to another entity for about \$70,000,000, which will give the investor a R.O.I. of \$30,100,000 or an 8939% increase.

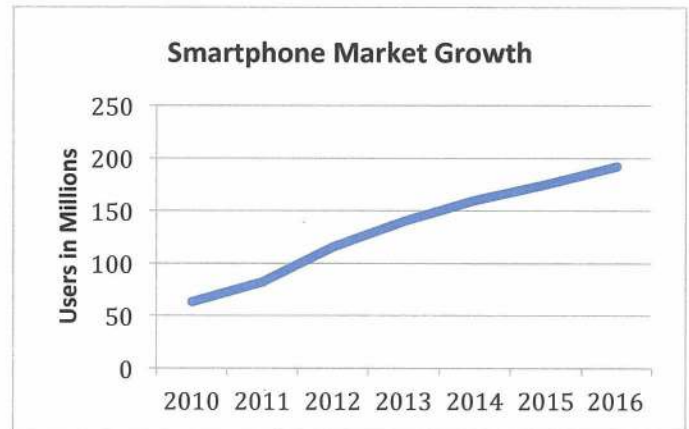
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II. Description and Analysis of Business Situation

A. Rationale and Marketing Research

Rationale: Busy shoppers and crowded retail stores both vehemently dislike one drawback of brick and mortar store shopping: waiting in line. For shoppers, waiting in line is the **second** most hated aspect of shopping (Retail Industry) and as a result, the retail store has become their secondary choice to shop at, losing out to online shopping outlets such as eBay.com and Amazon.com. In fact, in a survey of 1000 people conducted by AisleBuyer, a subsidiary of Intuit Inc. also in the mobile scanning industry, if people were made to wait in line for longer than 15 minutes, “63% said it showed bad customer service and a lack of respect for their time, 52% said they took their business elsewhere, and 48% said they assumed the business was not well run and was badly managed.” This is adversely affecting retailers both financially and in terms of public relations because nearly 70% of shoppers abandoned a purchase last holiday season (2012) due to long lines (15+ people) at an average cost of **\$109 per shopper** to the retailer according to a PRNewsWire Online Publication.

Marketing Research: The solution proposed would be a smartphone application which allows users to conduct the checkout process on their smartphone and skip the line altogether. This would be a viable solution as the mobile smartphone already has a presence in retail stores because over 33% of a 1000 people surveyed by Daily



Business Reviews reported to scan items at stores to learn more information about them and to read product reviews on a daily basis. This means that smartphones already have a presence in the retail store. In fact, in another research study conducted by AisleBuyer, **60% of smartphone owning shoppers would pay** for a smartphone application which would allow them to check out their items without waiting in line. Retail stores are also willing to invest time and funds in improving their store experience with our application because **50% of retailers** that currently do not own in-store mobile shopping applications plan to invest in 3rd party shopping applications in 2012 according to an annual report by Retail Touch Points, a retail industry market research firm.

B. Introduction

My proposed business is a startup called NueTek, which will be centered in the Silicon Valley. It will develop a mobile application called Numia, which will streamline the checkout process at retail stores by moving it to the customer's phone to do while they shop. This mobile application will be available to any user with a camera enabled iPhone, Windows 8 Phone, or Android Phone smartphone. At the store, they shop normally but instead of checking out at a cash register, they open our app and "scan" the barcodes of their products using the camera feature of the application. Then they go to the "cart" function of our application and purchase their products using preloaded credit card information (which can be done on the "settings" screen) and they purchase their products.

C. Self Analysis

I know I am well qualified to run this business successfully for a variety of reasons. First of all, I have taken several university level courses such as "Principles of Business", "Principles of Marketing", and "Money and Banking" so I understand the fundamentals of business. I also have been creating iPhone applications for the past 5 years and cofounded an iPhone programming business called Zenith Apps. Last year, Zenith Apps coded CarbonPrint, a smartphone application that automatically calculates your carbon footprint using your daily activities and offers suggestions for improvement. I have attended 4 AT&T Mobile Hackathons where the applications my team and I created placed 1st twice and 2nd the other two times. I am incredibly passionate about creating this business and for mobile development in general, and with my incredible perseverance and indomitable spirit, I fully believe I am capable of not only handling problems my startup will run into, but also turning these problems into opportunities to allow my business to thrive.

D. Analysis of Business Opportunity

Industry

There are over 115.8 million Americans owning a smartphone as of July 2012, which is **2X** the number of users in 2010 and this number is estimated to grow to **192.4** million users by 2016. In addition, more people are using their smartphone to shop with sales with shopping on smartphones reaching \$13.44 billion in 2012 and \$24.32 billion by 2016 according to Mcommerce®, an highly reputed E-Commerce research firm. This is most popular on busy days such as Black Friday when 25% of the \$1.3 billion spent (\$325 million) online came from smartphone users.