



Independent Business Plan

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I. Executive Summary

Description of Company Product

Fidutam & Co., or Fidutam, is a transactional security company that conveniently secures cardholder's information while allowing them to simultaneously make purchases through a virtual card without exposing their information. A virtual card is an online payment card that references a user's payment card or banking information and uses it to make purchases, acting as a proxy between the user's real information, and the virtual card's signature. For example, if a credit card holder sets up a virtual card using their credit card information, and spends \$52.65 at a store, they pay using a data token that inside, contains the original credit card information, which will be drawn from their bank account, but the merchant and all other parties in the transaction will only see the virtual card's credit card information. Fidutam's software leverages this technology, basing it on an advanced database called a blockchain, which connects each of the cardholder's transactions on the virtual card, allowing users to receive a full report of all transactions, including the date, time, and location, and making the virtual card more secure. After extended use of the virtual card, users can also receive cash backs on their purchases.

Fidutam's virtual cards are generated directly after users create an account and enter their credentials for a funding source; this can be a checking account, credit card, or debit card. After entering valid information, a virtual card will be generated for \$0.33. Users can continually generate multiple virtual cards on the same or different funding sources, and customize their virtual card's credit limits, appearance, and spending settings. The spending settings can be used to limit the card to only be compatible with a certain type of merchant category code or specific merchant, restricting spending to only certain types of purchases or certain stores. Fidutam's gamification system allows users to increase their virtual card spending limit, receive cashback, and write virtual checks. Each time money is sent or a transaction is made, the user's funding source information is stored inside of a token, or a random string of data that becomes useless after the transaction is completed, meaning that the card cannot be hacked.

Mission Statement

Fidutam seeks to turn payment cards and banking transactions back into an economic asset, and not a potential liability by providing a convenient, secure, and accessible payment method for all.

Problem Statement

Fidutam identifies three main problems:

- **The increasing rate of payment card hacks.**
- **The increasing amount of money lost by merchants and banks.**
- **Stability and continuance of the payment card hack industry.**

These problems affect both consumers and retailers, as that lost money often leads to lower salaries fewer jobs available to preserve profit. Identity theft also leads to many negative effects such as higher interest rates on mortgages and loans.

This issue is increasingly more prevalent as the digital shift towards payments increases. During the COVID-19 pandemic, where online payment frequencies increased by over 400%, there was a 600% increase in phishing scams, which was accompanied by a 400% increase in credit card hacks and identity theft, which left many families in financial troubles and decreased company revenues.

Customer Segmentation

The customer segmentation of Fidutam is composed of:

- Cardholders and bank account holders in the United States
 - **Military Personnel with payment cards**
 - **Young-age (18 - 25) cardholders or new cardholders**
 - **Elderly (65+) cardholders**

Fidutam's geographic target has the current highest rate of payment card hacks and most possible preventable cases of these hacks. Each of the demographics inside of the geographic has been calculated to have the highest benefit and high likelihood of using Fidutam's virtual cards.

Unique Value/Solution

Fidutam issues virtual cards as a payment proxy to conventional credit cards when making transactions online to shield consumers from transactional hacks, and allow them to change their card as they see fit. This creates a secure payment architecture for payment cards that doesn't compromise convenience or accessibility. Three primary features that differentiate Fidutam from any other currency payment card security methods are:

1. A purchasing model that does not link transactions to the cardholder's information, but still allows them to write virtual checks, make purchases online and make donations. In the rare instance that the virtual card is accessed by a hacker from a transaction, no purchases can be made on it.
2. Basing the virtual card on the blockchain has never been done before. This feature allows users to not only view full spending analytics but also create advanced purchasing restrictions to only certain types of merchants or specific retailers.
3. Fidutam's virtual card is currently the cheapest in the market, and its unique gamification system provides customer incentives to continue making purchases using its card, create more virtual cards, and receive cash-backs.

With its unique product in mind, Fidutam is pioneering a viable and safer payment system for cardholders.

Channels

The virtual card product will be offered on mobile app stores and online. Fidutam uses direct advertisements intended to reach the customers in its segmentation. The company website for Fidutam uses SEO to appear for its target customers, and allows for direct interaction with customers, as they can submit questions, concerns, and feedback regarding Fidutam's product. Fidutam has already been in talks with leading retailers and banks with high densities of its target market regarding the endorsement of its product with their customers and integrating its virtual card system with their online stores, which presents an additional channel for reaching customers. Fidutam's advisory board - angel investors to directors and C-Suite executives at Visa - has also been advantageous in broadening the reach of its channels and pursuit of endorsement-based partnerships.

Financial Overview

Fidutam operates on a transaction-based revenue model with two primary revenue streams. The first is an operational expense for each virtual card:

- A \$0.33 fee for each virtual card generated, and an additional \$0.66 paid per year (or two \$0.33 payments in a year) to renew the virtual card when the expiration date is reached.

The second revenue stream is through the Google marketing platform. Fidutam is using Google AdMob, a free marketing tool that pays \$1 per 1,000 views on an advertisement and offers strong SEO advantages.

The lifetime value from each customer using the projected minimum amount of virtual cards is calculated to be \$356.40. Fidutam's customer acquisition costs are \$12.99 per year taking into account advertising and website domain renewal.

The distribution costs are \$3,964, considering that Fidutam's system is virtual, minimizing distribution costs. However, its software, hosting, and app store deployment contribute to the overall costs of launching the virtual card product.

Currently, Fidutam does not have Human Resources costs. Though Fidutam does have advisors and teams being managed, it plans to operate on a vested equity scale, as opposed to direct payments. This guarantees that Fidutam portions stake in the company according to its output and minimizes the current costs of paying any employees or strategic hires.

Fidutam's startup costs are \$96,080.32. For the first year of operations, its average monthly operational costs are \$6,643.12, totaling an operational cost of \$79,717.44. For a detailed breakdown of each cost leading to the total, see section IX titled **Detailed Financials**.

After calculating with investment bankers, certified financial officers, and investors, Fidutam has concluded and audited a five-year projection plan that visualizes progressive company growth, securing over 23 endorsement partners in retails, 6 endorsement partners in banks, representing only 4.9% of compatible retailers and 5.7% of compatible banks in the U.S. alone. This forecasts over 14 million cardholders and bank account holders using Fidutam's virtual card purchasing method, and assuming the minimum value of 9 virtual cards per user, totals revenue of \$20.7 million during the fifth year of operation, solely from virtual card setup fees. This is a 98.47% profit margin.

Currently, Fidutam has received grant offers of over \$10,000 to complete costs and has also had two private investment offers for its product to cover the costs of implementation and set-up as a business.

Key Metrics

Fidutam's key performance indicators (KPI) are customer engagement based on renewals and continued virtual card usage, customer satisfaction based on user feedback, number of viable partnerships with banks and retailers, and annual revenue. These three KPI will be indicative of Fidutam's business progress, product attractiveness, and product efficiency to better inform decisions regarding pivots to increase consumer acceptance, and strengthen its product to optimize its use for target customers. Weighing each of these factors will help to quantify how well Fidutam is doing, and where areas of improvement can be made.

Competitive Advantage

Fidutam's unique value and company practices yield two competitive advantages:

1. The combination of tokenization and blockchain technologies for Fidutam's virtual card is proprietary and uses a custom blockchain protocol that is not the current standard, making it very difficult to replicate, Fidutam is currently patent searching and filing patents for its products and technological methods.
2. Fidutam exists in a market comprised of numerous independent companies, which lessens the probability of its product being bought. Also, company projections indicate that Fidutam is bound to scale rapidly, increasing predicted value and independence, and taking the market majority decreasing the likelihood of it being bought.

Management Summary

Fidutam was co-founded by Wisdom Ufondu and Okezue Bell. They share a dual partnership, where both have equal voting rights and equity stake starting at 50% each. This equity is diffused equally between both partners as it is vested for employees, strategic hires (for early employees), and investors.

Capital Investment

Fidutam is seeking \$811,000 in exchange for 15% of the company. The investment request gives Fidutam a valuation of \$5.406 million, which has been validated by the private investors that Fidutam has been offered for its pre-seed. The company valuation and calculated revenue indicate investors will receive a high-paying ROI and recuperation on their investment in five operational years or less.