Western Client: A Business Plan

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Western Client
A BUSINESS PLAN

Connor Makowski | April 24, 2015
Created in partnership with Austin Scott
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Executive Summary

Western Client was created to simplify electronic communications. We believe that we can challenge standard communication processes and revolutionize how smartphones disseminate media. We can help our users to foster better relationships and communicate more effectively. We are achieving this by streamlining user interfaces, compiling data, and minimizing unproductive intervals on electronic devices.

Western Client will offer an easy to navigate, well designed application that integrates information from many sources. We are currently focusing our efforts on designing an application for iOS and Android devices that provides universal inboxes. Every contact will have a dedicated universal inbox that will place all messages and social media from that contact into one location.
Business Description

Overview

Western Client is a business communications platform for smartphones devoted to organizing contacts, messages and social media.

Full Description

Western Client will primarily focus on the organizational aspect of a communications platform. It will locate and synchronize duplicate contacts as well as find possible matches within social media groups. In this way, Western Client will organize all of the data from one person into one contact.

Once contacts are synched, the platform will allow for efficient communication with each contact. All of the messages from that contact will show up in one time organized message feed. For example, John receives a Facebook message, an email, and then a text. With Western Client, they will all be in one convenient location.

The visual representation below highlights how information flows from a user’s contact to their new universal contact inbox. First, a user’s friend communicates with them through many different applications. Western Client pulls that information into the Western Client App. The information is then sorted and placed into one inbox from that friend.
This feed will have reply functionality with options to select any method of feedback communication. Going back to our example, John can type his reply and then select a Facebook message, an email, or a text to send back.

An example below shows a complete communication flow from a friend to our user and then back to that friend.

Western Client will offer similar group functionality. A user will be able to create groups and appropriate members to each group. Group members’ messages will show up in a single feed. This will be particularly useful when working with multiple people from another organization or division of a company.

A notes section will be attached to each contact. Memory joggers of previous conversations or notes on each person can be added. This allows users to add a more personal touch to the next interaction with that contact.

Other functionality will include similar social media feeds and quick social media searching. Once a user is viewing a contact, he/she can select the social media tab on that contact. This will show aggregated social media data from that one person. This, again, will be in one feed that is time organized.

**Services**

Western Client will offer two diversified services to maximize customer satisfaction while targeting different customer segments. These services will be separated into Western Client and Western Client Business. By separating these two we can offer a wider range of services to businesses while maintaining a cheaper alternative for individual customers.

**Western Client** will offer limited services that will be sufficient for the average user. These services will include duplicate contact syncing, social media syncing...
and a universal inbox from individual contacts. A notes section will be included for quick memory joggers on each contact. Group functionality will be included but limited to a specific number of groups.

**Western Client Business** will offer all of our services, technical support and company specific application development options. This will be more expensive to maintain and will be charged accordingly on a monthly basis.

**Justifying our Business**

Before we began spending large amounts of time and energy on our business we wanted to justify the need for it. We have since conducted customer discoveries in which we interviewed over 150 potential customers.

Our initial customer discovery was completed in the fall of 2014. Through just over 50 individual interviews, we were able to identify some pains and desires of smartphone users. We found that many people we interviewed struggled to keep messages organized and spent too much time switching between social media platforms. From these discoveries, we determined that there was a need for our product.

We began to develop a wire frame product that we could show to our customers. Once we had finished our initial user interface, we were able to conduct much more in depth customer discoveries. We began by leading interview questions toward known smartphone problems. After some questions and answers, we described our solution and asked for feedback. Following that, we showed a quick video of our application in use from which we gathered even more feedback. After just over 100 of these new discoveries, we were able to get a good feel for our customer desires. Customers wanted our product.

Through these processes, we were also able to further polish our application, verify previous customer assumptions and create a truly useable product. For more information on our customer discoveries, see our Customer Discovery report attachment. Do note that this only includes our 100 most recent discoveries.

**Financial Plan**

Western Client will not have a high overhead as a software producer. This will help us to generate large margins once our product is developed. We will only have to maintain and update our app regularly. Right now, Western Client is looking for an angel investor to get the application fully developed and support advertising
efforts. This will help to generate early cash flow and get the company going while Western Client fixes its early bugs. We suspect that revenue will not be high until we get a stable, useable product on the market. At that time we expect sales to increase significantly. For more Pro Forma information on revenues and expenses see the financial predictions section.

Company Validation

We have created our own website, WesternClient.com and have made business pages on social media sites. This has developed customer interest and customer feedback. Our target market shows significant interest in our product and is verifying current assumptions in our business model canvas. After listening to our customers, we created a basic concept design video that generated even more interest. Currently 71% of our customers (based on our new customer discovery survey) say they would use our product if it was currently available and 24% would consider using it.

Ownership

The initial ownership of this organization is to be split 50-50 between Connor Makowski and Austin Scott. Any equity sold by the company will result in proportional reductions from each initial equity owner’s value. As an example, selling 20% equity in the company to an investor would result in a 40-40-20 split.

Business and corporate level decisions are to be handled by the management team. Until IPO, Enterprise level decisions are to be made by an equity holder vote. Vote weight is determined by the amount of equity held. A majority equity vote will allow new enterprise level decisions to be enacted.

The ownership of this organizations will function as equity that will be passed down to the next of kin in the event of an untimely death. The new equity owner will lose voting rights unless otherwise agreed upon by the parties with voting rights.

Location

Western Client has roots in Kalamazoo, MI. Because of this, we plan on keeping our operations in Kalamazoo. Eventually we may have to expand operations. If this is the case, we would like to have our second office in another prominent city in the area. Grand Rapids is currently at the top of our list if we do set up a second location.
Our current location is in the Starting Gate office in downtown Kalamazoo. We will stay in this location until the end of July 2015. Starting in August, our company is planning on moving to a new location. The size and amenities provided at this location will vary depending on our initial application success.

In any circumstance, we will need a location that has an updated power system with surge protection. We will also need access to high speed internet of at least 100MBpS download speeds, 75MBpS upload speeds and lag times to other local servers under 20ms. We will also need to have certain networking privileges within our office building.

Management

Company management is to be separated into two categories. There will be an internal and an external management team. The internal management team will take care of the application development, human resource, finance, and other internal jobs. The external management team will maintain relationships with key partners, market Western Client products, develop a brand identity and take care of any other external jobs.

Connor Makowski is currently in charge of the internal management. He is working on application development, user interface design, financial predictions and many other internal business level functions. Connor will continue to fulfill these duties as the company progresses forward.

Austin Scott is currently in charge on external management. He is working on customer discoveries, developing a relationship with other application producers, marketing Western Client products and competing in startup business competitions. Austin will continue to fulfill these duties as the company progresses into the future.

Marketing Plan

Market Analysis

Moving into the iPhone and Android markets can be extremely difficult. We expect to have a 15% chance of being able to pay off all expenses in the first year (See the paragraph below download expectations for an explanation on this). This is followed by a 65% chance of doing so in the second year. We have determined
these numbers from statistics on smartphone application downloads for applications with similar funding to ours.

The chart below details our expectations of downloads for the first year of our application being on the market. We expect to have a 5% chance of achieving the number of downloads given by yellow line in any given month. As an example, there is a 5% chance that we have more than 40,000 downloads at the end of our 12\textsuperscript{th} month. Following this, there is a 65\% chance of at least achieving the number of downloads given by the grey line in any given month. Similarly, the orange line represents a 90\% chance and the blue line represents a 99.9\% chance.

Based on customer discoveries and payment expectations, we are 95\% certain that we will be able to pay off all expenses for the first year at or above the 16,000 download mark. Following the logarithmic pattern of our download expectation distribution, we would expect to achieve this 15\% of the time. Continuing into year two with these assumptions, we would expect a 65\% chance to achieve enough downloads to pay off all of our expenses.

**Competition**

Our competition consists of a few different mobile applications as well as a few computer based applications. Our closest competitor currently is Cloze. They are offering many of our services and will pose a threat if they decide to create a
universal inbox like ours. We would expect Cloze to move into our universal contact inbox market if we become successful.

A visual representation of the services our competitors offer is listed below. The green check mark represents a current ability to offer this product of service. The yellow circle represents a quick ability to fully enter into each serviceable market. A red X represents a lack of a service in a given service market. The competitors in order from top to bottom are: Cloze, Kontacts, Tracky, Nimble, and Snowball. Western Client is listed at the bottom of the table.

<table>
<thead>
<tr>
<th></th>
<th>Contact Aggregation</th>
<th>Social Integration</th>
<th>Universal Contact Inbox</th>
<th>Contact Groups</th>
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**Competitive Advantage**

Western Client allows all messages and social media from one contact to be in one place. All communications will be organized by contact and the time that they were received. No one else in the Android or iOS market currently offers this service. Western Client will hold a strong first mover advantage. As detailed in the competition sections, similar applications do exist out there. They, however, do not offer one organized universal inbox from each contact.

Our real competitive advantage will lie in the fact that we are addressing the root of the mobile communication problem. Our competitors are only lessening its effect. We will provide what others can’t; a long term solution.
Revenue

Primary Revenue
Our company will generate revenue through two processes. “Western Client” will operate on a freemium model while “Western Client Business” will operate on a subscription status. A freemium model offers applications for free with ads, but charges a fee to remove them. It is standard for many games and services already on iOS and Android.

We chose to do this due to significant data in customer discovery surveys. Many people in our “Individual” category were unwilling to pay a monthly fee and would rather pay a small one-time fee or simply have advertisements. In our “Business” category, we found that businesses were more willing to pay subscription statuses, but also demanded extra services.

This will allow the everyday man or woman to get a taste of our product but not provide enough to quench his/her thirst. For unlimited contact synching and expanded group abilities, a small fee will be charged to “Western Client” users. The subscription fee for “Western Client Business” users will create a consistent revenue stream and allow for continuous platform updates.

Supplemental Revenue
The free version of our app will have advertisements that will provide a supplemental stream of income. While this will not pull in large amounts of revenue, it will allow us to make money off of users that do not wish to pay for apps.

Pricing
Determining the price for “Western Client” has been quite difficult. Based on our customer discovery, we believe that price will not have a large effect on demand until around the $2 price point. We, however, believe that we can make the largest amount of revenue by charging $5 to remove ads on “Western Client”. We know that it is much easier to lower prices than it is to raise them. We are incorporating a little bit of wiggle room in our pricing to help ensure future profitability and revenue.

“Western Client Business” prices will be negotiated separately based on the number of business users, the features needed, and the expected support. We
don’t expect to make large corporate deals like these until we are more established as an app and as a communication servicer.

**Target Market**

Western Client can address the problems of most smartphone users around the world. Just in the US there are approximately 182,000,000 smartphone users with an estimated 350,000,000 mobile wireless subscriber connections (Statistia.com). These all fall within our total addressable domestic market. Western client customers are segmented into two basic categories and can be further separated into many sub categories. The two basic categories are Businesses and Individuals.

Our primary customer segment for the early stages of development fall in the individual category. This can be described as young adults and teenagers with smartphones that actively communicate with over seven people on a daily basis. In the US, there are approximately 65,000,000 people that fall into this category (i). This will be our initial target market as we release our early products. This customer segment is much more accepting of new technologies and will help our company to reach a tipping point into a much larger addressable market. Our customer discovery surveys shows that 95% of customers in this category would use Western Client if it was available.

(i) Using multiple statistics from Statista.com. Due to lack of data we used age breakdowns from the UK instead of the US.


**Customer Acquisition**

We plan on acquiring customers as naturally as possible. We are focusing on inbound marketing techniques like keeping our product sleek, up to date, and optimized. This will require continuous improvement. Even though this may cost us more in the beginning, the development costs will quickly pay themselves off as customers begin to love our product and brand.

We plan on paying for advertisements on the Google Play store and Apple App store. Through this, we also plan on completing a huge search engine optimization process. Search engine optimization has to do with the way that search engines
filter content to their users. We want to achieve high click through on different searches so each store’s search engines will naturally set us higher on search lists. This means that we can eventually stop sending advertising payments and still receive many new users from each store.
Future

Goals

Our overall goal is to become the new integrated communication standard for smartphone users. For now, our primary goal is to develop our application. We would like to get an alpha version released in June of 2014. This will allow us to begin marketing to businesses and individuals as we work out the kinks in our product.

Following our alpha test, we would like to release a reduced cost, fully functioning beta test that would generate our first source of income. This will allow us to polish up our app and eventually release a well-designed and bug free application.

Western Client is currently in a complete rebranding process. We are switching everything Western Client over to “Vlux”. The new name resonates much better with our target market. It also better describes our application functionality. Flux is defined as the process of continuous change or a flowing motion. Vlux will carry users through the continuous changes on their mobile devices and keep information feeds easy to understand. By mid-May, our goal is to switch our website, our social media pages, and our user interface completely over to Vlux.

Financial Predictions

Projecting financials for an application like ours can become quite difficult. With so many scenarios possible, we have included the most likely possibilities for our situation. In this section we will lay out our product development expenses, our marketing expenses and our expected revenues. We have significant and accurate data about our Expense predictions. We will, therefore, only include our most pertinent expense prediction.

Below is a graph of our development expense predictions for the first year of operations. We have determined these predictions by contacting other application developers, getting quotes to program our application, and from general statistical data on mobile application development. The red line represents the costs of each month. Notice that it starts out at our expected initial development cost. It then gradually decreases as we work out major and minor bugs over time. The orange line represents the total expected amount of money spent up to any given point.
See how the total expenses at the end of the first year total $15,000.

Our marketing expenses are to be spent throughout the year in a straight line fashion. We will be spending $1,250 per month on marketing expenses. Below you can see the graphical representation of our expenses.

Because we expect linearity between our download expectations and our expected income, our expected income will look fairly similar to our expected download graph. The Expected Income graph below details this. Once again, we expect to have a 5% chance of achieving the revenues given by yellow line in any given month. As an example, there is a 5% chance that we have more than $70,000 in
revenue at the end of our 12th month. Following this, there is a 65% chance of generating at least the revenue given by the grey line in any given month. Similarly, the orange line represents a 90% chance and the blue line represents a 99.9% chance.

To get a feel for revenues and expenses, the chart below details the total revenue and expense expectations with our given scenarios. The red line represents both the total development and marketing expenses up to any given time. The other lines represent the Expected Income chart. As a quick example, we have a 5% chance of being able to pay off all expenses in our 10th month.
Our Needs

We need to produce a minimum viable product to attract customer interest and generate early revenue streams. Other entrepreneurs in our field and some freelance programming quotes estimate that building our application will cost $4,000 - $6,000. This will be followed by other maintenance costs as outlined in our Financial Predictions section. The totals of these costs through our first year should total $15,000. We also expect to spend $15,000 in marketing expenses for generating new users and search engine optimization. Consequently, would like to get $30,000 from an investor strictly for product development and advertising.
Application Concept Design

Remember that we are rebranding our application to Vlux. See some screenshots of our current user interface below.
Western Client Team
Austin Scott & Connor Makowski

Connor Makowski (Co-Founder) - Connor is a senior at WMU studying Management and Actuarial Science. He has a background in computers, data analytics and advertising design. Connor also brings his networking abilities, programming knowledge and database management skills to the startup. After graduation, Connor will be attending MIT-Zaragoza for a Masters of Engineering in Logistics and Supply Chain Management.

Austin Scott (Co-Founder) - Austin is a junior at WMU studying Management and Marketing. He has worked with several different companies, and hundreds of clients. This has been through his taxidermy business (started at age 13), and his exterior contracting business. Austin has a background in the creation of successful businesses, generating clients, and selling products. Austin plans on graduating with a BBA in Management from Western Michigan University in the spring of 2016.

(See Attachments for team members’ Resumes)
Western Client Mentors

Dr. Bob Landeros (Management Department Chair) – Dr. Bob is the chair of the Management Department at WMU. He has been named a Who’s Who in American Education as well as Among Hispanic Americans. Dr. Bob has global experience and connections around the world. Dr. Bob's knowledge and connections will make him necessary a aspect of Western Client’s overall success.

Dr. Laurel Ofstein (Professor) – Laurel holds a Ph.D. in Business Administration with a focus in entrepreneurship from the University of Illinois at Chicago. She actively studies the innovation techniques of entrepreneurs, as well as their intentions and behaviors. Laurel works with students at WMU to develop them as leaders and successful entrepreneurs. Laurel's knowledge of starting a company makes her irreplaceable to Western Client.

Lara Hobson (Starting Gate Coordinator) – Lara Hobson is currently the coordinator and manager of Starting Gate. She actively works with startup businesses from all over Michigan on a daily basis. Lara owns a small business herself and has extensive experience in the entrepreneurial field. Lara also teaches management classes at WMU. Lara’s help and strong support of Western Client will be imperative as we move forward with this project.

Colin Scott (Programmer / Network Advisor) – Colin is Austin Scott’s older brother. Colin graduated from the University of Detroit Mercy in 2012 with a degree in Business and Computer Science. Since his graduation, Colin has worked with UDM as an Advising Recruiter and at Barracuda Networks as a Technical Support Engineer. Currently, Colin is working as a Technical Support Representative with AlienVault in California. His knowledge of technical support systems makes him highly sought after for developing and establishing a company.

Nick Ruff (Computer Engineer) – Nick graduated from the University of Michigan with a degree in Computer Science and Engineering. He currently works for Facebook in Seattle. His primary job function there is to develop the new mobile platforms for Facebook Messenger. Nick will be working with Western Client developers while they integrate Facebook Messenger into their code.
Other Attachments

Customer Discovery Results- Attachment 1
Austin Scott’s Resume- Attachment 2
Connor Makowski’s Resume- Attachment 3