



## **Business Plan**

Darren Gray and Nathan Bankhead

<b><u>Contents</u></b>	<b><u>Page Number</u></b>
<b>1.0 Executive Summary</b>	<b>1</b>
1.1 Objectives	2
1.2 Mission Statement	2
1.3 Keys to Success	2
<b>2.0 Company Summary</b>	<b>2</b>
2.1 Company Ownership	2
2.2 Start-up Summary	3
2.3 Company Locations and Facilities	3
<b>3.0 Products</b>	<b>3</b>
3.1 Product and Service Description	4
3.2 Competitive Comparison	4
3.3 Technology	4
3.4 Future Products and Services	5
<b>4.0 Market Analysis Summary</b>	<b>5</b>
4.1 Market Segmentation	5
4.2 Market Trends	5
4.3 Market Needs	6
4.4 Industry Analysis	6
4.5 Competitive Comparison	7
<b>5.0 Strategies and Implementation Summary</b>	<b>9</b>
5.1 Competitive Edge	9
5.2 Marketing Strategy	9
5.3 Sales Forecast	10
5.5 Milestones	11
<b>6.0 Web Plan Summary</b>	<b>12</b>
6.1 Website Marketing Strategy	12
<b>7.0 Legal and Regulatory Requirements</b>	<b>12</b>
<b>8.0 Financial Plan</b>	<b>16</b>
8.1 Important Assumptions	16
8.2 Projected Profit and Loss	17
8.3 Projected Cash Flow	19
<b>Appendix</b>	

## **1.0 Executive Summary**

Box Clever is a Community Interest Company with two founding partners based in Plymouth. The company designs, develops and markets educational iPhone and iPad apps for children, between the ages of 5-11. It is committed to producing high quality educational apps that encourage children to learn through fun and engaging ways, which they can really relate to.

Within recent years there has been a significant growth in the use of iPhones, iPads and iPods for educational purposes. People are seeing the educational benefits that these technologies offer for children. Although our apps will be designed for children, they will not be the paying customers. The most likely customers will be the parents. Our market research has shown that 92% of parents would consider purchasing educational apps for their children. Also, out of the parents that currently own educational apps, none said that they were ineffective. Our marketing strategy will be targeted to reach parents and convince them that there can be significant gains for their children in learning through our carefully designed apps. It's this marketing strategy that will establish Box Clever as an educational brand and enable us to approach primary schools with our products.

Box Clever aim to work closely with primary schools to provide them with a wide range of educational apps that offer new and exciting approaches to learning. Many schools are seeing the advantages that educational apps offer to their pupils and over the past few years are investing more and more in these technologies. Out of the few companies out there that offer similar products to Box Clever, none focus on distribution through primary schools. Box Clever aim to exploit this gap in the market to gain a competitive edge.

Box Clever will be operated by co-founders Darren Gray and Nathan Bankhead, who have both acquired the skills necessary to create, publish and market high quality educational apps. The two founders of Box Clever will each invest £1700 into the company, which will cover all start-up expenses and assets. Within the first year, Box Clever plans to establish itself as a strong brand in the educational app market and gain trust and loyalty from the local school network. This reputation forms the necessary basis for marketing and sales strategies in the subsequent years.

Based on the size of our market and our defined market area, research indicates a sales goal of £8225 and a net profit of £3562 in the first year. Growth estimates in years 2 and 3 are based on data from secondary and primary research on the industry.

## **1.1 Objectives**

The key objectives for Box Clever in the first year are as follows:

- Establish a connection with local primary schools. There are 101 primary schools within a ten mile radius of Plymouth; we aim to initiate a business relationship with at least 50%.
- Obtain app sales from over 1.5% of parents with children in local primary schools
- Reach the top 100 on the iTunes educational apps chart with our first app.
- Break even before the end of 2012.

## **1.2 Mission Statement**

The mission of Box Clever is to support primary school children to learn through fun and engaging ways which they can really relate to. We aim to provide a new variety of educational apps that give children a fun incentive to learn within game-like scenarios. With an active involvement from primary schools and parents, these apps are designed to be used regularly both inside and outside of school. Our ultimate goal is to shape a brighter future for children by helping them achieve their full potential within primary education.

## **1.3 Keys to Success**

- Developing methods of approaching subjects that help children learn in ways which are both fun and educational.
- Creating excellent word of mouth promotion of products that develop awareness of their benefits within schools and among parents.

## **2.0 Company Summary**

Box Clever are a new iPhone and iPad app development company that create, publish and market high quality educational apps for primary school children. As the company grows, we will look to work closely with primary schools to provide them with a wide range of educational apps that offer fun and engaging approaches to learning.

## **2.1 Company Ownership**

Box Clever is structured as a community interest company (CIC), founded, owned and operated by Darren Gray and Nathan Bankhead. As graduates of Plymouth University with a BA in Digital Art and Technology, we both have the skills required to create, publish and market high quality educational apps. We will both have similar roles within the company

surrounding the creation and distribution of our apps and we have no immediate plans to hire any additional personnel. This will only happen when the distribution of our apps into primary schools become more widespread.

## 2.2 Start-up Summary

To begin the business, Box Clever will require £1400. The majority of this will be spent on computer hardware with the purchase of an iPad and iPod Touch for testing purposes. We will also make an additional investment of £2000 to cover for any unexpected costs. Darren Gray and Nathan Bankhead will each make an equal investment of £1700. Details of these requirements can be found below.

<b>Start-up Expenses</b>	
Legal	£35
Insurance	£97
Stationary	£10
Web Hosting	£5
Domain Name	£10
iOS Developers Licence	£63
Office Space	£120
Formation Zone Start-up	£60
<b>Total Start-up Expenses</b>	<b>£400</b>
<b>Start-up Assets</b>	
Computer Hardware	£1000
<b>Total Start-up Assets</b>	<b>£1000</b>
<b>Total Start-up Costs</b>	<b>£1400</b>

## 2.3 Company Location and Facilities

We will use the Formation Zone at Plymouth University to provide the initial office space for Box Clever. This will be based in the Roland Levinsky building in the heart of the city and will provide us with the facilities we require to start our business. This includes internet, phone and wireless broadband connection along with a shared printer, scanner and copier.

## 3.0 Products

Box Clever create a new variety educational apps for the iPhone, iPad and iPod Touch. These apps are designed for children within primary education to offer a fun and exciting incentive

to learn. With an active involvement from primary schools and parents, they are also designed to be used regularly both inside and outside of the classroom.

### **3.1 Product Description**

As a start-up, we are currently in the process of developing our first app Rate My Break. Rate My Break is an app that teaches primary school children the importance of eating a healthy packed lunch. The app will work by allowing children to input exactly what was included in their own packed lunch and give them a day to day star rating based on this information. As well as providing children with useful tips on healthy eating and nutrition, it will also allow them to compete with their friends and therefore give them a fun incentive to eat a healthy packed lunch every day.

The app will be sold through the App Store on iTunes and will be available for the iPhone, iPad and iPod touch once purchased for £1.49. Customers will therefore need an iPhone, iPad or iPod Touch with either 3G or wireless internet access to download the app, as well as an iTunes account to actually access the App Store. There are no real manufacturing costs since this is a digital product, but there is obviously costs associated with the development of the app. Distribution would be handled through the iTunes App Store and Apple will receive a 30% cut of each sale on the App Store.

### **3.2 Competitive Comparison**

Our market research has shown that there is a difference in opinion as to how effective parents find children's educational apps. This is because many educational apps do not encourage regular use. By allowing children to compete with their friends, Rate My Break has the potential to be used day after day. This will be taken further when working with primary schools as they will encourage regular use of our apps outside of the classroom. It's this support from primary schools that will attract more attention to our apps opposed to your average educational app. While pricier than some of our competition, Rate My Break will have a competitive advantage in terms of quality. Our market research has also shown that the majority of parents are willing to £1.49 for an educational app.

### **3.3 Technology**

Technology will obviously play a large part in the success of Box Clever. We need Macs for design purposes and PCs for administrative and financial purposes. We also need to invest in an iOS developers licence. With this, we will be able to create and upload our finished product to the App Store, where Apple will then take over the digital distribution of the app.

### **3.4 Future Products**

Assuming the success of Rate My Break, Box Clever will go forth and create more educational apps for primary school children. We will continue to focus on distributing our apps through the App Store until the market for mobile devices like Android come into their own.

### **4.0 Market Analysis Summary**

Within recent years there has been a significant growth in the use of iPhone's, iPads and iPods for educational purposes. Schools and parents alike are seeing the educational benefits that these technologies offer for children. The market for Box Clever can be segmented into two main groups. The first is primary schools and the second is parents. Both segments are connected and will complement each other. Parents are our primary market and will account for the majority of our app sales.

#### **4.1 Market Segmentation**

Primary Schools - There are many educational apps available in the UK but none of the developers have directly targeted schools. We aim to take advantage of this niche in the market by working alongside primary schools throughout the UK. We have approached several primary schools in the Plymouth area and they have all been open to exploring the use of our educational apps.

Parents - Although our apps will be developed for children between the ages of 5 and 11, it will be the parents of these children who are most likely to purchase them. The average age of parents in the UK is incredibly diverse. We aim to target high and middle income parents as they will be more likely to have access to an iPhone, iPad or iPod Touch. They will also be more likely to purchase apps on a regular basis as they have more disposable income.

#### **4.2 Market Trends**

The potential of tablets and smartphones as educational tools has become extremely evident over the past few years. The technology that iPads and iPhone's offer has opened up a whole new market within education. We aim to use these technologies in the most effective way possible to create entertaining and educational apps, the newest form of edutainment.

The educational app market has been growing substantially over the past few years. Over 80% of the top selling paid apps in the education category target children. In 2009, around half (47%) of the top selling apps on the iTunes App Store directly targeted preschool and primary school children. This has since grown to 72%, which shows a considerable growth over a short

period of time. The percentage of apps for children has risen in every age category and has been accompanied by a decrease in apps for adults.

The number of primary schools investing in iPads and iPods as educational tools over the past years has increased and continues to increase. We aim to target this section of the market while it is relatively untouched.

### **4.3 Market Needs**

Currently there are no educational app development companies in the UK that work in conjunction with primary schools. Primary schools directly benefit from the success of their pupils. If their pupils perform better academically, the schools will rank higher on Ofsted tables and receive more government support. Box Clever will provide educational support, which will help pupils to improve academically. Parents are also starting to see educational apps as valuable tools for improving their children's education. Both these factors represent a clear need for more effective educational apps.

### **4.4 Industry Analysis**

In order for Box Clever to be successful in the app market, it's crucial that we understand how the industry works. By analysing industry statistics, we gain a better understanding of what is needed to succeed.

- There are more than 500,000 apps available on the App Store.
- Reaching the top 10 of the iTunes paid educational apps chart requires just 400-600 downloads a day. This is at least ten times easier to achieve than in the games chart.
- In the educational app market, there are more apps that cost higher than the usual £0.69 or £1.49. Parents are more likely to seek out better app for their children and are more willing to pay for quality.

As the educational app market is smaller than other app markets and allows for higher app prices, it is more likely that small app development companies like Box Clever can generate substantial profits.



#### 4.5 Competitive Comparison

Box Clever will have to compete with the thousands of other educational apps that are released each year. To be successful the biggest factor will be making it into the top 100 apps. There are two major competitors who offer a similar service and product to Box Clever. Both offer a substantial threat to new entrants such as ourselves, but we strongly believe that our USP will fill a gap in the market. These two competitors are outlined below.

<b>Company Name</b>	Tap to Learn
<b>Product/Service</b>	Educational apps for kids
<b>Price</b>	Vary from free to £1.49, but the majority of their apps are £0.69
<b>Availability</b>	All of their apps are available from the iTunes App Store
<b>Reputation</b>	The apps that have been reviewed on iTunes have received no less than 3.5 stars. Their most popular app (Grammar App) has been reviewed by 531 people and received 4 stars. As they are a fairly new business they are not very well known.
<b>Delivery</b>	Their apps can be downloaded to iPhones, iPads and iPod Touches
<b>Location</b>	London
<b>Special Offers</b>	None currently available
<b>After Sales Service</b>	Tap to Learn don't offer any specific after sales service other than a 'Question and Answer' page on their website.
<b>Strengths</b>	They are only a year old and have already released 9 apps. They are one of the only app development companies in the UK that purely focus on creating educational apps for children. They have a clear philosophy behind their business and believe that educational apps are most effective when they are simple, time effective and fun.
<b>Weaknesses</b>	Have released 9 apps over the past year and not received a lot of success. Poor marketing of their products with rarely used Twitter and Facebook accounts. Release of many apps in a short space of time has impacted on the quality and success of the apps.
<b>USP</b>	We firmly believe that the next wave of education is based on self-learning and being able to distil large amounts of educational content (books, notes, literature, videos) into simple to understand material that can be plugged directly into self-learning for individuals." Their USP is simplicity in self-learning apps.
<b>Promotion/Sales</b>	There is very little promotion of their products outside of their own website.

<b>Company Name</b>	Mindshapes
<b>Product/Service</b>	Educational apps for kid
<b>Price</b>	Vary from £1.49-£1.99
<b>Availability</b>	All of their apps are available from the iTunes App Store.
<b>Reputation</b>	They have a variety of apps that have received good reviews on the iTunes. Most have received 4.5 -5 stars and customers seem very pleased with their apps.
<b>Delivery</b>	Their apps can be downloaded to iPhones, iPads and iPod Touches.
<b>Location</b>	London, also have offices in San Francisco and New York
<b>Special Offers</b>	None currently available
<b>After Sales Service</b>	Mindshapes provide a 'help desk' section of their website which provides help for customers by listing frequently asked questions and an option to directly contact them via email.
<b>Strengths</b>	<p>Well-developed business with a strong and experienced team.</p> <p>All of their apps use great illustrations and have clear, modern designs.</p> <p>Started trading in late 2010 and have released 9 apps which have all been well received.</p> <p>Partnered with three charities: Booktrust, Milk+Bookies and the National Literacy Trust.</p> <p>Well-founded team of advisors specialising in education, including Professor Paul Harris at the Harvard Graduate School.</p> <p>Strong financial backing after securing \$5 million (£3.1 million) of Series A funding in November 2011 from the company's five founders and unnamed angel investors.</p>
<b>Weaknesses</b>	Their USP is reliant on the market staying unchanged and no new entrants offering a similar service.
<b>USP</b>	Their USP lies in the high quality of the educational aspect behind their apps. Due to their close work with their partners, development psychologists and affiliate schools they ensure that their apps reflect how children learn. No other UK based educational app development company follows the same precise development process.
<b>Promotion/Sales</b>	They have been well publicised through articles that have been written by large press companies such as The Guardian. This has boosted the promotion of their apps and subsequently their sales.

## **5.0 Strategy and Implementation Summary**

Box Clever will leverage our competitive edge of combining education and entertainment within our apps to quickly gain market share. All of our competitors' products appear to concentrate on skill development. While this is useful, it does not always motivate children to learn. Box Clever have added entertaining elements into our apps to encourage children to use them and have fun while they learn.

Our marketing strategy will be to raise visibility of the products we create among the decision makers who are in charge of purchasing them. These decision makers are most likely to be parents of primary school children. The campaign will be targeted to reach these people and convince them that there can be significant gains for their children in learning through our carefully designed apps. It's this marketing strategy that will establish Box Clever as an educational brand and enable us to approach primary schools with our products.

### **5.1 Competitive Edge**

There are many app development companies in the UK but there are few that focus purely on creating educational apps. Out of the few companies that do, none of them target a focused age range or work directly with schools. Box Clever aim to fill this gap in the market and offer a completely unique service. Our unique selling point is that we are the only app development company in the UK that create educational apps which can be used in direct partnership with primary schools. We aim to design these apps specifically for children between the ages of 5-11.

Previous analyses of children's digital media have identified a lack of standards around marketing products as educational. This makes it difficult for parents to decide if a product actually lives up to their claims. By working in closely with primary schools, Box Clever will represent a brand that has a clear association with the educational institution and will eliminate and doubts that customers may have when purchasing our apps. Regular use within primary schools will therefore encourage sales year after year as new students are introduced into primary education. This is a major advantage we will have over our competitors.

### **5.2 Marketing Strategy**

We will initially launch our first educational app, Rate My Break, along with a marketing campaign that uses various channels of online marketing. We will initially focus on social media and word of mouth for the vast majority of our marketing using platforms such as Twitter and Facebook. These platforms are widely used by the customers in our demographic market and we will make regular announcements via tweets and updates to our fan page on Facebook. We will also promote our products through video trailers on YouTube to show

demos of our apps. These videos will be uploaded to YouTube as soon as a demo is available in order to create early interest.

Online forums, blogs and app review websites will be another source of promotion for Box Clever. This will include the use of Mumsnet for example which is Britain's busiest discussion forum for parents. Our apps will also be sent to be reviewed by mobile game review websites before the initial release to again generate an early interest. One advantage we have is that Nathan Bankhead's brother is the manager of the Appstrom Network. Appstorm is a network that reviews apps for the iPhone and iPad and will provide the perfect place to showcase our products to thousands.

The aim of the first year is to establish Box Clever as a strong brand in the educational app market and to also gain trust and loyalty from the local school network. We plan to release one app in the first year and continue to release another two apps every year after this. Promotion of a new product will begin when sales off the previous app released start to die down. The marketing strategy will be designed so that parents and primary schools are always anticipating the release of a new product from Box Clever.

### **5.3 Sales Forecast**

The sales forecast has been based on both primary and secondary research. There are three main factors that the figures are based on. These factors are online marketing sales, sales from school pupils and sales from Appstorm visitors.

We have predicted that from the launch of each app there will be a steady growth of sales every month from online marketing. This growth is due to us slowly establishing a strong, trustworthy brand in the educational app market.

We have used statistics from [direct.gov.uk](http://direct.gov.uk) to find out how many primary school pupils there are in the Plymouth area. There are 101 primary schools within a ten mile radius of Plymouth with a total of 23,400 pupils. In the first year we predict to secure sales from a percentage of these pupils parents every month. In following years this percentage rises as we approach more schools with our products.

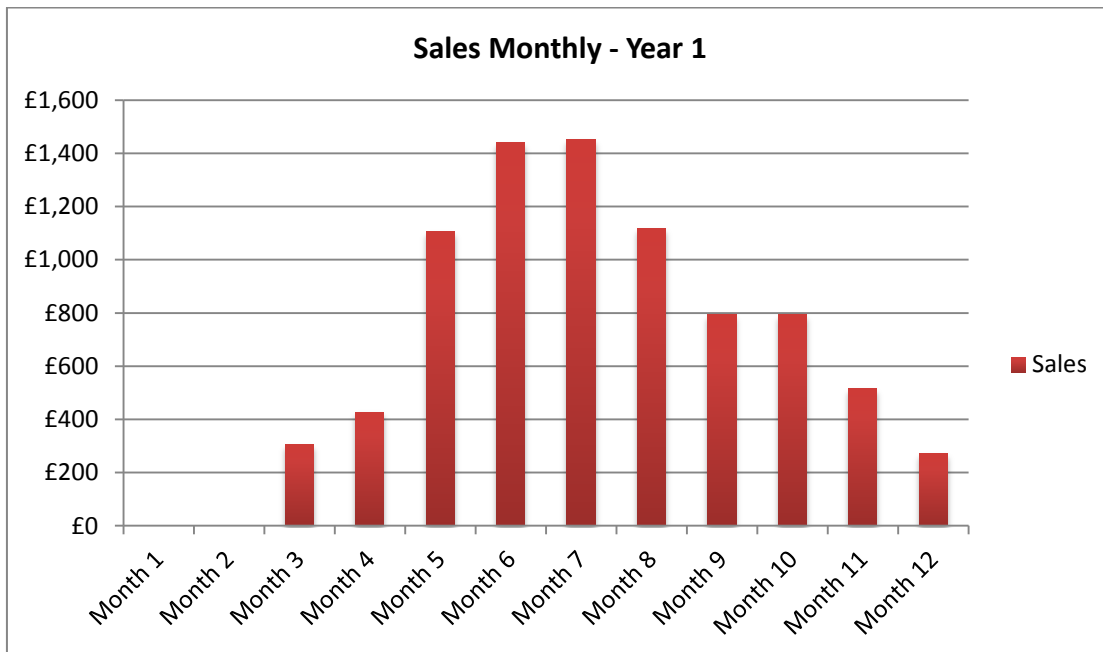
Year 1 - 1.5% every month

Year 2 - 3% every month

Year 3 - 4% every month

We have used web stats to predict sales through Appstorm following reviews of our apps. Every month in the UK, Appstorm iPad and Appstorm iPhone receive 64100 visitors. We predict that we will achieve a percentage of sales directly from Appstorm visitors. Sales will

vary depending on how recent app reviews were published but we initially predict sales from 2% of visitors. This decreases in subsequent months.



#### 5.4 Milestones

Several milestones have been set to help the development of Box Clever:

Milestone	Start Date	End Date	Budget
Launch of the Box Clever website.	01/09/2012	01/09/2012	£15
Begin online promotion of the company and the first app.	01/09/2012	01/11/2012	£0
Public release of the first app.	01/11/2012	01/11/2012	£0
Start to approach primary schools with the first app.	01/11/2012	01/05/2013	£200
Start to become a profitable business	01/01/2013	N/A	N/A
Begin development of the second app.	01/04/2013	01/11/2013	£0

## 6.0 Web Summary

The Box Clever website will be another part of our online marketing plan. The website will be used to advertise our products and promote sales to any potential customers. The website will also provide people with company contact information to allow them to ask any questions that they may have.

### 6.1 Website Marketing Strategy

The website will be marketed using simple yet effective means. The first method is the inclusion of the website address in all promotional material such as business cards and letterheads. A link will also be available on the iTunes App Store when people come to purchase our apps. The second method will come through the submission of the website to all of the major search engines. This submission process will provide Box Clever with many visitors to the website.

## 7.0 Legal and Regulatory Requirements

### Legal Requirements

Box Clever will be registered as a community interest company. In order to register as a CIC you must take on the form of a limited company. There are two options to choose from; either be a company limited by shares (CLS) or a company limited by guarantee (CLG).

**Company limited by shares (CLS)** - shareholders each hold shares in the company. Their liability is limited to the amount unpaid on shares they hold. A public limited company differs from a CLS in that its shares can be sold to the general public.

**Company limited by guarantee (CLG)** - each of the members gives a guarantee for a certain sum that will be put towards the company's finances if the company is wound up. A CLG cannot raise finance by issuing shares, nor pay dividends to its members.

The chosen option for Box Clever is a company limited by shares. The main reason for this is because we intend to run Box Clever like a business, but with social enterprise aims and an intention to contribute to the community out of our earnings. As the majority of our income will be generated from the sale of goods, it's this 'limited by shares' format that best suits Box Clever. The 'limited by guarantee' is the preferred option for a non-profit organisation that receives the majority of their income through official funding bodies.

## Registering with Companies House

Like all other limited companies, Box Clever must register and file annual returns at Companies House. In order to do this we must first submit an application to form a community interest company. This includes a community interest statement describing our social purpose, which will first have to be approved by the CIC Regulator according to whether it passes the community interest test. This test will determine whether the business activities that our company intend to undertake will benefit the community.

## Rules of being a CIC

When operating as a CIC, there are certain rules that we will legally have to abide by.

- We must have an asset lock, which means that the company cannot generally transfer its profit or assets for less than their full market value except as permitted by regulation. This also protects any remaining assets for the community if we dissolve Box Clever.
- As a company limited by shares we have the option of issuing shares that pay a capped dividend to investors. The cap is set by the CIC Regulator in order to protect the asset lock.
- Every year, together with our annual accounts we are required to present an annual community interest company report for public record. This must show what Box Clever has done during the year to pursue its pre-specified community interest aims.

## Tax Matters

The tax implications placed on a CIC are no different to any other limited company. We will have to pay corporation tax on our income and profits as well as operating a PAYE (Pay As You Earn) system to collect and pay income tax and National Insurance contributions for any future employees and for the two current directors. When Box Clever registers with Companies House as a CIC they will pass on the details to HM Revenue & Customs (HMRC). We have the responsibility to contact our local HMRC office to let them know that our company exists; otherwise we could encounter a penalty. Like any other limited company Box Clever will have to complete a Company Tax Return every year, supply our company's statutory accounts and any necessary Corporation Tax computations. As well as completing an annual return and a signed set of accounts to Companies House.

## Record Keeping Requirements

Legally we are required to keep record of a variety of aspects of our business. This is a useful process anyway because it allows us to keep track of important statistics about our business. We will keep a record of sales and takings, which will include:

- Sales invoices
- Bank statements
- Paying-in slips
- Accounting records

This will allow us to get a better grasp of what we as a company are owed and to calculate our total income. We will also keep a record of purchases and expenses, which will include:

- Receipts
- Purchase invoices
- Bank and credit card statements
- Cheque book stubs

This will allow us to see where all our money is going, how much we owe and what we can potentially claim for tax purposes. Having records of sales, takings, purchases and expenses allows us to calculate the businesses net and gross profit. It also gives us a better understanding of the financial state of the company and how it can be improved.

As a limited CIC we are required to keep a record of:

- Articles of association
- Dividend allocations and payments
- Details of company share ownership

In addition we aim to also keep a record of the following:

- Register of members
- Register of directors
- Directors' service contracts
- Directors' indemnities
- Register of secretaries
- Records of resolutions and minutes of general meetings
- Contracts or memoranda relating to purchase of own shares
- Documents relating to redemption or purchase of own shares out of capital
- Register of debenture holders
- Instruments creating charges and a register of charges

There are currently no employees apart from the two directors. By law we are required to keep the following records in regard to future employees and ourselves:

- Payments taken
- Deductions from our wages of income tax, national insurance contributions (NICs) and student loan payments



- Details of our benefits and expenses
- All records of statutory payments (including sick pay and maternity pay)

These records will allow us to calculate exactly the right amount of PAYE and NICs that we need to pay. We will keep all of the records mentioned in the section above available for inspection.

### Directors Legal Requirements and Responsibilities

There are a few legal requirements and responsibilities we must keep in mind whilst creating our iPhone and iPad apps. Firstly, as we are developing apps for the iTunes app store we must acquire an iOS developer's license, which costs £63 per year. We must make sure we are not infringing any copyright laws within the apps themselves as well as throughout the advertising and marketing campaigns. We must also bear in mind Data Privacy and the 1998 Data Protection Act. The UK has strict governing on how personal data is managed and as we are creating products designed for children we must be very careful in ensuring that any data we collect from our products is kept private. Also because we will be promoting our products to children in primary schools we are both required to have CRB (Criminal Record Bureau) checks.

### Finalising Legalities

As well as registering as a CIC, keeping necessary records and adhering to legal requirements, there are a few other things that we will need to do to put Box Clever on a proper legal footing:

- Display 'Box Clever' on our registered office and all appropriate materials like stationary, letters, invoices, receipts, cheques and website
- Detail Box Clever's place of registration, registered number and registered office address on all business materials
- Include both company directors' names on all letters

Only when we receive our certificate of incorporation from the Registrar of Companies will Box Clever be legally recognized as a company.

### Necessary Insurance

There is a minimum level of insurance required by law but it wouldn't be wise to cut back on necessary insurance. Box Clever does not require a huge amount of insurance because we have very few business resources. We have no employees other than the two directors, no stock, as all our products are digital and very little business equipment. Also, our business

premises will be rented from 'Formation Zone', which is owned and covered by the University of Plymouth.

However the insurance that we will need includes:

- Professional indemnity insurance - Because we sell apps to children, which will include educational advice. If the advice were found to be incorrect then we would need to be covered from claims from clients.
- Business equipment insurance - This is necessary because we will have company computers, which we will use to develop and store our apps. Along with back up hard-drives to make sure we have a backup of all our work.
- Business interruption insurance - This will insure us in case of any disruptions to our business that directly causes loss of income. For example, broken equipment stopping us from working.
- Key person insurance - This will protect us against the loss of income resulting from the disability or death of a person in a key position.

If we cover all of the above stages in this chapter then we will have a fully covered and legally legitimate company that will be ready to begin trading.

## **8.0 Financial Plan**

Box Clever is a business that is financially simple. Our start-up costs and monthly expenses are very low. This allows us to break even and become a profitable business early in the first year. Our projected sales are based on data that we have obtained from primary and secondary research. If we secure sales from a small percentage of local parents on a monthly basis we should become profitable.

### **8.1 Important Assumptions**

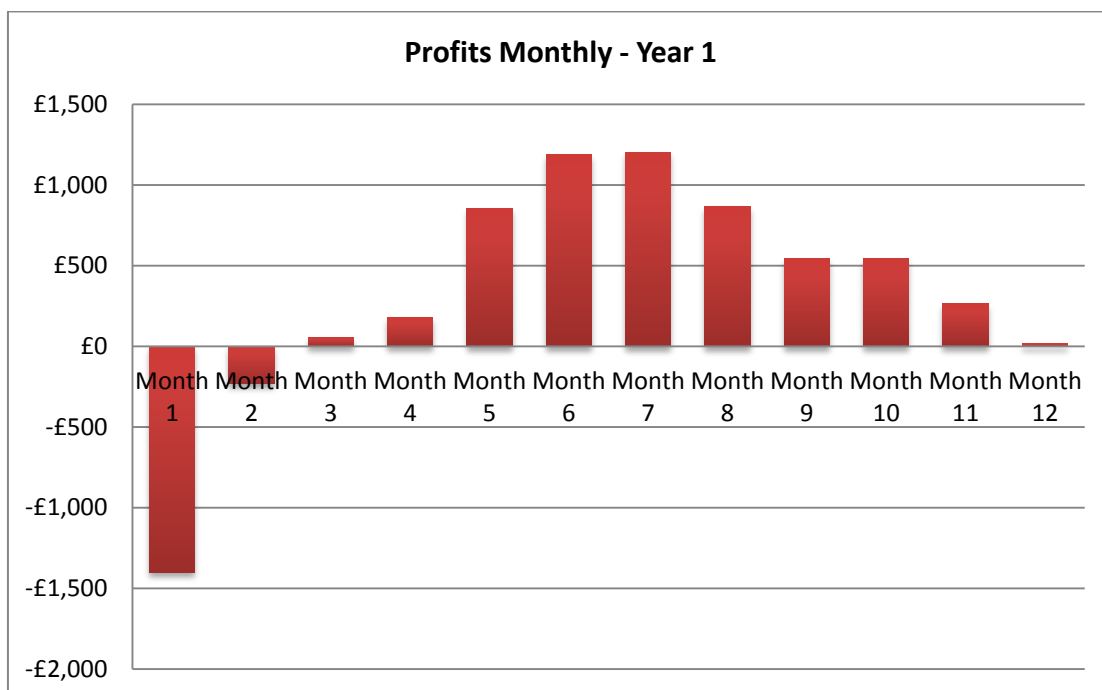
In order to predict sales and projected profits and losses, we have made the following important assumptions:

1. We have assumed that there will be continued growth in the number of iPad and iPhone users.
2. We have assumed that the educational app market will continue to grow in popularity.
3. We assume that schools continue to invest in iPads and iPods for educational purposes.

## 8.2 Projected Profit and Loss

In the first year, we predict that Box Clever will make a loss in the first two months as this time will be spent developing our first app Rate My Break. It's following the release of Rate My Break in November that we will start to make a profit. The initial profit is based around the sales from online marketing and from parents with children who go to local primary schools.

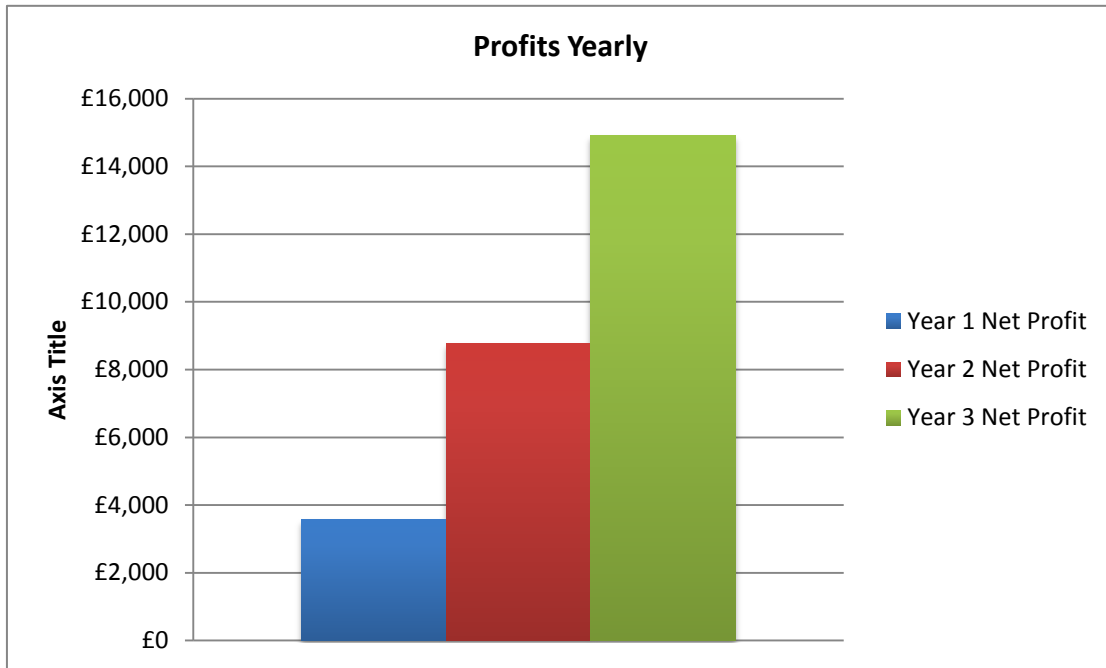
In January we plan for Rate My Break to be reviewed on the Appstorm network which will have a direct impact on our sales. In the following months profits will gradually increase from the publicity gained through Appstorm. Our profits will peak in March and then begin to decrease as publicity of the app will begin to die down.



In the second year, Box Clever aim to release two more apps. We project that in the first few months will be spent making a small loss, this is mainly because our second app would not have been released. In November we will launch our second app and aim for it to be reviewed that month. Profits will peak in December before publicity of the app drops and we begin developing our third app. We plan on releasing our third app half way through the year, adopting the same model as the first two. Again, profits will increase as we become more established in the school network and our online marketing sales continue to grow. The aim of the second year is to make Box Clever profitable enough for us to take salaries.

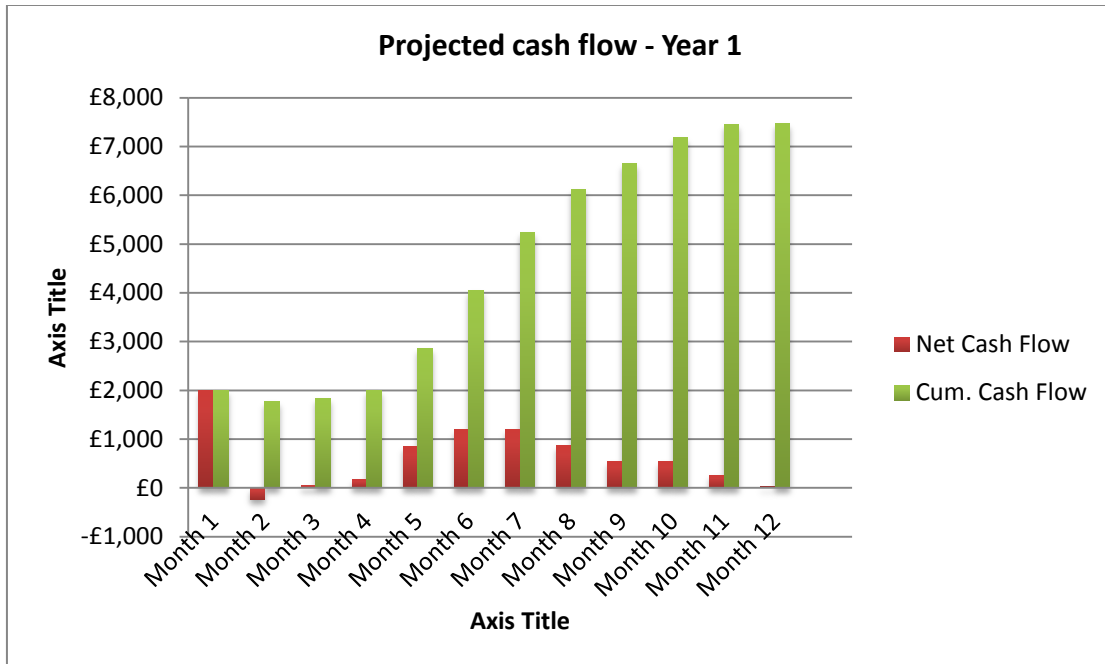
In the third year, we predict that Box Clever will start the year in profit due to sales from the three previous apps. We aim to release a further two apps using the same model as the first three. Develop and market them in two months before official release and promotion through

schools. We predict that sales will peak in December and June, following the months of online reviews. The aim of the third year is to grow profits by widening the school network in which we promote through and by expanding our products list.



### 8.3 Projected Cash Flow

The first year will be the hardest financially as we will initially incur a loss from the considerable start-up costs. To compensate for this loss we intend to make a small investing shortly after we begin business. After this, payments become more controlled and consistent as sales increase. This improves our cash flow.



In year two, payments increase as we start taking a salary. We also have increased travel costs as the network of schools that we promote our products through will continue to grow. Sales will peak twice with the release two apps in the second year. Cash flow stays consistent as the sales keep Box Clever profitable. Our third year follows the same trend as our second year with two peaks in sales. Our payments stay consistent and we continue to grow our sales, which keeps our cash flow stable.



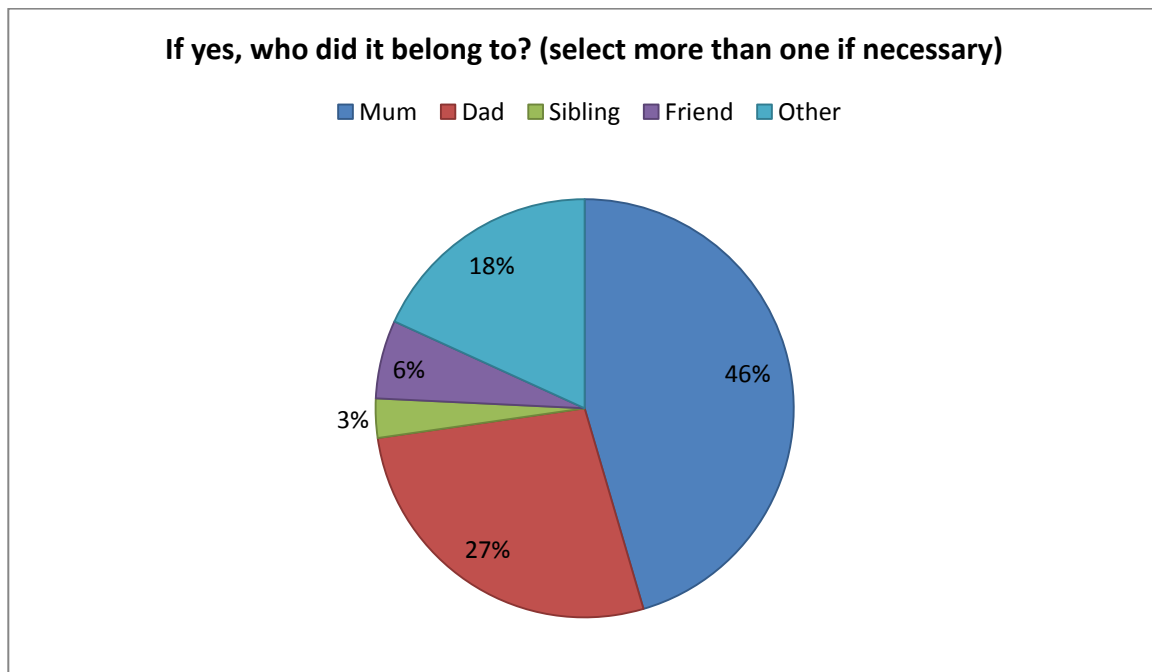
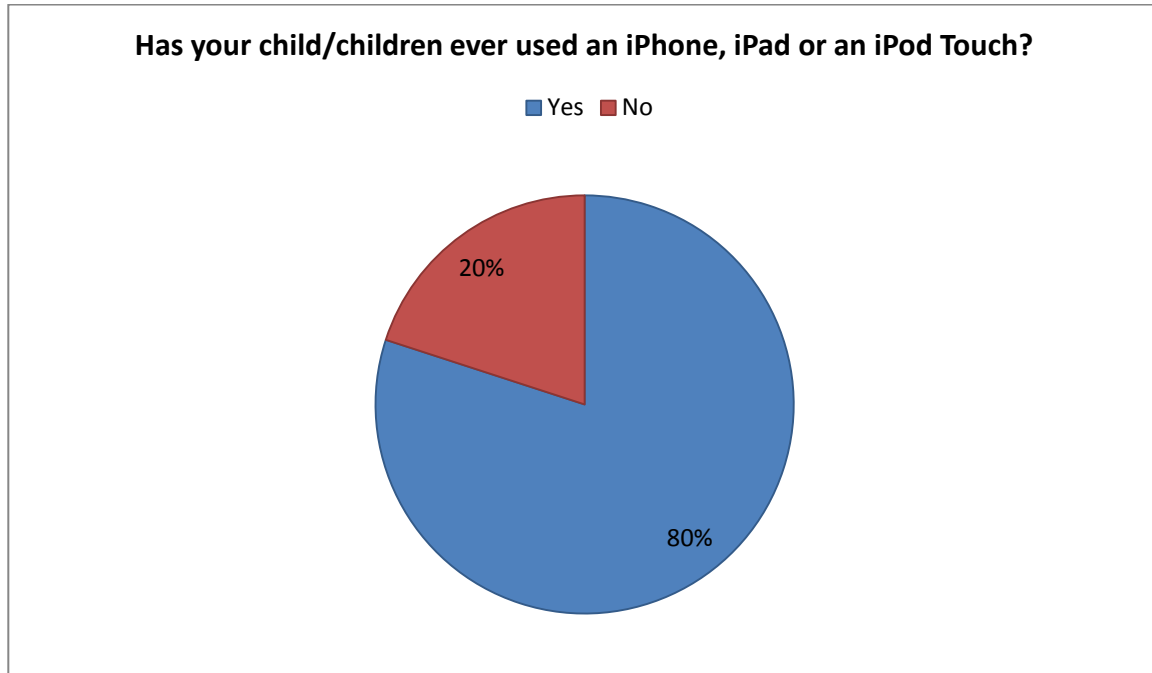






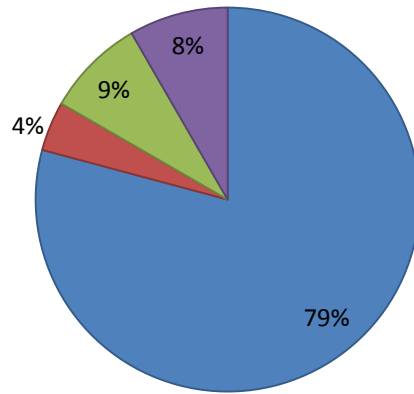
## Market Research Analysis

Below are the results of an online questionnaire we created for parents of primary school children. After setting up a thread on Mumsnet, we managed to achieve our target of getting 100 responses. As well as helping us understand our customers, it has also provided evidence to suggest that there is a need for a company like Box Clever.



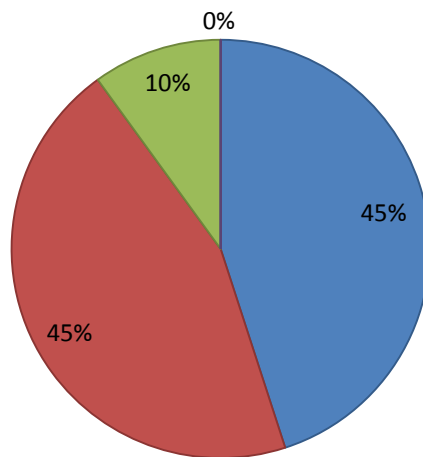
**Where do your children most frequently use them? (select more than one if necessary)**

■ Home ■ School ■ Friend's house ■ Relatives house



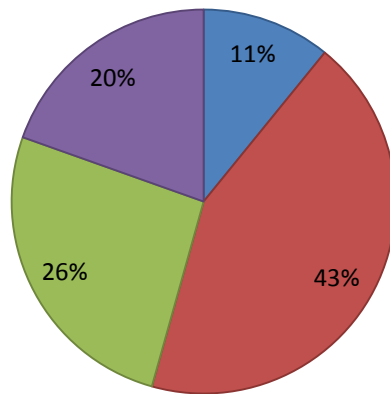
**How often do your children use them?**

■ Everyday ■ Once or twice a week ■ Sometimes ■ Never



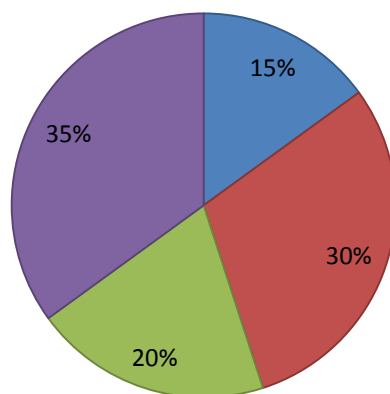
**Out of the options below, what do your children use them for?  
(select more than one if necessary)**

■ Social ■ Games ■ Education ■ Music



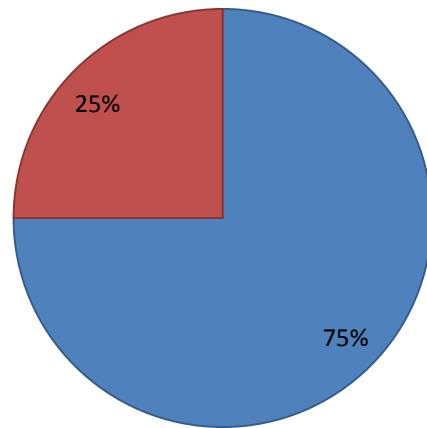
**How frequently do you interact with your children on an iPhone,  
iPad or iPod?**

■ Everyday ■ Once or twice a week ■ Sometimes ■ Never



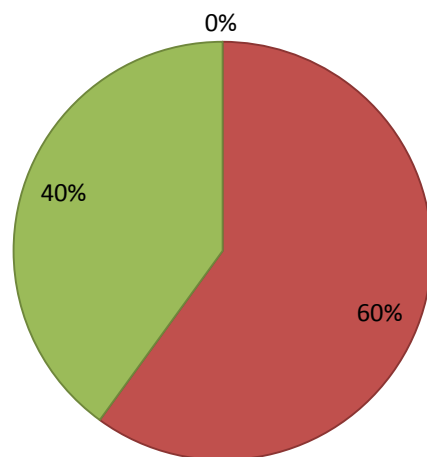
### Have you ever purchased educational apps for your children?

■ Yes ■ No



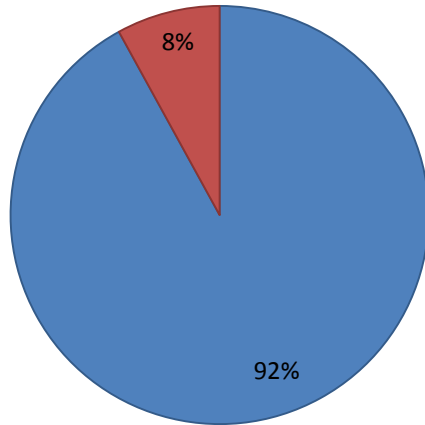
### If yes, how effective have you found them?

■ Not effective ■ Neither effective or ineffective ■ Very effective



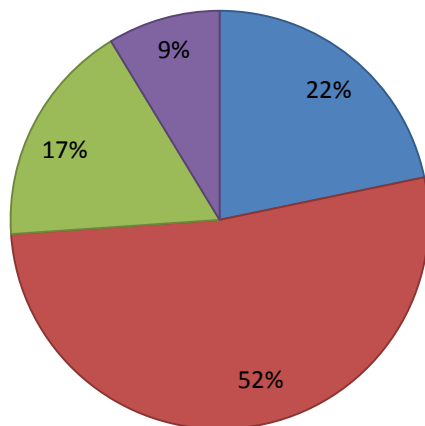
**Would you consider purchasing educational apps for your children?**

■ Yes ■ No



**How much would you be willing to pay for an educational app?**

■ £0.69 ■ £1.49 ■ £2.99 ■ £4.99



Branding Material



Rate My Break



**COMING SOON !  
TO THE APP STORE**



## SWOT Analysis

