

# Business Plan



Presents



P.O. Box 1074

Culpeper, VA 22701

Phone: 703-555-6000

Fax: 703-555-7000

TechNav.com

Team 8

Christian Empeno

Timothy Hughes

Mitchell Ly

Taylor Mattison

Steven Roberts

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## **Executive Summary**

When travelling with a group, have you ever gotten separated by making a wrong turn at the traffic light, missing a turn on the biking or hiking trail, lagging behind the team going to the away game, or going down the ski slopes? If you answered yes to any of these questions, TechNav has the solution for you.

TechNav is an innovative company that will take the hassle out of travelling as a group. RoadTrip, our state-of-the-art product, can solve all these travelling issues with an easy-to-use app for your Android smartphone device. With RoadTrip, you can set up a travelling group, view the location of each party member on a map simultaneously, easily contact the entire party, use GPS navigation, and enjoy travelling together. It is the next generation of GPS technology. This app appeals to a wide range of people, especially with the popularity of smartphones skyrocketing. Our target audience includes drivers, hikers, bikers, skiers, sport teams, teenagers, and adults – just about anyone with an Android device.

There will be three versions of RoadTrip: a trial, standard, and premium version. The trial is completely free and allows users to try the app for seven days. The standard version contains fewer ads and more features than the trial version for a one-time cost of \$4.99. Users can upgrade their standard version to premium with an in-app purchase. This provides even more features without any ads. The payment changes from a one-time payment to a monthly fee of \$1.49. The different levels of the app appeal to a wide range of smartphone users.

We plan to structure TechNav as a limited liability corporation. Rather than working in a traditional office environment, TechNav employees will work from home in a virtual office environment. This keeps the start-up costs extremely low and maximizes profit. Initially, there will be only four staff members to run TechNav, but more may be added as the company grows.

The future of TechNav is very bright. There are over a hundred million Android users in our market, and it is growing rapidly. In three years, TechNav plans to create a version of RoadTrip for the Apple App Store which will significantly increase profit and the number of users. TechNav has also considered working with the military to create a specialized application. Convoys of military vehicles need to stay together and know where everyone is at all times. RoadTrip is the perfect solution to this problem. Finally, this technology can also be integrated directly into cars similar to the Sync and On-Star systems found in many Ford and GM cars.

TechNav will need approximately \$300,000 to start the business. The money will cover start up costs, such as office equipment, licensing, patents, and four months' salary for the staff. We will also use the money to advertise online and at special events. In return, we are offering 35 percent of the company to investors. We anticipate that the return on investment will be 100 percent just before the second year and 270 percent by year five.

## **General Company Description**

Our business, TechNav, LLC (TechNav) is a one-of-a-kind navigation/communication business. TechNav's navigation application, RoadTrip, will allow users to plan a trip with ease, see the location of all members of the group, contact all members with a touch of a single button, change plans, and never get lost or separated from their friends or family again.

**Mission Statement:** TechNav's mission is to supply our customers with an easier way to coordinate group trips and communicate with group members. We will provide our clientele with the most efficient/effective navigation, communication, and area searching tools on the market today.

**Company Goals and Objectives:** TechNav will have the number one navigation/planning tool in the nation. In the future, we will expand our product line with more variations, capabilities, and features as well as expand its customer base with more client-specific products.

TechNav's objectives include the following:

- Develop useful and easy-to-use solutions to navigation problems.
- Gain customer support for RoadTrip – TechNav's flag-ship product.
- Create an effective advertising/marketing campaign that will make TechNav a household name and educate customers on the capabilities and uses of TechNav's products.
- Have a financial plan that suits the company's needs now and in the future.

**Business Philosophy:** Customer satisfaction is of key importance to TechNav. TechNav provides products in an environment that is guided by many diverse and ever-changing technologies, and we as a business will constantly adapt and integrate these technologies into our products.

**Legal Form of Ownership:** TechNav will be a limited liability corporation incorporated in the state of Virginia. The company has chosen to become a limited liability corporation due to the flexibility of an LLC structure. We feel that the limited liability and "partnership feel" of an LLC will create a better working environment for all who are involved.

## Products and Services

TechNav's flag-ship product is RoadTrip, a navigation and communication application (app) that will be developed initially using the Android platform. RoadTrip will allow users to log-on and create groups, track all group members using GPS mapping, call each member of the group, and keep everyone together.

**Groups** - RoadTrip will allow a user to securely log-on, create a group, add members to that group, send invitations to join a group, save the groups for future use, pass leadership of that group to another member in that group, and allow individuals to be members of more than one group.

Each member of the group will be placed in a contacts folder, which can be modified or deleted at any given time. The contact information will hold names, phone numbers (cell phone and home), and addresses. The phone numbers can be called at any given time either by group/conference call or individually.

**GPS/Tracking** – Once a group is created, RoadTrip will allow you to see members of the group on a map. Using GPS tracking, each member will be able to see every member of the group and the distance between them. An alert will sound if a group member gets too far away from the group.

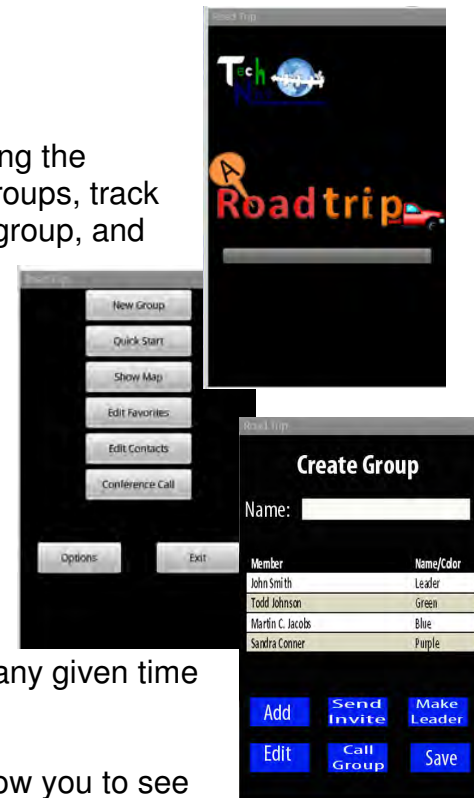
A final destination point can be viewed by all members of the group, and that point can be altered by the group leader if needed.



**Voice/Group Calling** – With the push of a button, any member of the group can contact the entire party using RoadTrip's conference call functionality.

**Voice Directions/Activation** – RoadTrip's premium version will allow the user to work with the various features through voice activation. Voice commands will be recognized and will allow the user to interact with the GPS hands-free. Voice directions to the final destination will also be given.

**Find/Around Me** – The 'Find/Around Me' feature allows users to search for and locate gas stations, banks/ATMS, restaurants, hospitals, hotels, and many other places that anyone on the road might need to find. This feature also allows users to select the place they want to go, set that as the final destination, and alter it at any time. Group leaders can even change the destination of the entire group, making it easy to change your plans on the go.

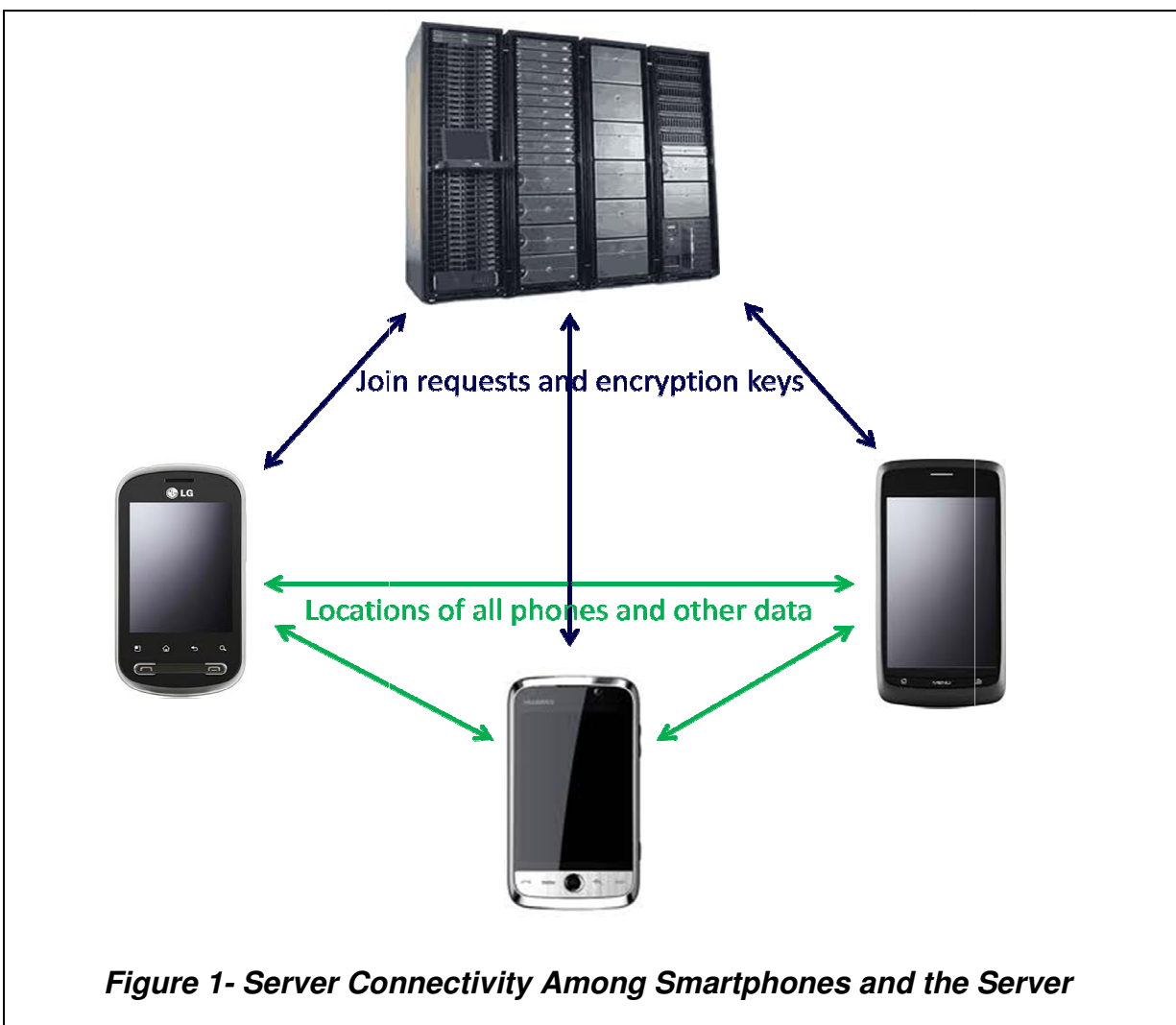


There will be a free trial version with minimal features which only remains active for seven days. This is designed to generate interest and understanding of all the features and capabilities that RoadTrip offers.

The standard version (\$4.99) will have all the main features including groups, GPS with friends, alerts, Find/Around Me, and conference calling. There will be ads placed on this version to help with the cost of maintaining/development of the application.

The premium version (\$1.49/month) will have all of the features of the standard version with the addition of voice activation and voice directions. This version will be ad-free.

In order to maintain security, all data going to and from the server will be encrypted. After a party has been set up, data is routed directly among the mobile devices in the group, using an encryption key set up by the server. This reduces server load and makes the app more autonomous in the event that the server connection is lost. See Figure 1 below for a visual depiction on encryption and security procedures.



## Marketing Plan

### Economics

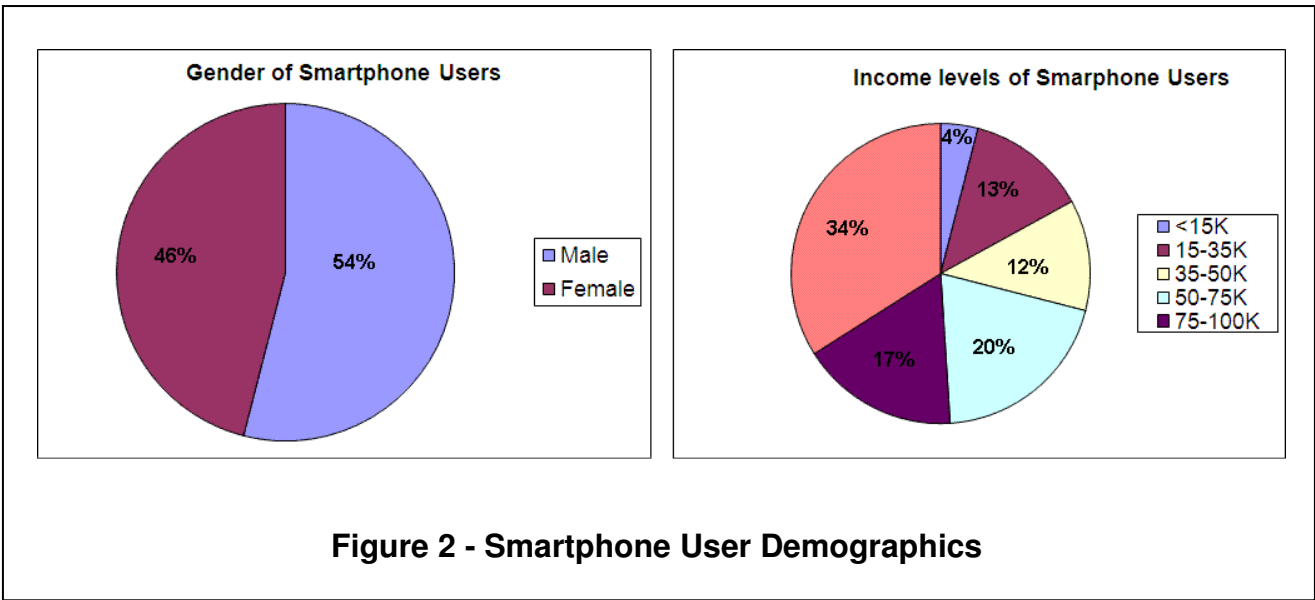
- Experts predict there will be 5.9 billion mobile subscribers by 2013 (87 percent of the world population).
- There are 285 million mobile subscribers in the United States alone.
- Mobile device sales rose in 2011, with smartphones showing the strongest growth.
- By 2013, people in the U.S. will spend \$4.2 billion on mobile applications according to the Yankee Group.
- Users are spending ever more time on applications. The growth is predominately being driven by an increase in the number of sessions, as opposed to longer session lengths. Consumers are using their apps more frequently.
- The average user has 65 apps and spends \$80 to get them according to AppFire.
- The research firm Ovum predicts that app downloads in Android's marketplace could reach 8.1 billion this year.
- Mobile Computing - rate of adoption is outpacing both the PC revolution of the 1980s and the Internet Boom of the 1990s.
- Half of mobile phone users buy at least one paid app each and every month according to AdMob.
- Android is now the top Smartphone operating system. See Figure 2 for demographic details.
- By the end of 2012, Flurry estimates that the cumulative number of Apple, iOS and Android devices activated will surge past 1 billion.
- iOS and Android devices will see double the number of device activations during its first five years compared to the number of Internet users reached during its first five years. Twice as big as the internet.
- There are over 50 million iPhone and iPod touch users worldwide – this provides growth opportunities for the 2<sup>nd</sup> platform on which we intend to expand our product.

With over 285 million mobile subscribers, TechNav's potential market is enormous. Of those surveyed (Figure 3), 85 percent have gotten lost by simply following another individual and 93 percent have traveled in groups who have lost members during travel. Whether you are travelling by car, RV, motorcycle, biking or simply going to the movies with your friends, walking around a zoo/theme park or meeting them for coffee – RoadTrip will ensure that your group can easily be re-grouped and communicate.

TechNav will start by developing RoadTrip for the Android Platform – (a total of 130 million Android devices world-wide). We believe we will be able to sell 880,000 apps by year five, which is approximately 0.3 percent of all mobile subscribers. This number is well below the amount predicted by the survey.

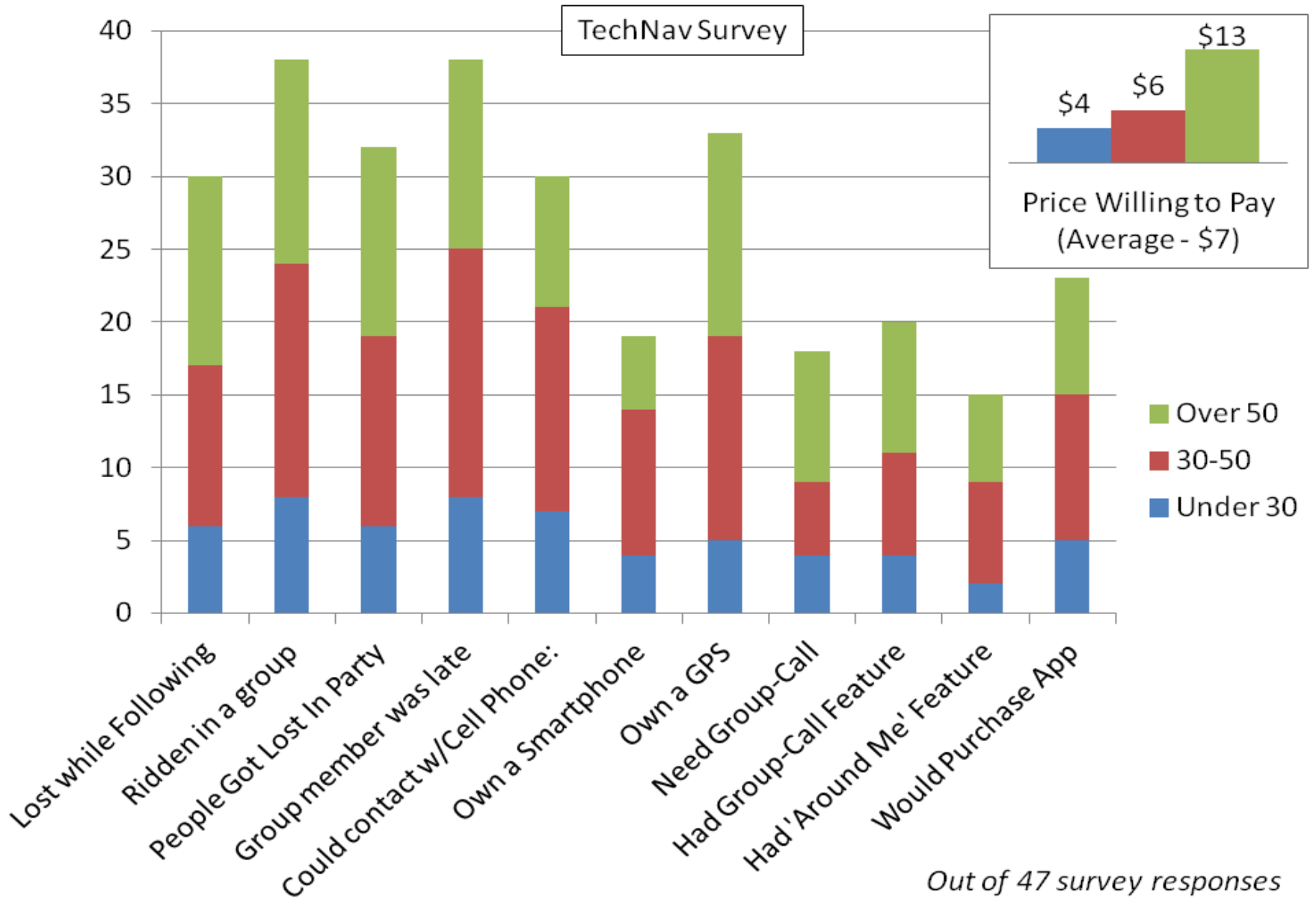
TechNav will ensure it has a high potential for growth by expanding its platforms by year three (Apple iOS) using a layered pricing approach, expanding its capabilities and developing client-specific applications such as working with the military, Ford’s Sync, and GM’s On-Star.

We predict the largest barrier to entry will be consumer acceptance and brand recognition. TechNav plans to overcome this with a diverse marketing campaign developed to appeal to Smartphone users of all ages. We plan on using a combination of social media, app reviews, videos and screen shots, on-line events, free press packages and promo keys, a free trial period and many other methods to convince people to buy our application.





**Figure 3 - Survey Results**



## Product

RoadTrip is a smartphone application designed to assist its customers with a broad range of activities and needs.

RoadTrip comes in a variety of packages that are easy to purchase. The standard issue of RoadTrip is a one-time fee, while the Premium issue is a low fee every month. Not only is RoadTrip inexpensive, it is also a versatile application. RoadTrip can be used in many situations including: group vacationing, motorcyclists in groups, hiking ventures, and location coordinating (finding local places to stay at or visit), outdoor activities, skiing, ATVs, and boating.

RoadTrip's features and advantages include:

- Group locating, GPS/Tracking, Voice and Group Calling, 'Find/AroundMe', and Voice Directions/Activation.
- An easy-to-use interface.
- A software application like RoadTrip takes up no physical space apart from the smartphone itself.
- RoadTrip's flexibility and versatility allow us to expand into different areas depending on the needs of our customers.

## Customers

Our initial target market will be all Android users between the ages of 15 and 60 in predominately English speaking countries. We feel that Android remains the leading smartphone operating system and will be the best market to enter. Android users are very loyal compared to users of other smartphone operating systems with 73 percent of current Android users stating that their next phone will be an Android. This sets them apart from other mobile operating systems with a 47 percent return rate of BlackBerry users and a 34 percent return rate of Windows Mobile users.

Among those who are looking to purchase a new mobile phone in the next three to six months approximately 70 percent of those surveyed stated that they would purchase a smartphone.

Nearly everyone surveyed has gone on trips with two or more cars through families, clubs, organization, work and ad hoc groups and most of them had a mobile device with them. In addition, nearly everyone surveyed has had individuals get lost from that group.

## Competition

There are several companies (Figure 4) that offer navigation applications or communication application services throughout the United States, including Manage Car Pool, Car-Pool, AT&T Navigator, Tom-Tom and NAVIGON. Each of these products offer one or more of the capabilities of RoadTrip but none of them provide the range of capabilities offered by our product. TechNav's RoadTrip will be the only application on the market that will provide all of the services, features and capabilities of navigation, multi-car navigation, single communication, group communications, and searching.

<b>Figure 4 - Competitive Information</b>				
<b>App</b>	<b>Description</b>	<b>Location</b>	<b>Price</b>	<b>Rating*</b>
Manage Car Pool	It allows users to manage a carpool by entering info about carpoolers. It allows conference calling and provides route overview	Droid Market	Free	None
Car-Pool	This app manages carpool offers and lets users contact people to drive together. There is no map and it only works in Europe	Droid Market	Free	2.5 / 5
AT&T Navigator	This is essentially a GPS. It gives directions but does not manage trips with multiple vehicles. It is very popular with over 500,000 downloads	App Store and Droid Market	Free	3.5 / 5
TomTom WEBFLEET Mobile	WEBFLEET tracks multiple vehicles for a business. It allows conference calls and texts. It also serves as a navigation device.	Droid Market	\$9.99 and WEBFLEET membership	4 / 5
NAVIGON MobileNavigator	GPS, navigation, contact groups for conference calls, and text to speech directions are all features of this app.	App Store	\$79.99	3 / 5

*\*Rating is based on customer reviews on the Android Market and Apple App Store.*

**Figure 5 - Comparison on RoadTrip and Competition**

Factor	TechNav RoadTrip™	Strength	Weakness	Manage Car Pool/Car Pool	AT&T Nav.	TomTom WEBFLEET	NAVIGON
Products	Navigation and Communication App.	☆		Nav. Only or Comm. Only	Nav. Only	Nav. with some Comm.	Nav. with some Comm.
Multiple Person – Navigation	Yes	☆		No	No	Partially	Partially
Price	Low/Multi-Layered	☆		Low	Low	Low	High
Quality	High	☆		Med	Med.	Med.	High
Reliability	High	☆		Med	Med.	Med.	High
Stability	Stable	☆		Stable	Stable	Stable	Stable
Company Reputation	None – Start Up		☆	Reliable	Reliable	Reliable	Reliable
Appearance	Based Online	☆		Based online	Based online	Based online	Based online
Sales Method	Internet, App. Stores	☆		Internet	Internet	Internet	Internet
Advertising	Internet Ads, Reviews, Banner Swaps, Free-Trial, Trade Shows, Top 100, Social Media, Press Releases, More.	☆		Internet Ads	Internet Ads	Internet Ads	Internet Ads
Image	Professional	☆		Average	Good	Good	Good

*\*Rating is based on customer reviews, product descriptions, costs, and other information on the Android Market and Apple App Store and other website reviews.*

Our main competitive advantages (Figure 5) are our features, abilities, and service. No other businesses provide what we are providing in a single application/software package. We see our main disadvantage as consumer acceptance and brand recognition which we plan to overcome by using a strategic marketing campaign designed to hit all areas of the target market.

## Niche

RoadTrip is a product that fulfills a very real need to help groups travel together without getting separated from one another. Over 93 percent of those surveyed have travelled with groups that have been separated and have spent more time than needed in finding those lost. RoadTrip strives to resolve these issues by using GPS, group communications, and other mobile technologies to ensure that customers spend more time together and enjoying their activities than searching for those who are lost.

## Promotion

TechNav will thrive by using a multi-tiered marketing and advertising campaign in order to reach our total market of 285 million users in 2010 and a predicted 600 million users by launch date.

RoadTrip is the only combination communication, searching and navigation application on the market – making our product the best solution to a common problem.

We plan on launching our product a few months (March/April with a launch count down on the website) before the main summer travel season. Before this time TechNav will send its Marketing Representative to trade shows around the United States with high attendance rates covering the areas of RVing, camping, travel, auto, defense/military (for expansion purposes). Some of these trade shows include: New York International Auto Show, Leesburg Annual BikeFest, Spec Ops Warfighter Expo, SEMA Truck Expo, and the 2nd World RV Conference. Each conference will be carefully considered to ensure maximum potential for market penetration and revenue stream.

We will be providing the media with press releases describing our product as well as free press packages, videos, demos, and promotion keys so that they can use RoadTrip for free for a limited time. Reviews are one of the most common ways smartphone users decide on the usefulness of an application, so we will submit RoadTrip to the following websites for review to help promote our product:

- Fresh Apps
- Apptism
- 148Apps
- I Use This
- AppSafari
- Macworld
- TUAW
- SmartPhone
- App Review
- Tech Hacks
- The Smart Phone App Review
- appSIZED
- TheAppGoddess
- App-reciation Reviews
- And more as determined by our marketing representative

We will also use a tiered approach to our pricing structure. We will offer a free trial version for a limited period of time with a minimal cost (\$4.99) to upgrade for the full version. This will allow users to try RoadTrip to experience the many benefits of the program and encourage them to pay for the full version as well as generate excitement

about using the application. Users can tell other groups that they participate in about the app and members can use the trial to join, generating word-of-mouth advertising.

TechNav will use various types of advertising and social media to attract its customer base, including:

- Twitter
- Facebook
- E-mail
- Forums
- Guest posts
- You Tube - "Road Trip in Action"
- Banner ads
- On-line magazine advertising

TechNav will maintain an exciting and informational website to aid customers in understanding the product as well as demonstrate its many capabilities. This site will contain "how to" videos, videos of RoadTrip in action, screen shots, FAQs, on-line events and educational seminars.

## Promotional Budget

We understand that many of our marketing activities will have minimal costs (social media, app reviews, and website implementation), but our pre-launch plan of demonstrating our product at various trade shows will be costly. Therefore, TechNav's promotional budget will be seven percent of the first year's gross sales, dropping to approximately four percent for every year after launch with slight increases due to new platforms and updates.

## Pricing

RoadTrip will consist of three versions: a free trial version, a standard version, and a premium version.

The trial version will be free and will have basic features that will only remain active for a short period of time. This has been designed to generate interest and understanding of all the attributes and capabilities that RoadTrip offers. There will be significant advertisements placed on this version to help with the cost of maintaining and updating the application.

The standard version (\$4.99) will provide full functionality of the app including: unlimited group sizes, AroundMe, saving of favorite groups and contacts, and conference calling. This version will contain fewer advertisements than the trial.

The premium version (\$1.49/month) will be an in-app purchase from the standard version. This structure will save money because we will not have to pay to upload three separate apps to the market and will lessen fragmentation of the software. It will have everything that the standard version offers in addition to voice activation and voice directions. This version will have no advertisements. See Figure 6 below for a comparison of the versions.

**Figure 6 – RoadTrip’s Version Comparison**

	<b>Trial</b>	<b>Standard</b>	<b>Premium</b>
<b>Price</b>	Free	\$4.99	\$1.49/Monthly or \$17.88/Year
<b>Usage Limitations</b>	7 days	None	None
<b>Party size limit</b>	Group of 5	None	None
<b>GPS with Party</b>	✓	✓	✓
<b>Voice Directions &amp; Voice Recognition</b>			✓
<b>Alert</b>	✓	✓	✓
<b>Find/Around Me</b>		✓	✓
<b>Conference Calling</b>	✓ -limited	✓	✓
<b>Ad Free</b>			✓
<b>No ad on startup</b>		✓	✓
<b>Save Groups &amp; Contacts</b>		✓	✓

## Distribution Channels

We will start by using two channels of distribution. The first will be Android’s Google Play application site, using their features and services to handle financial transactions and distribution of the app. The second channel will be our own website which we will manage.

Once the application has been developed for other platforms, TechNav intends to use their distribution channels which are already functioning and in place.

## Sales Forecast

TechNav will start by creating RoadTrip on the Android platform, which has a total of 130 million devices world-wide. We will be able to capture at least four hundredths of a percent of the market in the first year for a total of 175,000 applications sold. This number is far below the 93 percent predicted by the survey.

TechNav will ensure it has a high potential for growth by expanding to new platforms (Apple iOS), using a layered pricing approach, expanding our capabilities, and developing client-specific applications by working with the military, Ford's Sync, and Chevy's On-Star.

## Operations Plan

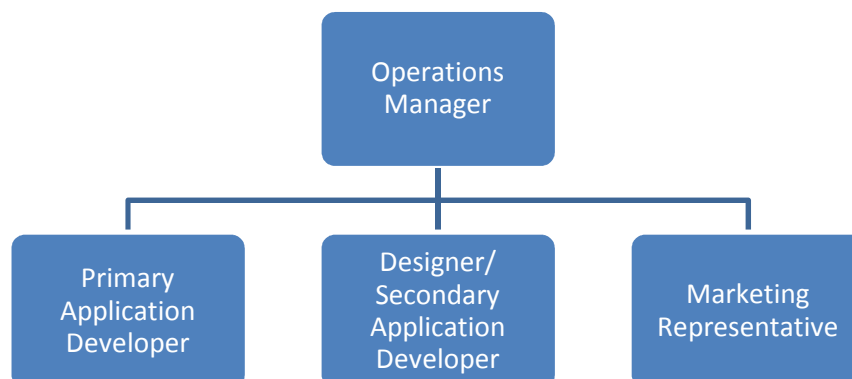
TechNav will be a virtual-business with a P.O. Box address based in Culpeper County, VA. Employees will be working in a virtual environment with communications, meetings and collaboration over the web allowing the company to be flexible in its organizational structure.

## Management and Organization

To start, TechNav will have a total of four employees (Figure 7) working on a full-time basis and using a basic hierarchal organizational structure. We will employ a Primary Application Developer, Designer/Secondary Application Developer, Marketing Representative and Operations Manager. With the low amount of start-up salaries, the initial cost will be lower.

Primary Application Developer:	\$70,000/yr.
Designer/Secondary Application Developer:	\$60,000/yr.
Marketing Representative:	\$46,000/yr
Operations Manager:	\$60,000/yr.

Figure 7 – TechNav's Organization





The Primary Application Developer will be responsible for programming the application itself along with potential fixes and/or patches, programming the navigation, upgrades, expansions, new client-specific applications, network connectivity, security, expansion to new platforms, and any other future development. The Primary Application Developer will have a minimum of a bachelor's degree in Computer Information Systems with a focus on Programming and 3-5 years application development experience in using the Android platform, Java, C++ and other programming languages along with experience in working with the Google Maps API, Server/Networking experience.

The Designer/Secondary Application Developer will be responsible for collaborating and supporting the primary programmer in any or all responsibilities as needed, creating and maintaining the website, enhancing graphics of all products/services and answering technical questions from clients and customers. The Designer/Secondary Application Developer will have a minimum of a bachelor's degree in Computer Information Systems/Programming, knowledge with Java, JavaScript, PHP, Photoshop, Dreamweaver, and other web development products.

The Marketing Representative will be responsible for managing events and trade shows, promotions to advertise products including web-based and social media, press-releases, working/coordinating with AdMob to sell advertisements on our application, banner swaps and other various promotion activities. The Marketing Representative will also collaborate with the programmers to enhance graphics, user interfaces, instructional videos, storyboards and sales pages. The Marketing Representative will have a minimum of a bachelor's degree in Marketing and 3-5 years experience in marketing and product launches in the technology industry.

The Operations Manager's primary responsibility will be the day-to-day activities within the company. The Operations Manager's responsibilities will include handling Human Resources, accounts payable, accounts receivable, budgeting, quality assurance, managing any third-party services required, and ensuring the smooth operation of TechNav. The Operations Manager will have a minimum of a bachelor's degree in Business and 3-5 years experience as an Operations Manager in the technology industry.

## **Production**

During the four months prior to our release, we will be developing the app using several software tools and the Java programming language. Some of the software we will be using includes the Java Development Kit, the Eclipse Integrated Development Environment, and the Android Software Development Kit, in addition to the Apple Development Kit when we expand to Apple. All of these software tools are downloadable online for free. During this development period, our programmers will divide the task of creating and testing the program. Using Object Oriented Design, a

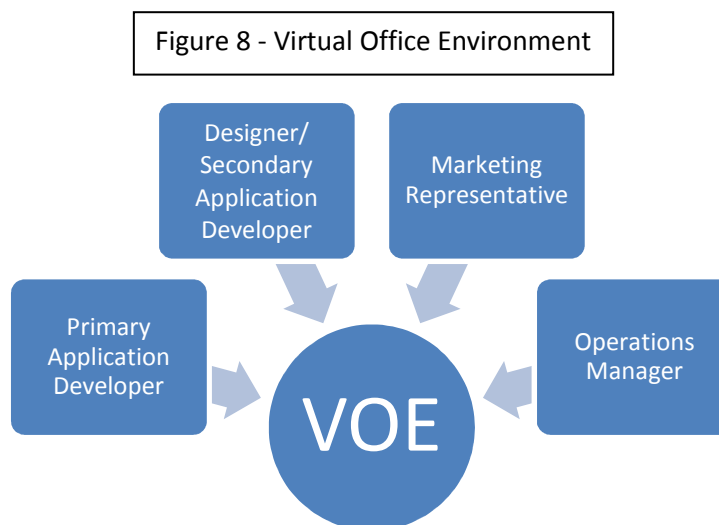
characteristic of the Java language, splitting the task will be easier than using a non-object oriented language. This is because different parts of the code can be reused and the task of programming different features can be divided easily and without worry of redundant code. Testing will be very simple, as the Amazon cloud service allows for the back end server to be uploaded and tested just as if it were live. After release of the app, the programmers will continue working on periodic updates.

## Location

We chose a VOE (Virtual Office Environment – Figure 8) because it will allow us to save on the cost of office space, reduce commuting costs, and allow flexibility as the company grows or shrinks. Additionally, it enables the company to attract employees who may want to work part-time or at home, allows employees to use home-office tax exemptions, and eliminates the costs of maintaining a physical location.

TechNav plans to use distributive, collaborative software, virtual networking and a cloud computing environment (MS Office 365), laptops and other communication tools to enable employees to work together as a cohesive team.

Office 365 will allow employees to e-mail, share calendars, web conference, publish our website, use MS Office, store documents on line, share files, and work from anywhere.



## Legal Environment

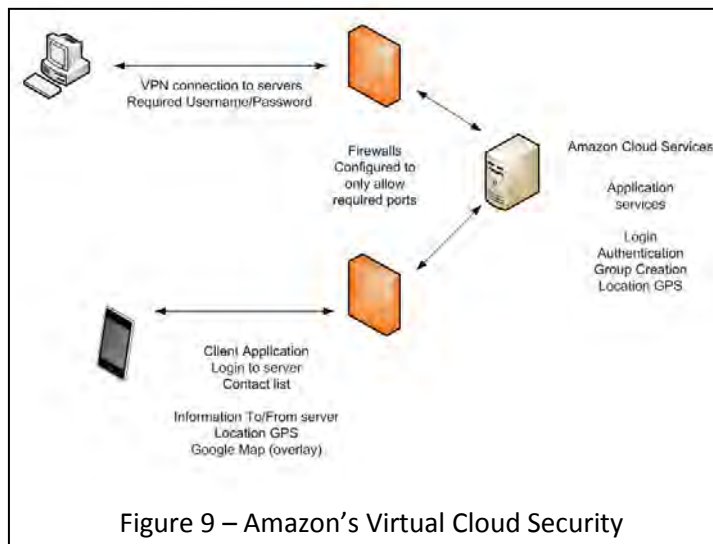
TechNav will work with its lawyers on protecting our intellectual property. We will apply for Copyrights for our applications and apply for Trademarks for the names TechNav and RoadTrip with the U.S. Patent and Trademark Office (USPTO).

We will also work with our lawyer to ensure that our products are protected in the United States and abroad to allow TechNav the option of expanding our operations to include the international market.

Our insurance coverage will include general liability, umbrella liability and workers compensation for the company itself and dental/health care for our employees.

## Suppliers

TechNav plans to use Amazon's Virtual Cloud (EC2) services for hosting its application functionality. This will allow programmers to use a virtual machine environment which means they can use the virtual machine at home for coding and testing then push it out to the Amazon servers. Amazon's on-demand services allow a lower variable cost which is solely based on demand – if there is a spike in usage the system will automatically provision more server resources so that there will not be any interruption in services. Amazon's EC2's Service Agreement states that it has 99.95 percent availability. Amazon also provides firewall and other protection services that will help protect the application - see Figure 9 below.

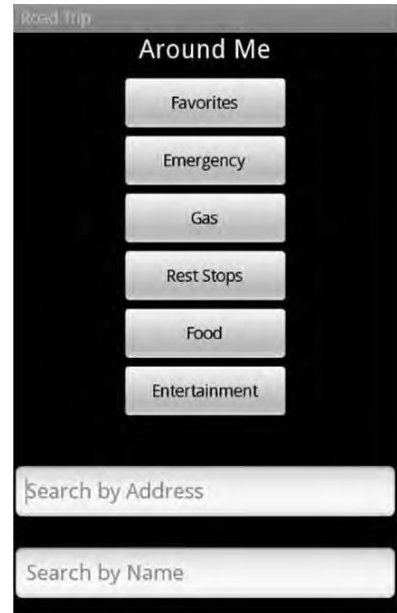
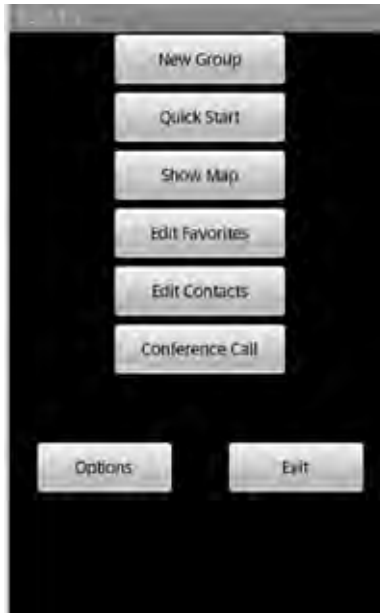
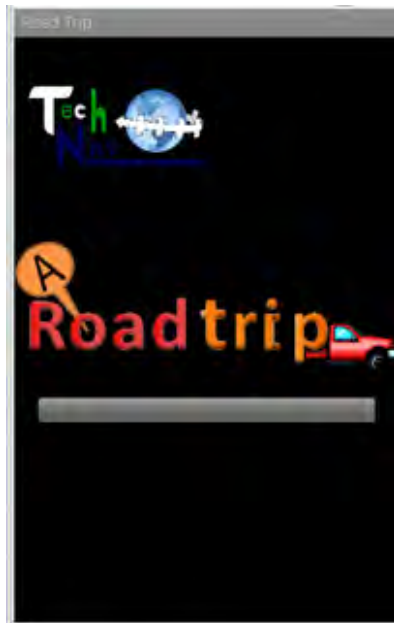


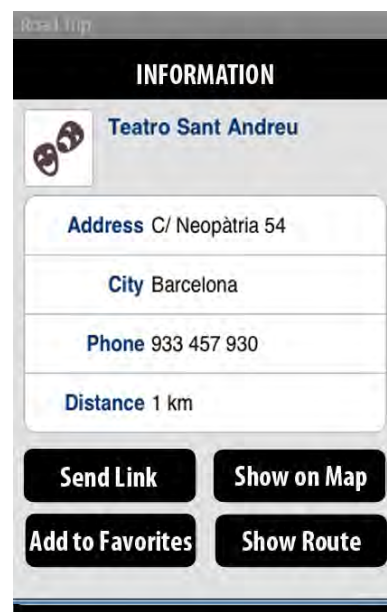
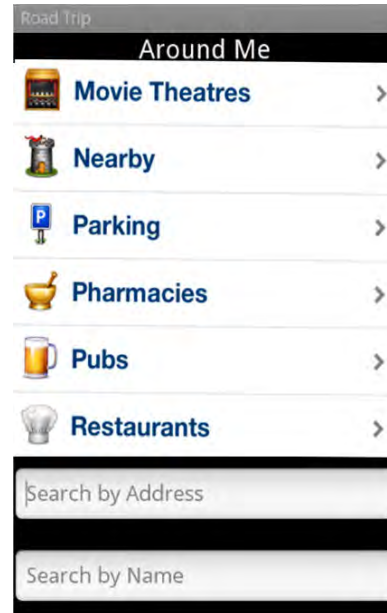
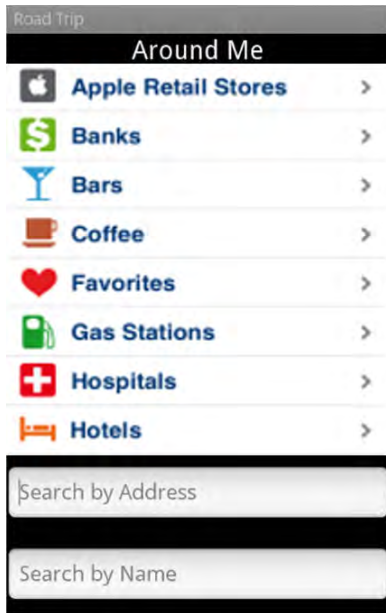
Android will be housing the sale of the application on their website. They provide all processing of financial transactions for the customer for 30 percent of the cost (\$1.49) of the application sold. Android then deposits the remainder of the amount directly to TechNav's bank account with documentation of the apps sales.

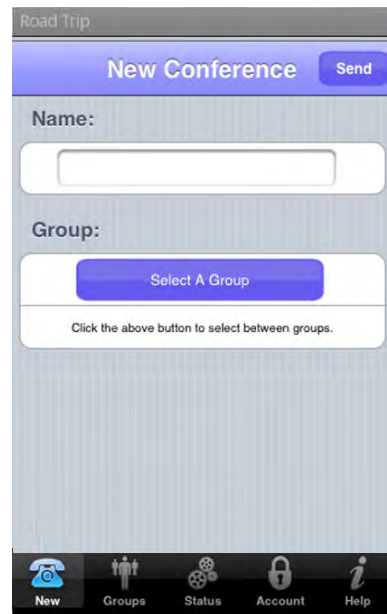
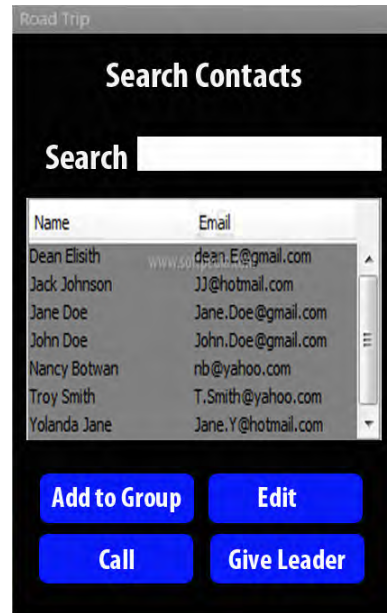
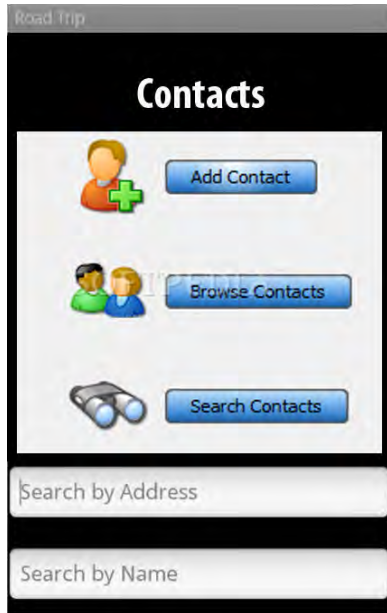
## Inventory

TechNav will not have any inventory as the service we are providing is digital in format and creation.

## Exhibit 1: Screenshots







# Website Pages

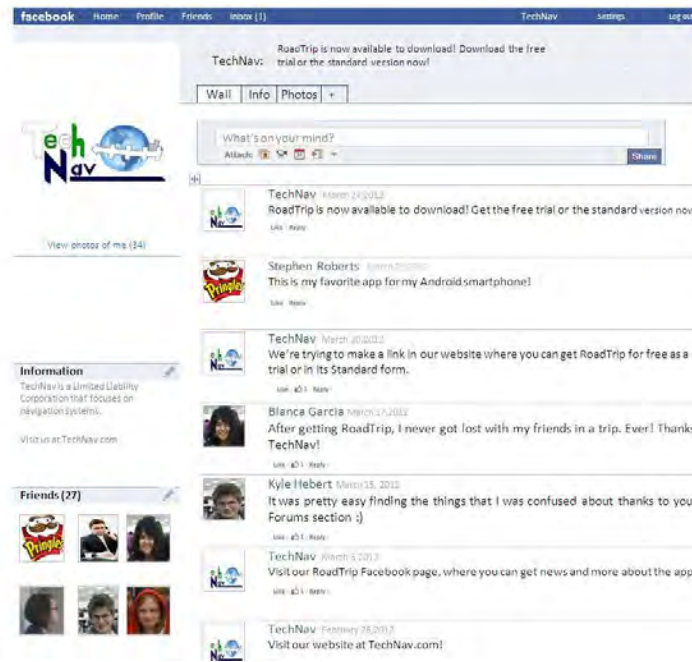
Home Page



Secondary Page



# TechNav's Facebook



## Exhibit 2

### **Estimated # of Downloads (Probable Sales)**

We estimate that about 75 percent of our users will continue to use the app year to year for the purpose of these calculations. We think this number is fairly low compared to the actual retention rate because users who spend money on an app are likely to continue using it.

Eight percent of Standard users are estimated to upgrade to the Premium Version for sales revenue estimations.

New major releases of the application occur every 6 months. Updates are free.

**Note 1:** Google and Apple app stores get 30 percent of app sale profits to cover their marketing services. Therefore, when calculating our sales projection the cost of using Google and Apple's services has been subtracted from the \$4.99 sales price.

#### **Year 1**

Pre-Launch Advertising = 50,000 people [interested]  
 Post-Launch Advertising = 125,000 people  
 Total = 175,000 total downloads

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#### **Year 2**

Advertising = 100,000 people  
 Pre-Launch Advertising (Apple) = 50,000 people [interested]  
 Yearly Total = 150,000 total downloads  
 Cumulative Total = 325,000 total downloads

---

#### **Year 3**

Post-Advertising (Apple) release = 125,000 people  
 Continued Android Advertising (Apple release generates company interest) = 100,000 people  
 Yearly Total = 225,000 total downloads  
 Cumulative Total = 550,000 total downloads

---

#### **Year 4**

Android advertising = 80,000 people  
 Apple advertising = 100,000 people  
 Yearly Total = 180,000 total downloads  
 Cumulative Total = 730,000 total downloads

---

#### **Year 5**

Android advertising = 70,000 people  
 Apple advertising = 80,000 people  
 Yearly Total = 150,000 total downloads  
 Cumulative Total = 880,000 total downloads

---



### **Exhibit 3**

***The following are detailed explanations, justifications, clarifications for various items contained in the Profit and Loss spreadsheet.***

**Note 2:** Telephone Expenses are covered under the VOIP feature of MS Office 365 Collaborative Software. The cost of the software is covered under Technology

**Note 3:** Rent Expenses are used on a per-case basis for renting an office or meeting place for a short length of time to host important marketing meetings or cooperation meetings with other companies.

**Note 4:** Miscellaneous Expenses are used to give the budget flexibility. If a certain area of the budget has greater expenses than expected, the miscellaneous expenses will be used to cover it. If they are not used, the remaining funds will go into a contingency fund for emergencies.

### **Exhibit 4**

***The information below details the cost calculations and estimates of the advertising through AdMob. These calculations are based off of intensive internet research.***

Estimates from internet research indicate the average user will use our app two times a month for an hour each trip. This calculates to \$3.08/user/year in ad revenue (see below for calculations).

The trial version is assumed to have about twice as many users than the number of standard users for that year. We expect to have many more trial users than this, but we realize that these numbers will fluctuate greatly.

These calculations are so conservative they do not consider the fact that the Android market is growing exponentially resulting in a rapid expansion of the target market.

These underestimations will prevent us from relying on unstable sources of income to cover our operating costs.

#### **Ad Revenue Calculations**

These predictions are extremely conservative and often assume a lower than expected outcome.

An impression is a 30-second interval during which an ad is displayed in the app.

## Estimates &amp; Predictions:

- Each user uses the app twice a month for an hour.
- Average revenue per impression is \$0.001
- Average revenue per click is \$0.07
- One out of every thousand impressions will result in a click.

$$\begin{aligned} & \textit{Average Impressions per user per year} \\ &= \textit{Number of minutes spent on the app per year} \\ & \quad * \textit{number of ad views per minute} \end{aligned}$$

$$\begin{aligned} & \textit{Average ad revenue per user per year from impressions} \\ &= \textit{Average Impressions per user per year} \\ & \quad * \textit{Average revenue per impression} \end{aligned}$$

$$\begin{aligned} & \textit{Average ad revenue per user from clicks} \\ &= \textit{Number of impressions} * \textit{number of clicks per impression} \\ & \quad * \textit{average revenue per click} \end{aligned}$$

$$\begin{aligned} & \textit{Average ad revenue per user per year} \\ &= \textit{Average revenue per user per year from impressions} \\ & \quad + \textit{Average revenue per user per year from clicks} \end{aligned}$$

Average revenue per user per year = \$3.0816

# Financial Plan

## Startup Expenses

### TechNav

Company begins operations in: 2014

<b>Buildings</b>	<b>Equipment</b>	
<small>Depreciate</small>	<small>Depreciates</small>	<small>Can generally</small>
<small>over 20 years</small>	<small>over 5 years</small>	<small>be Mortgaged</small>

Line	If you <i>plan to rent or lease an existing facility</i>	Note			
1	Deposit & rent expense prior to operation				
2	Remodeling expenses				
3	Enter item				
4	Enter item				
5	Other				
<b><i>If you plan to buy an existing facility</i></b>					
6	Purchase cost allocated to land				
7	Purchase cost allocated to buildings				
8	Purchase cost allocated to equipment				
9	Remodeling expenses				
10	Enter item				
11	Enter item				
12	Other				
<b><i>If you plan to buy land and build a facility</i></b>					
13	Purchase cost of the land				
14	Construction cost including parking, etc.				
15	Architectural & engineering fees				
16	Enter item				
17	Enter item				
18	Other				
				<b>Total Facility</b>	
<b>Capital Equipment List</b>					
19	Furniture & fixtures			\$3,000	
20	Office Equipment			\$7,500	
21	Production Equipment				
22	Other				
				<b>Total Capital Equipment</b>	<b>\$10,500</b>
<b>Pre-opening Administrative Expenses</b>					
23	Utility deposits				
24	Legal and accounting fees			\$3,600	
25	Prepaid insurance			\$4,200	
26	Pre-opening salaries			\$78,666	
27	Other				
				<b>Total Preopening Administrative Expenses</b>	<b>\$86,466</b>
<b>Opening Inventory</b>					
28	Enter item				
29	Enter item				
30	Enter item				
31	Enter item				
32	Enter item				
				<b>Total Opening Inventory</b>	
<b>Pre-opening Advertising and Promotional Expenses</b>					
33	Advertising			\$90,000	
34	Signage			\$20,000	
35	Printing			\$10,000	
36	Travel/entertainment			\$20,000	
37	Other				
				<b>Total Advertising/Promotional Expenses</b>	<b>\$140,000</b>
<b>Other Expenses</b>					
38	Enter item				
39	Enter item				
				<b>Total Other Expenses</b>	
40	Reserve for Contingencies			\$50,000	<b>\$50,000</b>
				<b>TOTAL STARTUP EXPENSES</b>	<b><u>\$286,966</u></b>

**\$10,500**

### Five-Year Projected Dollar Sales and Costs

		Note	First Year 2014	%	2015	%	2016	%	2017	%	2018	%
<b>Android Application Sales</b>												
Sales in <i>dollars</i>	Ex. 2		\$611,275.00	100.0%	\$523,950.00	100.0%	\$349,300.00	100.0%	\$279,440.00	100.0%	\$244,510.00	100.0%
Cost of supplies in <i>dollars</i>												
Direct labor cost in <i>dollars</i>												
<b>Total Cost of Sales</b>												
<b>Gross Profit</b>			\$611,275	100.0%	\$523,950	100.0%	\$349,300	100.0%	\$279,440	100.0%	\$244,510	100.0%
<b>Apple Application Sales</b>												
Sales in <i>dollars</i>	Ex. 2					\$611,275.00	100.0%	\$349,300.00	100.0%	\$279,440.00	100.0%	
Cost of supplies in <i>dollars</i>												
Direct labor cost in <i>dollars</i>												
<b>Total Cost of Sales</b>												
<b>Gross Profit</b>					\$611,275	100.0%	\$349,300	100.0%	\$279,440	100.0%		
<b>Admob Ad Revenue</b>												
Sales in <i>dollars</i>	Ex. 4		\$539,280.00	100.0%	\$866,700.00	100.0%	\$1,343,383.46	100.0%	\$1,562,226.36	100.0%	\$1,633,910.54	100.0%
Cost of supplies in <i>dollars</i>												
Direct labor cost in <i>dollars</i>												
<b>Total Cost of Sales</b>												
<b>Gross Profit</b>			\$539,280	100.0%	\$866,700	100.0%	\$1,343,383	100.0%	\$1,562,226	100.0%	\$1,633,911	100.0%
<b>Premium User Fee</b>												
Sales in <i>dollars</i>	Ex. 2		\$187,740.00	100.0%	\$301,725.00	100.0%	\$467,673.21	100.0%	\$543,859.18	100.0%	\$568,814.65	100.0%
Cost of supplies in <i>dollars</i>												
Direct labor cost in <i>dollars</i>												
<b>Total Cost of Sales</b>												
<b>Gross Profit</b>			\$187,740	100.0%	\$301,725	100.0%	\$467,673	100.0%	\$543,859	100.0%	\$568,815	100.0%
Sales in <i>dollars</i>												
Cost of supplies in <i>dollars</i>												
Direct labor cost in <i>dollars</i>												
<b>Total Cost of Sales</b>												
<b>Gross Profit</b>												
<b>GRAND TOTALS</b>												
Sales			\$1,338,295	100.0%	\$1,692,375	100.0%	\$2,771,632	100.0%	\$2,734,826	100.0%	\$2,726,675	100.0%
Direct Costs												
Gross Profit			\$1,338,295	100.0%	\$1,692,375	100.0%	\$2,771,632	100.0%	\$2,734,826	100.0%	\$2,726,675	100.0%

## Five-Year Projected Profit and Loss (P&L)

Line

		<b>TechNav</b>									
		First Year									
		2014	%	2015	%	2016	%	2017	%	2018	%
1	<b>Sales</b>	<b>\$1,338,295</b>	100.0%	<b>\$1,692,375</b>	100.0%	<b>\$2,771,632</b>	100.0%	<b>\$2,734,826</b>	100.0%	<b>\$2,726,675</b>	100.0%
2	<b>Direct Costs</b>										
3	<b>Gross Profit</b>	<b>\$1,338,295</b>	100.0%	<b>\$1,692,375</b>	100.0%	<b>\$2,771,632</b>	100.0%	<b>\$2,734,826</b>	100.0%	<b>\$2,726,675</b>	100.0%
<b>Expenses</b>											
		<b>Note</b>									
4	Salaries & wages	\$236,000	17.6%	\$247,800	14.6%	\$260,000	9.4%	\$273,000	10.0%	\$273,000	10.0%
5	Payroll expenses	\$34,054	2.5%	\$34,957	2.1%	\$36,090	1.3%	\$37,285	1.4%	\$37,485	1.4%
6	Supplies (office & operating)	\$1,000	0.1%	\$1,050	0.1%	\$1,100	0.0%	\$1,150	0.0%	\$1,200	0.0%
7	Repairs and maintenance										
8	Marketing / Advertising	\$70,000	5.2%	\$70,000	4.1%	\$120,000	4.3%	\$70,000	2.6%	\$70,000	2.6%
9	Accounting and legal	\$10,000	0.7%	\$10,500	0.6%	\$15,000	0.5%	\$15,750	0.6%	\$16,500	0.6%
10	Technology	\$3,500	0.3%	\$3,700	0.2%	\$6,400	0.2%	\$4,000	0.1%	\$4,250	0.2%
11	Telephone	Ex. 3 - N2									
12	Utilities and vehicle fuel	\$8,000	0.6%	\$5,250	0.3%	\$8,400	0.3%	\$5,750	0.2%	\$6,000	0.2%
13	Insurance (property & liability)	\$1,500	0.1%	\$1,050	0.1%	\$1,575	0.1%	\$1,150	0.0%	\$1,200	0.0%
14	Rent	Ex. 3 - N3									
15	Miscellaneous	Ex. 3 - N4									
16	<b>Total Expenses</b>	<b>\$371,554</b>	27.8%	<b>\$381,657</b>	22.6%	<b>\$456,665</b>	16.5%	<b>\$416,035</b>	15.2%	<b>\$417,935</b>	15.3%
17	<b>EBITD - Earnings Before Interest, Taxes, &amp; Depreciation</b>	<b>\$966,741</b>	72.2%	<b>\$1,310,718</b>	77.4%	<b>\$2,314,967</b>	83.5%	<b>\$2,318,791</b>	84.8%	<b>\$2,308,741</b>	84.7%
18	Mortgage Interest										
19	Depreciation on Buildings (20 years)										
20	Depreciation on Equipment (5 years)	\$2,100	0.2%	\$2,100	0.1%	\$2,100	0.1%	\$2,100	0.1%	\$2,100	0.1%
21	<b>Profit Before Taxes</b>	<b>\$964,641</b>	72.1%	<b>\$1,308,618</b>	77.3%	<b>\$2,312,867</b>	83.4%	<b>\$2,316,691</b>	84.7%	<b>\$2,306,641</b>	84.6%
22	<b>Taxes @ 35%</b>	<b>\$337,624</b>		<b>\$458,016</b>		<b>\$809,503</b>		<b>\$810,842</b>		<b>\$807,324</b>	
23	<b>Net profit after taxes</b>	<b>\$627,017</b>	46.9%	<b>\$850,602</b>	50.3%	<b>\$1,503,363</b>	54.2%	<b>\$1,505,849</b>	55.1%	<b>\$1,499,316</b>	55.0%

**Five-Year Projected Cash Flow**

TechNav

	2014	2015	2016	2017	2018
<b>CASH ON HAND - Beginning of year</b>		\$642,151	\$1,494,853	\$3,000,316	\$4,508,265
Cash from venture capitalists	\$300,000				
Less startup expenses	\$286,966				
Cash on hand after startup expenses	\$13,034				
<b>CASH RECEIPTS</b>					
Sales	\$1,338,295	\$1,692,375	\$2,771,632	\$2,734,826	\$2,726,675
<b>Total Cash Available</b>	<b>\$1,351,329</b>	<b>\$2,334,526</b>	<b>\$4,266,484</b>	<b>\$5,735,142</b>	<b>\$7,234,940</b>
<b>CASH PAID OUT</b>					
Direct costs (Material, Labor, & Other)					
Salaries & wages	\$236,000	\$247,800	\$260,000	\$273,000	\$273,000
Payroll expenses	\$34,054	\$34,957	\$36,090	\$37,285	\$37,485
Supplies (office & operating)	\$1,000	\$1,050	\$1,100	\$1,150	\$1,200
Repairs and maintenance					
Marketing / Advertising	\$70,000	\$70,000	\$120,000	\$70,000	\$70,000
Accounting and legal	\$10,000	\$10,500	\$15,000	\$15,750	\$16,500
Technology	\$3,500	\$3,700	\$6,400	\$4,000	\$4,250
Telephone					
Utilities and vehicle fuel	\$8,000	\$5,250	\$8,400	\$5,750	\$6,000
Insurance (property & liability)	\$1,500	\$1,050	\$1,575	\$1,150	\$1,200
Rent	\$2,500	\$2,100	\$2,600	\$2,200	\$2,300
Miscellaneous	\$5,000	\$5,250	\$5,500	\$5,750	\$6,000
Mortgage Interest					
Mortgage Principal repayment					
Taxes	\$337,624	\$458,016	\$809,503	\$810,842	\$807,324
<b>Total cash paid out</b>	<b>\$709,178</b>	<b>\$839,673</b>	<b>\$1,266,168</b>	<b>\$1,226,876</b>	<b>\$1,225,259</b>
<b>Cash remaining at end of year</b>	<b>\$642,151</b>	<b>\$1,494,853</b>	<b>\$3,000,316</b>	<b>\$4,508,265</b>	<b>\$6,009,682</b>

# Projected Return on Investment (ROI)

## TechNav

Year:	2014	2015	2016	2017	2018
EBITD from 5-Year P&L	\$966,741	\$1,310,718	\$2,314,967	\$2,318,791	\$2,308,741
Venture Capital Investment	\$300,000				
Percentage of stock given to Venture Capitalists	35%				
Venture Capitalists' EBITD Return on Investment (ROI)	112.8%	152.9%	270.1%	270.5%	269.4%

## Breakeven Analysis

### TechNav

Selling price per unit	\$4.99
------------------------	--------

#### Variable costs per unit

Materials	
Labor	
Other - Andriod Dowload Fee (Ex. 2 - N1)	\$1.49
Total Variable Costs	\$1.49
Gross Margin per unit	<u>\$3.50</u>

Total annual fixed costs	\$350,000
--------------------------	-----------

**Annual breakeven in units** **100,000**

**Annual breakeven in dollars** **\$499,000**