

A Work Project, presented as part of the requirements for the Award of Masters Degree in Management from the NOVA-School of Business and Economics

# CLEVERTHINGS

„COMERCIALIZING THE OPPORTUNITY OF AN IMPROVED E-LEARNING PROCESS”

BUSINESS PLAN

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A project carried out on the Entrepreneurial Innovative Ventures, under the supervision of:

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**KEYWORDS: e-learning, visualization, simplicity, co-creation**

***1. Executive summary***

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CLEVERTHINGS is an innovative e-learning platform incorporating concepts of information visualization and social virtual learning environment. The product delivers simple and interactive educational content created with the use of various visualization tools.

The source of the content is dual, divided between internal creation and external creation basing on the co-creators' network.

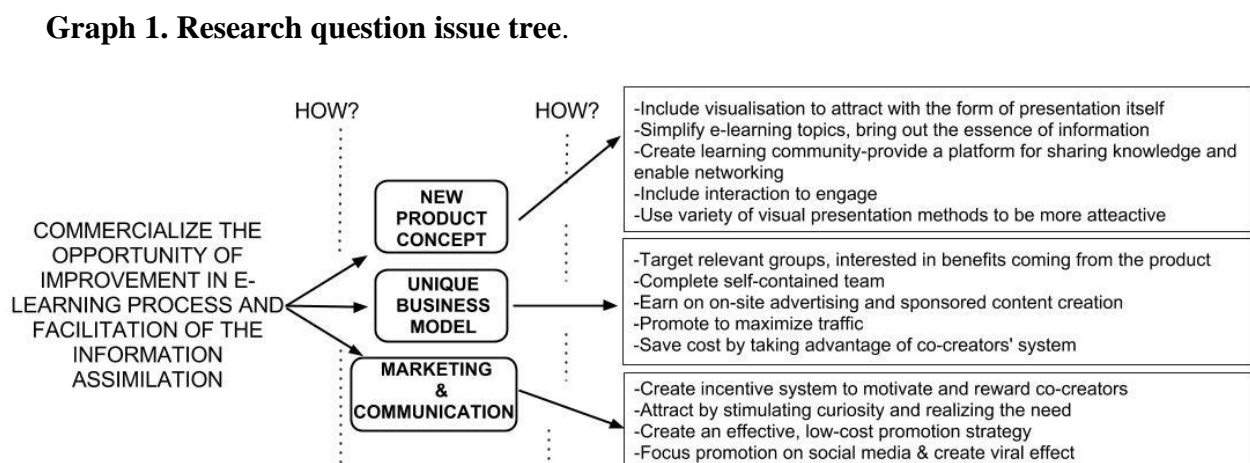
The product meets the market need of easily assimilated knowledge, breaking the monotony of the traditional e-learning courses. There is a not entirely filled gap in the e-learning market. The broad competence of the team together with a strong co-creation incentive system of motivating and attracting contributors, are the capabilities that will allow addressing the market need.

The business model of CLEVERTHINGS presents how the company is going to deliver value of the educational content to its target group of English-speaking students all over the world. The business focuses on generating traffic to the website and captures value by earning money on advertising space sales and sponsored content creation.

## 2. Research question and methodology.

The work project's research question had been formulated as follows: "How can we commercialize the opportunity of an improvement in e-learning processes?"

The issue tree set out below identifies the research problem and breaks the analysis into more detailed steps:



Tools listed below were applied to research in specific areas, in order to solve the analysed problem and complete the main assumption and conclusions of the project. Each of the instruments was used for particular purpose and delivered desired outcome:

- Conducting a survey: Analyzing customers' perception of information visualization concept. Gathering information regarding customers' internet use and learning habits. Assessing the overall attractiveness of the project.
- Focus group: gathering opinions and insights of visual art connected individuals about the product concept and co-creation incentive system.
- Market trends and forecasts: Gathering secondary data concerning market size and trends.
- Benchmarking: Analyzing best business practices. Potential market size estimation. Comparison of business models with competitors.
- Competitive assessment: Comparison to the competition. Finding market flaws and the potential to fill them.
- Literature review: Analyzing the literature about e-learning and information visualization concept. Building a theoretical background for the business model.

### ***3. Literature review.***

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In the last 20 years, e-learning evolved from the radical idea to commonly accepted concept of offering knowledge, structured into modules and lessons, delivered to the customer online. In the past, e-learning was mostly used in a formal character, associated mainly with professional university courses with the academic purpose or corporate training, increasing employees' skills and qualifications<sup>1</sup>. The content, previously prepared by teachers or instructors was managed from above with the use of various

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<sup>1</sup> Downes S., October 2005, "E-learning 2.0", *eLearn Magazine*, <http://elearnmag.acm.org/featured.cfm?aid=1104968>

Learning Management Systems (LMS)<sup>2</sup>. However, development of information technology, together with increasing popularity of internet, entailed certain changes in the world of e-learning.

As an interesting opposition to the traditional approach to online learning, there should be the concept of Virtual Learning Environments introduced (VLE)<sup>3 4</sup>. It is the idea of an organized but not well-structured platform<sup>5</sup>, providing a virtual environment, where students and teachers can freely share e-learning content. Authors highlight the significance of social feature in this case, as an element necessary for a platform to become a VLE, as well as benefit coming from this collective element: socially structured information space simplifying searching for knowledge<sup>6</sup>. The social character of VLE itself, by offering a chance to help others or become recognized, engages students and motivates them to co-create and share knowledge<sup>7</sup>. Another benefit coming from introduction of collaborative learning platforms is the variety of possible outcomes in terms of both, multidisciplinary of topics and differentiation of presentation forms, as the environment is usually not limited with any boundaries<sup>8</sup>. In comparison with traditional learning environments, VLE brings more effectiveness to the learning process, as its students achieve higher test scores, improve their ability to apply acquired knowledge, give more satisfaction with learning and creates a positive studying climate<sup>9</sup>.

A promising improvement incorporated into the VLE concept is the inclusion of the

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<sup>2</sup> Downes S., October 2005, "E-learning 2.0", *eLearn Magazine*, <http://elearnmag.acm.org/featured.cfm?aid=1104968>

<sup>3</sup> Dillenbourg P., 2000, *Virtual learning environments*, University of Geneva, 2-3, <http://tecfa.unige.ch/tecfa/publicat/dil-papers-2/Dil.7.5.18.pdf>

<sup>4</sup> Described also as a collaborative learning, Downes S., October 2005, "E-learning 2.0", *eLearn Magazine*, <http://elearnmag.acm.org/featured.cfm?aid=1104968>

<sup>5</sup> Pointing to the fact that it should allow some point of freedom and informality, Dillenbourg P., 2000, *Virtual learning environments*, University of Geneva, 2-3, <http://tecfa.unige.ch/tecfa/publicat/dil-papers-2/Dil.7.5.18.pdf>

<sup>6</sup> Dillenbourg P., 2000, *Virtual learning environments*, University of Geneva, 5, <http://tecfa.unige.ch/tecfa/publicat/dil-papers-2/Dil.7.5.18.pdf>

<sup>7</sup> Dillenbourg P., 2000, *Virtual learning environments*, University of Geneva, 8-9, <http://tecfa.unige.ch/tecfa/publicat/dil-papers-2/Dil.7.5.18.pdf>

<sup>8</sup> Dillenbourg P., 2000, *Virtual learning environments*, University of Geneva, 8-9, <http://tecfa.unige.ch/tecfa/publicat/dil-papers-2/Dil.7.5.18.pdf>

<sup>9</sup> Chou, Liou, 2005, „Learning effectiveness in a Web-based virtual learning environment“ *Journal of Computer Assisted Learning* 21,, 68

visualization tools<sup>10</sup>. There is a belief that it is possible to present every topic with the use of graphical methods and that some problems and their solutions may be better understood through visualization, rather than traditional text. Visualizations appeal in a more intuitive and expressive way and if prepared properly, may shorten human's cognitive process, thanks to the ability to present a mental image directly to one's mind<sup>11</sup>. Among many benefits of incorporating graphical methods into e-learning we can mark out the increased appearance of presented information, possibility to analyze a lot of information at the same time and encouraging of hypothesis formulation<sup>12</sup>.

VLE has a potential to become a new mass trend in the e-learning industry and together with visualization tools included, it may become the most effective one, as well.

#### ***4. Market problem and business opportunity.***

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Nowadays, in the global internet access era, the way people tend to get information has dramatically changed. Not only internet text has pushed the traditional paper texts (magazines, newspapers, books) out of the business but the way people read in the internet changed as well. We are no longer interested in reading traditional, long texts. Even if we decide to try, we only scan the page in search of only pure information we desire<sup>13</sup>. It is a result of not having enough time, boring or hard to understand construction of traditional long texts, laziness, but most of all-decreased ability to contemplate the information, due to changes in humans' brains.<sup>14</sup>

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<sup>10</sup> Author highlights visualization tools' capability to reduce cognitive load of learners and assist in message exchange Hron, Friedrich, 2003, "A review of web-based collaborative learning: factors beyond technology", *Journal of Computer Assisted Learning* 19, 76

<sup>11</sup> Presenting image directly to one's mind allows to bypass the process of converting text into a mental image and shorten the cognitive process. Mazza R., June 2004, *Using information visualisation to facilitate instructors in Web-based distance learning*, Faculty of Communication Sciences, University Lugano, 21-23

<sup>12</sup> Mazza R., June 2004, *Using information visualisation to facilitate instructors in Web-based distance learning*, Faculty of Communication Sciences, University Lugano, 23-24

<sup>13</sup> Pires D., November 11th, 2009, *Why don't we actually read anymore?*, Dancing Uphill, <http://dancinguphill.com/2009/11/why-dont-we-actually-read-anymore/>

<sup>14</sup> Pires D., November 11th, 2009, *Why don't we actually read anymore?*, Dancing Uphill, <http://dancinguphill.com/2009/11/why-dont-we-actually-read-anymore/>

There is a gap in the e-learning market which should be filled. There is no source of easy information on-line available, that would address this problem in an effective way. Few products provide e-learning solutions not consuming a lot of user's time and effort, to acquire the knowledge, and at the same time, provide it in an visually attractive way<sup>15</sup>. In order to tackle described problem we need to find a way to transfer knowledge, at first by creating interest and curiosity and then by facilitating the information reception<sup>16</sup>. The solution is a website which provides simple, interactive and engaging learning experience by visualizing the content.

## *5. Business concept.*

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### *5.1. Product description.*

The concept of CLEVERTHINGS is a B2C content site earning on advertising revenues. This interactive internet platform will help users to gain knowledge, through various graphical presentation methods (infographics, animations, storyboards, etc.). It is a service presenting different topics with, thanks to its attractive form, a potential to interest every user, strongly positioned as an interactive e-learning experience. CLEVERTHINGS platform aims at creating learning community where contributors will be able to share their online educational work with potential e-students.

The content platform of CLEVERTHINGS consists of daily-posted educational topics, created with the use of various interactive and graphical tools. Every one of them relates to different problem and is classified into one of seven categories<sup>17</sup>. Every topic is created with the use of graphically appealing method and is visually attractive, so that it meets the vision of the service.

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<sup>15</sup> According to the survey, respondents could hardly name a source like this.

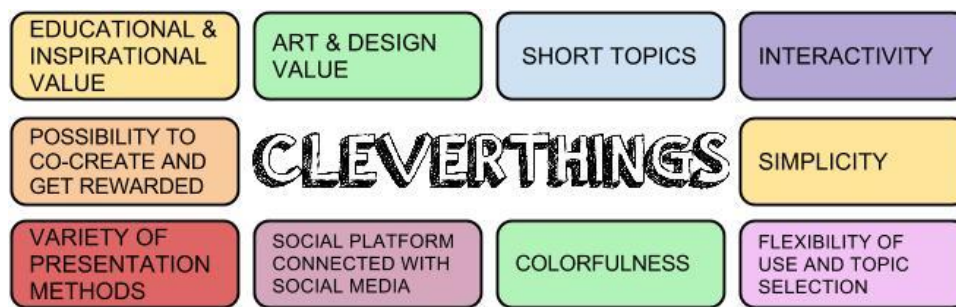
<sup>16</sup> According to the survey, facilitation of information reception is the most desired benefit.

<sup>17</sup> Described categories base on researched customers' interests and are as follow: ecology, business, world science technology, sport, people.

In this case, variety of visualization methods plays an important role.<sup>18</sup> Therefore, there will be a number of different presentation methods used to create content.<sup>19</sup> There are two main sources of the content planned: **internally created content**<sup>20</sup> and **co-created content**<sup>21</sup>. The role of internally created content is to attract potential users and co-creators to the platform with its high design quality and educational value.

As this project is strictly connected with visualization and design, the CLEVERTHINGS platform itself has to match this profile. Therefore, there are certain characteristics that website needs to meet: visually attractiveness and up to date design, easy to read text, navigation simplicity and functionality, and compatibility with other platforms.<sup>22</sup>

**Graph 2. Product features.**<sup>23</sup>



## 5.2. Mission & Vision.

The **mission** of CLEVERTHINGS is to be a free source of information, which promotes and facilitates online learning and teaching processes. The aim of the project is to create learning community and a platform enabling and inspiring users to co-create the educational content, experience it and share among friends and society. Attract customers by presenting the knowledge in a funny, interesting, interactive and visually attractive way, but most of all, showing people that there is a simpler way to acquire knowledge.

<sup>18</sup> As it goes together with stimulating curiosity, giving fun and breaking the traditional monotony of learning process.

<sup>19</sup> Described methods are: Infographics, videos, animations, interactive presentations, drawings, games and other interactive methods.

<sup>20</sup> Characterized by the highest graphical and utility value; branded and labeled with CLEVERTHINGS logo; strongly promoted, shared and elevated to attract new users.

<sup>21</sup> Meeting certain quality criteria and accepted by platform administrator.

<sup>22</sup> By other platforms it is considered: social media platforms, mobile platforms, other internet content services, etc.).

<sup>23</sup> Main features desired by potential customers according to survey and focus group.

CLEVERTHINGS exists to promote innovation in e-learning and break the traditional inefficient teaching systems.

The **vision** of CLEVERTHINGS is to become the worldwide pioneer and innovator of e-learning visualization throughout the existence of the service. To take advantage of technology and change the way people learn within the next decade. Our content to be shared by millions of people, across every continent.

### ***5.3. Strategic objectives.***

There have been five strategic objectives defined, achieving which, will let the company to attain its success. They have been grouped into three groups:

1. Marketing objectives:
  - Prepare the initial product version by 01.2014
  - Build an unique users' base of 10.000 by 08.2014 and 500.000 by 08.2015
  - Incorporate one innovative visualization tool into content creation process every quarter
2. Financial objective: become profitable by 03.2015
3. Operational objective: launch the website in 03.2014

## ***6. External analysis.***

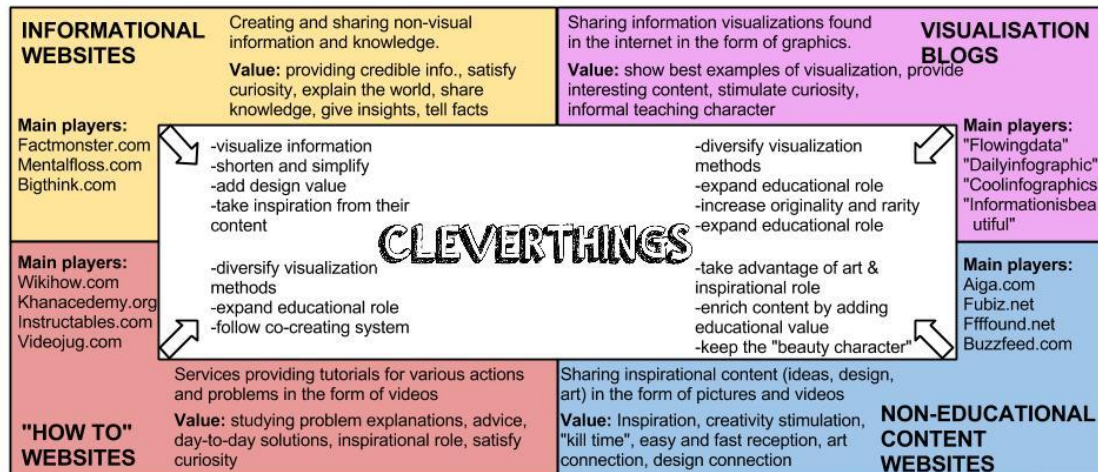
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### ***6.1. Competition analysis.***

Main competitors of CLEVERTHINGS had been recognized basing on similarities between their offered customer value propositions and overlapping target groups. The graph below names 4 competitors' groups, provides description, most important players in every group and customer value propositions of each one of them. It also shows how

CLEVERTHINGS can refer to offered value propositions and differentiate, creating an unique product concept.

**Graph 3. Competition analysis.**



The analysis indicates main **points of difference** of CLEVERTHINGS which are: visualization inclusion, visualization methods diversification, increased education value of the product and content simplification.

### 6.2. Key success factors.

In order to identify Key Success Factors (KSF) for the industry, three main questions must have been answered<sup>24</sup>: on what basis do customers choose between the competing brands?; what product attributes are crucial?; what resources and competitive capabilities does a seller need to have to be competitively successful?

Basing on answers to these questions, 6 KSF had been identified<sup>25</sup>: ease (simplicity of product use), quality (high education value of the content), design (high artistic value of the content and platform), distribution channels (extended content distribution network), social media marketing, community (co-creators' system).

<sup>24</sup> „What are the Main Key Success Factors of an Industry?”, <http://www.publishyourarticles.net/knowledge-hub/business-studies/what-are-the-main-key-success-factors-of-an-industry.html>

<sup>25</sup> Detailed analysis presented in the KSF analysis in appendix.

### 6.3. Competitive assesment.

Competitive assessment analyses 5 groups of competitors, as members of each one of them are homogeneous and present similar characteristics. Assessment is basing on Key Success Factors criteria.

**Table 1. Competitive assesment.**

	<b>CLEVERTHING S</b>	<b>Info. websites</b>	<b>Visualisation blogs</b>	<b>„How to” websites</b>	<b>Content websites</b>
<b>EASE</b>	Green	Yellow	Green	Green	Green
<b>QUALITY</b>	Green	Green	Yellow	Green	Yellow
<b>DESIGN</b>	Green	Yellow	Green	Yellow	Green
<b>CHANNELS</b>	Yellow	Green	Red	Yellow	Red
<b>SOCIAL MEDIA</b>	Green	Green	Yellow	Yellow	Green
<b>COMMUNITY</b>	Green	Yellow	Red	Yellow	Yellow

As presented in the Table 1, CLEVERTHINGS meets, fully or partly, all the criterias. According to this assesment, it is the strongest player, with only content websites and informational websites getting close to its level. It is necessary to take advantage of strong position in terms of content quality, social media presence and co-creators’ community and improve its competitiveness.

### 6.4. Market size.

English language is the most spoken language among internet users and is operated by 565M users in the world<sup>26</sup> which accounts for 26,8% of all internet users worldwide. 48% of world’s internet users speaking English lives in North America and represents the number of 273M people<sup>27</sup>. This country is also a home of the e-learning concept, emerged

<sup>26</sup> Internet world users by language, Internet World Stats, [www.internetworldstats.com/stats7.htm](http://www.internetworldstats.com/stats7.htm)

<sup>27</sup> Internet users in the world, Internet World Stats, [www.internetworldstats.com/stats.htm](http://www.internetworldstats.com/stats.htm)

in 1993.<sup>28</sup> In 2011, the North American market for online learning products reached \$21.9B which accounted for 61.7% of the worldwide e-learning market<sup>29</sup>. Described market is the most mature e-learning market in the world and is characterized by a moderate annual growth rate of 4,4%<sup>30</sup>. In 2012, over 4.5M of US college students were taking more than one of academic courses online.<sup>31</sup>

The size of the english speaking internet users category, strongly represented by North American region, together with the popularity of e-learning concept on that market leads to belief, that the highest chances of success for the project are in the US/Global English-speaking market.

To have an accurate view on the potential market size for an e-learning/content informational website, it is necessary to refer to similar representative businesses from the same category. In order to analyze the traffic on alike websites and approximate the possible market size for CLEVERTHINGS, there were 4 similar internet businesses analyzed.

**Table 2. Market size estimation.** <sup>32 33 34</sup>

SERVICE	FACTMONSTER	MENTALFLOSS	FUBIZ	KHANACADEMY
Monthly unique users	5 mln	4.2 mln	1.2 mln	6 mln
Monthly page views	20+ mln	18.6 mln	6+ mln	No data

Basing on figures provided in Table 2, we can estimate the possible market size (in terms of unique users number) for CLEVERTHINGS at the level of 1-6M customers monthly. However, there is no limit for this number as website "answers.com" (targeting group with similar characteristics to the target of cleverthings.com but offering different service)

<sup>28</sup> Graziadei, W. D., 1997, *Building Asynchronous and Synchronous Teaching-Learning Environments: Exploring a Course/Classroom Management System Solution*, State University of New York, [http://horizon.unc.edu/projects/monograph/CD/Technological\\_Tools/Graziadei.html](http://horizon.unc.edu/projects/monograph/CD/Technological_Tools/Graziadei.html)

<sup>29</sup> „North American eLearning Market to Reach \$27.2 billion by 2016“, PR Newswire, <http://www.prnewswire.com/news-releases/north-american-elearning-market-to-reach-272-billion-by-2016-163944576.html>

<sup>31</sup> „E-learning facts“, Znanja, [www.znanja.com/elearningfacts](http://www.znanja.com/elearningfacts)

<sup>32</sup> „Online media kit“, Mentalfloss, [http://mentalfloss.com/online\\_mediakit](http://mentalfloss.com/online_mediakit)

<sup>33</sup> „What is factmonster?“, Factmonster, <http://www.factmonster.com/mediakit/>

<sup>34</sup> „Advertising offers“, Fubiz, <http://www.fubiz.net/advertise/>

estimates its unique visitors number at 130M<sup>35</sup>, which allows to aim higher than the customer base of 6M. Mobile channel expansion will help reach broader customer base.

### 6.5. Market trends.

The overall popularity of e-learning concept is increasing. By 2014 the number of college students taking more than one course online is expected to grow from 4.5M in 2012 to 18.5M.<sup>36</sup> North American market for e-learning products will grow from \$21.9B today to \$27.2B by 2016.<sup>37</sup>

In 2012 in U.S. for the first time in history, investment in online advertising exceeded investment in traditional print advertising. Growth in online advertising is especially concerning display advertising (24% growth in 2012), social advertising (23.6% growth) but most of all mobile advertising (128% growth in 2012)<sup>38</sup>. This trend is expected to continue, as more and more advertisers are aware of growing importance of online communication channel, as a key to reach customers<sup>39</sup>. This trend supports the revenue model concept of CLEVERTHINGS.

There are certain trends shaping the way people will learn online in the near future. Social learning concept is an integration of e-learning processes into social media channels to stimulate groupwork and connect learning with socialising<sup>40</sup>. E-learning gamification, bringing in game elements into the process will increase motivation to learn and its outcome. Mobile learning is another emerging trend, facilitating access and introducing

<sup>35</sup> „About us“, Answers, [http://wiki.answers.com/page/about\\_us](http://wiki.answers.com/page/about_us)

<sup>36</sup> „E-learning facts“, Znanja, [www.znanja.com/elearningfacts](http://www.znanja.com/elearningfacts)

<sup>37</sup> „The North America Market for Self-paced eLearning Products and Services: 2011-2016 Forecast and Analysis.“ 2012, Ambient Insight, <http://www.ambientinsight.com/Resources/Documents/AmbientInsight-2011-2016-NorthAmerica-SelfPaced-eLearning-Market-Abstract.pdf>

<sup>38</sup> „150 smart stats. Online marketing trends every business needs to know“, Reach Local, [http://www.slideshare.net/ReachLocalPresentations/150-smartstatsonlinemarketingtrendseverybusinessneedstoknow?from\\_search=1](http://www.slideshare.net/ReachLocalPresentations/150-smartstatsonlinemarketingtrendseverybusinessneedstoknow?from_search=1)

<sup>39</sup> „150 smart stats. Online marketing trends every business needs to know“, Reach Local, [http://www.slideshare.net/ReachLocalPresentations/150-smartstatsonlinemarketingtrendseverybusinessneedstoknow?from\\_search=1](http://www.slideshare.net/ReachLocalPresentations/150-smartstatsonlinemarketingtrendseverybusinessneedstoknow?from_search=1)

<sup>40</sup> „Trends in learning technologies to watch in 2013“, Elearning industry, <http://elearningindustry.com/trends-learning-technologies-2013>

just-in-time e-learning concept<sup>41</sup>. Nowadays, the global mobile traffic represents 10% of total internet traffic. By 2013, this number is expected to grow thirteenfold. There is a growing tendency for commercialisation of this channel as well. Between 2008 and 2011 global mobile app advertising spendings grew from \$700M to \$12B.

## ***7. Internal analysis.***

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### ***7.1. Team.***

In order to complete the management team it is necessary to enter into partnership with joint founders. Involving these partners into the cofounding collaboration is necessary for the efficient operation of business and will lead to labour outsourcing avoidance and cost saving, together with internal processes streamline.

In the early pahse of business existence, for the founder and entrepreneur Michal Gaszynski, it is essential to acquire following parties: two graphic designers responsible for content design and creation, website design and presentation methods innovation; marketing specialist responsible for promotion strategy execution, market research and customer communication; developer/programmer responsible for website creation, website maintainence and IT management.

### ***7.2. Internal resources analysis.***

There have been following key internal resources characterized, crucial for achieving competitiveness in the e-learning industry:

1. Team-initially consisting of two highly qualified graphic designers and IT programmer. It is self sufficient for the purpose of product creation (e-platform and e-learning content).
2. Co-creation incentive and rewarding system.

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<sup>41</sup> „Trends in learning technologies to watch in 2013“, Elearning industry, <http://elearningindustry.com/trends-learning-technologies-2013>

3. Knowledge of customer-knowledge of customer preferences and behaviour, determining product concept and promotion strategy, gained from market research.
4. Organizational culture: unique working atmosphere emphasizing good work-life balance, open communication and strong team spirit, promoting creativity and innovation.
5. Networking: extensive social media users' network. Wide group of friends, professionals graphically connected, with the potential for low-cost support.
6. Content idea base: wide base of ideas for content creation. Crucial to process efficiency, overall e-learning product quality and its curiosity stimulating potential.
7. Technology: hardware & software necessary for website development and content design, brought in as a contribution by co-founders. Software available online for free.
8. Unique product concept.

**Graph 4. VRIO analysis.**

RESOURCE	VALUABLE	RARE	INIMITABLE	ORGANISATIONAL
Team	Green	Red	Red	Green
Organizational culture	Green	Green	Red	Green
Co-founders' incentive & rewarding system	Green	Green	Red	Green
Knowledge of customer	Green	Red	Red	Green
Networking	Green	Red	Red	Green
Wide content idea base	Green	Red	Red	Green
Unique product concept	Green	Green	Red	Green
Technology	Green	Red	Red	Green

The key internal resources VRIO analysis proves that CLEVERTHINGS does not have a sustained competitive advantage due to its lack of inimitable key resource. However, it is important to take advantage of the temporary rarity of company's organizational culture, co-creation incentive & rewarding system and unique product concept.

## **8. Business model.**

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### **8.1. Target group and customer value proposition.**

Value proposition of CLEVERTHINGS is divided according to its three target groups:

„viewers“, „co-creators“ and „advertisers“.<sup>42</sup> Each one of these parties expects different benefits from the service and, therefore, value proposition for every one of them varies.

**CO-CREATORS:** CLEVERTHINGS gives potential co-creators the opportunity to express themselves and pass on their knowledge to the public. They can use their designing skills or develop them by using simple visualisation tools, available online for free. Co-creators can share their work and derive satisfaction from the appreciation. Additionally, they can financially benefit from contributing, gain recognition and promote themselves.

**USERS:** CLEVERTHINGS is an simple e-learning tool that enables learning through visualisation, which facilitates the process. It gives fun by interacting and absorbing with fascinating topics. The platform provides the opportunity to spend free time by connecting pleasure of doing something interesting with usefulness of learning. Sharing the content with friends helps users to socialise. CLEVERTHINGS' content inspires and thanks to interdisciplinary character, broadens horizons.

Group of users has been segmented basing on the criteria of „benefit seeking“.<sup>43</sup> There have been 4 segments determined<sup>44</sup>: „study“, „fun & kill time“, „self development“ and „inspiration & teaching“. Basing on the segmentation analysis, it has been determined that only groups „study“ and „fun & kill time“ should be targeted. The choice is supported by the fact that representants of these groups have shown great interest in the product, spend relatively more time in the internet, are characterized by a strong social media presence, high willingness to share content and are interested in information visualization concept.<sup>45</sup>

**ADVERTISERS:** Present the possibility to advertise and reach international audience.

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<sup>42</sup> The concept of addressing these three specific groups derived from the business model of [www.springwise.com](http://www.springwise.com)

<sup>43</sup> It takes into consideration groups presenting mutual needs, driving them to visit the platform and perform certain actions connected with the use of the service. Segmentation does not take into account customers seeking for benefits coming from obtaining e-learning degree and corporate training, as the informal character of the content of CLEVERTHINGS would not meet their expectations.

<sup>44</sup> Detailed description of customer segments included in “segmentation” in appendix.

<sup>45</sup> Information basing on the results of the survey.

Design promotion message addressing specific target groups and increase traffic or elevate the product. CLEVERTHINGS gives also the opportunity to visualize advertisers' commercial communication.

### 8.2. Revenue model.

The business model of CLEVERTHINGS projects two main sources of revenues:

1. Advertising: on-site advertising space sale (sold directly or via Google AdSense); revenues coming from advertising on other video-services (YouTube, Vimeo etc.)
2. Sponsored content creation: custom-made content, distributed on platform, designed to fit Website's character and present sponsor's communication statement

### 8.3. Key Processes.

The graph below presents all parts of the process which in the end results with the creation of the final product- educational content and knowledge transfer coming from viewing this content by users. There has also been identified key personnel involved in every part of the proces, outcomes and importance of every activity for overall success of the business (according to key success factors).

**Graph 5. Process map.**

PROCESS ( chronologically)	PARTIES INVOLVED	PROCESS OUTCOME	KEY SUCCESS FACTORS					
			EASE	QUALITY	DESIGN	CHANNELS	SOCIAL MEDIA	COMMUNITY
1. Idea generation & choice	GD, E, M, (C)	Content topic idea	✓	✓			✓	✓
2. Presentation method choice	GD, M, (C)	Presentation tool	✓	✓	✓		✓	✓
3. Information gathering & content design draft	GD, (C)	Content draft		✓	✓			
4. Content creation	GD, (C)	Pre-approved content	✓	✓	✓	✓	✓	✓
5. Check & improvement	GD	Approved content	✓	✓				
6. Categorisation & "what may interest you" association	GD, M	Content qualified	✓			✓		✓
7. Distribution (post on the platform)	P	Content posted				✓		✓
8. Promotion & sharing	M	Traffic generated				✓	✓	✓
9. View & knowledge transfer	U	Traffic and customer satisfaction				✓		✓
10. Co-creators' reward	C	Co-creators' satisfaction		✓	✓			✓
11. On-site advertising space sale*	E	Revenue inflow	✓	✓	✓	✓	✓	✓

\* Process "On-site advertising space sale" is crucial from the KSF perspective as its outcome is critical for the existence of the whole business.

Basing on the KSF analysis, the processes crucial for overall success are: „content creation”, as its outcome’s quality determines the success of knowledge transfer, service attractiveness level and promotion efficiency, and „on-line advertising space sale”.

Second-rate processes are: „idea generation & choice” and „presentation method choice”.

#### **8.4. Key Performance Indicators.**

Key Performance Indicators (KPI’s) is a process execution system which, in case of CLEVERTHINGS.ORG, is projected to be used to control efficiency and outcome of content creation process, its quality and promotional actions’ efficiency<sup>46</sup>. Featured KPI’s and their control are indirect means of achieving strategic objectives.

Indicators control system has been set in weekly and monthly perspectives. There have been 5 KPI’s applied into process management system:

1. Number of internally created content: <1 per week and <6 per month
2. Variety of presentation forms used in the internal content creation process:
  - <5 various forms per month
3. Variety of categories matched by content: 6< categories per month
4. Content ROI (pageviews number)<sup>47</sup>: 10.000< in the first month from post
5. Unique users’ growth<sup>48</sup>:
  - Initial number of unique users estimated on the level of 1000
  - <15% weekly growth in the first 3 months from the launch
  - <8% monthly growth between 3rd month and 17th month from the launch
  - <4% monthly growth between 17th and 29th months from the launch

---

<sup>46</sup> F. John Reh „Key performance indicators. How an organisation defines and measures progress toward its goals“, About.com, <http://management.about.com/cs/generalmanagement/a/keyperfindic.htm>

<sup>47</sup> “Social Media Analytics: Traffic Impact Of Infographics”, Bitrebels, <http://www.bitrebels.com/social/social-media-analytics-impact-infographic/>

<sup>48</sup> This variable is strongly correlated with the revenue level and performance of content creation process, as its outcome quality attracts new users. Graham P., „Startup=Growth”, <http://www.paulgraham.com/growth.html>

## 9. Marketing plan.

### Advertising & Promotion strategy<sup>49 50</sup>

The table below presents promotion strategy, which will be undertaken in the first 12 months, in order to achieve previously set objectives.

**Table 3. Promotion strategy.**

Planned advertising/promotion type	Expected business impact & improvement	Cost <sup>51</sup>	Start date
<b>Promotion strategy advisement</b>	-creating overall promotion strategy -planning advertising campaign	\$1000	11.2013
<b>Promotional video: creating viral effect and „buzz” around the product by creating curiosity and realizing the need.</b>	-increase problem awareness -create brand awareness -increase traffic	Production \$200 (taking advantage of network), Distribution \$0	12.2014
<b>Social media:informal word of mouth promotion aiming at building the initial base of users (taking advantage of existing and extending the “friends” network).</b>	-generate buzz -building viral campaign -create problem awareness -create brand awareness -generate traffic -constructing “learning community”	Accounts setup & management: \$0 (done internally)	01.2014
<b>Promotional products: stickers, posters, boards, etc. Distributed in universities and during certain cultural and tech events.</b>	-part of the co-creators’ network incentives (gift system) -viral campaign -increase traffic -targeting specific groups by promoting in specific places	Design \$0 (internal) Print \$300	01.2014
<b>Social media campaign: main promotion channel, basing on generating traffic through SM accounts (content distribution, content sharing incentives, events, word-of-mouth, customer communication).</b>	-customer communication tool -additional content distribution channels -feedback gathering -increase traffic -constructing “learning community”	Accounts setup & management: \$0 (done internally)	03.2014

<sup>49</sup> Walling R., „The 5 minute guide to cheap startup advertising“, Onstartups, <http://onstartups.com/tabid/3339/bid/43774/The-5-Minute-Guide-To-Cheap-Startup-Advertising.aspx>

<sup>50</sup> „How do I plan my Internet advertising budget for my startup?”, Foundersspace, <http://www.foundersspace.com/fund-raising/how-do-i-plan-my-internet-advertising-budget-for-my-startup/>

<sup>51</sup> Mack Collier, „How Much Does Social Media Cost Companies in 2012?”, MackCollier, <http://www.mackcollier.com/cost-of-social-media-in-2012/>

<b>Online ads in the industry (on e-learning and informational websites).</b>	-increase traffic -targeting specific groups by advertising on specific services	\$5000 (increasing in the future)	03.2014
<b>TOTAL</b>		<b>\$6500</b>	

### Co-creators' engagement model.

It has been proven that people have the need to express themselves. At the same time, we like to think of ourselves as creators.<sup>52</sup> The idea of CLEVERTHINGS is to take advantage of this phenomenon and engage users to co-create the platform by rewarding them partly with recognition and material awards. Establishing the system involves 6 main steps:

1. Get interest-the aim of the first step is to get the attention of potential co-creators by intriguing them with an excellent, high quality content.
2. Explain the social impact-remind people that by creating educational visualisations they actually help others and do something that is useful for the society.
3. Profile- enable profile building, including co-creators' information.<sup>53</sup>
4. Networking- enable socialising and contact with each other.
5. Gamification-create a system where co-creators get points in exchange for their works of art. Points are awarded on the basis of other users' ratings and the number of views. Getting a certain number of points is connected with gaining levels and „titles“. Ranking showing the top levels co-creators profiles will be displayed.
6. Rewarding- granting financial or material awards based on co-creators' ranking.<sup>54</sup>

## 10. Financial plan.

### Start-up cost.

The startup cost for the company has been estimated on the level of \$57413.<sup>55</sup> It has been planned in a one-year perspective.

<sup>52</sup>“People's insights annual report. Co-creation communities”, MSL GROUP, <http://es.slideshare.net/mslgroup/5-cocreation-communities-ten-frontiers-for-the-future-of-engagement>

<sup>53</sup>According to focus group results, freedom of profile creation is highly appreciated by potential contributors.

<sup>54</sup>According to focus group results, material awards are necessary for the incentive system efficiency.

<sup>55</sup> Basing on the financial analysis in appendix.

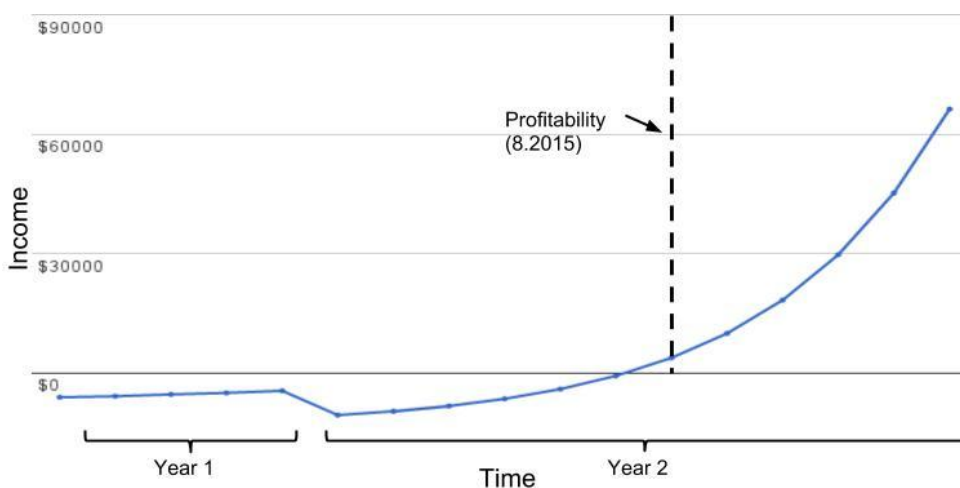
## Advertising revenues growth.

Basing on financial estimations<sup>56</sup> there has been an advertising revenues formula derived:

$$\text{Advertising revenues} = \text{unique users} \# * 5 * 2\% * \$0,5 * 3$$

By basing on this model of predicting advertising revenues, comprising other sources of revenue<sup>57</sup> together with unique users' growth model<sup>58</sup> and cost model<sup>59</sup>, it was possible to derive the profitability function which allows to expect the business to become profitable, in accordance with financial objective, before 08.2015.

### Graph 6. Profitability function.



### 11. Implementation plan.

Milestone chart is a key tool used to control project execution and business growth. Breaking down necessary development steps into projected milestones and monitoring their execution, will enable localizing company's phase of expansion in relation to its goals<sup>60</sup>. Control of milestones achievement is crucial from a fundraising point of view, as it indicates if the startup is developing well and defines its potential.<sup>61</sup> Therefore, there

<sup>56</sup> According to on-site advertising revenues growth model in appendix

<sup>57</sup> According to sponsored content sales forecast in appendix.

<sup>58</sup> According to unique users' growth model and assumptions in appendix.

<sup>59</sup> Basing on the financial analysis in appendix.

<sup>60</sup> Brodzinski P., October 23, 2009, "Setting Milestones in Start-Up", , Brodzinski, <http://brodzinski.com/2009/10/setting-milestones-in-start-up.html>

<sup>61</sup> Espinal C. E., "Setting appropriate milestones in an early-stage startup", Seedcamp, <http://thedrawingboard.me/2012/10/12/setting-appropriate-milestones-in-an-early-stage-startup/>

have been following milestones characterized, as a way of achieving company's mid-goal and one-year-perspective goal: becoming profitable.

**Table 4. Milestones.**<sup>62</sup>

MILESTONE	DATE	MILESTONE	DATE
<b>1. START: Business plan completion</b>	08.2013	<b>9. MID-GOAL: Platform launch</b>	03.2014
<b>2. Team completion and company set up</b>	09.2013	10. First advertiser acquired	04.2014
<b>3. Financing: first round funding acquired</b>	11.2013	11. First co-creator acquired	04.2014
<b>4. Product: initial content creation (content ready for beta launch)</b>	12.2013	12. Market validation: 10.000 pageviews	05.2014
<b>5. Promotional video ready</b>	12.2013	13. First article in respected press	05.2014
<b>6. Beta platform launch</b>	01.2014	14. Financing: second round funding acquired	06.2014
<b>7. Feedback analysed. Platform improved.</b>	02.2014	15. Human resources: Growth of the team	06.2014
<b>8. Promotional campaign start</b>	03.2014	<b>16. GOAL: acquire 10.000 monthly unique users</b>	<b>08.2014</b>

## 12. Risk management.

Table 5. presents the risk analysis. Columns represent recognized types of risk, arranged according to the estimated likelihood, with their potential impact.

**Table 5. Risk management.**

Occurrence	Likelihood	Possible impact
<b>Contributors do not create enough content.</b>	<b>HIGH</b>	Lack of content, low attractiveness of the platform, decreasing number of users
<b>Low traffic to the website.</b>	<b>HIGH</b>	Decreasing advertising revenues
<b>New competitor offering same product.</b>	<b>MEDIUM</b>	Decreased traffic, decreased co-creators number, possible increased popularity of the sub-industry
<b>Co-created content's low presentation methods variety.</b>	<b>LOW</b>	Content monotony, decreased product's attractiveness, low differentiation from the competition
<b>Low quality of the co-created content.</b>	<b>LOW</b>	Users' curiosity decreased, decreased traffic

<sup>62</sup> Espinal C. E., "Setting appropriate milestones in an early-stage startup", Seedcamp, <http://thedrawingboard.me/2012/10/12/setting-appropriate-milestones-in-an-early-stage-startup/>

### 13. Recommendations.

Basing on Key Success Factors for the industry, TOWS, Porter's 5 forces and risk analysis, there has been a set of recommendations generated to secure the future, meet objectives and sustain the growth opportunity for the business.

#### **Product improvements:**

- Product differentiation (long-term). It is an action plan of distinguishing the offer, as a way to address the risk of newcomers and substitute product offering.<sup>63</sup> The strategy is based on constant improvement of the product and includes adding new features, innovating e-learning presentation methods, extending B2C and B2C services and incorporating new technologies into the communication and content creation processes. It is important to retain the “easy access”, design and high educational quality character of the product.<sup>64</sup>
- Co-creation tool development (long-term). It is necessary to develop and incorporate into the platform an unique and easy-access visualizing tool. It will result in supporting and popularizing content co-creation together with bringing to the platform users previously not interested in contribution, giving them the opportunity to create educational topics for their own purpose and by the way share it on the platform.<sup>65</sup>
- Distribution channels development (short-term). As e-learning moves towards mobile learning, it is unavoidable to follow this trend.<sup>66</sup> Adopting the product to new platforms and extending distribution channels not only will bring higher revenues, as it allows to sell more advertising space but also will open for new customer base.

---

<sup>63</sup> As threats of new entrants and new substitute products according to Porter's 5 forces analysis is high.

<sup>64</sup> As the importance of these product features is highlighted in the Key Success Factors (KSF) analysis in appendix.

<sup>65</sup> According to the focus group outcome, it is necessary to incorporate an easy visualizing tool in order to attract more co-creators.

<sup>66</sup> As it has been defined as one of the Key Success Factors (KSF) for the industry, in the future it is necessary to develop the project in mentioned area.

## Promotion:

- Innovate promotion (long-term). In order to maintain or increase traffic to the website it is necessary to monitor and react to changes in the efficiency of previously used promotion plan. The strategy of innovating promotion consists of coming up with new way to use social media channel as a promotion mean, introducing interactive advertising reflecting the character of the product, new communication channels and eventual market re-examination together with product redesign. It is recommended to continue the strategy of promoting the service with internally created content characterized by constantly increasing level of quality, alongside the use of more and more advanced visualization technologies.
- Develop co-creators' system (long-term). Strategy corresponding to the potential problem connected with co-creators' network and its content creation (low quality, low quantity and monotony of presentation methods).<sup>67</sup> It implies actions in the area of incentive and rewarding system development as well as promoting and searching for contributors directly.

## Operations:

- Location and entity (short-term). The environmental analysis resulted with the recommendation of the Silicon Valley area as the most suitable location for the company.<sup>68</sup> When it comes to the legal entity for the business selection, it is recommended to set up a C-corp type of company as it the most suitable form for this business model.<sup>69</sup>

---

<sup>67</sup> As these are the main sources of risk connected with co-creator's system stated in the risk analysis.

<sup>68</sup> According to the "Location & legal entity analysis" in appendix, factors that had an impact on this decision are: presence of the "startup ecosystem" with business supporting network, higher funding access and high qualified labor supply.

<sup>69</sup> According to the "Location & legal entity analysis" in appendix, selection based on the advantage of described form in 3 areas: ownership structure, freedom of governance and fundraising potential.

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# CLEVERTHINGS



[log in](#)

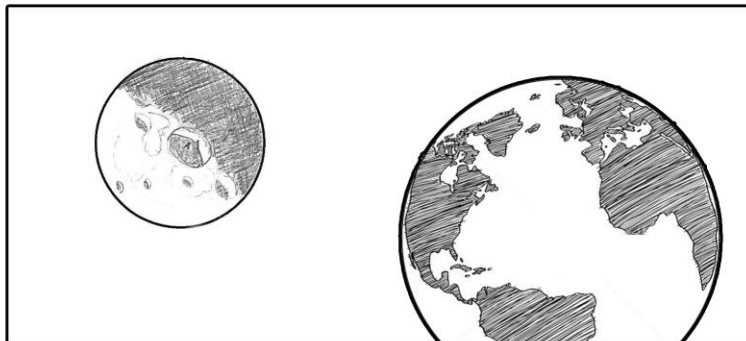
Make Learning Simple and Fun !

- [home](#)
- [eco](#)
- [business](#)
- [world](#)
- [science](#)
- [tech](#)
- [sport](#)
- [people](#)

**Ad. Banner 728 x 90**

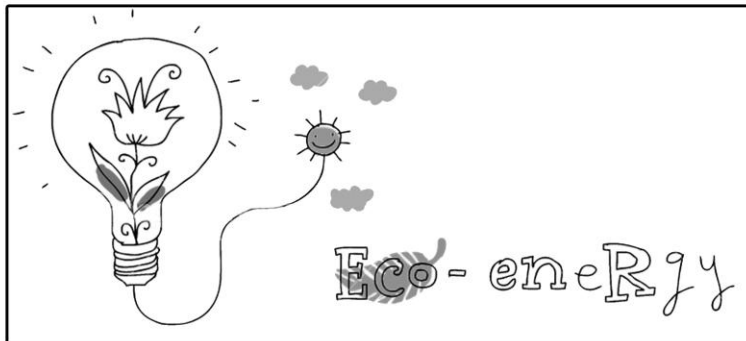
## CONTENT 1

This is a short description of the content placed below.  
It includes a short abstract and keywords.



## CONTENT 2

This is a short description of the content placed below.  
It includes a short abstract and keywords.



**Ad. Banner 728 x 90**

## CO-CREATE

Created something smart and beautiful?  
Share it !  
Help others, earn rewards and recognition

[join the Community](#)



**Ad. Banner 240 x 400**

## CONTENT YOU MAY LIKE



**Table of content:**

- 1. Survey**
- 2. Segmentation and target group**
- 3. Positioning statement**
- 4. Users' growth predictions**
- 5. Focus group**
- 6. Organisational charts**
- 7. Value chain**
- 8. Key Success Factors analysis**
- 9. SWOT analysis**
- 10. Porter's five forces analysis**
- 11. TOWS analysis**
- 12. Financial plan**
  - 12.1. Startup cost**
  - 12.2. Advertising revenues**
  - 12.3. Profit & loss forecast**
- 13. Industry mapping**
- 14. Location & legal entity analysis**
- 15. Bibliography**

## **1. Survey.**

Conducting a survey helped answering the question: “who may be interested in such product and who should be a potential target group for CLEVERTHINGS?” It pictured the potential users’ perception of “visualized e-learning” concept and allowed to adjust functions and nature of the service to certain expectations.

There were 40 people questioned. All of them are English-speaking internet users. They had been reached through internet communication channels (social media & email).

Below there is a report presenting survey questions together with answers. It had been narrowed to responds of the selected target group of CLEVERTHINGS.

### **Survey results.**

## Results for: Report

---

### 1) How old are you?

---

**16-20**  
 7 (17.5%)

**21-25**  
 17 (42.5%)

**26-30**  
 8 (20.0%)

**31-35**  
 4 (10.0%)

**36-40**  
 2 (5.0%)

**41-50**  
 2 (5.0%)

**more than 60**  
 0 (0.0%)

---

### 2) What is your gender?

---

**Female**  
 15 (37.5%)

**Male**  
 25 (62.5%)

---

### 3) What is your origin?

---

**North American**  
 12 (30.0%)

**South American**  
 3 (7.5%)

**European**  
 24 (60.0%)

**African**  
 1 (2.5%)

**Asian**  
 0 (0.0%)


**Australian/Oceanian**  
 0 (0.0%)

---

### 4) What is your current occupation?

---

**Unemployed**  
 1 (2.3%)

**Student**  
 27 (81.4%)

---

---

**Professional**  
 18 (36.4%)


---

5) What is the level of your education?

---

**Primary**  
 5 (12.5%)

---

**Secondary (high school)**  
 3 (7.5%)


---

**Undergraduate**  
 18 (40.0%)

---

**Master**  
 18 (40.0%)

---

**Other (Please Specify):**  
 0 (0.0%)

---

6) What is the area of your education?


---

**Art/Graphical**  
 8 (18.6%)

---

**Business/Economy**  
 18 (41.9%)

---

**Science/Technology**  
 9 (20.9%)

---

**Humanities**  
 7 (16.3%)

---

**Other**  
 1 (2.3%)


---

7) What are your interests?

---

**Art**  
 7 (5.5%)

---

**Automotive**  
 10 (7.9%)

---

**Business**  
 12 (9.4%)

---

**Design**  
 12 (9.4%)

---

**Literature**  
 7 (5.5%)


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**Nature**  
 14 (11.0%)

---

**Movies**  
 13 (10.2%)

---

**Science**  
 9 (7.1%)

---

**Sports**

 12 (9.4%)
**Technology**

 11 (8.7%)
**Travel**

 19 (15.0%)
**Other**

 1 (0.8%)

8) How many hours daily (on average) do you spend surfing the internet?

**0-1**

 5 (12.5%)
**2-5**

 23 (57.5%)
**6-10**

 12 (30.0%)
**more than 10**

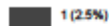
 0 (0.0%)

9) How many hours per week (on average) do you spend in the internet, on learning / self development?

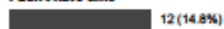
**0-1**

 3 (7.5%)
**1-5**

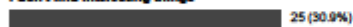
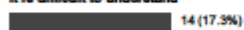
 18 (45.0%)
**6-10**

 18 (45.0%)
**more than 10**

 1 (2.5%)

10) Why don't you do it more?

**I don't have time**

 12 (14.8%)
**it is too boring**

 17 (21.0%)
**it is too long**

 13 (16.0%)
**I don't find interesting things**

 25 (30.9%)
**it is difficult to understand**

 14 (17.3%)
**Other**

 0 (0.0%)

11) In your opinion, what could be changed in order to make you learn online more?

**Shorter topics**
 0 (0.1%)
**Simpler language**
 12 (18.2%)
**More interesting subjects**
 19 (28.8%)
**Visualisation of topics (graphics, pictures, videos, etc.)**
 29 (43.9%)
**Other**
 0 (0.0%)

## 12) Do you consider yourself a visual learner?

**Yes**
 25 (82.5%)
**No**
 3 (7.5%)
**It is hard to say**
 12 (30.0%)

## 13) Which out of these visualisation techniques do you like?

**Graphs**
 9 (8.9%)
**Infographics**
 23 (22.8%)
**Animations**
 23 (22.8%)
**Videos**
 17 (16.8%)
**Drawings**
 15 (14.9%)
**Presentations**
 14 (13.9%)
**Other**
 0 (0.0%)

## 14) Imagine a free website, where you could find or share simple and short educational topics, which touches on various interesting subjects. This website would not present the content in the form of traditional text but with the use of colorful and interactive visualisations (animations, graphics, games, etc.) Would you visit a website like this?

**Strong yes**
 15 (38.5%)
**Rather yes**
 23 (59.0%)
**Hard to say**
 1 (2.6%)
**Rather not**

0 (0.0%)

**Strong not**

0 (0.0%)

15) What do you think would be important features of such website?

**Beauty**

20 (12.8%)

**Simplicity**

19 (11.9%)

**Short topics**

9 (5.7%)

**Easy language**

7 (4.4%)

**Colorfulness**

18 (11.3%)

**Co-creation possibility**

14 (8.6%)

**Different visualization types**

18 (11.3%)

**Socializing**

17 (10.7%)

**Informal character**

16 (10.1%)

**Knowledge testing**

1 (0.6%)

**Internet shop**

3 (1.9%)

**Interactivity**

16 (10.1%)

**Serious and formal character**

1 (0.6%)

16) What would you be looking for, on a website like this?

**Studying materials**

14 (19.2%)

**Fun**

10 (13.7%)

**Killing free time**

10 (13.7%)

**New conversation topics**

4 (5.5%)

**General knowledge about the world**

8 (11.0%)

**Inspiration**

9 (12.3%)

**Cool things to share with friends**

 9 (12.3%)
**Teaching material**

 9 (12.3%)
**Other**

 0 (0.0%)

17) If you found this web page interesting, how likely would you visit it back in the next week?

**Very likely**

 13 (33.3%)
**Rather likely**

 26 (66.7%)
**Hard to say**

 0 (0.0%)
**Rather unlikely**

 0 (0.0%)
**Very unlikely**

 0 (0.0%)

18) If you found this web page interesting, would you share it on your social media account / recommend it to a friend?

**Strong yes**

 13 (32.5%)
**Rather yes**

 17 (42.5%)
**Hard to say**

 4 (10.0%)
**Rather not**

 8 (15.0%)
**Strong not**

 0 (0.0%)

19) Do you know any "information visualisation" services? If yes, name some of them:

**No**

 35 (80.7%)
**Yes: ...**

 4 (10.3%)

20) What do you like / not like about them?

## **2. Segmentation and target group.**

Analysis of the survey characterised main benefits, for which potential users are seeking.

Basing on this research, CLEVERTHINGS' customer market segmentation divides all potential users of alike informal e-learning services into groups. There have been 4 segments determined:

1. „Study“ - this group consists of users seeking for educational materials with the intention to use them for studying purposes. It is represented by young (less than 30 years old) high school and higher education students (90%) having problems with learning or understanding traditional academic sources but still spending between 6 and 10 hours weekly on learning online (81%). They are also looking for visualised (62%) and shortened (24%) information, in order to save time or “take a shortcut” in studying.
2. „Fun & kill time”, members of this group, in the opposite to others, are not seeking for any educational value of the content. They are attracted to the service by its curiosity and fun character, interactivity and design. Furthermore, they scour content websites to fill in their free time. Representants of this segment are strongly connected with social media and share the content to socialise<sup>1</sup>. Members of this segment spend relatively more time in the internet<sup>2</sup> and are younger than those representing other segments<sup>3</sup>.
3. Self development- users belonging to the featured segment are not characterised with mutual occupation. These are people willing to enrich their personalities, broaden their horizons and get new conversation topic for socializing purposes. They complain mainly about the lack of interesting topics to read.

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<sup>1</sup> According to the survey 90% willing to share interesting content with a friend

<sup>2</sup> According to the survey 100% more than 2 hours daily

<sup>3</sup> According to the survey 90% below 26 years

4. Inspiration & teaching purposes- described group consists of users searching for educational materials, in order to teach or inspire someone with the content they found in the internet. This group consists of relatively older members<sup>4</sup>, mainly professionals (80%), less willing to share the experience with others.<sup>5</sup>

### **Target group.**

Segments targeted in the future are „study“ and „fun & kill time“ because of their correspondence for the service. Members of these group stated high willingness to visit the website<sup>6</sup> and high willingness to come back if they found it attractive.<sup>7</sup> They are high school or higher education students (88%), therefore, have more time to view the content.<sup>8</sup> Among these segments, there is a great interest in the concept of e-learning visualization (50%) and readiness to share the content with friends (82%).

### **3. Positioning statement<sup>9</sup>.**

To: All visual-thinking, English-speaking students and professionals, curious about the world and having the need of getting knowledge in an easy way.

Who: CLEVERTHINGS is an interactive e-learning platform which enables learning and sharing „easy educational“ topics.

Difference: CLEVERTHINGS like no other service before, will interest and make you curious with its fascinating, colorful and interdisciplinary teaching visualisations and help you learn with pleasure, without consuming a lot of free time.

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<sup>4</sup> According to the survey 54% over 30 years old

<sup>5</sup> According to the survey only 50%

<sup>6</sup> According to the survey 96% strong or rather yes

<sup>7</sup> According to the survey 100% strong or rather yes

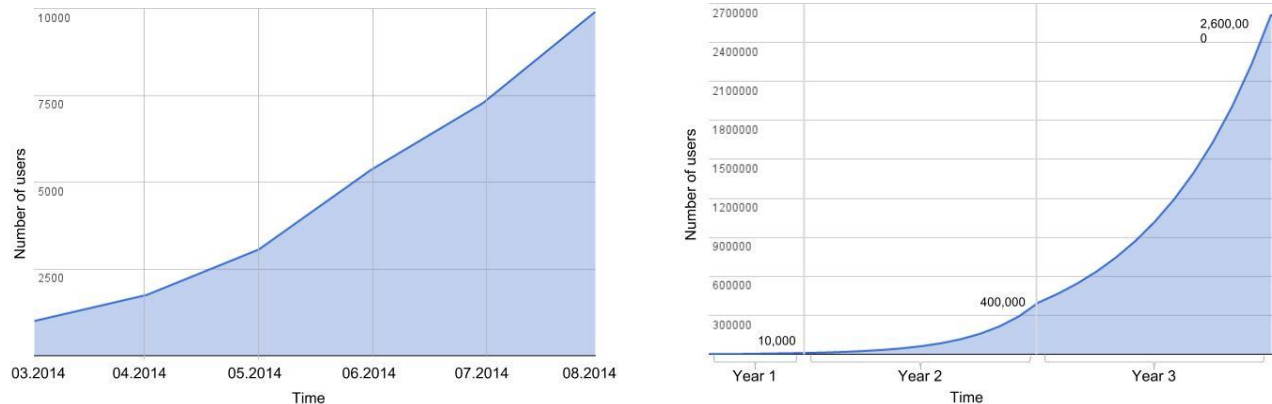
<sup>8</sup> According to the survey 64% spend between 6 and 10 hours in the internet daily

<sup>9</sup> “How to develop a positioning statement”, Precismarketing, <http://precismarketing.co.uk/positioning%20statement.pdf>

#### 4. Users' growth predictions.

Assuming initial users' base on the level of 1000 (basing on co-founder's friends networks) and effective promotional strategy, it is estimated that the user growth rate for the business will reach the level of 15% per week during first 3 months, 8% per week between months 4. And 17. and 4% between months 18. and 29.<sup>10</sup>

#### Graph 1. Users' growth predictions.



#### 5. Focus group.

Focus group had been conducted in order to gather opinions necessary for the Work Project's research. There were seven individuals brought into the focus group discussion, everyone educated in the area connected with visual arts:

- Monique Felcenloeben, USA, Graphic designer
- Yann Gueguen, France, Architect
- Battiste di Fiore, France, Architect
- Tim Stockhausen, Germany, Engineer
- Jana Lucia, Germany, Architect
- Marcel Kaczmarek, Poland, Graphic designer

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<sup>10</sup> Graham P., September 2012, "Startup=Growth", <http://www.paulgraham.com/growth.html>

- Aleksandra Gajda, Poland, Graphic designer

The purpose of the focus group was to gather opinions and insights about the product concept and the co-creators' incentive system of CLEVERTHINGS. Respondents were asked to focus their efforts on answering following questions:

1. Does product concept seem interesting and attractive? What can be changed?
2. How easy is it to co-create visualized e-learning content?
3. What can be done in order to motivate co-creators to contribute?

### **Conclusions:**

1. Does product concept seem interesting and attractive? What can be changed?

-Overall impression about the product is positive.

-Participants agreed on the facilitating role of visualisation in the learning process.

-The role of website administration should be to promote diversification of visualisation methods.

-Videos and animations are the most attractive and easy to understand content presentation tools.

-Platform should present the highest values of graphic.

-Every content should present high graphical value, therefore, there should be a selection of co-created content to maintain the "beauty" status of the product.

-For the platform to maintain the "beauty" status, it is necessary to limit on-site advertising to minimum or to select advertising with graphical value.

2. How easy is it to co-create visualized e-learning content?

-Simplicity of this process depends on the presentation tool that is used (videos and animations as the most difficult methods, infographics and traditional presentations as the easiest methods) and on the desired quality outcome. It can be expected that infographics and traditional presentations will be the most popular type of content co-created.

-There is a common belief that simple graphic design is a difficult operation. Respondents agreed on falsehood of this belief, pointing to the high potential in realizing users and motivating them to co-create.

-The availability of co-creation tools is high. There is a high number of free online visualization tools. What is more, it is popular for people to download illegal professional graphical software.

-There should be a basic visualization tool developed and incorporated into the product in order to attract graphically non-professional co-creators.

### 3. What can be done in order to motivate co-creators to contribute?

-Material rewarding is necessary to attract contributors.

-Material rewarding system should not base on cash but on products somehow connected with the concept of CLEVERTHINGS (educational products or visualization products).

-Gamification of the system should incorporate ranking of co-creators which should be visible and elevated on the website.

-System should allow creating extended profile creation. Contributors should be granted an unlimited freedom to create profiles.

-Recognition as an active and rewarded co-creator is a strong incentive, especially if it is possible to transfer this identification to social media.

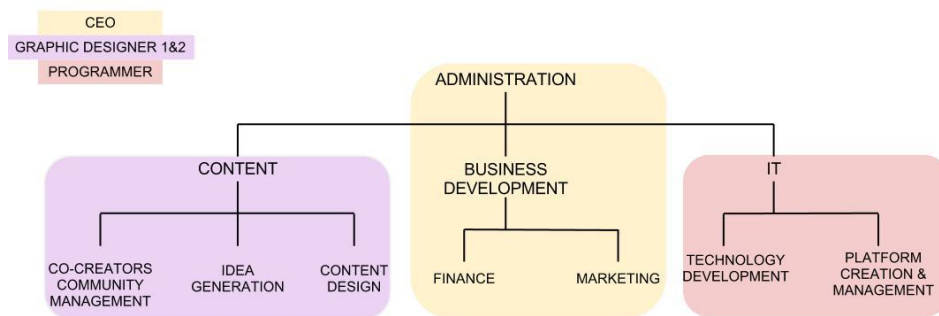
-System should allow to upload previously created content. It should not demand content created especially for CLEVERTHINGS.

## 6. Organisational charts.

### Initial organisational chart.

The graph below is an outline presenting initial business structure and team members' key area responsibilities.

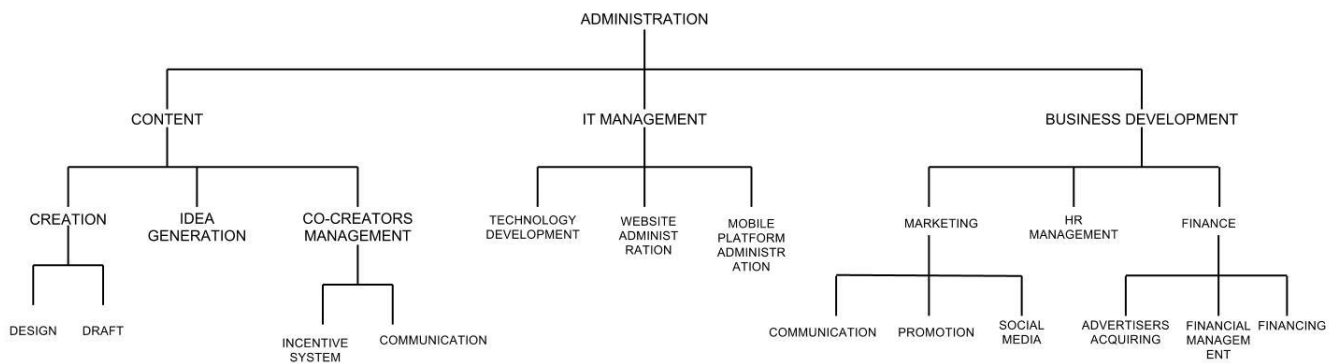
**Graph 2. Initial organisational chart.**



### 3-year perspective organisational chart.

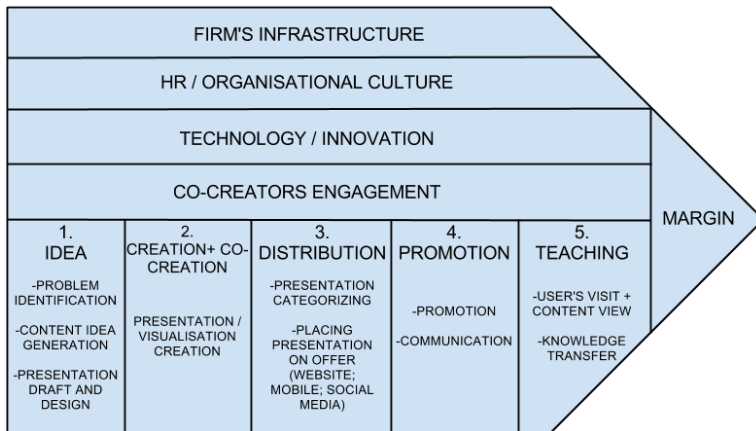
With the growth of the business, there will be team extensions necessary. The graph below presents the change in the organisational chart in the one-year perspective, after the second financing round.

**Graph 3. 3-year perspective organisational chart.**



## 7. Value chain.

**Graph 4. Value chain.**



## 8. Key Success Factors analysis.

In order to identify Key Success Factors (KSF) of the industry, three main questions must have been answered<sup>11</sup>: on what basis do customers choose between the competing brands?; what product attributes are crucial?; what resources and competitive capabilities does a seller need to have to be competitively successful?

Basing on answers to these questions, 6 KSF had been identified:

1. **Ease-** Simplicity of gaining knowledge in this case has to be a result of clarity and accessibility of the platform and individual content as well. This requires big straightforwardness of content presentation methods and their innovation. People have no time and get easily discouraged if the topic appearance and package is unattractive. It is less possible that user will not abandon learning if the transfer is short.

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<sup>11</sup> „What are the Main Key Success Factors of an Industry?“, <http://www.publishyourarticles.net/knowledge-hub/business-studies/what-are-the-main-key-success-factors-of-an-industry.html>

2. **Quality**-content needs to have an educational value, bring something to life of the viewer. Create curiosity by presenting new information through interesting topics.
3. **Design**-the design of the platform, as well as the design of the individual content, needs to be visually attractive, accessible and appealing, in order to attract attention and make the time spent at the platform, a pleasure.
4. **Distribution channels**- extended distribution channels of the content is crucial for the success from the marketing point of view. Importance and the growing number of users of social media platforms and mobile devices makes them critical distribution channels for success in the industry<sup>12</sup>. It is also an additional way to monetize business through advertising and to measure engagement of customers.
5. **Social media marketing**- very clear connection between target group and the use of social media platforms makes them significant marketing channels for promotion, communication and building loyal fan base<sup>13</sup>. This communication and promotion channel is characterized by low cost in relations to traditional channels. Taking advantage of this fact may lead to cost advantage.
6. **Community**- creating a group of contributors, directly engaged into creating the content, brings several benefits to the business. The main ones are: reduction of creation costs, wider content offer, promotion, user engagement. Creation of learning community will also result in socializing of users and, indirectly, promotion of the service.

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<sup>12</sup> Lasker Z., „The importance of mobile app engagement“, Forbes, [http://www.forbes.com/sites/marketshare/2011/10/24/the-importance-of-mobile-app-engagement/?goback=%2Egde\\_4580113\\_member\\_149410174](http://www.forbes.com/sites/marketshare/2011/10/24/the-importance-of-mobile-app-engagement/?goback=%2Egde_4580113_member_149410174)

<sup>13</sup> Bosari J., „The developing role of social media in the modern business world“, Forbes, <http://www.forbes.com/sites/moneywisewomen/2012/08/08/the-developing-role-of-social-media-in-the-modern-business-world/>

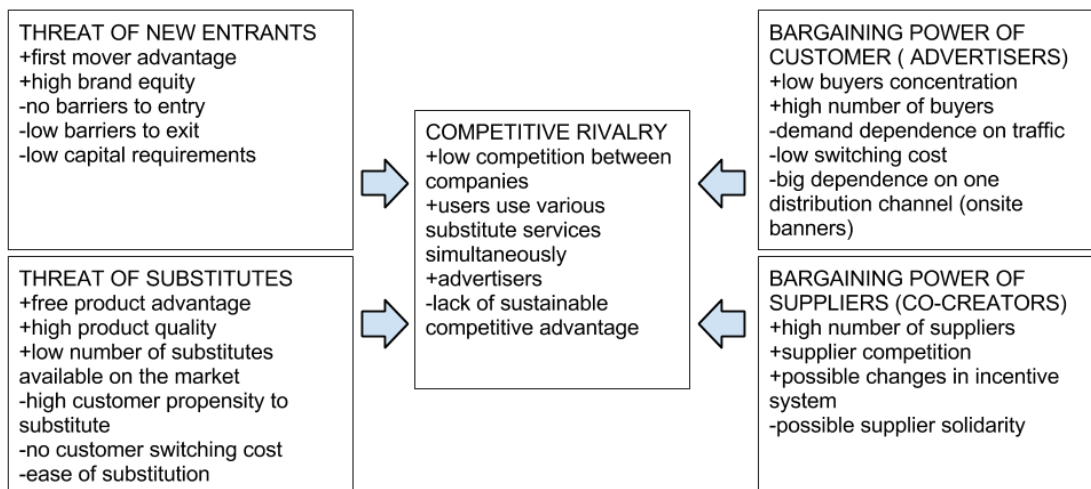
## 9. SWOT analysis.

Graph 4. SWOT analysis.

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• free of charge service offered</li> <li>• ease of use (visualisation, simple language, short content)</li> <li>• interdisciplinary character</li> <li>• interactive &amp; top design web platform</li> <li>• wide social media network existing</li> <li>• content creation process supported by co-creators' community</li> <li>• high number of free co-creation tools available online</li> <li>• first mover/innovation</li> <li>• strong management team</li> <li>• promotional video/viral effect</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• existing indirect competition</li> <li>• advertising on-site decreases the art value</li> <li>• content co-creation requires specific graphic skills</li> <li>• need of control of co-created content- selection problem</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• increasing e-learning use trend</li> <li>• growing social media channels</li> <li>• increasing popularity of information visualisation concept</li> <li>• increasing number and simplicity of free visualisation tools</li> <li>• digitalisation of life- growing number of internet access devices</li> <li>• society becoming less intelligent and more receptive for simple communication means</li> <li>• service extension possibility</li> <li>• mobile learning trend rising</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• new entrants</li> <li>• low quality of co-creators' content</li> </ul>

## 10. Porter's five forces analysis.

Graph 5. Porter's five forces analysis.



## 11. TOWS analysis.

### Graph 6. TOWS analysis.

	<b>OPPORTUNITIES</b> -service extensions possibilities -information visualisation concept popularization -availability and simplicity of free visualisation tools -digitalisation of learning processes -society becoming more receptive for simple and interactively engaging communication means	<b>THREATS</b> -new entrants -low quality of co-created content -low users' traffic
<b>STRENGTHS</b> -self-contained management team -first mover with an innovative product -interactive & top design character of the platform -ease of use -product free of charge -wide social media network existing	Use team competences to look for and incorporate new technologies. Differentiate the offer and add extensions. Develop interactive character and attract receptive customers with it. Constantly expand visual and artistic features.	Take advantage of being a first mover and build the strong brand image. Constantly differentiate and innovate the product to avoid new entrants' "free-ride" effect. Continue free of charge strategy, extend social media as a promotion channel to attract new users and achieve rapid growth of the traffic.
<b>WEAKNESSES</b> -advertising on-site decreases the product's art value -content co-creation requires certain skills -selection problem of low quality co-created content -informal character (no certificate) -existing indirect competition	Facilitate co-creation by promoting external and including internal visualisation tools. Overcome co-created content selection by coaching and offering better visualizing tools. Take advantage of the product's informal character by elevating its simplicity. Differentiate from the competition.	Select advertising with high design value to match product's character. Focus on promoting and attracting new users.

## 12. Financial plan.

### 12.1. Startup cost.

Table 1. Startup cost.

Startup cost (for the first year)	Cost
<b>Business registration costs</b>	
<b>Business name &amp; trademark registration<sup>14</sup></b>	\$70
<b>Domain names</b>	\$18
<b>Article of incorporation<sup>15</sup></b>	\$100
<b>Statement of information<sup>16</sup></b>	\$25
<b>Lawyer's fee<sup>17</sup></b>	\$500 (Issue stock certificates, business taxes registration)
<b>Office establishment</b>	
<b>Office rental<sup>18</sup></b>	\$10000 (500 sq ft with a rate of \$2.5/sq ft=\$1250 monthly)

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<sup>14</sup>“Setting Up Business in California:

A Guide for Investors”<http://business.ca.gov/Portals/0/AdditionalResources/Setting%20Up%20Business%20in%20California-%20A%20Guide%20for%20Investors%202012.pdf>

<sup>15</sup> „Forming a Corporation in California“, <http://www.dmlp.org/legal-guide/forming-corporation-california>

<sup>16</sup> „Forming a Corporation in California“, <http://www.dmlp.org/legal-guide/forming-corporation-california>

<sup>17</sup> „How, and How Much, Do Lawyers Charge?“, Lawyers.com, <http://research.lawyers.com/How-and-How-Much-Do-Lawyers-Charge.html>

<sup>18</sup> „Silicon valley office“, Kidder Mathews, <http://www.kiddermathews.com/downloads/research/office-market-research-silicon-valley-2012-1q.pdf>

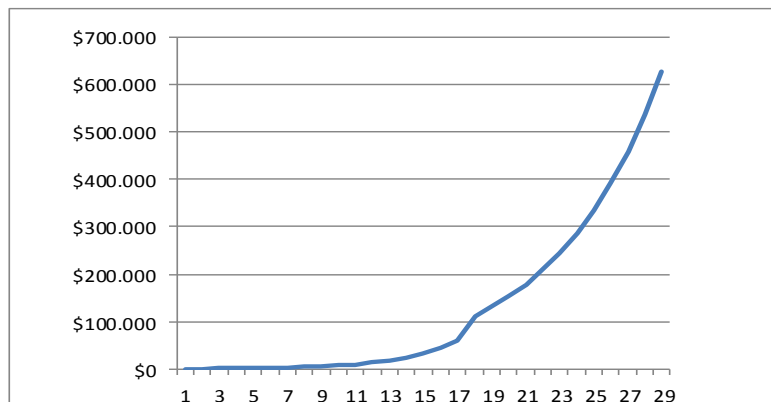
<b>Utilities<sup>19</sup></b>	\$2000 (\$250 monthly)
<b>Office equipment</b>	\$2000
<b>Stationery &amp; office supply</b>	\$200
<b>Computer hardware &amp; software</b>	\$0 (taking advantage of the equipment already owned by co-founders)
<b>Web server</b>	\$1200 (\$150 monthly)
<b>Operational costs</b>	
<b>Wages</b>	\$32000
<b>Promotion</b>	\$6500
<b>Co-creators' incentive system</b>	\$2000
<b>Repairs and maintenance</b>	\$800 (\$100 monthly)
<b>TOTAL</b>	<b>\$57413</b>

## 12.2 Revenue growth forecast.

Assumptions for the on-site advertising revenues growth model:

- On average, an unique user views 5 pages, therefore, we can convert the number of unique users into the number of page views, by multiplying it by 5.
- Cost per click rate=\$0.5 (first 2 years), \$0.8 (year 3.)
- Click per view rate=2%
- Number of on-site advertising banners per page=3

**Graph. 7. Monthly revenues growth forecast.**



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<sup>19</sup> „Silicon valley office”, Kidder Mathews, <http://www.kiddermathews.com/downloads/research/office-market-research-silicon-valley-2012-1q.pdf>

**Table 2. Sponsored content sale revenues growth**

	Year 1	Year 2	Year 3
<b>Average sponsored content price</b>	0	5000	10000
<b>Sales volume</b>	0	6	12
<b>Revenue</b>	0	30000	120000

**12.3. Profit & loss forecast.****Table 3. Profit & loss forecast.**

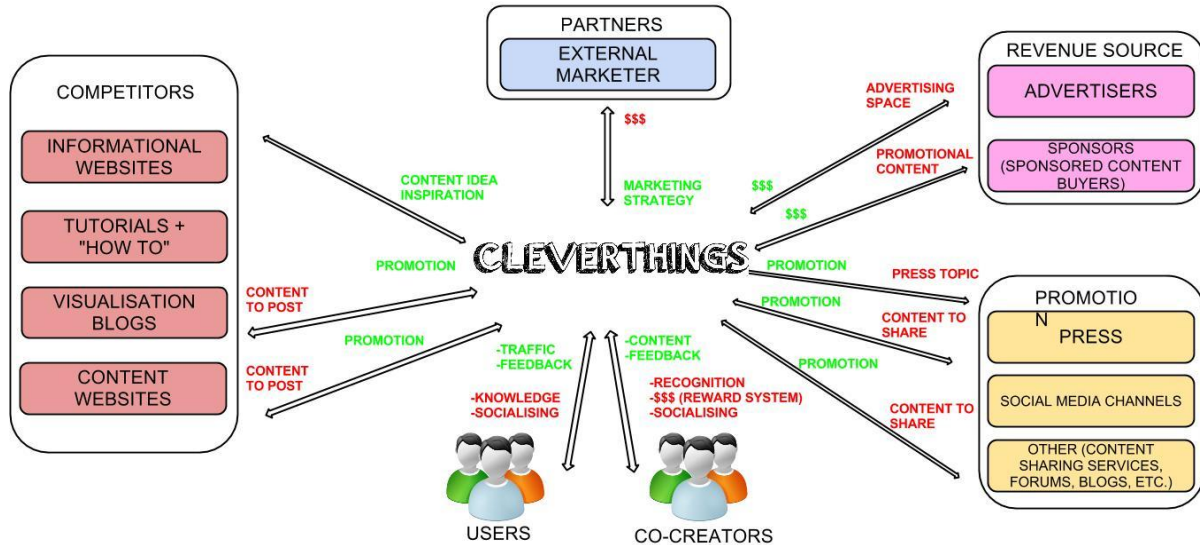
Profit & loss forecast	Year 1	Year 2	Year 3
<b>Revenues</b>			
Advertising space sale	\$4.101	\$219.816	\$3.666.297
Sponsored content sale	\$0	\$30.000	\$120.000
<b>Gross profit</b>	<b>\$4.101</b>	<b>\$249.816</b>	<b>\$3.786.297</b>
<b>Expenses</b>			
Registration costs	\$713	\$0	\$0
Accountant fees	\$0	\$0	\$18.000
Advertising & promotion	\$6.500	\$13.000	\$50.000
Co-creators' incentive system	2000	10000	50000
Bank fees	\$100	\$1.000	\$1.000
Office rent	\$10.000	\$15.000	\$45.000
Utilities	\$2.000	\$6.000	\$18.000
Repairs & maintenance	\$800	\$1.600	\$5.200
Office equipment	\$2.000	\$2.000	\$6.000
Hardware & software	\$0	\$10.000	\$30.000
Web server	\$1.200	\$6.000	\$6.000
Wages	\$32.000	\$126.000	\$336.000
Training	\$0	\$10.000	\$30.000
Other (transport, representation, unexpected expenses, etc.)	\$1.000	\$5.000	\$20.000
<b>Total</b>	<b>\$58.313</b>	<b>\$205.600</b>	<b>\$615.200</b>
Taxes	\$363	\$22.084	\$334.709
<b>Net profit</b>	<b>-\$54.575</b>	<b>\$22.132</b>	<b>\$2.836.389</b>

**13. Industry mapping**

The industry map below recognizes main industry participators from the CLEVERTHINGS point of view. The map characterizes interactions between CLEVERTHINGS and

individual players by describing main activities and value inputs (blue) and outputs (red), coming from and to the company.

**Illustration 2. Industry mapping.**



## 14. Location & legal entity

Most of the greatest tech startups were founded in Silicon Valley. Currently, seven out of top 10 most visited websites are based there and this region is generally accepted as the start-up ecosystem and home<sup>202122</sup>.

The area of Silicon Valley includes informal tech start-up supporting network consisting of entrepreneurs, advisors, funders, accelerator programs etc<sup>23</sup>. A company started there, has a relatively higher funding potential, with the average capital raised greater than in any other part of the world<sup>24</sup>. Highly qualified labour is supplied not only by local leading U.S.

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<sup>20</sup> Graham J., "Top cities for technology start-ups", USA Today, <http://usatoday30.usatoday.com/tech/columnist/talkingtech/story/2012-08-22/top-tech-startup-cities/57220670/1>

<sup>21</sup> "20 best places in the world to launch a business", CNN MONEY, <http://money.cnn.com/gallery/smallbusiness/2012/11/27/best-global-startup-cities.fortune/index.html>

<sup>22</sup> Graham J., "Top cities for technology start-ups", USA Today, <http://usatoday30.usatoday.com/tech/columnist/talkingtech/story/2012-08-22/top-tech-startup-cities/57220670/1>

<sup>23</sup> "Seed accelerators: the best of Silicon Valley", Rising Tide, <http://risingtidefund.com/venture-capital/seed-accelerators-the-best-of-silicon-valley/>

<sup>24</sup> "20 best places in the world to launch a business", CNN MONEY, <http://money.cnn.com/gallery/smallbusiness/2012/11/27/best-global-startup-cities.fortune/index.html>

universities but also with graduates from other parts of U.S., seeking for wide job opportunities available in this region<sup>25</sup>.

When it comes to the choice of the right legal entity for setting up a business in U.S., there are 5 possible forms to choose: c-corp, LLC, s-corp, partnership and sole proprietorship<sup>26</sup>. From the technology startup founder's point of view, assessment of each option should be basing on 3 factors: ownership structure forming, fundraising potential and governance. C-corp is commonly considered as the type of entity preferred by VC investors<sup>27</sup>. Following arguments prove this statement:

1. Ownership. C-corp allows limitless number of stockholders, without requiring their roles in running company's matters and permits unconditional transfer of shares. It allows free structure of ownership and ensure uninterrupted business continuity regardless of the actions of individual shareholders<sup>28</sup>.
2. Fundraising. Investing in a c-corp company allows capital structure variability with many levels of preferences<sup>29</sup>. When it comes to possible public offering, c-corp provides this process in an easiest possible way<sup>30</sup>.
3. Governance. In a c-corp company it is possible to separate management responsibilities from shareholders<sup>31</sup>.

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<sup>25</sup> Graham J., "Top cities for technology start-ups", USA Today, <http://usatoday30.usatoday.com/tech/columnist/talkingtech/story/2012-08-22/top-tech-startup-cities/57220670/1>

<sup>26</sup> Price J., "When I launch my startup business, what type of legal entity should I form?", <http://jimprice.wordpress.com/2010/10/12/when-i-launch-my-startup-business-what-type-of-legal-entity-should-i-form/>

<sup>27</sup> "What type of entity should I form?", Startupcompanylawyer, <http://www.startupcompanylawyer.com/2009/03/12/what-type-of-entity-should-i-form/>

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<sup>30</sup> "What type of entity should I form?", Startupcompanylawyer, <http://www.startupcompanylawyer.com/2009/03/12/what-type-of-entity-should-i-form/>

<sup>31</sup> "What type of entity should I form?", Startupcompanylawyer, <http://www.startupcompanylawyer.com/2009/03/12/what-type-of-entity-should-i-form/>

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