Flip Flop Software

Business Plan

This is the business plan associated with a business started by Steve Miller in January 2013.

Flip Flop Software

Business Plan

Executive Summary

Flip Flop Software is a lifestyle friendly software business created by Steve Miller to supplement retirement income while keeping him challenged by working part-time.

Flip Flop Software will produce productivity mobile apps for people that like to keep organized. The initial product will be called **aMemoryJog** and will allow the consumer to quickly access their information from a computer, web browser, tablet or phone.

The product will be priced in line with the competitors and will appear in all the major app stores, including Apple, Google, and Windows so that consumers can quickly find and download it.

We will offer a free trial version of the web version. Once downloaded, an automated sales engine will take over by automatically sending tips and tricks for the software every few days and nudging them to purchase.

The mobile and tablet versions will have a free (ad-supported) and paid version. The web edition will have a free 30 day trial and is renewable for 1, 3 or 5 years for a nominal fee.

Update History:
22-Apr-14 Added App Description / Keywords, updated projections.
20-Mar-14 Updated with new projections and costs.

Our Mission

To provide cloud based software for the tech savvy consumer that wishes to keep organized. Our business mission is to keep small, have low overhead, and drive sales from a highly automated sales and support system.

General Company Description

Flip Flop Software is a lifestyle friendly software business created by Steve Miller to supplement retirement income while keeping him challenged by working part-time.

Mission Statement:

To produce productivity mobile apps for people that like to keep organized. Our business mission is to keep small, have low overhead, and drive sales from a highly automated sales and support system.

Company Goals and Objectives:

To create a location independent lifestyle business that drives at least $50,000 in annual profits while keeping the owner challenged yet free to work as little as 2 hours per day as necessary to run the business.

Business Philosophy:

Make the business risk averse by not hiring any employees, keeping costs down by not owning an office, keeping marketing costs low by using the Apple App Store, Google Play Store, and Windows app store and by not committing to expensive recurring costs. If the business performs better than expected and becomes too much to do on my own, Steve can sub-contact the support.

Once the business meets, tracks or exceeds $100,000 per year, consider selling it (can sell it for 3x-5x revenue).

To whom will you market your products?

To people that like to keep organized and use a computer, phone or tablet daily. Our user demographic is 60% male, 40% female, college educated, between the ages of 20 and 60, who own an iPhone or other mobile device, and like to keep organized.

Our Industry

Windows 8 sold 60 million copies in the first 60 days and 100 million downloads were transacted from Apps in the Windows App store during that time. In the USA, there were 6.4 million iPhones **actively being used** in 2012 with about 73 million iPhones sold worldwide. There have been over 100 million iPad sales as of July 2012.

Company strengths and core competencies

The company will be technically competent and nimble. Steve is a programmer so he can do some of the programming and subcontract other parts. Steve has prior experience with low cost marketing, and experience creating automated processes for email based sales lead follow up and support.

Legal form of ownership

Limited liability corporation (LLC) because we can simplify corporate documentation (no board of directors, no yearly documented meetings, etc.), yet we can still limit our personal liability.

The company is setup as a sole member LLC and is filed as a Schedule C that will flow through to our personal taxes. We will have no salary, but a draw of funds. Taxes will be paid at our normal tax rate, plus 15.3% in payroll taxes.

Our CPA will divide the social security tax paid on my personal taxes so that l be paying into social security. I can claim deductions for a home office. It cannot be a bedroom that someone sleeps in. I can also claim as deductions depreciation, utilities, HOA dues, medical expenses and can also set up a SEP (Simplified Employee Pension Plan) plan and contribute up to 25% of annual income.

The company will have a tax id number (EIN) and a separate checking account and credit card using the LLC's name.

Products and Services

aMemoryJog is designed for people that love to stay organized. It allows them to keep all their frequently needed personal information, like passwords and frequent flyer account information, at their fingertips – accessible via their desktop, web browser, tablet or phone.

Marketing Plan

Features and Benefits

aMemoryJog allows people that own a computer, phone or tablet to keep their easily forgotten information accessible within seconds. This includes passwords, account information, frequent flyer details, and an endless list of other critical info. The benefit is that this hard-to-remember information no longer has to be remembered – they can find it in seconds.

Features of **aMemoryJog** will include:

- The ability to enter personal information separated by easy-to-setup categories and personal data attributes, and a large notes section to enter more detailed information.
- Automatic cloud backups and encryption of all stored information.
- The ability to access websites with a single click and single click copy userid / passwords
- The ability to restore a deleted entry from the recycle bin.
- The ability to quickly find information by searching by keyword and by automatically showing recent items.
- Localized language support for English, Spanish, French, German, Italian, Russian, Chinese and Japanese.
- Friendly password generator that uses real words instead of hard to remember letters.
- The ability to remotely wipe out data on the device if it is stolen (self-destruct feature).
- The ability to wipe out data on the device if a certain number of invalid passwords are entered consecutively.

Our competitive advantages are:

- Recycle bin that allows restoring of deleted items.
- Simpler import feature than our competitors (web edition).
- Simple to use, easier data entry than our competitors, less options to configure.

- Multiple language support (English, Spanish, French, German, Italian).
- Product offered from all major app stores (Windows, Apple, Google).
- Friendly password generator that uses real words instead of hard to remember letters.
- Self-destruct feature that can wipe out the data if the device is stolen or hacked.
- More stylish and user friendly interface than competitors.
- Lean, value added features without feature bloat.

Below is a prototype of the features (Paid edition on left, free edition on right):
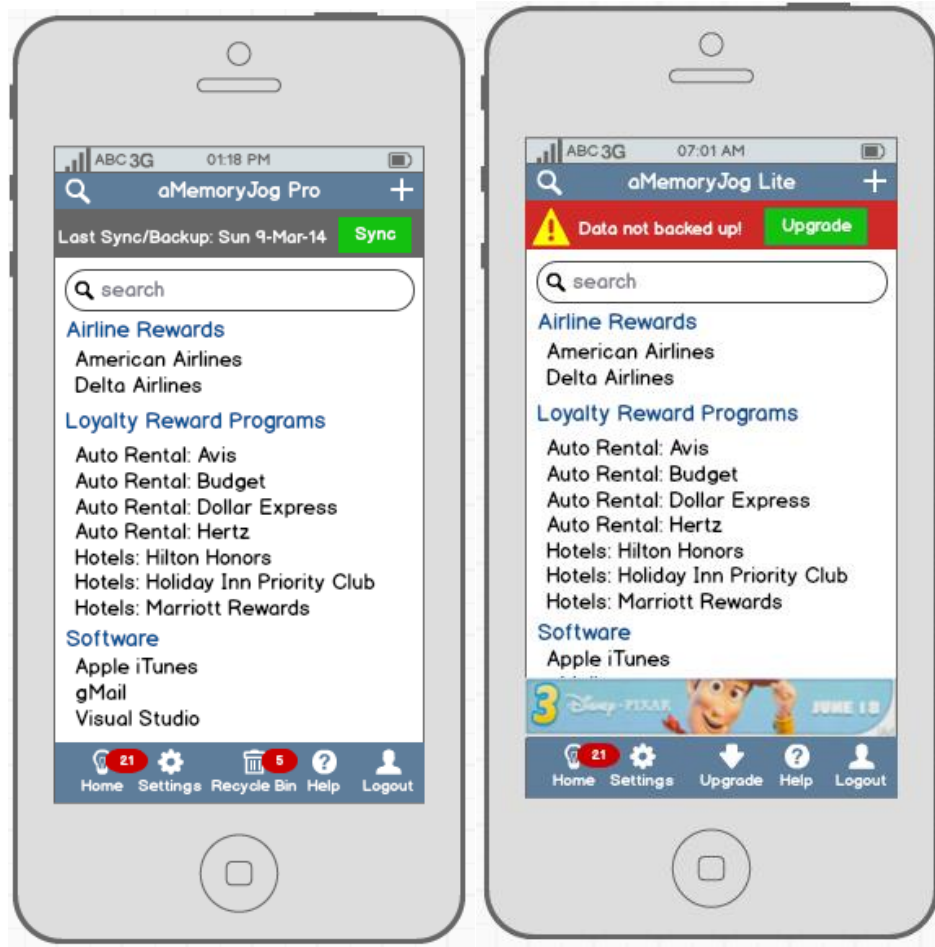
App Title / Description / Keywords

We will have a different App Title / Description / Keywords for Lite vs. Pro so that we can test different sets of wording. We will also localize each for the languages we support. See the marketing document **AppDescriptionsLite.docx** and **AppDescriptionPro.docx** for more information.

Customers

Our customers are people that have a desire to be organized and use a computer, phone or tablet daily. This includes young adults, college students and professionals. According to Alexa, our competitor's customer demographic is mostly male and college educated.

Competition

The leaders are **[Competitor 1]**, **[Competitor 2]**, **[Competitor 3], [Competitor 4], [Competitor 5]** and **[Competitor 6]**. Our product will be similar in feature set but will be easier to use, have automatic backups (does not need to be setup), have a recycle bin, have a friendlier password generator, support multiple languages and will be more aesthetically pleasing.

Based on information obtained from http://xyo.net, below are statistics for some of these competitors:

	[Competitor 2]	[Competitor 3]	[Competitor 5]	[Competitor 4]	[Competitor 6]
Est. Mo. Downloads	236,700 *Some Free*	31,100	11,450	14,050	2,050
Alexa Ranking (lower better)	142,179	563,754	115,692	865,450	5,782,815
Linking Sites	53	149	2,274	197	30
Est. Annual Revenue	$ 5 m	$ 3.7 m	$ 1.4 m	$ 1.7 m	$ 123,000

Competitor Market Share

Note: We have created a complete Competitor Analysis document that details our major competitors in detail.

We used www.alexa.com to determine website traffic for each of our competitors, here is what we found. The Alexa Ranking shows a rough estimate of popularity. The rank is calculated using a combination of average daily visitors and page views over the past 3 months. The lower the ranking the better (a site with a ranking of 1 is the best on the internet).

Ranking	Competitor	Alexa Ranking	Site Linking in	Biggest countries	Keywords
1	[Competitor 1]	13,251	940	USA, Germany,UK,Japan, Austraila	[hidden] – you can look this up
2	[Competitor 2]	142,179	53	Australia, USA, China, Ukraine, Canada	[hidden] – you can look this up
4	[Competitor 5]	115,692	2,274	Phillippines, Bangladesh, India, Canada, UK	[hidden] – you can look this up
5	[Competitor 3]	563,754	149	USA, Germany	[hidden] – you can look this up
6	[Competitor 4]	865,450	197	Germany, USA	[hidden] – you can look this up
7	[Competitor 6]	5,782,815	30	Unavailable	[hidden] – you can look this up

Monthly Downloads by Competitor

Using http://xyo.net, you can see how many monthly downloads per month a specific app gets. The numbers below are for a single month (December 2012). XYO.net is the only tool we could find to analyze number of downloads by store. XYO.net calculates the number of downloads by looking at store ranks and number of customer reviews. A couple of blogs indicated that the statistics are not perfect, but about as good as you can get. One person compared their stats to his actual stats and they were pretty close (within 10%).

Competitor	Android	iPhone	iPad	Win Phone	Total Downloads	Price	Estimated Revenue/Mo
[Competitor 1]	2,300	3,000	1,000	1,600	7,903	$ 12.00	$ 94,836
[Competitor 2]	36,600	145,000	55,000	100	236,700	$ 9.99	Free and paid downloads, so can't tell.
[Competitor 5]	400	6,000	5,000	50	11,450	$ 9.99	$ 114,385
[Competitor 3]	5,100	19,000	7,000	0	31,100	$ 9.99	$310,689
[Competitor 4]	<100 (50)	9,000	5,000	0	14,050	$ 9.99	$140,359
[Competitor 6]	<100 (50)	2,000	0	0	2,050	$ 4.99	$10,229
Total	44,500	184,000	73,000	1,750			
Avg Excluding [Competitor 2]	1,580	7,800	3,600	350	13,330	$ 9.99	$133,167

Colors

According to "**The Power of Colors**", blue and black represents calmness and security, green is good if you want people to spend money, and orange is good if you want people to act. Based on this, we will create our website and applications in these colors.

Niche

Our niche will be that we will be in all App Stores (Apple, Google, and Windows) and will work with other websites that promote personal productivity and organization to get downloads of our product.

Strategy

Our marketing strategy:

- Place product in all app stores (Apple, Google, Windows) – start with Apple first and migrate to other platforms once a platform shows success
- Use Google Adwords to drive downloads
- Create a blog (2HourAppreneur) to post information about app development and to drive interest of the product
- Use Twitter to gain visibility to 2HourAppreneur
- User Facebook to gain visibility to 2Hourappreneur

- Work with journalists, app review sites and bloggers to get reviews posted for the app
- Implement automatic drip email campaigns for trial users of the software to nudge them to purchase
- Solicit sites to link to our web site by looking at our competitor's linkages and sending emails to the owners of the linking sites asking to link to us
- Participate in discussion forums with other appreneurs to offer advice and to lightly promote our products
- Work with other products to offer a MORE section of our software where we cross promote each other's product
- Implement reminder screens that encourage our free users to upgrade to the paid version
- Continuously tweak the product title, description and keywords and test the effectiveness of the changes
- Localize the app title, description, keywords and screens shots for each language we support
- Create a good press package for each release that includes a good press release, videos of the product, screen shots, product overviews, and features
- Consider using Facebook ads in the future

Automated Sales Management

Initially we will create our own drip feature but we may eventually use a product like AWeber (http://www.aweber.com). It allows collecting emails from downloads, setting of drip emails, and general email marketing. The cost is $19 per month for up to 500 contacts.

Promotional Budget

We will budget $100 per month for Google Adwords (at least initially). All other advertising will be no cost (App Stores and partnering with other website owners).

Pricing

Our pricing will be in line with the most reputable competition ($9.99 per device) which covers 1 year of web access, renewable each year. The web annual fee covers the web portion of the software, backups and the ability to sync mobile and tablet devices with the cloud (web) data store. We will offer a free trial of the web edition, and the mobile and tablet editions will have a free and paid edition.

Sales Forecast

Below are our sales forecasts for the first two years. These were derived by using determining the download rates of our competitors (using http://xyo.net).   We believe we can become at least as successful as the worse performing competitor ([Competitor 6]) and can surpass their success rate in year 3.

To be ultra conservative, we starting at 50% of what the smallest competitor is doing today. They do not have a great Alexa popularity rating and only have 30 sites links to them. We can certainly do better than that within 2 years as we will focus on publishing high quality product (reducing support) and will spend the bulk of our time on marketing, using Google Adwords and getting other sites to link to us (we can find our competitor links by using Alexa.com).

Based on the projected size of the annual revenues for all the major competitors ([Competitor 3], [Competitor 5], [Competitor 4], and [Competitor 6]), we think the addressable market is

worth $ 6.9 million per year. We think we can capture 10% of that market eventually, worth about $700k per year. This is conservative because we excluded [Competitor 2] from the revenue share because we are not sure how much they get because they have downloads for free and paid, so no way to derive it.

We are also admittedly relying on data from http://xyo.net – if that information is really far off, our projections could be off.

For the first 2 years, we took a very conservative forecast:

Revenue		
Estimated Monthly Downloads	$	1,025
times Amount You Sell App For	$	9.99
equals Total Monthly Revenue	$	10,240
minus Apple Commission (30%)	$	3,072
equals Total Net Monthly Revenue	$	7,168
Total Net **Annual** Revenue	$	86,014
minus One-time Expenses		
Software (Balsamiq, etc)	$	500
Business Registration	$	125
Website Development	$	1,000
App Development	$	7,000
minus Annual Recurring Fees		
Website hosting / Domain Registration	$	65
Google Ads	$	1,200
Apple Developer Account	$	99
Contact Management	$	240
Email Marketing	$	480
Total Annual Net Profit Year 1	$	75,305
Total Annual Net Profit Year 2	$	83,930

Timelines

Our goal is to have the Web edition ready for production by December 1, 2013 and the iPhone versions in production by August 1, 2014. If that does well, we will follow that on with an Android and iPad edition slated for November 1, 2014, and a Windows Phone edition for January 1, 2015.

Operational Plan

Production

The web product will be created, maintained and enhanced by Steve Miller and tested by Steve and the mobile products will be outsourced for development. Customer support will be done via email, batched up a few times a week using Zendesk. If revenue is greater than expected, we can always sub-contract the support duties later.

To develop the application, we will need to work with these technologies:

- **Desktop / Web** – Microsoft .NET (C##).
- **Database** – SQL Server Express edition.
- **Encryption** – We will use SQL Server TSQL encryption.
- **Cloud Management** – Data will be stored in a database on the webserver and will track changes. The desktop product will check the web to see if any changes happened since last use, if so, it will download those changes. Upon exiting the desktop product, it will check to see if any changes occurred and if so, it will update the Cloud with its changes.
- **Data Backups** – We will do daily backups of the database.

Initially, we will focus on creating a desktop and Windows 8 app. Once this is done and in production, we will have native phone or tablet apps created for the Apple and Android markets. Once we do this, it will require a Mac and some additional software:

- **iPhone / iPad** – Xamarin for iOS, works with Microsoft .NET (C##) but must be run from a Mac. Cost is $198 for academic version. SQLCypher is $499 for each device.
- **Android** – Xamarin for Android, works with Microsoft .NET (C##) but must be run from a Mac. Cost is $198 for academic version. SQLCypher is $499 for each device.
- **Apple Developer** – Must sign up for an Apple Developer ID so that we can publish apps. Cost is $100 per year.

Location

The business is an internet business and location independent as we will run it from where ever we live.

Legal Environment

- **Licensing and bonding requirements** – We will create a web EULA that must be accepted by customers and will use the standard Apple EULA for iPhone.
- **Insurance coverage** – We will carry Liability and Umbrella insurance.
- **Trademarks, copyrights, or patents (pending, existing, or purchased**) – All software is automatically copyright protected if wording is placed in the software itself.

Personnel

We will not hire any outside employees but we will outsource development work, Steve will be the only employee, unless it grows more revenue and support requirements than originally foreseen. Steve will act as CEO and programmer and will work on legal and marketing tasks. Pre-sales will be automated with an email system that nudges them to buy and up-selling will be done inside the product and with email drips. Support will be handled via email/Zendesk; this task will be done a few times a week.

Inventory

Since the product is downloadable via trial and purchase, we will not keep any inventory. Sales fulfillment will also be done online at time of sale.

Accounting Procedures

All sales will be done via app stores, credit card or pay pal, no credit will be offered so we will have no Accounts Receivable. All Accounts Payable will be handled via credit card; we do not plan to send out any checks. We will have a separate checking account for the business and will use Quicken (separate from our personal Quicken file) to track our financials.

Marketing

We will market the web edition via Google Adwords. We have analyzed our competitors, here is a competitor matrix:

Competitive Matrix

Feature	[Comp 2]	[Comp 5]	[Comp 3]	[Comp 4]	[Comp 6]	[Comp 1]
Stores passwords and other items	√	√	√	√	√	√
Auto-fill passwords for websites	√	√				√
Password Generator	√	√	√	√		√
256-bit or Better Security Encryption	√	√	√	√	√	√

Supports different languages other than English	√				
Allows sharing of records with others	√				
Easy Cloud Backup	√	√	√	√	√
Allows unlimited custom fields	√	√	√	√	√	√
Recycle Bin					
Provides a web or desktop version as well as mobile	√	√	√	√	√	√
Well organized list of items on mobile edition	√	√	√	√	

Startup Expenses and Capitalization

Start Up Cost	Amount	Date Needed
Visual Studio 2012. We already own a copy, no costs.	$0	
We will use SQL Server built-in encryption for encrypting the database data using T-SQL	$ 0	
Monthly hosting services for website using WinHost.	$ 262	
iPhone development – Outsourced	$7000	
Additional Internet Bandwidth	$600 per year	26-Jan-2014
LLC Setup	$125	
Visual Studio 2012 books (for training)	$30	5-Feb-2013
Icon Set – Looks like we can get most of these free. Here are free examples: http://www.webappers.com/2008/02/12/webappers-released-free-web-application-icons-set/.	$0	
Website template – May be able to replicate these for free but if not we can buy one - http://www.templatemonster.com/category/software-company-website-templates/	$75	
Windows 8 – Already have this, no cost	$0	
Windows App Store account	$49	
Domain Registration	$65	
Contingency (20% of total above)	$ 275	
Total	$7,631	