Startup Analysis Project

1. The Problem - Matthew

- What is the problem?

The problem we aim to solve through our technology-based product is a widely inadequate amount of college advisors and counselors available to high school students in the United States. Additionally, we aim to provide students with access to college preparatory material electronically without it being absurdly overpriced. According to recent studies on U.S. public highschools, the majority of schools lack a staff member who is mainly devoted to aiding the college application process (McKillip, 51). Instead, high schools commonly employ student counselors who only spend a small fraction of their time assisting students with applications. Recent research from the National Association for College Admissions Counseling demonstrates that student counselors " spend 20 percent of their time on college admissions." (Mckillip, 51) This subpar amount of time seems even more inadequate when realizing that the national average student to counselor ratio is 464 to 1 (Mckillip, 51). While some students are fortunate enough to pay for private counseling, underprivileged students who generally need the most assistance with the application process receive less than half an hour of advising per year (Mckillip, 52).

- What evidence supports that the problem exists?
- Is the problem urgent, underserved, unworkable, and/or unavoidable?

The problem with the insufficient number of college counselors in public highschools across the nation is extremely urgent and underserved. Our target customers, underprivileged students, are initially doomed from the start. Real estate taxes make up the majority of funding for public schools; therefore, underprivileged students in low-income neighborhoods are trapped in the poorly funded schools in their area (Duncombe). These poorly funded schools fail to include a variety of crucial resources such as college advisors and college preparatory courses (Duncombe). Multiple studies have found a clear correlation between the availability of college preparatory courses and higher standardized test scores (Olson). When comparing two individuals who are academically identical yet financially divided, the individual with a higher income level always scores higher. Unfortunately "the SAT has become a test biased toward those who have more wealth over those who cannot afford to buy prep resources" (Olson).

In addition to the obvious divide between low- and high-income students regarding standardized testing, studies have also demonstrated a correlation between higher income and stronger college essays, an integral part of the college admissions process. Recent studies show that college essay prompts are purposefully "misleading" and "students who are unfamiliar with post-secondary culture may be at a particular disadvantage" (Warren, 44). Interestingly, students who are unfamiliar with post-secondary culture are either first generation college students or from low-income families (or both). When comparing two academically similar, low-income students and providing one with a full college essay preparatory course, the one who has taken the course will write a far better essay than the one who has not (Warren, 45). Through our

technology-based app, we hope to offer pro bono tutoring on various aspects of the college admissions process such as assisting with essay writing.

- Is the problem urgent, underserved, unworkable, and/or unavoidable?
- Is the problem conspicuous and/or critical?

Furthermore, the problem we aim to solve through our app is both critical and extremely conspicuous. Studies have found that many low-income students who do well in high school never end up going to college because of the sheer difficulty of the admissions process (Kofoed, 2). For example, the free application for student aid (FAFSA) is a government financial aid form specifically designed to assist low-income students afford college tuition. Many would think this is extremely helpful for underprivileged students but unfortunately, that is not the case. The five-page, one hundred and twenty eight page document is incredibly difficult to complete, even for an individual with high financial literacy (Feeney, 67). The form requires extremely detailed parental financial information, which is difficult to attain for many low income students due to absent or incarcerated parents (Feeney, 67). Many academic authorities "point to the FAFSA as a barrier to financial aid, and thus college access for many low-income students" (KoFoed). In a country focused on providing equality to all, a student should not be prevented from pursuing a higher education because of a difficult application process.

2. The Customer - Matthew

- Who is the target customer?
- What are their needs and wants?
- What is the market size?

If our product was released right now, we believe our target market would be an estimated 35 million students. Roughly 16 million students come from low-income households (Bidwell). These students cannot afford expensive college preparatory courses or private college advisers, meaning they are essentially navigating the difficult college application process alone. Additionally, an estimated 20 million students in the US come from a household of foriegn-born parents (Bidwell). These students may not have a lot of experience with the college process or sufficient financial literacy levels. Many of these students also encounter a difficult language barrier when attempting to complete a college application. A majority of low-income students come from varying minority groups (Bidwell). The prime age of our target customers is between 17-19 but it is not limited to these ages. Anyone applying to college can use our product. Our product will also cater to any gender.

3. The Value Proposition - Matthew

- What gains will customers experience?
- What pains will customers experience?

We hope that our current product will allow users to experience an abundance of valuable resources that they would otherwise not have access to. The app will act as an all-in-one college adviser that can provide students with standardized test score practice, college essay writing tips, and general advice for a strong college application. To aid students who lack financial literacy, the app will also offer tutorials on filling out complex financial aid forms such as the FAFSA document. One of most unique features of our app is a tutoring service to specifically help with revising answers to different prompts. Answering essay questions for college applications is one of the most intimidating components because the personal statements hold very high value. With one-on-one revision assistance, our customers will be able to create successful essays with little to no stress.

Our product will outperform other products by being easily accessible from smartphones. With other college application services, it is difficult to navigate their complex apps on-the-go. Many high school seniors spend a lot of time on their phones and our goal is to make an app that allows them to spend that time productively. Creating an accessible app will motivate high school seniors to work on their applications whenever they have down time and would usually be scrolling through social media.

The only issue a user may face with utilizing our product is not having access to a smartphone. However, research demonstrates that 96 percent of people in the U.S. belonging to the 18-29 year age group own a smartphone (Pew Research). Since this age group aligns with our target market, we see a potential lack of access as an extremely miniscule issue.

4. The Minimum Viable Product - Riley

- Who are the competitors and their customers?

Kaplan and Naviance are the two largest competitors within our products market range. Naviance is a toolset used to help access and expand one's knowledge on how to be successful after high school. Across forty-eight states, it is stated that forty-percent of high school students use Naviance. That being said, ninety-five percent are loyal customers (Naviance.com). Naviance provides its customers with content and activities that build knowledge. The site is able to track one's test scores and show on a scattergram others who have applied to similar schools to them. One can search for colleges and see their analytics on whether they have a strong chance of getting in or not. There are seven core competencies students must do to be fully prepared for life post high school: social emotional learning, interpersonal skills, academic skills, career knowledge, college knowledge, transition skills and analytics and reporting. Amongst these core competencies, Naviance provides strategic consulting, implementation consulting and support and community. All these features are aimed at their target customer, being high school students;

specifically juniors and seniors in high school. Meanwhile, Kaplan has a wider range of customers ranging from freshman in highschool to adults looking to further their education. Kaplan offers test prep for high school students, graduate students and those getting their professional education licensing. Kaplan has been around for eighty years, has 12,000 employees and is available to twenty-eight plus countries (Kaplan.com).

- What are our minimum viable features?

A feature that we came up with that can quickly reach our customers to test out the product, is that we will send out an email with a little survey asking for what we are doing right and how to better the app. This email will be sent to loyal customers and early adopters. A lot of customers of Naviance and Kaplan have stated how difficult their websites can be to navigate. One customer, Jessie W., of Naviance stated, "hard to navigate. Teacher page looks different" (Naviance Reviews 2020). Within the app, there will be a twenty-four hour live chat option, customer service number and review area. Also provided is a zoom-like video conference feature where the customers will receive help with essays or to fill out paperwork, such as financial aid forms. This is another way to promote honest feedback and strengthen customer value.

- Are our features valuable and rare?

The features provided are not as much valuable and rare as they are adapted versions of features seen before. The app has common features such as live chat, customer service and test prep. However, amongst those are rare features such as zoom calls to help with college essays and financial aid work. Our competitors use analytical methods such as having their customers see where they stand with colleges by showing them on a scatterplot among their fellow peers. Our features go the extra step by targeting first generation college students. We understand how difficult and confusing the whole college process is, so we will go step by step with them via zoom. This is a rare feature since our competitors might see this as time restricting on their behalf, while we see it as building customer loyalty.

- What is our prototype?

Our prototype is an app where you have access to all of our features such as advising, essay revisions, financial aid forms, zoom calls and the help center. Our prototype is just an easy to follow rough draft of what our plan is for our app. In the diagram, we have our title "Advise me" and our slogan "Do College the right way!" and a few of our main features on display below. (https://app.mockplus.com/s/SJfmB0o0PuT)

5. The Price- Riley

- What are the competitors' pricing strategies and prices?

Both of our competitors pricing strategies consist of offering prices based off different packages. Naviance has a deal with multiple school counties across the country where the students within these counties get access for free. However, not every high school does this, so the price for these students is ten dollars per year. Kaplan's prices vary on the package one purchases. Their individualized tutoring package is forty-five to one hundred dollars an hour. Their GRE Demand courses start at $499 while their Anywhere course starts at $699. They have similar courses for that price, however, their SAT self-paced course package is $299 while their online course package is $899.

- What is our pricing strategy and prices?

Our strategy is that our app is free, however, our advance services such as one-on-one advertising will be fifteen dollars an hour. Our essay revision service will be charged at ten dollars an hour. We aim to help low income and first generation students, so we wanted our prices to be lower and more affordable than our competitors. Our services of college search, analytical research and test prep is free.

6. The Placement Strategy - Riley

- What are our distribution channels?

Our distribution channel would be us creating the app and then uploading it to the Apple Store and the Google Apple Store for Androids, Microsoft's Window Phone and other independent app stores. Another channel is the intensive distribution channel, which will put information about the app on many different sites such as Tik Tok, send out emails, in blogs and through the apple store and on Youtube. The benefit of this channel is that we are able to spread more information about the product through multiple sites (Brafton).

- Who are our intermediaries?

As a start up, it is important for us to spread as much information on the app as possible. Ways we can do this is through sharing our product on different forms of social media such as Tik Tok, Youtube, blogs, etc. Another way we can share information is through our third party advertising group, Active Campaign. Active Campaign is a cloud software platform that aims to help smaller sized businesses connect and engage with their customers via personalized content; such as emails. These emails will be sent out specifically to groups of customers that we feel are using our app for similar purposes or through other similarities. However, with this way of advertising, we could be posing a fear to our customers that we are invading their privacy. In order to make our customers know their privacy is safe, we will have an intermediary (a mediator) make sure we are not invading any privacy laws. The app stores our app will be posted on, act as an intermediary between our developers and users. This is because the app stores have

the power to enforce the privacy requirements since they would lose money if they posted an app that went against users' rights. Another two intermediaries are Justin M. and Scott. B, two advisors that we hired from Linkedin to help us design and market the app. Their jobs will be to ensure that in the process of creating the app, we abide by every privacy law. We can do this through having our users have a terms and conditions page and sign their signature for permission to access some of their data.

7. The Promotional Strategy - Skylar

- What is the advertising plan and budget?

The average promotional budget within the education industry is roughly 4.6% of sales (Total Marketing Spend). The company will have an estimated $430,000 in sales during the first year. 2.6% of sales will be allocated toward it. Therefore, our advertising budget is $11,180 during the first year. The advertising plan will include native advertising (Goorevich). Through, native advertising, Advise Me will be advertised on websites that are affiliated with college preparatory services including Revolution Prep, Khan Academy, and Navance. High school students utilize these websites for college preparatory services, so it will interest those who are seeking affordable additional assistance.

- What is the public relations plan?

The public relations plan for this product includes testing out the app in multiple schools to identify if the product has significant positive results. Advise Me will offer discounted services on the app to trial schools to receive feedback on the success of the app. If there is positive feedback, Advise Me can promote how beneficial it is because of the trial's responses. For public relations purposes, it is important that the company attains a positive reputation. The solution for a positive reputation is receiving positive feedback and displaying how the positive feedback proves it to be a successful product (About Public Relations).

- What is the personal selling plan?

The app's website will include a contact feature where customers or prospective customers can directly contact the company's team to ask any questions or concerns they may have. Also, the company's advertising plan involves team members visiting and contacting schools to promote the application. Receiving feedback is also another form of personal selling that will help the Advise Me connect with their customers and consider user suggestions. Since the company utilizes direct distribution channels, it is able to build personal relationships with the customers and clients.

- What is the direct marketing plan and budget?

The direct marketing plan of Advise Me is a large part of the promotional strategy but will not be as expensive as the paid native advertising. Therefore, the direct marketing budget will be 1% of sales. The expected sales during the first year is $430,000 so the direct marketing budget will be $4,300 for the first year. The company's direct marketing plan will include visiting high schools, sending emails, and sending mail to schools and high school students to promote the app.

- What is the sales promotion plan and budget?

The sales promotion plan includes a three day free trial to all of the services on the app. It will give students an opportunity to test out the resources before they commit to the app. With the abundance of services at a reasonable cost, this strategy will interest students to continue to pay for the services. The budget for the company's sales promotions will be 1% of sales. The expected sales during the first year is $430,000 so the direct marketing budget will be $4,300 for the first year. This budget will help pay for the wages of the tutors and the other services that are given for free during students' free trial.

8. The Sales Process? - Skylar

- What is our sale process?

The first step in the sales process will include prospecting by visiting and contacting different schools about the app. This step will include identifying which schools are in low-income areas where the app will be able to offer low-income students affordable assistance. The next step is the pre-approach stage where the company plans how to initiate the sale and the sales pitch. This stage is where the company uses a pull strategy to explain why the students need the app and how beneficial it would be for their success. This pitch will prove that the app is built to help low-income students and first generation college students in their educational success. The next step is cross question and identification to ensure that the selected distribution channels fit the goal of the app. Advise Me will ensure that the selected schools will have low-income students who are interested in college preparatory services that are inexpensive. The next step is assessing the needs of the company's target customer which will include analyzing if the app is affordable enough and has all of the components they need for educational success. The next step is presenting a sales pitch that highlights the key features of the app and how they are valuable to the success of students. Addressing concerns is the next step because students and school faculty want to be assured that the app will satisfy their needs and not have any issues without well thought out solutions. The next step is closing the sales, which in this company's instance means securing high schools that are willing to promote the app, which will result in a surge of sales, and students purchasing the app through schools or advertising. The final step is the follow up stage where the company continues to reach out to its customers to ensure that they are satisfied with the app and are planning to continue to utilize it and/or promote it (The 7 Steps Sales Process).

9. The Revenues and Costs - Emery

- What are our itemized estimated costs in year one and year two?

Going into the first year of operation, the significant itemized costs to consider include research and development, marketing, and salary payout. Salaries will assume a large portion of the expenses, but can be reduced to ensure the company breaks even. For both year one and year two, salaries are estimated to cost roughly $315,500. Pertaining to year one, there will be a large emphasis put on research and development. During this first year, the team will spend a lot of resources on advancing the application's functionality and design to enable future growth. Therefore, $64,500 has been allocated to R&D for year one. Marketing, on the other hand, will be less of a focus than R&D. The goal is to build the best possible product, then market it to the

public. However, it will be impossible to bring in revenue without marketing, so $50,000 has been allocated to it for the first year. Turning towards year two, the significance placed on R&D versus marketing will be flipped. In the second year, the goal will be to grow the company and make a profit. Therefore, $30,000 will be allotted to research and development while marketing will receive $84,500. This brings the approximated itemized cost total to $430,000 for both year one and two.

- What types of revenue streams are used by competitors?

The greatest direct competition to our company are Kaplan and Naviance, two companies who use different revenue streams. Kaplan utilizes both asset sale and usage fee revenue streams. Their asset sale is the self-practice package that they offer. This package allows students to prepare for standardized and AP tests, which starts at $699. They also offer online tutoring sessions which represent their usage fee. Sessions cost $45-$100/hr forcing a student to pay based on the number of hours they are tutored. Contrarily, Naviance utilizes the subscription fee revenue stream, selling their product at $10/year. For most school districts, this price is paid by the school to allow their students to use the platform which enables a student to compare their statistics with the historical data of any given college.

- What types of revenue streams will we use?

Our product will utilize a subscription fee as the sole revenue stream. The goal of our product is to give students - specifically ones from low-income households - a cheap, affordable guide to assist them in the college admissions process. Consequently, there will be no charge for the application, eliminating the asset sale revenue stream from our model. However, this free app is limited, and the advanced series will include various subscriptions for various installments of the product. Those prices vary - listed previously - but are all much cheaper than those of our competition.

- What are our estimated revenues in year one and year two?

Our estimated revenue for the first year is $430,000 - the same as our expenses. It is understood that it will be tough to turn a profit in the first year, however our subscription pricing matched with customer demand makes us believe we can break even. Due the reallocation of expenses we project for year two, we consequently expect a much higher revenue. It is hard to estimate how much growth the company will see, but with the heavy emphasis on marketing we believe we can double the number of subscribers to our product. This would result in $860,000 revenue for year two.

10. The Funding Plan - Skylar

- What are our funding requirements?

The approximated itemized cost for year one is $430,000, therefore the company will require that amount for expenses to get the company started.

- Who are our candidate sources of funding?

The company's candidate sources of funding are investments from family and friends, angel investors, and venture capitalists. 8% of ownership will go to F&F and we plan to

distribute 25% of ownership to angel investors and venture capitalists to obtain funding. Each of the four founders will have 16.75% ownership of the company. After the F&F stage of funding, the company will give 10% of ownership to angel investors. In the next stages of funding, once Advise Me grows, venture capitalists will be granted ownership for large investments made to the company (Developing a Funding Plan).

11. The Team - Emery

- Who are the founders?

The company was founded by four undergraduates who attend the University of Maryland. Emery Collins, a Mechanical Engineering major, acts as the hacker with knowledge in programming and electronics. He is able to develop a preliminary model of the application to ensure its functionality is satisfactory. Matthew Lubman represents the hustler. As a Public Health Science student, Matthew understands how choices made by individuals affect the greater community. Although somewhat unrelated, his experience enables him to understand the need of a group of people and respond accordingly. Riley Geary and Skylar Detrick have assumed the role of the hipster. Both business students, the pair are able to understand and develop a friendly user interface that is simplistic yet effective. With knowledge in customer satisfaction and market desires, they understand what is most important to illustrate and what's not.

- Who are the advisors?

After heavy consideration, the founders assembled a three person advisory board to oversee and assist with the development of our company. Justin M. Jack is an expert in web and app design with additional experience in branding. Justin provides fundamental assistance in the app's design development - ensuring a customer friendly and easy to operate interface. Scott B, a mobile app developer, has joined the board to aid in the advancement of the app's functionality. He is seen as the perfect fit due to his experience in completing more than 100 applications, many of which are related to education. The final member of the board is Jeff G, who specializes in marketing and sales strategies. Jeff has both corporate and start-up experience, understanding what it takes to both start and grow a business. Additionally, Jeff is a college professor. His knowledge and understanding of college admissions - and what they look for - is extremely useful with regards to our market of low income high school students.

- Who are the key partners?

Our company is working with various college preparation organizations to optimize the customers' benefit. However, Varsity Tutors and College Possible have been acquired as the key partners. Varsity Tutors is an organization that offers free online college preparatory courses. As a partner, they will provide us with numerous courses for the customers to engage with and benefit from. In return, Varsity Tutors will receive a small portion of our company's profits. College Possible, on the other hand, offers support and coaching to low-income students. They help high schoolers apply for college, financial aid, and scholarships, which aligns with our services. College Possible will also receive a small portion of the profits.

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