Passports Opportunity Execution Project (OEP)

Passports: Follow travelling Facebook & LinkedIn contacts in real-time on trips in photo & video snips. Offers sent from local businesses.

Executive Summary:

Description:

As of Spring 2014, there were 635,494 registered restaurants in the United States. US hotels reported $163bn in total revenue in 2014. Both of these segments only represent a small portion of the tourism industry, and neither take into account markets outside of the US.

With sites such as LinkedIn, Facebook, Instagram, Vine, and many others proliferating both our personal and business lives. Through our constant interactions, we have shown that we are very interested in the visual while at the same time keeping up with the happenings of both our personal and business contacts.

We set out to provide a solution where we were able to see real time location information (pictures and video snippets) on where individuals in both our personal and business network were (as well as contacts stored in our smartphones), and at the same time be provided discounts only on places where we personally knew someone had gone or traveled to. The recommendations of our family, friends, and business associates being viewing more favorably over the reviews from "strangers" on Yelp, TripAdvisor etc. As a user travels around a new locale, or around their home market, location based notifications are pushed to their phone showing where members in their social network had traveled or were traveling along with what they were doing and recommended. Catch up with that old business associate that referred you to your last big Tokyo client. Or catch up with your old neighbor when she is in town for her sister's wedding, but now lives several states away. No having to go and seek this information out. It finds you. This is Passports. Just hover your finger over the globe where there is a push pin in the location of where your contact has travelled, and you will see what they are posting about that place, and you can be connected to a travel site to see what it would cost if you wanted to travel there too.

(please note that all statistical data was taken from statista-www.statista.com)

Market Opportunity / Value Proposition:

Although there have been numerous technological advancements created with the hope of making an individual's life easier, in many regards many would say that technology only tends to complicate things. Due to this, even though we are presently in the 21st century, when it comes time for a vacation recommendation or restaurant referral, we trust more the opinion of our family and friends and are generally relegated to reaching out via the phone to seek their advice. This is after we have invested considerable time searching the likes of Yelp and TripAdvisor to read the reviews and ratings from strangers.

Imagine an app that would sync with your social networks (Facebook and/or LinkedIn), and would also

work in conjunction with your existing contacts stored in your phone to provide recommendations and referrals from people you know and have a personal relationship with (family, friends, work colleagues, etc.). This is Passports. Through this app one would be able to see when their contacts (personal and business) were traveling and where they were real time. Ideal for catching up with that longtime business colleague while they were in town on a business conference. Also, ideal for catching up with your JV basketball teammate that lives on the other side of the country but is in town to attend his sister's wedding. By launching the app directly, or by selecting a contact in your contact list that had an indicator that they were traveling (50+ miles away from their home-notifications would be pushed to smartphone to initiate update if phone is noted to be at this distance for 2+ hours), the user would be able to view pictures and video snippets chronicling their contact's travels (each picture of video would have a description of less than 100 characters). If interested in exploring the possibility of traveling there themselves, the user would get the option to be connected to third party sites (Expedia, Travelocity, Airbnb, New York Ballet, etc.) to explore associated travel costs. As users traveled to different locales, push notifications would be sent to phone when they were in close proximity to where members in their social network(s) were presently traveling or had traveled previously motivating to see what they had done and/or recommended. As users traveled to different locales their phone would be pushed specials/promotions only to places where a member(s) of their social network had traveled. Users with the largest participating networks would be rewarded with monthly cash dividends and additional VIP travel discounts to travel destinations around the world.

Fundamental Problem. The pain points being solved cover many aspects. For someone who needs to send a business contact an email, they would be alerted that they are traveling and that there is no need to send a message and receive the "out of office" response. If you are planning to travel yourself, you are more likely to take a recommendation of a friend or colleague's review of a vacation place than a random review you may find on a travel web site. Passports is an aggregator of information pushed into one travel platform. For our customers, primarily local retailers and the tourism industry in a given city, the pain point solved is that they receive more business by advertising on this application, and the business they receive is more enthusiastic in nature, since someone who books a trip to that tourist location found it from a friend or business contact that they know.

Product. What are you building or planning to build. A demo of your prototype if you have one.

Team. The Passports team for Part 2 is Will Bruner and Karen West, with code name "Layer Cake". However, I was not on his team for part 1. Will Bruner was on the Passports team for Part 1 of Technical Entrepreneur, and he had a handful of people to help him put together the Opportunity Analysis Project for part 1. For part 2, none of his team members could join him again, and he said to me that if my partner from part 1 did not decide to do part 2, that I was welcome to join his Passports team. As it turned out, my partner from part 1, FicRec with Amber Chang, where we did a fiction recommender web site, did not decide to do part 2, so I joined Passports for part 2 instead. Also, Will has asked me to join his venture outside of the class, so I am exploring that at this time too, and I may soon be part of a real start up with Will outside of class.

Passports Business Model:

- *Key Partners and Suppliers:* Personal and Professional Social networks

- *Key Resources acquired from Partners:* Individuals' Contacts From Personal and Professional Social networks, Phones

- *Key Activities Partners Perform:* Access to an Individuals' Contacts From Personal and Professional Social networks

- *Key Activities Passports Performs:* Recruit workers, marketing idea, trial contact base to test idea, app on phone or social website, revenue from ads and paid for upgrades

- *Key Resources for Passports:* web developers, business people, software engineers, data scientists, distribution channel from social network, free ad only version, revenue from ads

- *Value To Customer:* see only your business or social contacts travel snippets in real time, so you can see reviews from those you know rather than from "strangers" on Yelp, TripAdvisor, etc and if interested in traveling there, connect to Expedia, Travelocity, Airbnb, New York Ballet, etc

- *Problem Solved for Customer and Customer Needs:* alerts you when contact is traveling 50+ miles from home and will be there for 2+ hours, so you can view their travel snippets
- bundle of products and services offered to each customer segment: alerts of travel snippets from your contact, and access to web site where you can explore travel options there if you want

- *Customer Relationships:* surveys, support, referrals, paid for from ads

- *Customer Segments:* reached through web site, Agile process integrations, Most cost efficient are ad paid, seamless to customer routine

- *Value Created:* for Customers Who Want to only see reviews from those they know who travel. The most important customers are people who want to see where their contacts travel. Also, advertisers, reviewers.

- *Key Resource expense:* employees (highest) and materials to produce

- *Key Activity Expense:* recruiting, advertisers, partners

- *Revenue:* From customers / advertisers, primarily retailers and tourism places that advertise on the Passports application

- *User/Subscriber of Passports App Rewards:* Free with local ads: 20 hrs/mo, Silver: 20 hrs/mo, 10% retail discounts, Gold: 40 hrs/mo, 20% retail discounts, free city tours, Platinum: 60 hrs/mo, free city tours, free night club admission

Sales and Marketing Strategy.

Best Sales and Marketing Strategy: Prepare a 20-30 second video for an owner or general manager , the person who writes the businesses checks, and present it on your lap top or tablet, visiting your customer in person. The next best method is a phone call, and perhaps if you cannot visit in person, to follow up with a link to the video and description, after describing Passports on the phone. Randomly emailing the presentation with survey seems to be hit and miss, in that less people respond than if you get them on the phone or visit them in person. Also, sometimes people do not open emails to view a new product they do not know about, because they worry about viruses, hoaxes, etc. Some customers were concerned that if they advertised on the Passport app, someone may then go and purchase a ticket to their tourist location from a bulk discounter of tourism tickets. That would not happen though, since a bulk discounter cannot offer a discount unless the tourist location made a deal with a bulk discounter, such as "Living Social" or "Groupon".

The plan is to first roll out Passports in the US, and if it takes off here, then later expand to the rest of the world. A regional brand manager would need to be present in each country to be best able to communicate within that culture.

To acquire users/subscribers to the Passports application, given you must have either a FaceBook or Linked In account to use it, an advertisement on those sites would lead you if you clicked on it to a free download of the Passports application. It would overlay your contacts on your smart phone. Other marketing campaigns could be done on the travel web sites, since Passports is a travel application. To track user/subscriber acquisitions, we would track the download.

Passports Marketing Sales Experiments Analysis

We tried the following marketing campaigns: personal friend/family interviews (as user/subscribers), calling local businesses to see if they would want to advertise on our passports app, and in that case, by phone, asked them questions we created on a survey. For others, the survey was sent directly to a potential user/subscriber of the app or a business/advertiser/customer. One thing we learned that was new was how to demonstrate to a non-profit-type-tourist business that may advertise on the app, that their advertisement would guarantee them the sale, over some other bulk discount advertiser that may offer a better discount on their tourist attraction, since bulk discounters can do that by the nature of their business. As it turns out, this is not a concern, since unless the tourist attraction made a deal with a bulk discounter, they would not be allowed to sell a ticket to that tourist location.

There is no cost to our user/subscriber acquisitions, since the advertisers are the paying customers. So we would have to determine how to be fair to advertisers as described above, with advertising fees, priority, etc. We have not yet implemented Passports other than on paper, so many people we spoke to and called that liked the idea, said if it ever becomes a real product, to please call them, and the genuinely sounded excited when we spoke to them by phone, since they seemed to think the idea would bring in more business to their tourist attraction in their area.

The most complicated part of making this app a real product would be the skills needed to build it from a technical perspective. The reactions from users/subscribers were mixed, mostly good, but some

wanted to know specifically how this app was better than all the rest that are already out there. A real protoype demo would help with that of course. As for making a sale, tourist places seemed genuinely interested in trying this app, but I think after an initial trial period, the sales process would need to be modified according to some statistically proven results of how it may have helped their business, and what new things could be done to make it better, etc. The length of the sales process is just a matter of a fair advertising fee payment. All of these marketing experiments and potential sales results are summarized in this survey results shown here.

These are the links to the video and the survey, and the results follow.

The informational video for our survey (1.5 minutes long!) is at:
https://www.youtube.com/099dcO3fE-A

The survey Passports prepared - 9 questions - Thank you!!. To see it, visit:
https://docs.google.com/forms/d/1uouTNvJjsKrDewf3ktcN5ApWIz2ztKy3R_O2VBqqm24/viewform?c=0&w=1&usp=mail_form_link

Passports Survey results (from phone calls and surveys):
https://docs.google.com/forms/d/1uouTNvJjsKrDewf3k...

Partnerships

Passports partners are retailers in the cities being toured, such as restaurants, bars, hotels, historic sites, amusements, museums, and anyone who may want to advertise to someone visiting the city where the retailer is located. Other partners are the travel web sites, where if someone books a trip using their travel web site based on a recommendation from someone on Passports, Passports would receive a small percentage of the sale. The retailers would pay a monthly subscription fee to advertise their business for people on the Passports application.

Distribution

Passports is a downloadable application from travel web sites and Linked In and FaceBook, and will not be distributed in any other manner.

Infrastructure Description

Staff: Software, Management, Marketing, Sales, Accounting, Analytics
Equipment and Office Space: Web hosting and servers, Staff equipment
Delivery: Software Process, Scaling Systems

Revenues and Costs for Passports:

Monthly Revenue Estimate:
--monthly revenue from the travel web sites, where Passports would earn 1-3% for each booked trip – so for 1000 users or 1 person with 1000 contacts : $8640 revenue per month per 1000 users or 1 person with 1000 contacts – determined by: 8-12% of the 1000 contacts take a trip booked on Passports each month. 12% of 1000 is 120 people book a trip on Passports in any given month. Estimating a $1000 per booked trip, that would be $1200, and if each person took only 1 other significant other with them, $2400 per month. $2400 times 3% that Passports would earn from the sale on the travel web site is

$72. $72 times 120 people who booked a trip is $8640 in revenue per month for Passports per 1000 contacts of one person, or 1000 users.

--tourism partners and revenue model: monthly recurring revenue from tourism partner or retail partner ($200/month fee), and if each tourist city has 180 retail businesses, that is $36,000 ($200 x 180 retailers in each toured city) per month recurring revenue from a tourist city in advertisement fees. If there are 100 top tourist cities, then that would be $3,600,000 per month in advertising fees from the top 100 tourist cities' retailers.

--other revenue streams may be from learning lessons on how to do something while traveling, such as horse back riding, scuba diving, sailing, power boating, jet skiing, fishing, golfing, bike riding, or even music.   If you base it on the 120 people in the first example who book trips, perhaps half of these may learn one of these above listed excursion type activities. Estimating each excursion has a cost of $100, and earning 3% of those, that would be $3 more for Passports, multiplied by 60 people who booked excursions, that would be $180 per month more for excursions people book to learn and do through a travel web site.

--for the tourist attractions that are government funded (such as the museums in Washington,DC, that are supported by the government, the famous Smithsonians), you would have to work out with their funding agency in the government on how they would advertise on Passports, since it may be different than those that are funded in the commercial world, and there is no entry fees at these types of tourist attractions, but they may earn more money when more people visit their gift shops, buy food, etc.

Cost of Passports infrastructure:
--cost of employees and equipment: 2 managerial staff, 5 software engineers, 1 marketing, 1 sales, and those that have other roles (managerial and software) could be guided by the marketing and sales people to contribute to that effort too, so they would wear an additional "hat" or role within the company, and you do not need to hire as many for this purpose. 9 people times $100,000 per year is $900,000 per year in employees. For their equipment: $5000 times 9 people = $45,000 per year.
--cost of acquiring a user: $200 to advertise on each site per month, times 4 web sites (Linked In, FaceBook, Travelocity, Expedia to start): $800/month
--cost of acquiring a paying customer retail advertiser or tourism partner: 180 retailers times $50 to visit them times 100 cities = $900,000 annually
--any tactics to lower the cost of user acquisition or retail advertiser/tourism partner – once you are more well known, you do not have to visit each one in person, lowering the cost for acquiring retail advertiser/tourism partner, and for user/subscribers, over time, the monthly advertising fee on the websites would go down.
--cost of web server and hosting, which is how the product is delivered, when they click on ad that takes them to site to download passports app: $15 / month
--cost of customer support: Software people would cover this to start

Annual Passports Costs - based on the above numbers: $945,000 + $9600 + $900,000 + $180 = $1,854,780

Annual Passports Revenue: $43,200,000 + $103,680 = $43,303,680

Passports Annual Revenue – Passports Annual Costs = $41,448,900 profit per year

Therefore, based on the above estimate, we expect Passports to be a viable business, since revenue exceeds costs by a significant margin.

Risk.

The most concerning risk for Passports is people adopting and using this app instead of other travel apps. The other risks would be addressed once you have a certain number of users of the application. To manage and minimize these risks, goals would be set each month, to try to bring in new advertising revenue, encourage through ads users to download the app, etc. Other goals should be set to improve the app technically based on user feedback. By doing this, you reduce your risks financially, technically and with people who use the app.

Partners and Allies.

The major partners and allies to work with Passports are the local retailers and tourism places in a city that advertise on the Passports app to obtain business. Linked In and FaceBook are partners because the Passports app only works for people who have accounts there. The Passports app can be downloaded to your smart phone when you click on the ad for it on the travel web site, or on Linked In and FaceBook.

Funding.

The funding for Passports infrastructure would initially come from Venture Capitalists.

Passports Milestones:

- *Interview an Entrepreneur – April 16th, 2015*

- *Formed Passports Part 2 Team and Recruited Mentor – April 19th, 2015*

- *Business Model Canvas Submitted – April 22nd, 2015*

- *Marketing Page and Sales Experiments (which included the Passports Presentation from the Part 1 OAP (Opportunity Analysis Project), put into a You Tube video and inserted in a Passports Customer and User/Subscriber Survey on Google – May 3rd, 2015*

- *Marketing Page and Sales Experiments Analysis – May 10th, 2015*

- *Opportunity Execution Project (OEP) – May 17th, 2015*