



Thumb!

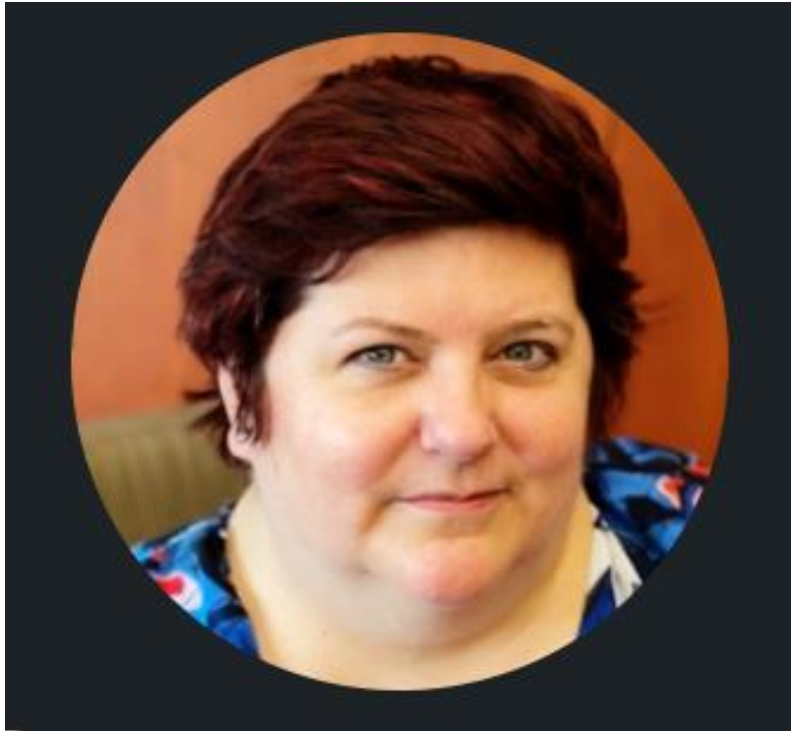
The rider app for college students

Group Introduction

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Thumb Overview

Safe rides for college students, by college students!



Scope of Work

- Revenue/Cost Model
- Per-ride vs. Subscription-based Service





Work Performed

Extensive Research on Costs

Created a modifiable cost and revenue modelling tool

Derived constructs and assumptions for costing and planning

Results



Fixed Costs

Fixed Cost Analysis (Per Ride)

	Measure	Assumptions	Month	Year 1	Year 2	Year 3
Starting Costs						
Licenses/Permits/incorporation fees				\$ 300.00	\$ 300.00	\$ 300.00
Legal (Contracts)				\$ 2,500.00		
Legal Counsel (\$50/Hour)	5		\$ 250.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
App Development						
Web Hosting			\$ 300.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00
Data Storage			\$ 300.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00
App Development (From Logan)				\$ 572,500.00		
App Maintenance			\$ 4,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00
Liability Insurance						
General Liability Insurance			\$ 170.00	\$ 2,040.00	\$ 2,040.00	\$ 2,040.00
Corporate Liability Insurance				\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
Rideshare Insurance			\$ 30.00	\$ 360.00	\$ 360.00	\$ 360.00
Administrative Costs						
Advertising & Marketing			\$ 10,000.00	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00
Banking Fees			\$ -	\$ -	\$ -	\$ -
Call center Support				\$ 8,400.00	\$ 12,790.80	\$ 17,395.49
Office Space (\$19/sqft x 1000 sqft)	\$19.00	1000.00		\$ 19,000.00	\$ 19,000.00	\$ 19,000.00
Office Utilities (\$2/sqft x 1000 sqft)	\$2.00	1000.00		\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
Accounting Services			\$ 1,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
Marketing Coordinator Salary	\$35.38	4.00%		\$ 73,590.40	\$ 76,534.02	\$ 79,595.38
Human Resources (5 hrs/wk, 50 wk/yr)	\$30.00	2.00%		\$ 7,500.00	\$ 10,710.00	\$ 14,045.40
			TOTALS	\$ 880,890.40	\$ 316,434.82	\$ 327,436.26

Fixed Cost Analysis (Subscription)

	Measure	Assumptions	Month	Year 1	Year 2	Year 3
Starting Costs						
Licenses/Permits/incorporation fees				\$ 300.00	\$ 300.00	\$ 300.00
Legal (Contracts)				\$ 2,500.00		
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Variable Costs

		Year 1	Year 2	Year 3
Variable Cost Analysis (Per Ride)	FLD's	5	6	8
	"Real Drivers"	10	12	16
Driver Starter Kit	Unit cost			
Breathalyzer	\$ 90.54	\$ 905.40	\$ 1,086.48	\$ 1,448.64
Dash Cam	\$ 180.00	\$ 1,800.00	\$ 2,160.00	\$ 2,880.00
Phone Holder	\$ 10.00	\$ 50.00	\$ 120.00	\$ 160.00
Stickers	\$ 0.69	\$ 6.90	\$ 8.28	\$ 11.04
Magnets for Car Doors	\$ 27.00	\$ 270.00	\$ 324.00	\$ 432.00
Background Check	\$ 26.00	\$ 260.00	\$ 312.00	\$ 416.00
Subtotal		\$ 3,292.30	\$ 4,010.76	\$ 5,347.68
Transaction Cost				
Card Fee	\$0.30	\$ 22,248.00	\$ 29,664.00	\$ 37,080.00
Card Fee Percentage Cost	2.90%	\$ 43,012.80	\$ 57,350.40	\$ 71,688.00
ACH Debit	0.80%	\$ 11,865.60	\$ 15,820.80	\$ 19,776.00
Subtotal		\$ 77,126.40	\$ 102,835.20	\$ 128,544.00
App Store Cost				
Apple App Hosting	0%	\$ -	\$ -	\$ -
Google App Hosting	30%	\$ 444,960.00	\$ 593,280.00	\$ 741,600.00
Subtotal		\$ 444,960.00	\$ 593,280.00	\$ 741,600.00
Trip Cost				
Drivers Wage per Hour	\$ 15.00	\$ 141,900.00	\$ 170,280.00	\$ 227,040.00
Subtotal		\$ 141,900.00	\$ 170,280.00	\$ 227,040.00
TOTALS		\$ 667,278.70	\$ 870,405.96	\$ 1,102,531.68

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Background Check	\$ 26.00	\$ 260.00	\$ 312.00	\$ 416.00
Subtotal		\$ 3,292.30	\$ 4,010.76	\$ 5,347.68
Transaction Cost				
Card Fee	\$0.30	\$ 1,390.50	\$ 1,854.00	\$ 2,317.50
Card Fee Percentage Cost	2.90%	\$ 32,259.60	\$ 43,012.80	\$ 53,766.00
ACH Debit	0.80%	\$ 8,899.20	\$ 11,865.60	\$ 14,832.00
Subtotal		\$ 42,549.30	\$ 56,732.40	\$ 70,915.50
App Store Cost				
Apple App Hosting	0%	\$ -	\$ -	\$ -
Google App Hosting	30%	\$ 333,720.00	\$ 444,960.00	\$ 556,200.00
Subtotal		\$ 333,720.00	\$ 444,960.00	\$ 556,200.00
Trip Cost				
Drivers Wage per Hour	\$ 15.00	\$ 141,900.00	\$ 170,280.00	\$ 227,040.00
Subtotal		\$ 141,900.00	\$ 170,280.00	\$ 227,040.00
TOTALS		\$ 521,461.60	\$ 675,983.16	\$ 859,503.18

General Operating Assumptions

- NWSU has 3 semesters
 - Spring Semester - 16 weeks
 - Fall Semester - 16 weeks
 - Summer Semester 11 weeks
 - Total weeks of operation = 43



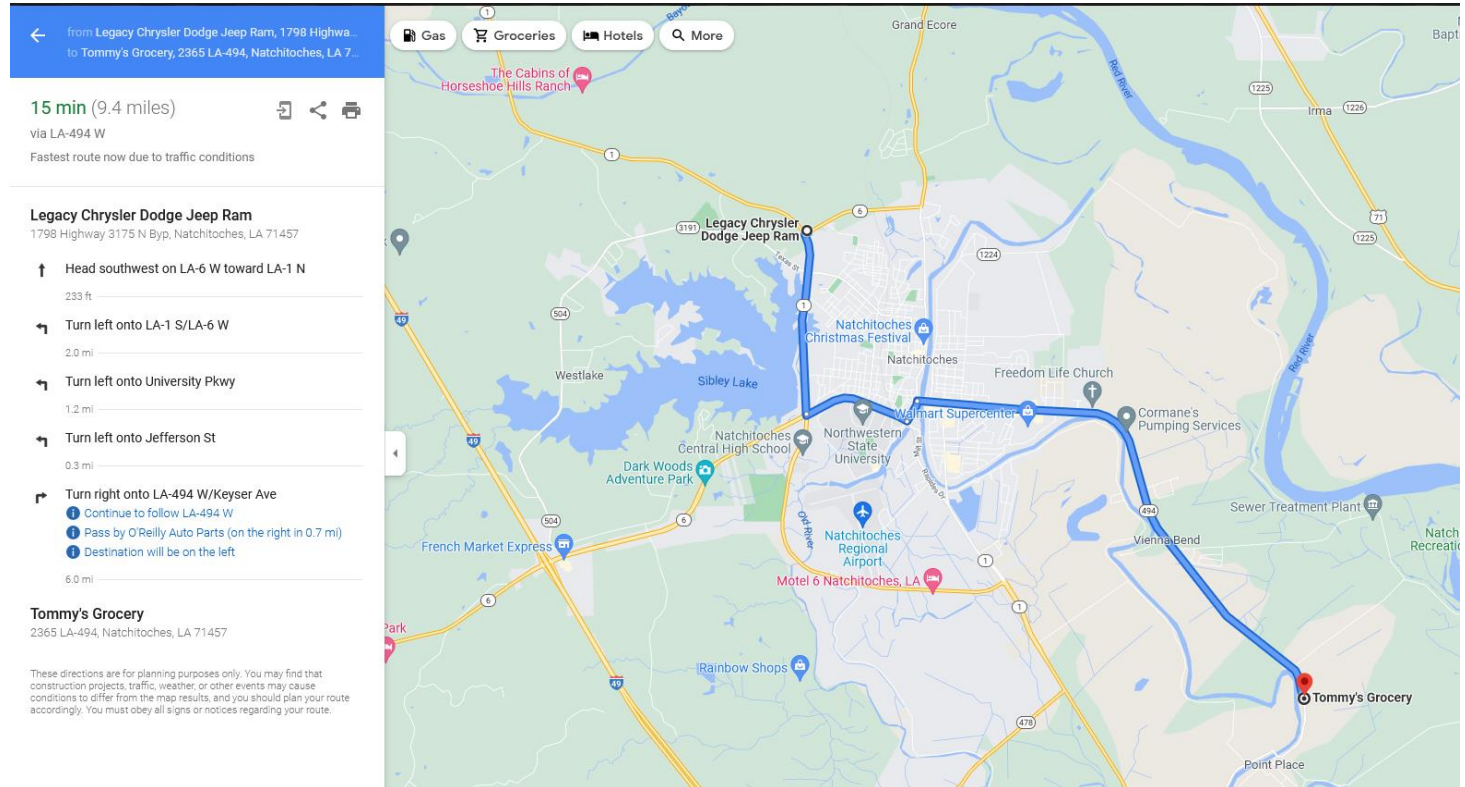
Service Hour Assumptions

Thumb's Hours of Operation				
Thursday	Friday	Saturday	Sunday	Total Hours of Operation Weekly
12pm - 2am Friday	12pm-3am Saturday	12pm - 3am Sunday	10am-1am Monday	44

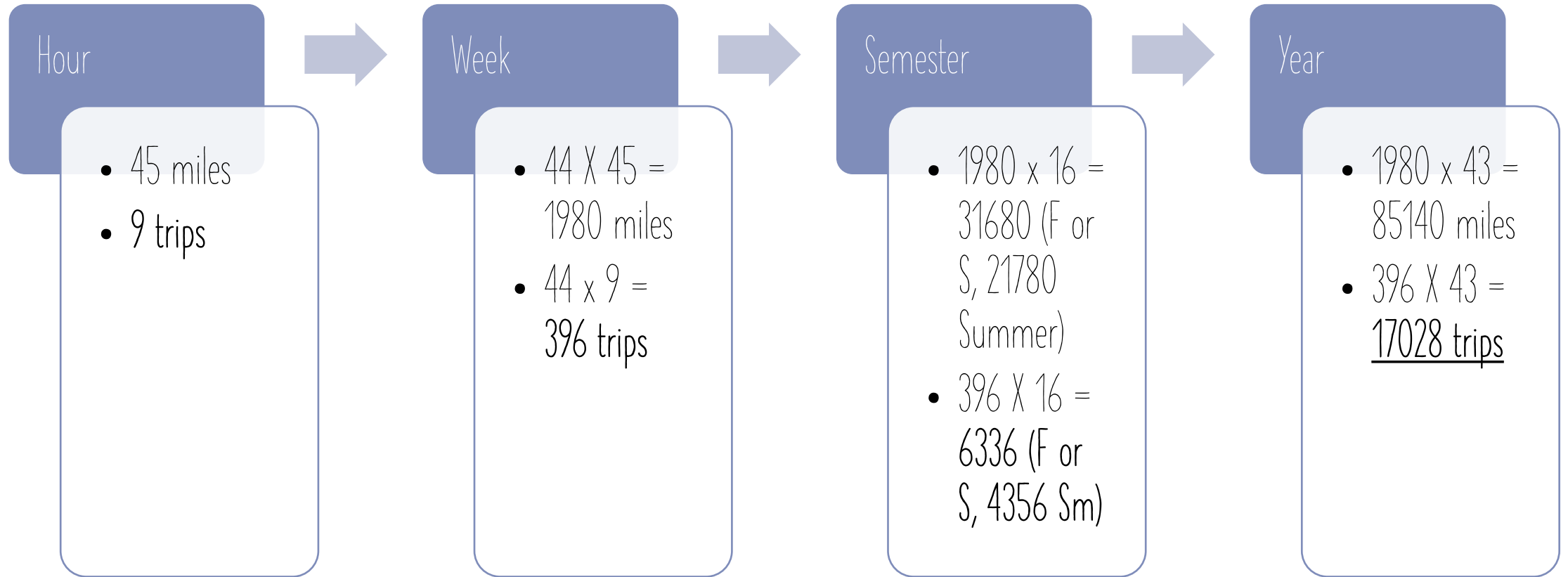
- Thumb is not available 24/7
- Thumb needs to be open when students are most likely to need safe rides
- Proposed schedule requires 44 hours of coverage needed per week

What kind of trips will Thumb users take?

- Downtown Natchitoches has a 5-mile radius/10-mile diameter approx., so most trips will be around 5 miles one-way
- Per Google Maps, it seems likely that a Thumb Driver could drive maximum 45 miles in one hour, consisting of 9 trips of 5 miles each



Let's extrapolate a bit





Fully-Loaded Driver

- Not a real person, but a construct
- Drives 44 hours/week, 43 weeks/year
- No idle time, in constant motion
- Can provide up to 17,028 trips per year
- Unrealistic for college student drivers
 - Too many hours
 - They want to party, too!



General Assumptions

- Revenue is based on a \$20 price per ride.
- Revenue is based on a \$240 price per subscription/semester..
- Owner's draw begin once breakeven has been achieved.
- Based on collectedd Data.



*1 Fully-Loaded Driver =
2 or more Real Drivers*

17028 trips per year

Insights

- Break even may be achieved as early as the second year.
- Many costs are inter-related; there are domino effects that need to be considered
- Our research indicates Thumb is a viable business opportunity.



Break Even - Per Ride

Data	
Northwestern Expected Semester Registration	10300
# of rides per subscription	16
Suggested Price Per Ride	\$20.00
Suggested Price Per Subscription	\$240.00
# of rides a FLD can give per year	17028
Nachitoches Sales Tax	9.95%
Research & Development % Allocation	2%
Real Drivers : FLD's Ratio	2

Breakeven Analysis (Per Ride) Thumb	FLD's 5		6		8	
	Year 1		Year 2		Year 3	
Thumb proposed Market Share	15%		20%		25%	
# of expected students Riders	1545		2060		2575	
# of expected rides per semester	24720		32960		41200	
# of expected rides per year	74160		98880		123600	
Expected Semester Revenue	\$494,400.00		\$659,200.00		\$824,000.00	
Expected yearly Per Trip revenue	\$1,483,200.00		\$1,977,600.00		\$2,472,000.00	
Cost of Service	\$ 667,278.70		\$ 870,405.96		\$ 1,102,531.68	
Gross Margin	\$815,921.30		\$1,107,194.04		\$1,369,468.32	
Price Allocation for Variable cost	\$9.00	\$11.00	\$8.80		\$8.92	
Price allocation for Fixed Cost.	\$11.00		\$11.20		\$11.08	
Operational Cost	\$ 880,890.40		\$ 316,434.82		\$ 327,436.26	
Rides needed to cover Fixed cost	80065		28260		29552	
EBITDA	-\$64,969.10		\$790,759.22		\$1,042,032.06	
Municipal Taxes						
Corporate Tax	\$ -		\$ 166,059.44		\$ 218,826.73	
Research & Development	\$ 29,664.00		\$ 39,552.00		\$49,440.00	
Owner's draw	\$ -		\$ -		\$ -	
TOTAL LIABILITIES	\$ (29,664.00)		\$ (205,611.44)		\$ (268,266.73)	
NET INCOME	-\$94,633.10		\$585,147.79		\$773,765.32	

Break Even - Subscription

Data	
Northwestern Expected Semester Registration	10300
# of rides per subscription	16
Suggested Price Per Ride	\$20.00
Suggested Price Per Subscription	\$240.00
# of rides a FLD can give per year	17028
Nachitoches Sales Tax	9.95%
Research & Development % Allocation	2%
Real Drivers : FLD's Ratio	2


Breakeven Analysis (Subscription)

Thumb	Year 1	Year 2	Year 3
Thumb proposed Market Share	15%	20%	25%
# of expected students Riders	1545	2060	2575
# of expected Subscriptions per semester	1545	2060	2575
# of expected Subscriptions per year	4635	6180	7725
Expected Semester Revenue	\$370,800.00	\$494,400.00	\$51,500.00
Expected yearly Per subscription revenue	\$1,112,400.00	\$1,483,200.00	\$1,854,000.00
Cost of Service	\$ 521,461.60	\$ 675,983.16	\$ 859,503.18
	\$590,938.40	\$807,216.84	\$994,496.82
Dollar Allocation for Variable cost	\$112.51	\$109.38	\$111.26
Dollar allocation for Fixed Cost.	\$127.49	\$130.62	\$128.74
Operational Cost	\$ 880,890.40	\$ 316,434.82	\$ 327,436.26
Subscriptions needed to cover Fixed cost	6909	2423	2543
EBITDA	-\$289,952.00	\$490,782.02	\$667,060.56
Municipal Taxes			
Corporate Tax	\$ -	\$ 103,064.23	\$ 140,082.72
Research & Development	\$ 22,248.00	\$ 29,664.00	\$ 37,080.00
Owner's draw	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ (22,248.00)	\$ (132,728.23)	\$ (177,162.72)
NET INCOME	-\$312,200.00	\$358,053.80	\$489,897.84

Additional Recommendations

- FLDs vs Algorithm
- Student and Parent Surveys
- University Connections
- Use a Combination approach for larger revenue





What We Learned

- The value of Information, Data, and proper Research
- The value of the Business Model Canvas
- The value of the understanding Customer's needs
- The power of a well-made financial structure
- The reality of iterative strategic planning



Thank you...

We are truly grateful for this great opportunity
to grow.