Drinx

Business Plan

By Targo Consulting

September 2015

Table of Contents

Executive Summary

About us

Drinx is an online nightlife social network for mobile which serves as an instant online dating platform, as well as a social game between users.

Drinx's unique UI design and features such as background music, virtual alcohol and clothing, simulate an authentic nightlife environment, allowing users to experience the enjoyment and socializing of a real bar.

The Product

By using Facebook profile picture, users can walk inside the platform through an avatar with their picture and start chat conversations with other users, buy drinks, listen to their favorite music, invite friends and more.

Interaction between users is made **live**. Each avatar shown in the platform is an online user and a potential partner for a conversation and dating. Drinx has numerous features that make interaction more effective and fun by creating an atmosphere as similar as possible to a real nightlife experience.

The Market

The U.S. online dating market is valued at $2bn with an annual growth rate of 5% and is considered to keep growing as internet and mobile usage rise**.** The Israeli online dating market is valued at NIS 43M,

According to the U.S. Census, there are approximately 54.2M single people in the U.S

- There are over 5,000 online dating sites worldwide
- There are 91 million people around the world using dating apps. 61 million of them are men and 64 million are between 16 and 34 years old
- Tinder is the most popular dating app among Westerners with $1 billion valuation as of March 2015
- 80% of gay men now meet their long-term partners online, compared to 14% in 2001

Business Opportunity

For a period of 12 months, that will include app development and market penetration of Drinx into the **Israeli market as a pilot**, Drinx will require a total funding of USD 300,000 which will be allocated as follows:
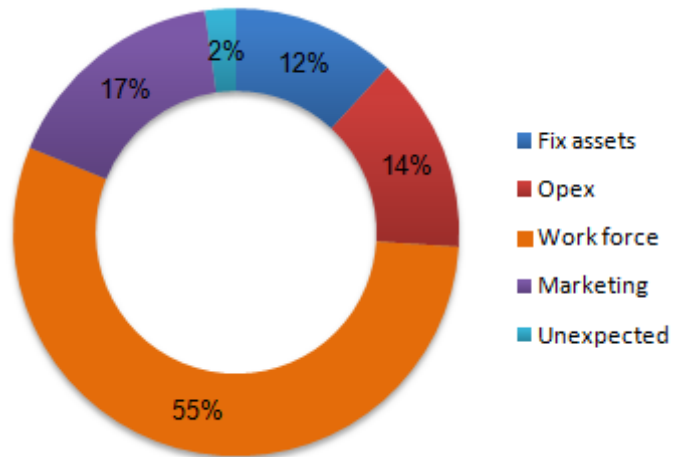
Our Vision

Drinx's vision is to bring the nightlife environment into the virtual world by providing the same qualities that people gain from real bars into its platform while focusing on dating.

Our Mission:

- Simulating an authentic nightlife environment
- Allowing people to interact **live** with each other
- Providing an alternative for real nightlife environment
- To be a leading worldwide platform for online dating
- Continually explore new ideas in order to make online dating a fun, more realistic experience

Team

Omer Tamsut – CEO

Studied Optics in the Open University. Has experience in project management and an extensive knowledge and background in the nightlife environment.

Yonatan Avital - QA

Yonatan is an experienced QA with vast experience in Web, mobile, client and server tests, JIRA, Linux, Cloud, SQL, project management and more. Yonatan worked at companies such as Matrix, Bank HaPoalim and Vox Populi.

Ran Vinokoor – Graphic Designer

Ran studied Interactive communications engineering in Mihlelet Sapir with honor. Ran has an extensive experience in the field of animation, design, Javascript, HTML, CSS3, 3D and more.

Ran worked in several companies such as Zap, Space Cowboys Studios, Oran Interactive and Tohen Media as a web and interactive designer.

Adi Asher

Adi is an experienced field manager with background in the field of restaurant management. Adi has an experience in managing teams, including kitchen workers, bartenders and waiters.

Adi also worked as an operation manager at Soltam Radad where he worked with suppliers, was in charge of ordering merchandise and worked as a sales person.

The Product

CHAT WITH
OTHER USERS

INVITE SOMEONE
FOR A DRINK

INVITE FRIENDS
FROM
FACEBOOK

PICK WHAT CLOTHES
TO WEAR

LISTEN TO YOUR
FAVORATE MUSIC

HOST A PARTY
WITH FRIENDS

Drinx is an online nightlife social network for **mobile** which serves as an instant online dating platform, as well as a social game between users. The platform unique UI design, background music, clothing, alcohol, etc., simulate an authentic nightlife environment.

After logging in through a Facebook account, Drinx uses the user's Facebook profile picture for the user's avatar. Additional information such as age, sex and interests is available after clicking the user's avatar.

Users can define types of events they want to participate in, see how many users are online and even join together with friends to the same event. Special events such as Hip-Hop parties, 90's and gay parties in special rooms will be opened to attract similar audience to increase chances for successful connections.

Drinx has numerous features that make interaction more effective and fun by creating an atmosphere as similar as possible to a real nightlife experience. The entire interaction is made live, making Drinx the first instant online dating platform which increases interaction's efficiency.

Drinx App KPI

Drinx was launched as a pilot for both Android and iOS in the Funjoya event in May 2015, Eilat. The event included thousands of people, most of them single. During the pilot, which lasted 1 day, Drinx gained 2000 unique downloads and was rated 4.86/5 by a total of 29 users.

Drinx did not advertise itself prior to the event. The only marketing efforts made were during the event itself, where several salespersons promoted the app by using field agents that advertised Drinx.

Market Analysis

Online dating is an introductory system whereby individuals can find and contact each other over the Internet to arrange a date, usually with the objective of developing a personal, romantic, or sexual relationship.

Online dating services usually provide un-moderated matchmaking over the Internet, through the use of personal computers or cell phones. Most sites and apps allow members to upload photos or videos of themselves and browse the photos and videos of others while more recent platforms connect the app to the user's Facebook account. Sites may offer additional services such as webcasts, online chat, telephone chat (VOIP), and message boards.

With the growing usage of internet and online communications in every part of life, online dating has become an increasingly popular way of meeting romantic partners. Below are facts regarding online dating, according to report by datingsitereviews.com:

- There are over 5,000 online dating sites worldwide
- 6% of Internet users use a location-based dating app
- Tinder is the most popular dating app among Westerners with $1 billion valuation as of March 2015

91M

Online dating users worldwide

- **80%** of gay men now meet their long-term partners online, compared to 14% in 2001
- **53% have at least some college education**
- 23% have a graduate degree
- **Would prefer not to meet people in real bar environments**, the typical place people of this age group meet others

U.S.
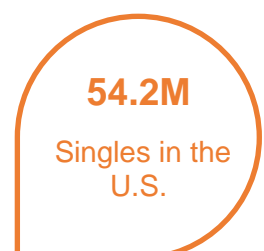
The U.S. online dating market is valued at $2bn with an annual growth rate of 5% and is considered to keep growing as internet and mobile usage rise, according to a Dating Services Market Research report done by ibisworld.com.

- According to the U.S. Census, there are approximately 54.2M single people in the U.S.
- 49.2M people tried online dating at one point

54.2M

Singles in the U.S.

- 10% of male adults and 17% of adults aged 25-34 have used online dating sites
- 40 million Americans use online dating services which represents 40% of the entire U.S. single-people pool
- The average spent by dating site customer per year is $243
- 10% of all users leave the service within 3 months

A survey made by Statistics Portal found that the most active users in the online dating scene are aged 15-34:
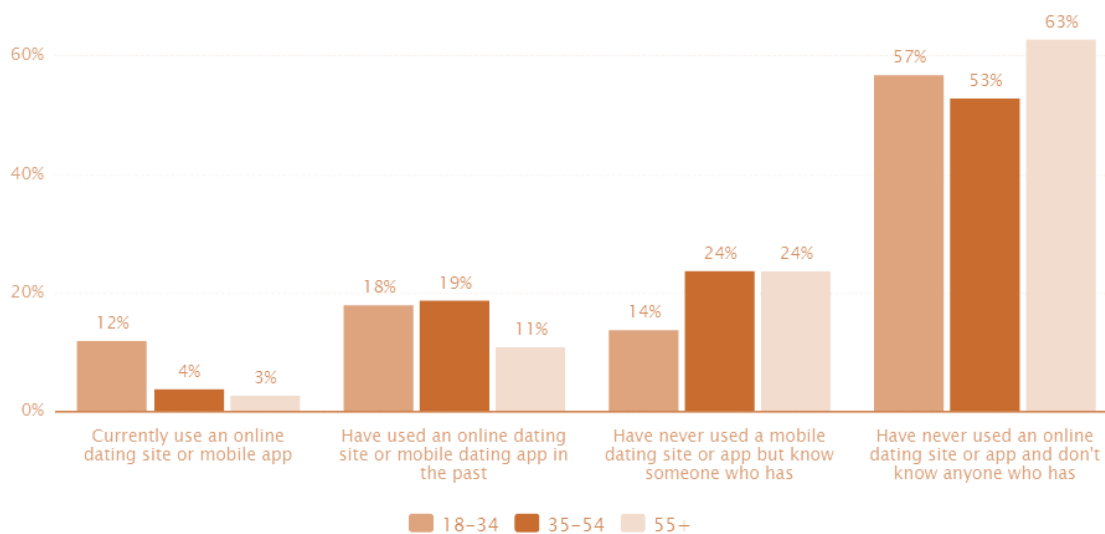
There are approximately 2,500 dating sites in the U.S. Only a small handful of them (fewer than 25) are considered "major" with more than one million current, active, and unique members. The top 5 online dating websites in the U.S. based on unique monthly visitors' number are:

Site	Estimated Unique Monthly Visitors
Match.com	35M
PlentyOfFish	23M
Zoosk	11.5M
OkCupid	10.1M
eHarmony	7.1M

Israel

According to the Israeli Central Bureau of Statistics report, 65% males and 46% females aged 25-29 are singles, making the total number of singles aged 25-29 at approximately 320,000. The report also states that there are 2.4M people between ages 15-34, of which 841K are singles.

Listed below are the cities with the biggest percentage of singles:

City	Male singles percentage 25-29	Female singles percentage 25-29
Tel Aviv	83%	71%
Haifa	74%	55%
Rishon LeZion	74%	52%
Petach-Tiqva	65%	44%
Ashdod	56%	34%
Jerusalem	50%	38%

According to Dun & Bradstreet analysts, the Israeli online dating market is valued at **NIS 43M**, compared to 15M in 2005. Not less than 40,000 people visit online dating sites on a daily basis. The most popular sites in Israel are JDate and OkCupid with 30% of the traffic.

Competitors Analysis

As stated above, there are thousands of different websites and mobile applications that offer online dating services. Some target the mass market while others specialize in niche markets such as the gay community (Grinder), married people (Ashley Madison), university and college graduates (Alpha), etc.

There is also a growing trend of location-based online dating services which match individuals who are geographically related. Another popular platform for online dating is Facebook, which has numerous pages that are dedicated for dating.

Nevertheless, none of the competitors offer a live, online nightlife environment in their platforms.

Badoo

Badoo, founded in 2006, is an online dating social networking service. The site operates in 180 countries and is most popular in Latin America, Spain, Italy and France. Badoo ranks as the 281st most popular website in the world, according to Alexa Internet as of April 2014. The site operates on a freemium model, where the basic service is free for everyone but users have an option to pay for premium features.

Badoo has several premium services. For example, the "Encounters" game allows users to click "yes" or "no" on other users' photos and if there is a match the two users are notified. The site allows users, in return for a fee, to use the "Rise Up" feature which give their profile more visibility on the site for a limited time.

Badoo.com had an average of 120M visitors between January-June 2015

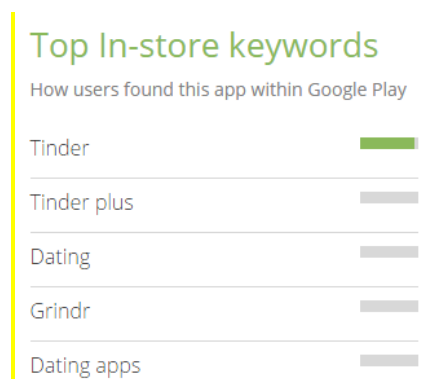| 52.97%	10.87%	12.13%	1.48%	22.26%	0.29%
Direct	Referrals	Search	Social	Mail	Display
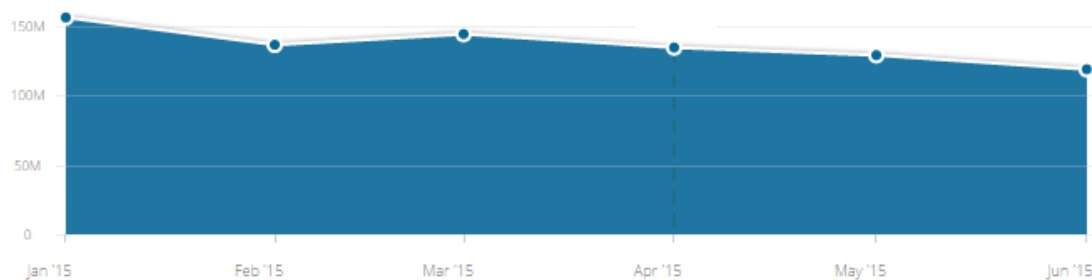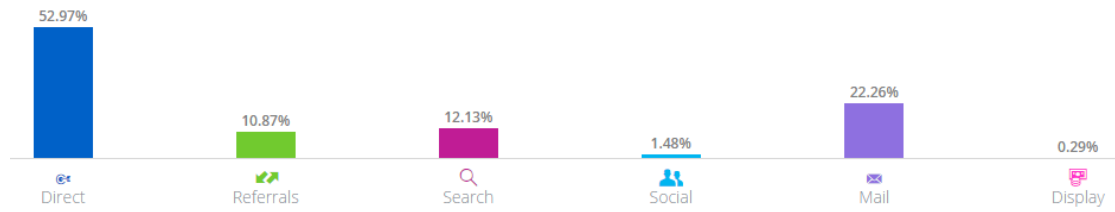
The high percentage of direct visitations indicates that Badoo is widely common among online dating consumers.

Tinder (mobile)

Tinder is a location-based social discovery application that facilitates communication between mutually interested users, allowing users to chat with their matches. By using Facebook, Tinder is able to build a user profile with photos that have already been uploaded. Basic information is gathered and the users' social graph is analyzed.

Tinder is used widely throughout the world and is available in over 30 languages. As of late 2014, an estimated 50 million people use the app every month with an average of 12 million matches per day.

Tinder works on a freemium model. It has a paid-for subscription service called "Tinder Plus" which offers several services such as "undo" button and a "Passport option" for searching outside your current geographic region for a fee while maintaining the app's free service for those uninterested in a premium account. Tinder is currently testing advertising on the app as another source of income.

Top In-store keywords
How users found this app within Google Play

| Tinder |
| Tinder plus |
| Dating |
| Grindr |
| Dating apps |

According to the table above, more than 95% of Tinder users found the app after typing "Tinder" in the search, which shows its widely known and strong brand among online dating platforms consumers.

[Shaker](#)

Shaker, founded in 2009, is a Facebook application which creates online venues where users can host events of different kinds for any size of audience and interact with other Facebook users.

By using information from Facebook, Shaker lets the user walk around in different venues and environments, choosing from all kinds of events. User can chat with friends and friends of friends, get introduced to other people, listen to music and more. Shaker won first place at the well-respected TechCrunch Disrupt competition in 2011.

Shaker offers users who wish to host events 3 plans – Trial, Business and Premium. The Trial plan allows users to host events with up to 100 participants, while the Business plan offers the same along with additional features and costs $100 a month. The Premium plan allows users to host events with up to 30,000 participants with a various range of prices according to the event's specifications.

Since its launch, Shaker did not make any major headlines. Its Facebook page has 5.3K likes and has a rating of 3.2 out of 5. According to Facebook, the app has approximately 600 monthly users. According to statistics gathered from Similarweb.com, the site has a significantly low traffic, as shown in the table below:

🌐 Global Rank ⓘ	🚩 Country Rank ⓘ	🌐 Category Rank ⓘ
Worldwide	Israel 🇮🇱	Internet and Telecom > Telecom... _Edit_
#5,463,731 ↑	#141,642 ↑	#31,359 ↑

According to experts in the industry, one of the reasons for Shaker's failure was focusing on Facebook while neglecting the mobile platform which is considered more appealing for singles aged 15-34.

Competitive Edge

Most online dating services offer a platform for chatting and matching potential users with one another, based on profile information. They ignore the experience of going out to a bar or coffee house and interact in a nightlife environment which includes alcohol, music, social gathering, dress codes and more.

Drinx' platform is not only an online dating platform but a social gathering platform where users can interact with each other similar to a real bar interaction, which eventually can lead to dating and making friends. Traditional online dating platforms provide only the experience of meeting people for relationship or sexual purposes while completely ignoring the other qualities that are offered in a real bar.

Drinx' most valuable advantage lies in the fact that it provides **live** interacting platform which allow **instant messaging**. Most interactions in other online dating platforms are not live. When a user sends a message, he or she expects an instant respond which is possible only if the other user is online at the time.

In Drinx, only users who are online are shown across the platform so users can expect an **instant response** (or instant ignore).

Other than providing a **live**, online nightlife platform, Drinx has many advantages over traditional online dating platforms, including:

- **Social network** where users can interact with each other for other purposes than dating.
- **Simulating a nightlife environment** – people who like going out to bars are often passing the opportunity due to high costs, over-crowded, selection, ect. By using Drinx, users save the costs of going out while partially preserving the enjoyment and experience of a real bar by combining music, virtual clothes and alcohol, ect.
- Transforming the online dating scene **into a game**, making it more interactive, appealing and fun than just a dating platform.
- Allowing **shy people** who would usually avoid approaching other people in a real nightlife environment to virtually interact with other users in a virtual nightlife environment.
- Hosting virtual events with multiple users for bigger, more enjoyable interaction, in contrast to traditional dating platforms which provide mostly one-on-one interaction.

Revenue Model

In order to generate awareness to Drinx among the target group and encourage usage, the revenue model will be based on both Freemium and Sponsorship models.

Freemium

Drinx can be downloaded for free from both App Store and Google Play. There will be certain features which the user has to pay in order to unlock such as buying a premium drink, put fancy clothes, invite a VIP room, host a big event, etc.

The premise of this model is to attract people to Drinx and give them rich possibilities of what Drinx can do without giving them all the options. The goal is to accumulate and engage Drinx users until they are willing to pay for additional in-app tools.

Drinx will use a virtual currency system which will allow users to buy premium features. There will be several options for buying coins (e.g. $1 for 10 coins, $5 for 60 and $10 for 130). Each feature will have different price (e.g. Blue Label whiskey shot will cost more than Schnapps; suit will be more expensive than jeans & T-shirt, etc.).

Premium Features

As Drinx will become more popular, more premium features will be offered for users. The basic features will **always** stay free to increase traffic.

Sponsorship

There are many types of potential sponsors for Drinx – alcohol brands, fashion brands, clubs, cigarettes and more. As Drinx traffic grows, these sectors will have an opportunity to advertise on a dedicated online platform which has huge crowd of users with common ground (e.g. singles, nightlife people, geographically related).

As of today, Drinx had several approaches for cooperation from companies such as Tempo and Corona which showed interest in advertising their brand in Drinx after 30,000 users have downloaded the app.

Marketing Plan

SOCIAL MEDIA **PR** **IN-APP INVITATIONS**

PR Campaign

As the platform targets potentially millions of clients, the best way to generate public awareness is by creating significant press coverage. Instead of engaging potential customers, the PR campaign creates interest among the audience and drives them to act and come to the platform.

As part of its PR campaign, Drinx will advertise articles and reviews in leading websites, sponsor events with dedicated crowd such as mass parties (e.g. Funjoya, Tomorrowland) universities and colleges.

Drinx plans, as part of its launch in Israel, to manage several promotion crews that will work inside major clubs and encourage customers to install and use the app using incentives such as free drinks and free access to the club.

Social Media

As part of the digital media strategy, Drinx will look to reach potential consumers also through social networks such as **Facebook and Twitter.** Using Facebook's targeting options would allow limiting the ads to only people who have shown interest in online dating.

In-App Promotion

Users will have the option to invite other friends from Facebook to install the app and join the platform. This strategy has proven itself very effective in many other mobile apps such as Candy Crush, Zynga, ect.

To encourage users to invite friends, Drinx will offer users free coins for each invite.

Financial Plan

The following financial plan represents the future prediction of Drinx's operations. The assumptions and projections are supported by the figures and strategies described in the business plan.

All figures are in USD unless stated otherwise.

For a period of 12 months, that will include app development and market penetration of Drinx into the **Israeli market as a pilot**, Drinx will require a total funding of USD 300,000**.**

The funds should be injected into the company in two phases:

1. USD 200,000 will be injected upon the signing of the investment agreement.
2. USD 100,000 will be injected upon reaching 60,000 app installations.

Fixed Assets — Development

	Q1	Q2	Q3	Q4	Year 1	Year 2
App Development	17,500	17,500	-	-	35,000	-
Website Development	750	750			1,500	
Computer			4,000	-	4,000	
Screen	-	400	800	-	1,200	
Printers and Phones	-	1,000	2,000	-	3,000	
Furniture Expense	-	3,800	-	-	3,800	
Total	**18,250**	**23,450**	**6,800**	**-**	**48,500**	**-**

Work Force — Development

	Q1	Q2	Q3	Q4	Year 1	Year 2
CEO	-	9,000	9,000	9,000	27,000	36,000
COO	-	-	4,500	4,500	9,000	18,000
App Developer	-	-	9,000	9,000	18,000	36,000
Graphic Deigner	-	-	4,500	4,500	9,000	18,000
Web Developer	-	1,500	-	-	1,500	-
Sales & Customer Service	-	-	4,500	4,500	9,000	18,000
VP of Marketing			4,500	4,500	9,000	18,000
Total	**-**	**10,500**	**36,000**	**36,000**	**82,500**	**144,000**

OPEX — Development

	Q1	Q2	Q3	Q4	Year 1	Year 2
Office:						
Rent	-	1,500	4,500	4,500	10,500	18,000
Utilities	-	760	1,140	1,140	3,040	4,560
Bureaucracy:						
Bookkeeping + Yearly Report	750	750	750	1,450	3,700	3,700
Consulting Services:						
Legal	1,200	750	750	750	3,450	3,000
CFO			450	450	900	1,800
Infrastructure						
Hosting	180	180	180	180	720	936
Storage	300	300	300	300	1,200	1,560
Operation						
Clearing fees	-	-	40	137	176	1,223
Total	**2,430**	**4,240**	**8,110**	**8,907**	**23,686**	**34,779**

Marketing & Sales Expense — Development

	Q1	Q2	Q3	Q4	Year 1	Year 2
PR Campaign	-	-	7,500	7,500	15,000	15,000
Social Media	-	-	7,500	7,500	15,000	15,000
Promotion Crews	-	-	8,000	-	8,000	-
Total	**-**	**-**	**23,000**	**15,000**	**38,000**	**30,000**

Sales   Development

	Q1	Q2	Q3	Q4	Year 1	Year 2
Total In-App Purchases	-	-	4,220	8,575	12,795	54,575
Total Sponsorship Revenue	-	-	-	7,938	7,938	101,042
Total Revenue	**-**	**-**	**3,988**	**13,660**	**17,647**	**122,303**

CF

	Q1	Q2	Q3	Q4	Year 1	Year 2
Income	-	-	3,988	13,660	17,647	122,303
Opex	2,430	4,240	8,110	8,907	23,686	34,779
Work Force	-	10,500	36,000	36,000	82,500	144,000
Marketing & Sales Expense	-	-	23,000	15,000	38,000	30,000
Total Operating Expenses	2,430	14,740	67,110	59,907	144,186	208,779
Operational CF	-2,430	-14,740	-63,122	-46,247	-126,539	-86,476
Fix assets	18,250	23,450	6,800	-	48,500	-
CF before taxes	**-20,680**	**-38,190**	**-69,922**	**-46,247**	**-175,039**	**-86,476**

Budget

	Before VAT
Fix assets	48,500
Opex	58,466
Work force	226,500
Marketing	68,000
Unexpected	9,226
Total	**410,692**
Income during the losing period	137,009
Total required investment	**273,682**