

# *Plus7*

## Business Plan

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# 1. Executive Summary

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## 1.1. Pitch Line

Plus7 is an incentives driven exercise application that engages users with interactive games & prizes to motivate said users to stay active at their own pace and ultimately increase their lifespan by up to seven years.

## 1.2. The Problem We Aim to Solve

The main issue that Plus7 will aim to tackle is:

- The lack of game-driven exercise application that is conscious of a user's capabilities while still producing results.
- High abandonment of the application by users after only 90 days.

Plus7 encourages people to be more physically active in the face of some current & alarming trends such as:

- 28% of adults globally do not exercise<sup>1</sup>
- More than 80% of the world's adolescent population is insufficiently physically active.<sup>2</sup>
- 1.4 billion People worldwide are at risk of exacerbating or developing a disease linked to inactivity.<sup>3</sup>

## 1.3. Solution

Plus7 is an interactive gaming application that helps users who are disengaged with physical activity become more active and live up to seven years longer through minimally strenuous exercise. By using a simple interface, users are incentivized to turn their own forward motion into prizes that have the potential to yield real life rewards.

- Users accumulate coins, badges & gift boxes along an illuminated track.
- Users must continue moving at a pace that suits them in order to continue to collecting prizes & accumulating coins that are stored in their own personal profile.
- Gift boxes are collected along the way and stored in user's personal area.

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<sup>1</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

<sup>2</sup> <https://www.who.int/news-room/fact-sheets/detail/physical-activity>

<sup>3</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

- Dynamic daily goals are set based on how actively a user engages with the application.
- Premium users have the chance to win real prizes from local businesses

## 1.4. Unique Selling Points

The value that Plus7 offer its users is two-fold in nature. Not only does the application benefit users, but also benefits the businesses that collaborate with Plus7.

### For Users:

- Gamification of physical activity
- Rewards for efforts in the form of in-game and reality based presents
- Longer life, i.e. evidence shows that at least 25 minutes of brisk walking everyday can extend life by seven years.<sup>4</sup>

### For Businesses:

- Unique marketing channel to obtain new customers.

## 1.5. Business Model

### 1.5.1. Target Market

Plus7's target market will be The United States with the New York market in being the initial point for market penetration.

### 1.5.2. Revenue Model

Plus7 would utilize a two-tiered system for generating revenue:

- Freemium model: Users can play the game for free and gain baseline prizes or go premium at a cost of \$5/month to give themselves the ability to win actual prizes such as:
  - Movie tickets, iPads, headphones, gym memberships & more
- Fees for Businesses: Plus7 will receive 5% from each third party purchase that users make in collaborating businesses.

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<sup>4</sup> <https://www.independent.co.uk/life-style/health-and-families/health-news/a-daily-walk-can-add-seven-years-to-your-life-10478821.html>

## 1.6. Market Size

The market for fitness apps has been swiftly growing globally in the past several years. Per the data below it is evident that all aspects of the market are growing, from the number of users to the projected revenue:

- As of 2019, the global number of fitness app users was 825.9M.<sup>5</sup>
- In 2019, the global fitness application market value amounts to \$16.857B

## 1.7. Target Audience

The target audience that Plus7 is looking to break into are:

- People that are currently living sedentary lives and not getting the recommended amount of physical activity.
- People who are passively engage in physical activity.
- People who are actively engaged in physical activity and are looking for new ways to improve their current regimen.
- Adolescents

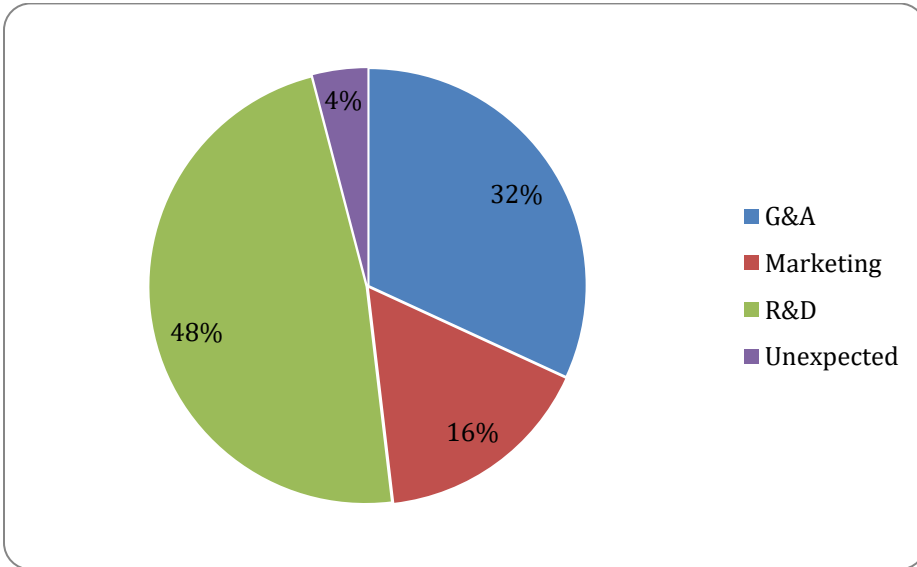
## Projections

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
# of Total Active Users	100,000	2,000,000	6,000,000	10,000,000
# of Premium Users	10,000	62,500	270,000	560,000
<b>Revenues From Premium Users</b>	<b>\$105K</b>	<b>\$2,205K</b>	<b>\$8,715K</b>	<b>\$12,180K</b>
<b>Revenues from User Purchases</b>	<b>\$0</b>	<b>\$625K</b>	<b>\$2,700K</b>	<b>\$5,600K</b>
<b>Total Revenue</b>	<b>\$105,000</b>	<b>\$2,830K</b>	<b>\$11,415K</b>	<b>\$17,780,000</b>

<https://www.statista.com/outlook/313/100/fitness/worldwide><sup>5</sup>

## 1.8. Investment

Plus7 is seeking **\$567K** over a 12-month span with a pre-money valuation of **\$1.3 million**.



## 1.9. Team

**Yaniv Ben-Moshe- Co-Founder & CEO:** Mr. Ben- Moshe has extensive experience in the fitness industry including: foundation, management, sales and training.

Mr. Ben- Moshe founded, led and managed big fitness clubs in Israel, and also succeeded in raising \$1.5M for his previous project.

**Avner Stepak- Advisory Board Member:** Mr. Stepak is the Vice Chairman and former CEO of Meitav Dash. Avner has invested in several startups and holds an MBA from Tel Aviv University & Northwestern University.

## 2. The Product

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### 2.1. Overview

Plus7 is an interactive gaming application that helps users who are disengaged with physical activity become more active and live up to seven years longer through minimally strenuous exercise. By using a simple interface, users are incentivized to turn their own forward motion into prizes that have the potential to yield real life rewards.

#### 2.1.1. Basic Package Key Features

- **Straightforward & interactive interface:**
  - Users accumulate coins, badges & gift boxes along an illuminated track.
  - Users must continue moving at a pace that suits them in order to continue to collecting prizes & accumulating coins that are stored in their own personal profile.
  - Gift boxes are collected along the way and stored in user's personal area.
  - Dynamic daily goals are set based on how actively a user engages with the application.
- **People of all different engagement levels can see results:**
  - The initial daily goal is set a low coin value that every user meets the first daily goal.
  - As the user continues to use the application, an algorithm will begin to learn the walker's/runner's habits
  - Depending on how actively a user engages with the app in both frequency and the speed that they are moving at, the collection of coins will be more challenging to make sure that users of all levels of athleticism succeed in adding up to seven years on to their lives
- **Simple incentives for success:**
  - With the algorithm adjusted speeds and coin values, users are encouraged to meet their daily goals at their own pace.
  - All coins collected are lost if algorithm adjusted daily goals are not met.



- **Real world benefit:** When a user has accumulated plenty of coins after consistent use of the application or they have acquired a present box along the track, these rewards can be used to obtain real prizes.
  - Users will be able to obtain discounts from local sporting goods, health & nutrition stores and yoga studios that collaborate with Plus7 in their personal zone.
  - Users can use their collection of coins or coupons embedded in gift boxes to get goods & service from these partners.

### 2.1.2. Premium Features

At a price of just \$5/month, premium membership will include all the features of the basic package plus the following key features:

- **Slot Machine & Gift boxes:** Gift Box prizes will be available for both free & premium users at no cost for a trial period of one month. The gift box will present either a tangible prize from a collaborating business or a slot machine where users can win more coins. After a month the gift box will dim for free users in their personal area and they will no longer be able to win real prizes from the Gift Box or more virtual coins from the slot machine. This functionality will encourage these free users to go premium if they want to continue winning real prizes.
- **Bigger Rewards:** Premium users will also be able to win bigger rewards such as movie tickets, iPads, & other gadgets such as headphones from their gift boxes.

## 2.2. Value Proposition

The value that Plus7 offer its users is two-fold in nature. Not only does the application benefit users, but also benefits the businesses that collaborate with Plus7.

### For Users:

- Gamification of physical activity
- Rewards for efforts in the form of in-game and reality based presents
- Longer life i.e. evidence shows that at least 25 minutes of brisk walking everyday can extend life by seven years.<sup>6</sup>

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<sup>6</sup> <https://www.independent.co.uk/life-style/health-and-families/health-news/a-daily-walk-can-add-seven-years-to-your-life-10478821.html>

**For Businesses:**

- Unique marketing channel to obtain new customers

### 2.3. The Problem We Aim to Solve

The current market is lacking a game application that encourages greater activity from users than just walking while also being considerate of the user's capability. This game platform will have to combat offline exercise trends such as:

- 28% of adults globally do not exercise<sup>7</sup>
- 1.4 billion People worldwide are at risk of exacerbating or developing a disease linked to inactivity.<sup>8</sup>
- 32% of women fail to exercise enough<sup>9</sup>
- 23% of men fail to exercise enough<sup>10</sup>
- More than 80% of the world's adolescent population is insufficiently physically active.<sup>11</sup>
- Only 23% of all Americans between the ages of 18-64 get the recommended 150 minutes of moderately strenuous aerobic activity weekly<sup>12</sup>

In regards to health & fitness trackers, the abandonment rate currently sits at about 33% of all users. This abandonment rate stems from the rigidity of these applications' failure to account for their user's individualized commitments and abilities.<sup>13</sup> The market is in need of application that allows users to progress at their own pace and have the proper incentive to want to succeed without being discouraged and abandoning the application all together.

While there are certainly other players out in the market that encourage exercise in game format, such as 'Zombies, Run!', this platform could prove to be challenging for the segment of the market that Plus7 is looking to address. The previously physically inactive will be less inclined to use an application that will push them too hard and derail their progress all together. With simplicity &

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<sup>7</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

<sup>8</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

<sup>9</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

<sup>10</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

<sup>11</sup> <https://www.who.int/news-room/fact-sheets/detail/physical-activity>

<sup>12</sup> <https://www.menshealth.com/health/a21986064/exercise-study-cdc/>

<sup>13</sup> <https://www.smh.com.au/technology/why-so-many-users-of-fitness-trackers-give-up-after-a-few-months-20181015-p509ou.html>

fun, Plus7's core features take the exercise to where those users are, engages a completely new segment of the market and most importantly helps users live longer & healthier lives.

## 3. Competition

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There are many fitness apps and step-counter applications in the market that not only perform their basic function – counting, but also to incentivize the user to do more exercise. The following applications are conceptually the closest competitors to Plus7:

### 3.1. Leading Competitors



#### [Rumble – Every Step Counts](#)

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**Compatible Platforms<sup>14</sup>:** IOS & Android

**What does it do?**

**a) Key Features, Figures & Benefits**

- Coins generated for each step that a user takes.
- Using a step counter users can generate “health coins” in addition to bonus coins that gives users the ability to buy benefits, discounts & promotions with collaborating businesses.
- Partner businesses include cafes, restaurants, markets and recreational activities.
- Installs on Google Play: 100,000+
- Platform is in Hebrew only

**Pricing Structure:**

- Freemium
  - Rumble Runners: Users pay a subscription fee of NIS 5.99/month to enter into a competition where they can win actual prizes.

**Bottom Line:** Rumble is not as interactive with users in the same way that Plus7 is. Rumble is not built in a game format and does fluctuate its operations to meet the level that the users are on. Plus7 will adapt to the physical output that the user puts into it and structure its rewards if the user can

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<sup>14</sup> <https://www.rumble.co.il/>

meet certain daily goals, while Rumble’s goal is to have the users accumulate coins to buy benefits for themselves.



**Compatible Platforms<sup>15</sup>:** IOS & Android

**What does it do?**

**b) Key Features, Figures & Benefits**

- Counts outdoors steps using GPS. Does not support indoors steps yet.
- Converts 1000 steps into 0.95 Sweatcoins. These can be converted into good & services, listed in four slots. As of May 2019, these are: <sup>16</sup>
  - Earin earbuds (7k Sweatcoins)
  - iPhone 8 (10k Sweatcoins)
  - \$1000 Paypal Cash (20k Sweatcoins)
  - Borneo Expedition (15k Sweatcoins)
- Sweatcoin earns by receiving funds to promote offers on its marketplace. Placement on the four reward slots in the marketplace can be bought to feature the buying company’s product for users for Sweatcoin conversion.
- Installs on Google Play: 10,000,000+. <sup>17</sup>
- Currently has converted 4.5 Trillion steps in currency. <sup>18</sup>

**Pricing Structure:** Sweatcoin currently has a four-tiered pricing structure that dictates the amount of Sweatcoins that a user can accumulate on both a daily or monthly basis. Each premium package gives users a 30- day free trial before collecting on the subscription fee.

- Mover
  - Pricing: Free
  - Users can earn up to 5 SWC /day or 150 SWC/ Month
- Shaker
  - Pricing: 4.75 SWC/month
  - Users earn up to 10 SWC/day or 300 SWC/Month
- Quaker

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<sup>15</sup> <https://www.rumble.co.il/>

<sup>16</sup> <https://sweatco.in/>

<sup>17</sup> <https://play.google.com/store/apps/details?id=in.sweatco.app&hl=en>

<sup>18</sup> <https://sweatco.in/>

- Pricing: 20 SWC/month
- Users earn up to 15 SWC/day or 450 SWC/ month
- Breaker
  - Pricing: 30 SWC/ month
  - Users can earn up to 20 SWC/ day or 600 SWC/month
- Breaker
  - Future development

**Bottom Line:**

Sweatcoin incentivizes users through step conversion into in-app currency that are used to acquire real-life goods and services. There is no game aspect of Sweatcoin since it only functions as a step counter that converts the step into currency. It is a passive application in comparison to Plus7’s user interactive driven interface.



[Zombies, Run!](#)

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**Compatible Platforms:** IOS & Android, Apple Watch<sup>19</sup>

Basic Package

**a) Key Features, Figures & Benefits<sup>20</sup>**

- After putting in headphones, users can run up to 200 missions evading zombies.
- After 100 yards, virtual zombies begin to chase users who have to maintain a running pace to avoid them.
- Users automatically collect in-game supplies as they run
- Platform tracks each run and allows users to share their progress
- Users get unlimited access to the first four missions and have the ability to unlock a new mission each week.
- Free cloud backup for tracked runs & progress online.
- Interval training
- 1,000,000 users.

**Pricing Structure:**

- Free

Pro Membership

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<sup>19</sup> <https://zombiesrungame.com/presskit/>  
<sup>20</sup> <https://zombiesrungame.com/presskit/>

**a) Key Features, Figures & Benefits<sup>21</sup>**

- All features of the basic package.
- All missions & game modes unlocked.

**b) Pricing Structure**

- Two tiered system based on a monthly or annual fee that varies by region:
  - USD
    - Monthly: \$2.99
    - Annually: \$19.99
  - EUR
    - Monthly: €2.99
    - Annually: €19.99
  - GBP
    - Monthly: £2.29
    - Annually: £14.99

**Bottom Line:** Zombies, Run! constitutes itself as a key competitor for Plus7. Its solitary focus of getting users to exercise by means of running from zombies is akin to Plus7's concept of a game based exercise platform. Additionally, the feature to allow users to automatically pick up prizes as they run is quite similar to how users earn prizes & gifts using Plus7. The main difference lies in the objective of the application and the use of the prizes. Plus7, unlike Zombies, Run! focuses on allowing users to complete exercises at a pace that is not strenuous to them to achieve the sole objective of prolonging their life by seven years. Additionally the fact that users can capitalize on earned prizes outside of the scope of gameplay is a plus for Plus7. The ability to convert prizes & coins for use in partnering businesses gives users more of an incentive to use the Plus7 platform versus Zombies, Run!



[Ingress Prime](#)

**Compatible Platforms:** IOS & Android

**a) Key Features, Figures & Benefits<sup>22</sup>**

<sup>21</sup> <https://zombiesrungame.com/presskit/>

<sup>22</sup> <https://play.google.com/store/apps/details?id=com.nianticproject.ingress&hl=en>

- Users follow a story that has them interact with a customized version of where they are and interact with places with cultural significance to collect game prizes & resources using their smartphone.
- User pick one of two teams and roam around the map to find resources to help put their team ahead in the game.
- 10,000,000+ downloads on Google Play.<sup>23</sup>
- Age Requirement: 13 years old to play outside of the European Economic Community
- Age Requirement for European Economic Community: <sup>16</sup>

### **Pricing Structure**

- In app purchases ranging from \$1 -\$100

**Bottom Line:** Ingress Prime is similar to Plus7 in its ability to get players moving to collect prizes and play the game. Although users are engaging in a form of physical activity by moving from designated site to site on the map, they are not engaging in any type of exercise that could provide any long-term health benefits such as a longer life.

### **3.2. Competitive Edge**

Plus7 is not simply a passive fitness application that only accounts for the steps that a user takes; rather it is an interactive application that sets itself apart from the others by operating in a game format with three distinct conceptual advantages.

1. **User Friendly Platform:** The game format sets Plus7 apart from the competition because it is more attractive to users and gives them a more interactive platform that incentivizes them to perform exercise that is effective and minimally strenuous. The game format increases user engagement and willingness to complete tasks to reach their daily target.
2. **Helping Local Businesses:** In the short term, by completing activities and accumulating coins to spend on prizes in the form of discounts for goods at local business, the spending on local business helps the local economy. This help comes in the form of getting people into the business who not have otherwise put a foot in the door. On the user side of the transaction, transactions are initiated by individuals using a suggested exercise from Plus7 to get to those partnering places of business.

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<sup>23</sup> <https://play.google.com/store/apps/details?id=com.nianticproject.ingress&hl=en>

1. **Live Longer:** Most importantly, what sets Plus7 apart from its competition is that In the long term, persistent use of the application over the course of just seven weeks can help and encourage users to adopt behaviors & practices that leads them to live longer & healthier lives. The in-app algorithm learns a user’s use patterns and adapts the necessary goals to help them elongate their lives.

	<i>Plus7</i>				
	Plus7	Rumble	Sweatcoin	Zombies, Run!	Ingress Prime
Game Format	✓	✗	✗	✓	✓
Assigns Exercises	✓	✓	✗	✗	✗
In-App Currency	✓	✓	✓	✗	✗
Partnered With Local Businesses	✓	✓	✗	✗	✗
Algorithm Adjusted User Goals	✓	✗	✗	✗	✗



## 4. The Market

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### 4.1. Overview

The market for fitness apps has been swiftly growing globally in the past several years. Per the data below it is evident that all aspects of the market are growing, from the number of users to the projected revenue:

- The US Fitness app market was estimated to be \$2.1B in 2017, and with CAGR of 24.3% it will reach \$14.7B by 2026.<sup>24</sup>
- In 2019, the global fitness application market value amounts to \$16.857B
- In the US, revenue in the fitness segment accounts to \$3.7B in 2019<sup>25</sup>.
- 39.5 million users in the US paid for Fitness apps or Wearables in 2017.<sup>26</sup>
- The European segment of the fitness application revenues are growing 14.7% annually.<sup>27</sup>
- As of 2019, there are approximately 93.0M users of fitness related applications in the US alone.<sup>28</sup>
- As of 2019, the global number of fitness app users was 825.9M.<sup>29</sup>
- In the US the number of users in the Fitness App segment is expected to be 99.4M by 2023.<sup>30</sup>
- The average revenue per user in the Apps segment amounts to \$6.55 in 2019.<sup>31</sup>
- The most revenue was generated in China - \$5.1B in 2019.<sup>32</sup>
- Behind China & the US, the most revenue in the market was generated by:<sup>33</sup>
  - India:\$1.640B
  - The UK: \$578M
  - Germany: \$495M
- Of the individuals aged 18-29 in the US, 29% regularly used fitness apps in 2017.<sup>34</sup>

Global Fitness  
Application Market  
Value: \$16.857B

Global Fitness  
Application Users:  
825.9M

<sup>24</sup> <https://www.marketwatch.com/press-release/fitness-app-market-size-projected-to-reach-usd-147-billion-by-2026-2019-03-07>

<sup>25</sup> <https://www.statista.com/outlook/4444444444ok/313/109/fitness/united-states>

<sup>26</sup> <https://www.techuz.com/blog/fitness-apps-the-most-funded-and-rewarding-start-ups/>

<sup>27</sup> <https://www.techuz.com/blog/fitness-apps-the-most-funded-and-rewarding-start-ups/>

<sup>28</sup> <https://www.statista.com/outlook/313/109/fitness/united-states>

<sup>29</sup> <https://www.statista.com/outlook/313/100/fitness/worldwide>

<sup>30</sup> <https://www.statista.com/outlook/313/109/fitness/united-states#market-arpu>

<sup>31</sup> <https://www.statista.com/outlook/313/109/fitness/united-states#market-arpu>

<sup>32</sup> <https://www.statista.com/outlook/313/109/fitness/united-states>

<sup>33</sup> <https://www.statista.com/outlook/313/109/fitness/united-states>

<sup>34</sup> <https://www.statista.com/statistics/699197/us-adults-that-use-an-app-to-track-their-fitness-by-age/>

- Largest segment of the fitness market is wearables, which as of 2019 has a total market volume \$3.096B.<sup>35</sup>
- Workout and weight loss apps account for 73% of all health and fitness sessions.<sup>36</sup>
- Average cost-per-install for fitness applications in the US is \$0.54.<sup>37</sup>
- A study found that 30 minutes of light exercise a day lowers a person's risk of early death by 17%.<sup>38</sup>
- More vigorous exercise for a period of at least 30 minutes saw a reduction in the risk of an early death by 33%.<sup>39</sup>
- Light physical activity daily can extend a person's life 4.5 years<sup>40</sup>
- In higher income countries, 37% of people are inactive<sup>41</sup>
- In middle income countries the rate of inactivity is 26%<sup>42</sup>
- Low income countries have a rate of inactivity of 16%<sup>43</sup>
- Regions with the highest inactivity rates<sup>44</sup>:
  - Latin America & the Caribbean: 39%
  - High-income Western countries: 37%
  - High-income Asia Pacific countries: 36%.

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<sup>35</sup> <https://www.statista.com/outlook/313/109/fitness/united-states>

<sup>36</sup> <https://rubygarage.org/blog/fitness-app-development-tips>

<sup>37</sup> <https://www.allcorrect.com/insights/mobile-app-market-index/usa/>

<sup>38</sup> <http://time.com/5166564/physical-exercise-can-increase-lifespan/>

<sup>39</sup> <http://time.com/5166564/physical-exercise-can-increase-lifespan/>

<sup>40</sup> <https://www.cnn.com/2019/04/09/harvard-study-says-these-5-habits-may-help-you-live-10-years-longer.html>

<sup>41</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

<sup>42</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

<sup>43</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

<sup>44</sup> <https://www.usatoday.com/story/news/nation-now/2018/09/05/adults-worldwide-not-exercising-study-who/1199978002/>

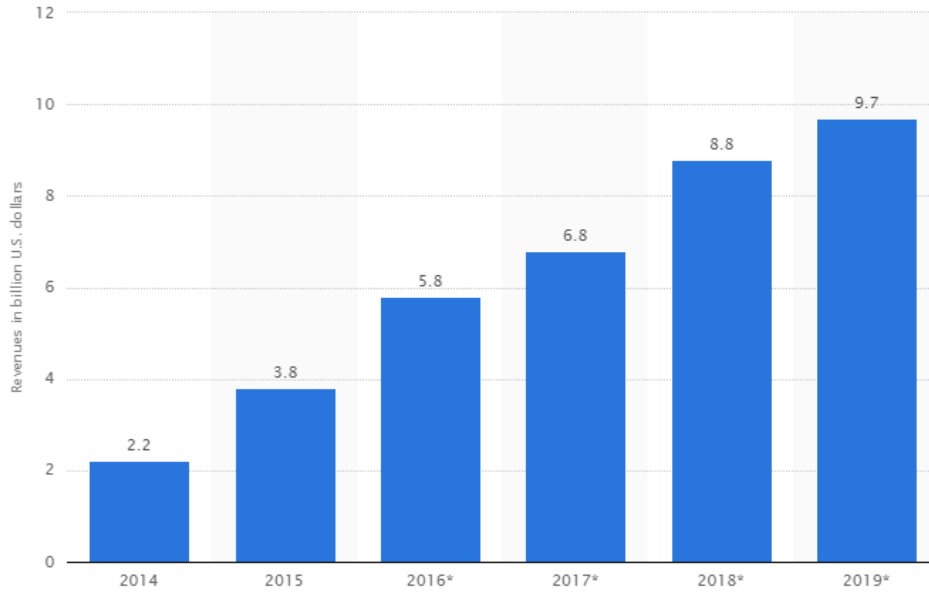


Figure 1: Projected Total Revenue for the Fitness Wearables Market<sup>45</sup>

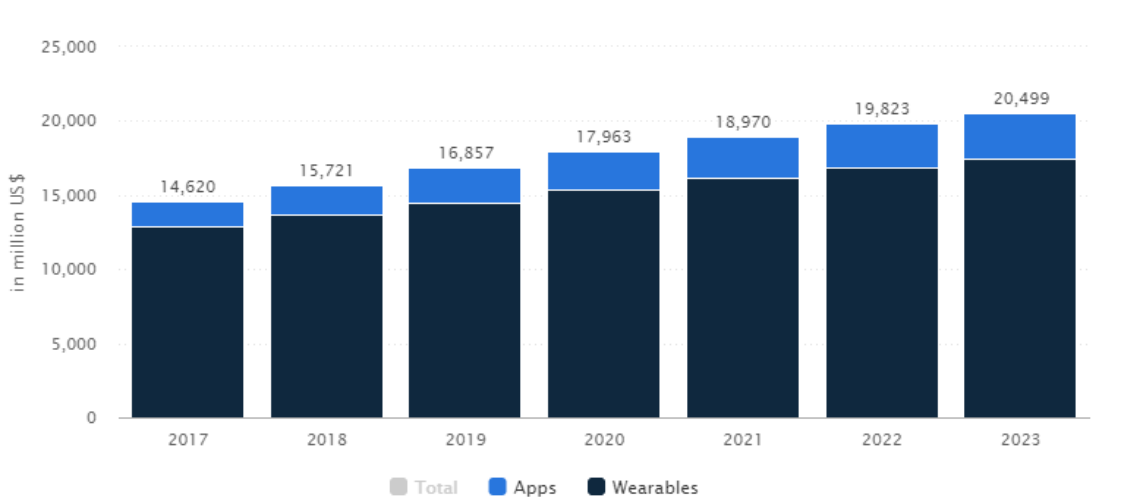


Figure 2: Total Revenue between the Application & Wearables Market<sup>46</sup>

<https://www.mobindustry.net/health-and-fitness-app-development-must-have-features/#><sup>45</sup>  
<https://www.statista.com/outlook/313/100/fitness/worldwide><sup>46</sup>

 China	US\$5,112m
 United States	US\$3,698m
 India	US\$1,640m
 United Kingdom	US\$578m
 Germany	US\$495m

Figure 3: Countries with the Highest Generated Revenue in Fitness Applications<sup>47</sup>

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<sup>47</sup> <https://www.statista.com/outlook/313/100/fitness/worldwide>

## 4.2. SWOT ANALYSIS



### Strengths

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- Simple solution to a big problem
- Solid revenue model
- Dynamic daily goal based on how active a user is with the application
- Low baseline value for coins makes it possible for everyone to get daily goal on first use, while an algorithm will begin to learn “the runner’s habits”



### Weaknesses

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- Not patent protected



### Opportunities

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- Timing in the market: More people are relying on technology as a way to maintain their fitness regimen
- Market Growth: In both size and value, fitness applications are gaining a presence worldwide
- Low global persistence rate on physical activity



### Threats

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- Competition from larger platforms that can use their resources to adapt Plus7’s key features to their own applications

## 5. Business Model

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### 5.1. Target Market

Plus7's target market will be the United States with the New York market in being the initial point for market penetration for the following reasons:

- The interface itself will be in English.
- Based on the fact that 23% of Americans get the recommended amount of physical activity, this means that the total addressable market is the remaining 77% which is ~ 251.9 million people.
- 77% of all Americans own a smartphone.<sup>48</sup>

### 5.2. Target Audience

The target audience that Plus7 is looking to break into are:

- People that are currently living sedentary lives and not getting the recommended amount of physical activity.
- People who are passively engage in physical activity.
- People who are actively engaged in physical activity and are looking for new ways to improve their current regimen.
- Adolescents

### 5.3. Revenue Model

Plus7 would utilize a two-tiered system for generating revenue:

- Freemium model: Playing the game is free but users who would like to continue to collect prizes from gift boxes unavailable in the free version are encouraged to go premium to continue to use the slot machine and these gift boxes from their personal zone. Users can have a full month of premium and can reap all the benefits of premium free of charge. At

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<https://www.pewinternet.org/fact-sheet/mobile/><sup>48</sup>

the end of the free trial, the application prompts these users to pay the subscription fee of \$5 /month to continue the premium services. Additionally by paying the premium subscription fee users can open gift boxes or by playing slot machines to win prizes win tangible prizes such as:

- Movie tickets
- Discounts at local sporting goods, health & nutrition stores and yoga studios, etc.
- Fees from Businesses: Plus7 will receive 5% from each third party purchase that users make in collaborating businesses.

#### 5.4. Go-to-market-strategy

- Pilot in New York: Plus7 will embark on a pilot program in New York for the product roll out for a number of factors:
  - Familiarity with the local market.
  - High population density; greater number of potential users
  - As of 2017, 48,797 people commuted to work using a bicycle.<sup>49</sup>

Additional US markets that Plus7 will explore as well as states and regions with higher percentages of physical activity. States in the northeast and on the west coast would be ideal regions to expand into after the launch in New York. This is due to the fact that people in these areas tend to adhere to the CDC (Center for Disease Control) recommended amount of physical activity. More specifically, the ideal state to expand into first is Colorado, where 32.5% of adult residents meet federal exercise guidelines.<sup>50</sup>

#### 5.5. Marketing Plan

To reach new users & new markets Plus7 will have to engage the people of all ages who need exposure to the application across multiple mediums. The primary objective is to reach people are predominately sedentary; this will be accomplished through the following strategies:

- **Influencers:** Plus7 will reach out to influencers (social media personalities with many followers) with at least 1000 followers to promote the Plus7 application on their social media

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<http://www.nyc.gov/html/dot/downloads/pdf/cycling-in-the-city.pdf><sup>49</sup>  
<http://time.com/5324940/americans-exercise-physical-activity-guidelines/><sup>50</sup>

platform such as YouTube or Instagram by way of a demonstration video or a testimonial. This is good way for Plus7 reach a large number of potential customers easily.

- **Social Media Campaigns Pay-per-click:** Using social media, Plus7 could promote itself on sites like Facebook, Twitter or Instagram where it can directly interact with groups dedicated to running & exercise. Plus7 could also use these sites to engage in a pay-per-click campaign to engage users of these groups or users with an interest in cooking per their likes. Additionally Plus7 can advertise itself on the respective Facebook pages or websites of the local businesses that they will be collaborating with the application.

## 5.6. Operations & Personnel Plan

The Company's personnel recruitment plan for the first 4 years of operations is as follows:

	Headcount							
	Q1	Q2	Q3	Q4	Year 1	Year 2	Year 3	Year 4
<b>G&amp;A</b>								
CEO	1	1	1	1	1	1	1	1
CFO	-	-	1	1	1	1	1	1
Biz Dev	-	-	1	1	1	1	1	1
<b>M&amp;S</b>								
CMO			1	1	1	1	1	1
Online Campaign Manager	-	-	-	-	-	1	1	1
<b>R&amp;D</b>								
CTO	1	1	1	1	1	1	1	1
Programmer	2	2	2	2	2	6	8	15
UX/UI	0.5	0.5	0.5	1	1	1	1	2
QA	-	-	-	-	-	1	2	2
<b>Total Employees</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>14</b>	<b>17</b>	<b>25</b>



## 6. Financial Plan

### 6.1. Sales and Revenue Forecast

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
# of Total Active Users	100,000	2,000,000	6,000,000	10,000,000
# of Premium Users	10,000	62,500	270,000	560,000
<b>Revenues From Premium Users</b>	<b>\$105K</b>	<b>\$2,205K</b>	<b>\$8,715K</b>	<b>\$12,180K</b>
<b>Revenues from User Purchases</b>	<b>\$0</b>	<b>\$625K</b>	<b>\$2,700K</b>	<b>\$5,600K</b>
<b>Total Revenue</b>	<b>\$105,000</b>	<b>\$2,830K</b>	<b>\$11,415K</b>	<b>\$17,780,000</b>

### 6.2. P&L

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
<b>Revenues</b>	<b>\$105K</b>	<b>\$ 2,700K</b>	<b>\$11,415K</b>	<b>\$17,780K</b>
Marketing & Sales	\$ 100K	\$1,400K	\$3,000K	\$2,000K
G&A	\$196K	\$430K	\$619K	\$841K
R&D	\$294K	\$744K	\$1,075K	\$1,935K
<b>EBIDT</b>	<b>-\$485K</b>	<b>\$255K</b>	<b>\$5,518K</b>	<b>\$10,402K</b>

### 6.3. Investment Requirements

Plus7 is seeking **\$567K** over a 12-month span with a pre-money valuation of **\$1.3 million**.

Budget breakdown:

