Professional MBA Entrepreneurship & Innovation

Class: 2009/2010

# How will we read in the future?

**Business Plan for Digital Reading Software**

Master's Thesis submitted for the degree of
"Master of Business Administration"

Supervised by

**Robert Hisrich, PhD**

**Marianne Schütze**

0928369

Frankfurt am Main, June 2011

-CONFIDENTIAL-

"A new medium is never an addition to an old one,

nor does it leave the old one in peace.

It never ceases to oppress the older medium

until it finds new shapes and positions for them."

Marshall McLuhan

for F.M.H.

# Affidavit

I, **Marianne Schütze**, hereby declare,

    1. that I am the sole author of the present Master's Thesis,

        "**How will we read in the future?**

        **Business Plan for Digital Reading Software**", 88 pages, bound,

        and that I have not used any source or tool other than those referenced or any other

        illicit aid or tool, and

    2. that I have not prior to this date submitted this Master's Thesis as an

        examination paper in any form in Austria or abroad.

Frankfurt am Main, 28.06.2011

                                    _____

                                        Signature

# Thanks

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DESIGN
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Frankfurt am Main

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# 1. Introduction

### 1.1. Thesis Outline

This Thesis deals with a new reading behavior, books, eBooks, and related technologies.
After looking into the market and giving an overview of the topic, I then identify the emerging market opportunity and describe it in more detail.
A business plan with a detailed description for a new innovative software product in the digital reading sector follows the analysis of the market research.

The thesis is written according to the structure and advice for drafting a business plan as provided by Robert Hisrich PhD and Rhonda Abrams, et al. in the books "Entrepreneurship" and "The successful Business plan".
In accordance, this introductory chapter continues on the following page with the form and style of an introduction to a business plan.

The future entails learning electronically as well as receiving all kinds of information online. Therefore, a challenge for the future is to offer a kind of semantic technology for information to create a greater benefit for the consumer as well as easier access to complex information. In this footstep, the Uberbook offers a special product for customers, which interlinks history and other media of the human being; thus the reader has quick access to more information to understand the text.

A lot of information has been collected on the topic of digital reading and digital reading software, which has influenced the business idea and way of proceeding with the venture. It is also a research document on digital reading and digital reading behavior.

The venture is about developing and producing digital reading software programs that aim to deliver a tool, with which customers and companies will be able to save time reading, researching, and publishing while cutting costs dramatically by being able to collaborate together working on projects with high amounts of data.

This Business Plan draws an important answer to the question of how we are going to read in the future.

# 2. Executive Summary

## Introduction

Uberbook is a new innovative software product for people who read, study and work intensively with enormous large and diverse text and media. It is a totally new eReading software product and is designed to supersede existing products in eBook and knowledge management industry.

It is for this reason that the name Uberbook is chosen.

## Mission Statement

Uberbook software LLC, provider of eReading software products, is poised to deliver innovative and cost-effective eReading and knowledge management software and solutions that promote and assist effective reading and studying habbits and strategies, for individual and collaborative use.

Our products are fun to use, exciting and revolutionary. We aim to become internationally recognized by virtue of the quality, effectiveness and utility of our products. We encourage discussion, exchange of knowledge and self-publishing. Thus, we hope to promote the creation of knowledge chains, using various new and emerging technologies.

## Strategic Market Opportunities

The current trend in trend in publishing is increasingly toward digital formats.

For example businesses and organizations are moving away from documentation and record keeping on paper and instead rely on digital records.

This revolution is made possible by the development of knowledge management software in virtually every industry and sphere of human activity e.g. transportation, banking, medicine and education. For example, in 2009 the state of California began a phased introduction of digital textbooks as a cheaper replacement for outdated printed schoolbooks, while South Korea has begun a similar transition to digital books in all of its elementary schools by the year 2015.

Furthermore, non-digital research and information exchange are no longer imaginable.

In general the eReading market has experienced tremendous growth in the three following sectors:

1. **EBooks:** eBooks: sales of EBooks in the US grew by 202.3% in 2011. In fact Amazon recently announced that in May 2011 it sold more eBooks then printed books for the first time its history.

2. **EBook Readers:** Sales of units in the US grew from 0.1 million in 2008 and is expected to exceed 16 million units in 2011

3. **EBook Software**: Our survey of eReading software products shows an increasing number of new entries to the market starting from the year 2008. However these eReading software producst are feature limited. (See Analysis of existing products.)

As the eReading market is still in its infancy, book publishers and the eBook industry are looking for new ways of publishing and making use of digitized material.

Furthermore, because there is, as yet, no leading eReading software there is a significant opportunity for our software to become the dominant product, and thereby gain a large share of the market.

## Business Model of Uberbook

### Business model for Uberbook Software Platform

Customer need

Customer description

**Key Partners**

- Amazon
- Google
- Publishers
- Libaries
- Customers

**Key Activities**

- Development/main-tainance of software
- Customer service and surveys, tutorials, workshops
- Further develop-ment/updates
- Marketing&sales

**Key Resources**

- Free digital books
- Free documents
- Free media
- Magazines (App)
- eBooks to buy

**Value Porposition**

- New reading experience
- Effective reading
- Time saving
- Quick search in the documents
- Access to historical data and backround information for all text
- Translation text
- Ability to create a presentation (PPT, PDF), book (ePUB, AZW etc)
- Selfpublishing

**Customer Relationships**

- Customer support
- Customer surveys
- Customers particiate in the growth of the platform

**Channels**

**Internet**
- Corporate website
- Google books
- Amazon shop

**Customer Segments**

- eReader user
- Technology Enthusiasts
- Read more on the screen than on paper
- Have employment, a job that requires reading, searching and publishing
- Purchaser of more than 15 eBooks a year

**Social Media**
- Communication: Facebook, Skype, Twitter, Blogs, Podcast
- Collaboration Wikipedia, Webnews, KNOL, ibuzz, sozial bookmarking services multimedia

**Cost Structure**

- 50% Development
- 15% DRM agreements, Intellectual rights,
- 15% Customer service
- 20% Marketing & sales

**Revenue Streams**

- Software selling
- Licening
- Customized development
- Workshops, tutorials

**Events**
- In schools, universities, research institutes companies

*Business model for the Uberbook Software Platform*

## Products and Service

Uberbook is a knowledge management platform that uses an intelligent reading system and interface in order to promote effective reading and create collaborative research groups. This is accomplished by merging diverse digital media.

Furthermore, Uberbooks is an eBook manager and authoring platform for effectively handling large numbers of books and enables one to read more effectively. The software will be available in four different versions: App Version, Professional Version, Institutional Version and customized Enterprise Version.

These different products target different customer segments and offer different functions. (See page 54.) The enterprise version will be customized according to specific enterprise needs.

Our service includes customer support, customized software development, and workshops.

## Target Markets

Our major target groups for the Uberbook software:

**Individuals** with large eBook collections, in and outside the education and research sector.

Medium to large **enterprises**

Publishers, eBook producers

Enterprises in specific sectors, such as market research groups and consultancies

Governments, Educational institutions, research institutes

These groups commonly engage in the following activities:

These groups typically handle lots of information, which they need to individually or collaboratively make sense of quickly, in order to produce presentations, documents or books.

## Marketing and Sales Strategy

Our sales and marketing strategy is centered on three following activities: Our intention is to build a strong brand name and to communicate to the consumer the benefits of the product, create a strong product identity and image, introduce a new reading experience, and demonstrate the efficiency and flexibility of our products to our consumers, via social media channels and convincing demo-videos. These media channels will contain links to our **stunningly-designed and well-structured website** in which we will provide more information about our products and offer easy payment procedures.

We will differentiate our product from other eBook readers by highlighting the unique simplicity and utility of our software.

Our unique selling points are the intuitiveness of the interface design, robust feature list, and the potential for creating research oriented communities.

We will also create Brand awareness by organizing and participating in **events,** such as publishers' forums, book fairs, university workshops, interviews, and media conferences.

Secondly: We will focus on enlarging our sales channels by **collaborating with strategic market players** such as Amazon and Google Books. We therefore hope to quickly build a broad customer base.

Thirdly: We will target companies that handle large amounts of information and participate in collaborative projects, and offer our products, services and unique software solutions at competitive prices.

## Product Distinction and Competitive Advantage

The benefits of our products to customers include: an advanced reading experience, drastic and measurable timesavings, quick access to information, and a platform for collaborative work. We focus on providing a good structure for workflows and information transfer. Thus Uberbook is positioned between digital content providers (e.g. publishers, Google, universities) and the customer, by systematically structuring content in order to make it easy to search and understand.

**The five major consumer benefits of Uberbook:**

1: Efficiency – Time saving, 2: Organization and Flexibility, 3: Research Log (brings resources together)
4: Cost reduction, 5: Communication and collaboration

### Management:

**Marianne Schütze** has a first degree in Industrial Design and specializes in software interfaces. She has project management experience spanning web design, corporate firm-making, and conceptional design. Through gaining an MBA, she also added business knowledge foundations.

Marianne has strong leadership skills and a proven track record in setting and achieving goals.

**Sola Aina** has a first degree and masters in engineering. He started his career in Mergant Banking and subsequently changed to Corporate Economic Research & Planning. He has, however, returned to his roots and now has another Masters and a PhD in Computer Science. Sola has a passion for technology and is detail-orientated and persistent.

These strengths, skills, experience and character of both founders complement each other.

### Operations:

The company will start operation in January 2012 with the development of its first product.

The four phases of operation are conception and planning, implementation of the initial product, technical testing and product quality management, and market launch combined with marketing and distribution.

The two major operations of the company include:

1. The continuous development and maintenance of the four different versions of the UB software platform. The company will also customize the software for different industries by integrating additional product functions.

2. The sales and marketing of the software to different target groups, and building close customer relationships through excellent consumer support. This includes tutorials on software use and efficiency workshops.

### Financials:

The cost of production is estimated from the strategic production plan (Chapter 7). The predicted development time for the first two products is 1.7 years, at an estimated cost of $1.4 million USD. Initial capital purchases amount to $141,066 USD.
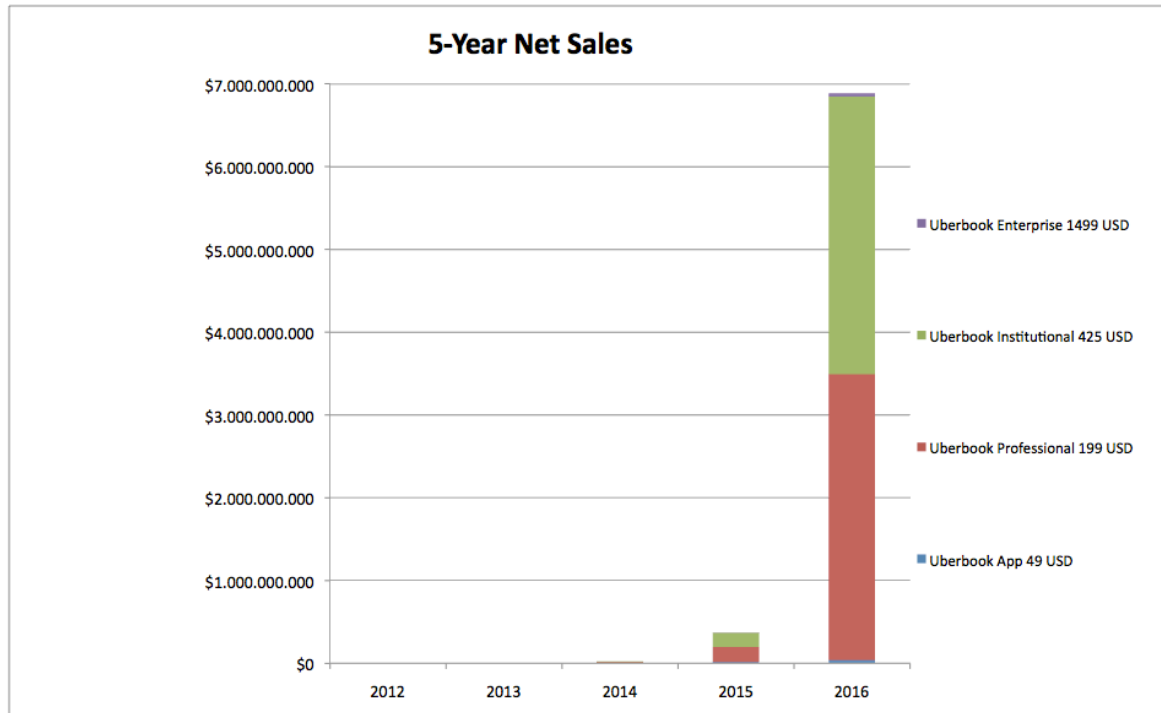
*Annual Net Sales of Uberbook Software Products from 2012-2016*

Net sales for App, Professional and Institutional Versions of Uberbook is shown in the above figure. We assume a 28% monthly growth in sales for each version and expect total revenue of $1,345,241 million USD from sales of the App in the first five years of operation. We also expect total revenue of $22,734,062 million USD and $9,214,061 million USD from sales of the Professional and Institutional versions in the same period.

We note that sales of the App, Professional and Institutional versions begin 10 months, 1.5 years and 1.7 years, respectively after the start of operations.

## Funds Sought:

We seek a total investment of $1.8 million USD and a minimum investment of $100,000 USD.

# 3. Company Description

## 3.1. Legal Name

The company's name is Uberbook Limited Liability Company (LLC)



*The future of reading, studying and working*

Uberbook is an authoring environment and platform for efficient reading with access to background information to the text content.

The name Uberbook is taken from the German word "über" and the English word "book". "Über" means above and is cognate of both Latin super and Greak hyper. Wikipedia also states that it is used as a hyphenated prefix in informal English, usually for emphasis.

Uberbook is a new innovative software product to read, study and work intensively with enormous amounts of text. It is a total new eReading Software product and is above everything the eBook and knowledge management industry has ever seen. For that reason the name Uberbook is chosen.

## 3.2. Form of Ownership

The company will be a Limited company (LLC).

## 3.3. Identification of principal shareholders

Marianne Schütze, Sola Aina and the participating investors will be the principal shareholders of the company. Detailed Agreements will be made once concrete investors are defined.

## 3.4. Mission Statement / Objectives

*Uberbook LLC* software, provider of EReading software products, is eager to change the reading behavior of users and encourage them to dig deeper into text material and get more out of it. With this we are encouraged to learn, to study and to open up to new learning and reading experiences.

Our products are fun, exciting and surprising and we aim to become internationally recognized with our software service and design. Our products offer high quality and unique usability for our customers. We encourage discussion, exchange of knowledge and self-publishing. Thus we create more knowledge chains while using new emerging technologies.

We view ourselves as partners with our customers and our employees; our key partners and our environment will function as a hub for them.

We seek practical partnerships with essential content providers such as publishers, authors, universities and enterprises working in the "knowledge management industry".

Our prices are fair and customer-oriented in order to ensure a mass-market alleal while maintaining high quality.

## 3.5. Names of Top Management

Marianne Schütze, Dipl. Designer, Cand. MBA

- Serving as Marketing, Design, Sales Director

Sola Aina -- PhD (Computer Science/Animation), MSc (Computational Visualistics), MSc (Engineering Analysis), BSc (Agricultural Engineering)

- Serving as Technical Director, Chief software architect

## 3.6. Location and Geographical Information

The corporate office of Uberbook GmbH will be located at

| Legal Address: | Work Office: |
|---|---|
| Uberbook LLC | Uberbook LLC |
| c/o Olufemi Aina | Berger Str. 35 |
| 3875 Ryans Run Way SW | 60314 Frankfurt am Main |
| Lilburn GA 30047 | Germany |
| USA | |
| | www.uberbooks.com |
| | info@ueberbooks.com |

## 3.7. Trademarks, Copyrights and other legal issues

Uberbook owns the copyrights to the software concept, interface design, logo and slogan.

Patent application is ongoing at Chipperson Law, 55 Madison Avenue, Suite 400, Morristown NJ, 07960. Chipperson Law Group has offices located in Morristown, New Jersey and New York, New York and is specialized in Business Law, Copyrights, Intellectual Property, Patents, Trademarks and Trade Secrets.

## 3.8. Company products or services

The company offers an eBook manager and authoring platform to deal effectively with a large amount of books and enables to read more effectively. Uberbook comes will be offered in four different main versions:

| | |
|---|---|
| Uberbook App Version | Uberbook Institutional |
| Uberbook Professional | Uberbook Enterprise (Customized) |

These different product groups will target different customer segments and offer different functions.

The enterprise versions are mainly customized according to specific enterprise needs.

The service of Uberbook includes customer service, customized software production, and targeted workshops.

## 3.9. Financial Status

No funding is provided yet.

We seek initial funding of $900,000 USD in the first year and $900,000 USD in the second year.

We seek a total investment of $1.8 million USD and a minimum investment of $100,000 USD.

# 4. Digital Reading: Analysis and Industry Trends

## 4.1. Research on eReading Trends

### 4.1.1. Reading behavior is changing

Reading no longer means holding a book and sitting on a couch. It is no longer holding a newspaper or a magazine. Reading has become far more complex. Today we read not only printed books or magazines, but also more digital information: emails, Word documents, Facebook comments or messages, Google search results, Wikipedia, the news, slideshows, graphs, blogs, websites. This all encompasses reading.

# Reading
## How much of what we read is digital?

| Physical | | Digital | |
|---|---|---|---|
| | Paper | | Computer |
| | Hardcover | | Laptop |
| | Flyer | | E-Reader |
| | Postcard | | Tablet PC |
| | Brochure | | Smartphone |

**Paper**

- Letter (Paper)
- Card (Paper)
- Dictionary (Paper)
- Yellow Pages
- Address book
- Diary/Calendar
- Newspaper
- Magazin
- Articles (Journal)
- Flyer
- Book
- Library
- Atlas/Map

*replaced by*

**ONLINE**

- Email
- E-Card, Newsletter
- Google Results, Wikipedia
- Corporate Wesite
- Yellow Pages online
- ICal, Phone
- News online
- Facebook
- Twitter
- Blog
- Google Books, Amazon, Ebook, Doc, Pdf
- Online Library

**OFFLINE**

- Ebook, Mobipocket, EPUB
- Word (Doc)
- Pdf
- Powerpoint, Exel

Use daily ■ Use occasionally ■ Out of use □

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**Figure 1** *How much of what we read is digital?, 2011*

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In figure one (How much of what we read is digital) the shift from paper formats to digital reading formats is illustrated. Instead of letters on paper, we write emails; instead of using a map from a book (Atlas) we use Google Maps to look up places and distances. We prefer to send friends an e-card instead of sending a "real" birthday card or we post a message on their Facebook wall. Meanwhile every main newspaper or magazine offers a digital version of their hard-copy output on their corporate website or makes articles available as Apps.

The content of printed newspapers has also changed. Advertisements for houses, jobs, cars or dating partners adds were common in the printed version, but this market has shrunk to almost 10%. "Immobilienscout24.de", "Autoscout24.de" for the German market and, for example, "Match.com" in the US market, have taken over.

The day of the Yellow Pages to find a company address are over, since we have Google, Yahoo and other Internet search engines to find the data we are looking for.

Digitalization will continue to grow. Google is going to scan 15 million books by 2015. To date, in June 2011, Google has exceeded 12 million books scanned.[i] Google has also partnered with universities and libraries such as Harvard University, Harvard University Library, University of Michigan Library, New York Public Library, University of Oxford, Bodleian Library, Stanford University and many more. Already Google offers its users a library system. It actually has search functions and users are able to view each other's libraries, but no interface design has been developed. The interface and usability are very poor.

Even though people hold on to paper books and newspapers and claim they would never read books in a digital format, the reality is that they already read digital formats on a daily basis.

### 4.1.2. Screen based reading behavior

Ziming Liu (School of Library and Information Science, San Jose State University, San Jose, California, USA) has analyzed reading behavior and its change in the digital environment in the last 10 years. He states in his research about the *"Changes in reading behavior over the past ten years"*[ii] that users are trained to read the news on the Internet in a digital environment. His findings show that every person who reads large number of emails or other digital text on the screen develops a "screen-based reading behavior". This new reading behavior does not read the text linearly or word-by-word, but involves more browsing, scanning and key word spotting. In comparison with reading in a printed environment, it was also noted that the attention to the text decreased. Thus more time spend identifying the structure of the text and finding the keywords in order to understand the main points.

**Characteristics of screen-based reading behavior described by Ziming Liu**:
- More time browsing
- Scanning

- Keyword spotting
- Non-linear reading
- More selective reading (study)
- Less time on in –depth reading
- Less sustained attention

The characteristics of reading within a digital environment we caused by the character and advantages of the digital media itself. It is possible to read interactively, and non-linearly. The digital text allows us to access information immediately and to follow a link in order to search for detailed information.

Adler et al. (1998) describe the work–related document (printed and electronic) activities of 15 people. They find that document-activity time accounted for an average of nearly 82 percent of working time, ranging from 23 percent (for nurses) to 94 percent (the accounting assistant).
This means that a large percentage of people read on a computer screen in order to do their daily work. This trend will grow even more because new computer-based jobs are emerging along with more digitalization and innovative technology.

| Changes | Time spent on reading | Time spent on reading electronic documents | |
|---|---|---|---|
| More time | 67.3 | 83.2 | |
| Less time | 0 | 10.6 | |
| No change | 31.9 | 0.9 | |
| Don't know | 0.9 | 5.3 | |
| Total | 100.1 | 100 | **Table I.** |
| Note: Figures given are percentages; figures may not add up to 100 percent because of rounding | | | Time spent on reading |

**Figure 2** *"Changes in reading behavior over the past ten years", Ziming Liu, 2005*

Figure two presents the changes in the reading behavior over the last ten years.
The table shows that 67.3% of people spend more enhanced time reading than 10 years ago, and 83.2% of this time is spend reading electronic documents.
This provides a great opportunity for new business models and ideas for enhanced reading devices. If everybody is reading electronic documents because of their work, there are many potential customers who would be attracted to software, which helps them read more quickly and effectively.
Thus our digital reading software will not target people who love to read paperback novels while having a glass of wine, but readers who access many books at the same time (libraries) while working on a Word document. We intend to address readers who deal with a large amount of text from different categories, such as researchers, editors and students.
The time we spend reading electronically has increased in the last 10 years. Uberbook, an innovative digital reading software product responds to this.

### 4.1.3. Adaption trends of digital Reading behavior

The eReading market is in a rebuilding phase. New digital formats are being created, new readers and users are being attracted. New reading and usability models, and thus more business models are being created.

Experts agree with the prediction that through digitalization, the publishing industry will see a sustained change.

**General Trends to adapt and use digital advantage in the educational sector**

➢ Scientific books and articles are published more frequently in a digital format and new platforms to structure this data are emerging.

➢ California is the first state in the United States to introduce digital books to schools in 2009 – which means that instead of printed books, digital books are primarily used.iii

➢ "Hult International Business School" is providing an iPad for students; preloaded with all the course materials. Other schools use education-specific areas of iTunes, iTunes U and YouTube. In 2010 Apple announced that it had over 300 million downloads in just 3 years from iTunesU, with more than 800 universities contributing.iv

➢ Data research primarily performed using Google and digital libraries.

➢ Microsoft has introduced "Surface" – a platform that brings people together to connect, learn and decide. It has a 360-degree interface and responds to touch and real world objects.v

➢ All of South Korea's elementary-level educational materials will be digitized by 2015. This was announced on technology review, published by MIT on the first of July 2011. The article also reported that the entire school-age curriculum would be delivered on an array of computers, smart phones and tablets.vi

## 4.2. Research on eBooks

### 4.2.1. Understanding the eBook content and its production

Understanding the eBook Content: What does an EBook hold
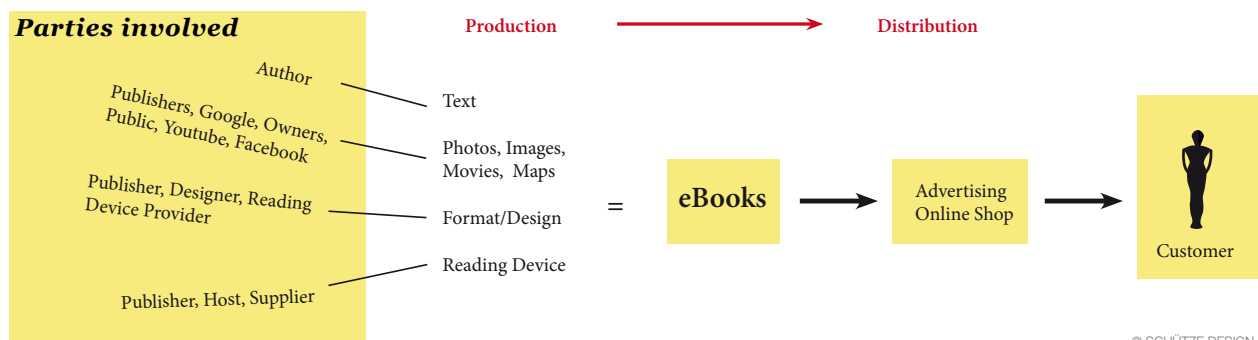


**Figure 3** *EBook Productions and Distribution, 2011*

The eBook market has different parties involved. One main difference from the classic paper book market is that more content, not just text and pictures, is involved.

**What does an eBook contain**
An eBook can hold text, photos, images, movies and maps in different digital format options. At the same time there are different reading devices, such as eReaders, tablets, laptops and smart phones on the market to choose from. Different suppliers, publishers and computer companies alike offer these different E-Readers. Consequently companies such as Amazon and Apple, which never compete in their normal target markets, are now competitors. This opens up a lot of competition and opportunities.

**Different suppliers for Content and Reading Devices**
Especially in the emerging new "Media Book" we find besides text and pictures, movies, sound and animations. At the same time we find different suppliers for the reading devices such as publishers, website hosts and suppliers of eBooks, such as Sony.

**EBook Production of is changing**
The author can now easily can create and publish their own eBook using "Book on demand" etc. eBooks exist in different formats as seen below, and reading device producers must offer a range of formats.
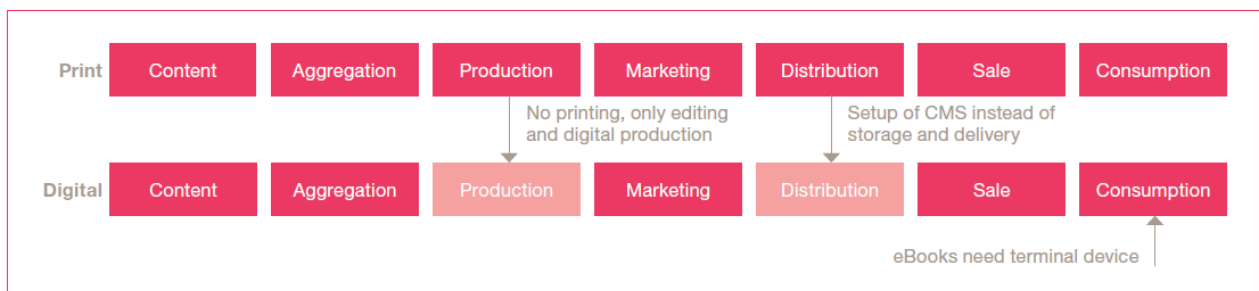


**Figure 4** *New value chain of the book publishing industry ©PriceHouseWaterCoopers, 2011*

**DRM (Digital Rights Management)**
This means that the classic business model of one publisher producing a book and owning the publishing rights of that printed book is changing. The DRM has to be carefully defined and considered before publishing eBooks.

## 4.2.2. Understanding the eBook market and distribution of eBooks

**Distribution Model**
Because the eBook is a digital product, the distribution model shifts totally to digital distribution, mainly through Internet shops (e-Commerce).
The distribution of eBooks usually takes place through online retail stores, direct to consumer, institutional sales, book clubs and fairs, export sales, and wholesalers.

In figure five the eBook market is illustrated. There are three main players: the publishers, the producers of the eReading devices and the distributors. Now the authors are also more involved because they can publish eBooks or printed books without a publishing instrument. (For example with "Book On Demand")

## Understanding the complexity of the eBook market
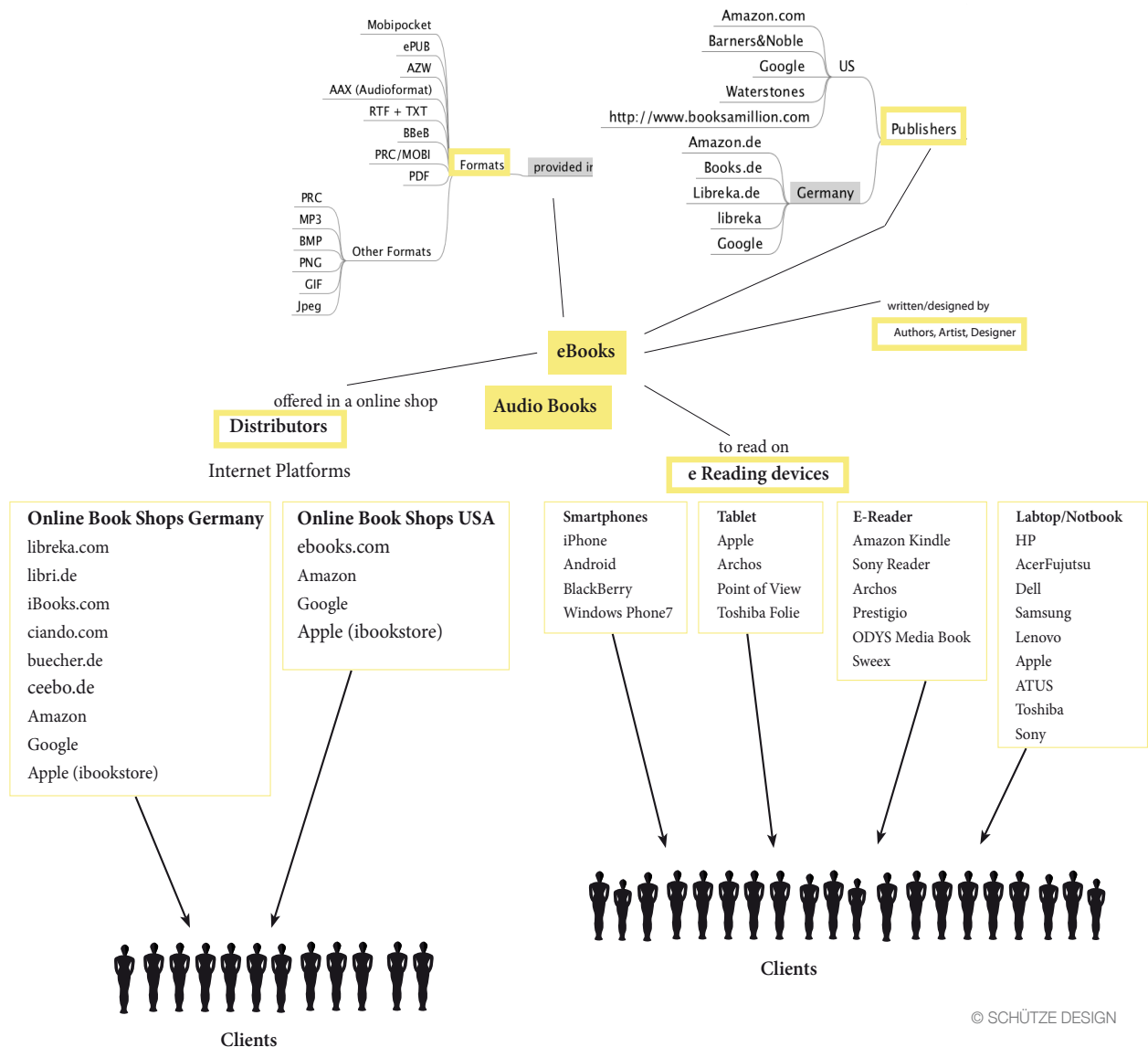


**Figure 5** *EBook market players Distributors, EReading Devices, Authors, Publishers, 2011*

One important aspect of the eCommerce of eBooks is that clients can also be reached at different levels in the distribution chain: First via interest in the author or topic and its content and functions, and subsequently through the distribution of the eReading device and its functions. Some books come only in a particular format and bind the user to a certain eReading device.

Because of the current Digital Rights Management (DRM) situation, publishers produce not only eBooks, but also the eReaders from which to read the book. For example, Amazon's Kindle has its own eBook format, AZW. Consumers who purchase a Kindle can mainly read books provided in the AZW format.

Because of this new publishing structure, new business models of publishing are arising.
This is a very good time to come up with new business models for the publishing sector. After speaking with different experts in the market, I was told that publishers are actually looking for new models to organize and distribute their eBooks.

Uberbook targets "Heavy-eBooks-and-material-students" and is going to address other possible distribution chains over different market segments. The product will be targeted at:

> ➢ Companies >> Users of knowledge management platforms
> ➢ Universities >> Users of digital libraries
> ➢ Museums >> Events, historical quizzes

## 4.3. Size and Growth of the Industry
### 4.3.1. EBook Market, Sales and Outlook

In order to see how the industry is growing we have to look at the revenue streams for eBooks, eReading devices and eReading Software etc.

In September 2010 "PriceHouseWaterCoopers" (PWC) presented the results of a study on the eBook market and noted the following results[vii]:
EBooks will receive a significant market share. EBooks in the US accounted for about 3% of the overall market in 2009 and accounted for 7 % in 2010.

Two main factors, dependent on each other, are driving the increase in the market:

a) First the technological development of digital reading devices provides far more than reading a paper book.
b) Second the increasing penetration of the Internet in all areas of our lives (digital devices such as mobile devices, mp3 players, games, smart phones), is significantly changing our reading patterns and reading behavior.

"In 2011 Beyond-black-friday.com reports on the 14th of April 2011 that "according to AAP's monthly sales estimates, eBook sales jumped 202.3% at the 16 publishers that reported results, hitting $90.3 million (...) – and a 200% *increase* means the sales are *triple* where they were from the year before."[viii]
"Thus the total revenue for trade and eBooks for February 2011 according to AAP was $247.1M, with

eBooks accounting for 36.54% of that. The total revenue for 2011 to date is $605.8M, with eBooks accounting for 27.09%."[ix]

"For the year to date (January/February 2011 vs. January/February 2010), which encompasses this heavy post-holiday buying period, eBooks grew 169.4% to $164.1M while the combined categories of print books fell 24.8% to $441.7 M." [x]

"But the statistics tell an unusually compelling story. Publishers are selling more eBooks than they are books in any other format, according to a larger survey of over 84 different publishing houses. And in fact, nearly every kind of printed book has shown a decline in sales from the sales they reported just last year. For example, in February hardcover sales dropped a massive 43% from the year before, and they're now earning the publishing houses just $46.2 Million. [xi]

In May 20 2011 Amazon announced that eBook sales had officially passed paperback sales. 105 eBooks for every 100 paperbacks sold.[xi]

Amazon CEO Jeff Bezos said the eBook threshold had arrived sooner than expected. *"Customers are now choosing Kindle books more often than print books,"* he said. *"We had high hopes that this would happen eventually, but we never imagined it would happen this quickly"*[xii]
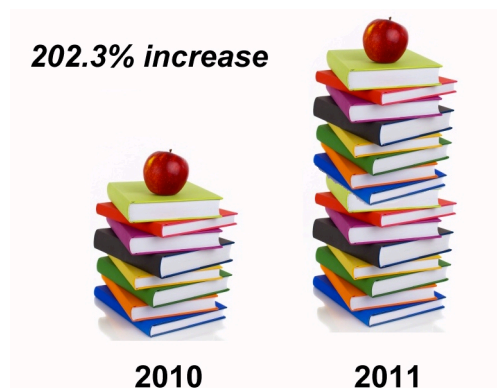


**Figure 6** *EBook Sales increase © beyond-black-Friday.com, 2012*

We can see that consumers are more open to new technological trends and are more willing to invest in the benefits of them. At the same time more content for digital books is being created. This provides more market strategic opportunities and attracts new customers.

The actual sales numbers provided from The International Digital Publishing Forum show us the US Trade wholesales of electronic book sales from 2002 – 2010:

## Q3 2010 = $119.7 Million[xiii]



US Trade Wholesale Electronic Book Sales
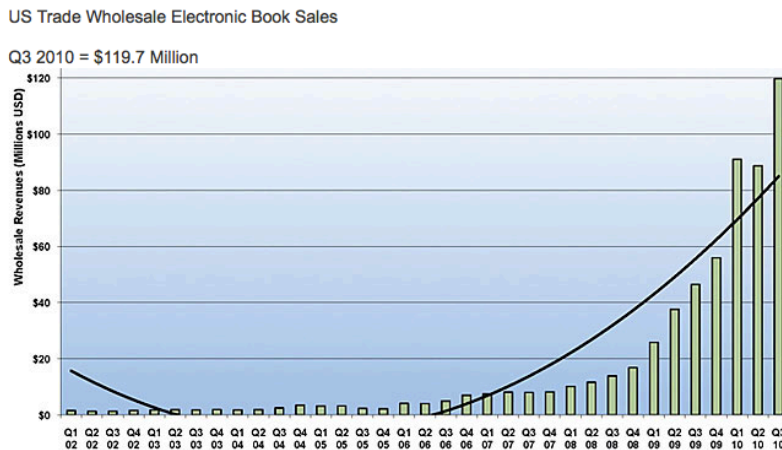
**Figure 7** *Electronic Book Sales, The International Digital Publishing Forum, 2010*

The eBook store of Amazon is the leading store on the Internet! It generated US$5.42 billion revenue in 2011 and Caris analyst Sandeep Aggarwal predicts that this figure will climb to at least US$7.96 in 2012.

The revenue has come from a large wellspring of content totaling around 945,000 eBooks. This is a tremendous number and is increasing drastically on a month-to-month basis. In April 2011 almost 47,000 new eBooks were added to the system."[xiv]

But this means, at the same time, that the overall sales of traditional printed books will decline 5% this year (Figure 8), thus the total book revenue will fall to $22.7 billion in 2014, down from $25 billion in 2010 while the eBooks (2010 -2014) sales will grow by 40%.

The publishing market is in need of new concepts to present, see and deliver their books and/or to raise eBooks sales further. Similar to the music and movie business, major changes through the impact of digitalization will force new business models to emerge.

EReader rise leads to decline in traditional book publishing:
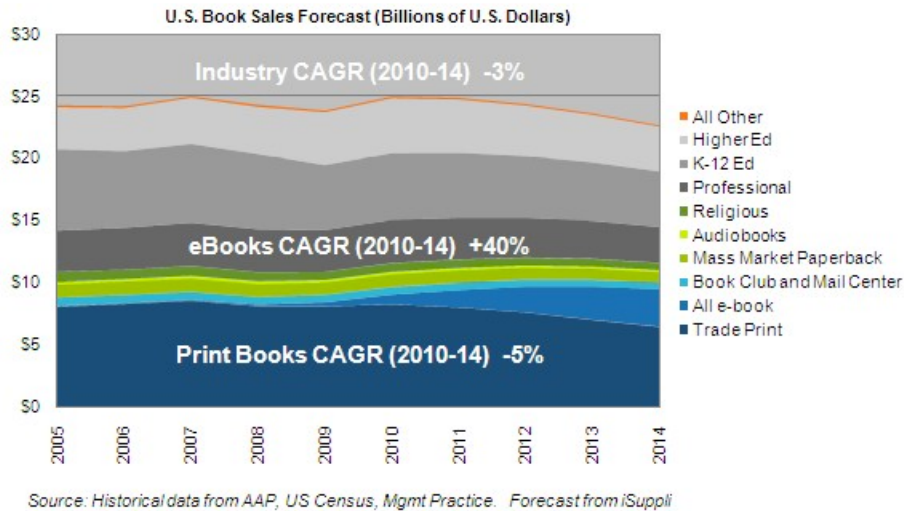
**Figure 8** *U.S. Book Sales Forecast © IHS iSuppli research[xv], 2011*
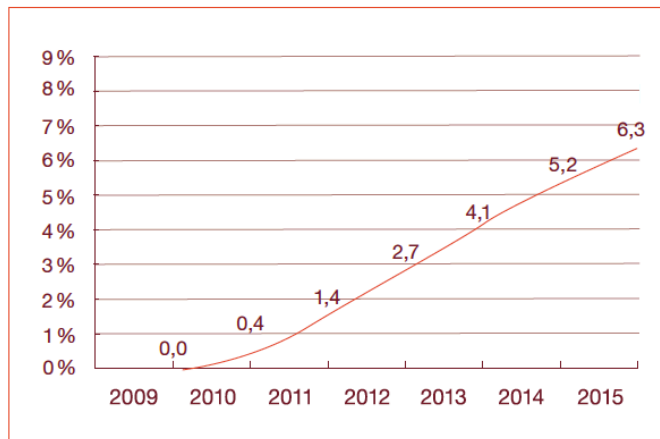


**Figure 9** *Development of Market Share of EBooks in Germany © PriceHouseWaterCoopers, 2010*

## 4.3.2. EReading device Sales

For the US Market, The Yankee Group estimates that the sales of eReader will grow from $1.9 billion in 2010 to $8.2 billion in 2014, thus a growth rate of 332 % within 4 years.
Unit sales will rise from under 11 million in 2010 to nearly 72 million in 2014.

The actual sales numbers show that the estimates were too cautious.
For example the Apple iPad sold three million units in the first 80 days and according to Bernstein Research, its current sales rate is 4.5 Million units per quarter. The Apple iPad is the most rapidly adopted non-phone electronic product in history and is set to become the fourth-largest consumer electronics category in 2011 with over $9 billion in sales.

**Figure 10** *Global eBook Reader (eReader) Unit Shipment IHS iSulli, 2011*[xvi]

Since 2008 the eReader sales have climbed from 0.2 million units to over 15 million units. The IHS iSulli Group estimates that this trend will continue and will reach over 30 million units in 2014.

The Yankee group forecast: "Falling prices, growing content libraries and color e-paper displays will persuade consumers around the world to snap up e-readers like Amazon's Kindle" Yankee Group e-Reader predictions: Worldwide installed base of e-readers will double each year."[xvii]
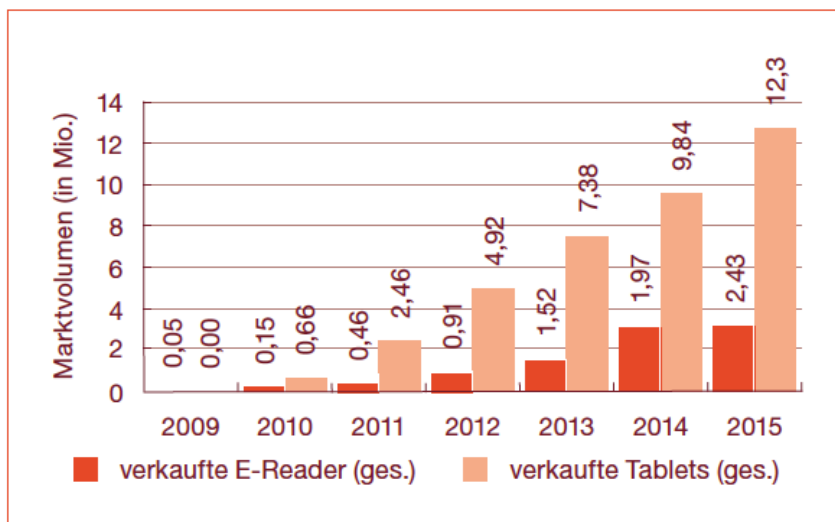


**Figure 11** *Comparison of market volumes of eReader and Tablets in Germany © PriceHouseWaterCoopers, 2010*

Even though the German Market is young, it also shows a significant growth in eReading sales devices (Fig. 11). Market volume has grown from 0.66 million to 2.46 million in 2011 for sold tablets. PWC expects the market growth to rise further to 4.92 million in 2012.

### 4.3.3. EReading Software Application Prices

In order to read books on their eReading devices, Apple (iBooks), Amazon (Kindle) and Barner&Noble (nook) provide free basic eReading applications which automatically come with the device. They are the "operating system" for the eBook library.

Because these applications come only with a basic toolkit, we see a tremendous opportunity to enhance the market with a new application in this reading area.

One indicator that this is evident, is the fact that many Apps are being published which help the user to read more comfortably or more effectively on his device.

**Figure 12** *eReading Applications ©xviii*

First of all we can distinguish between the eReading application that automatically come with the eReading device and those that are compatible with all devices.

Because of the DRM restrictions some users can't read all their books on one eReader because the individual eBook formats will not allow them to do so. Consequently additional applications are offered such as Stanza and Calibre. These applications help to organize and transform book formats from different platforms. Citavi is a reference management and knowledge organization program that is mainly supporting the entire research process from searching for sources to writing a paper.

Other free reader applications are Blio, eCub and Quick reader.

The "Blio" Application, for example is aimed at helping its users to read text and highlight in a more effective way. Whilst the App "comfort reader" wants assist reading by structuring text phrases and increasing the display speed. This is intended to prevent of reReading of what has already been read.

| Company | Running on | Price | Functions | Usability | Release |
|---------|-----------|-------|-----------|-----------|---------|
| **Apple iBook** | Comes on every Apple product: iPad, iPhone - offline | Free/ comes with the iPad | Library, organize your books Download books from iBookstore, Reading, font size, font Highlighting, Search, Color | ☺ | 2010 |
| **Microsoft Reader** | PC - offline | Free | => Highlighting, bookmarks, notes, and drawings. | ☹ complicat | 2000 |

| | | | | | |
|---|---|---|---|---|---|
| | | | => Great portability: desktop, mobile devices<br>=> One-click eBook creation from Microsoft Word documents [xix] | ed | |
| **Blio** | PC - offline | Free | Library, highlighting,<br>Searching, organizing books,<br>Movies within books, interaction | ☺<br>good | 2010 |
| **Calibre** | All devices | Free | Library, book management, converts every eBook format | ☹ Lots of features, but complicat ed | 2008 |
| **Stanza** | Apple products | Free | Library organization, format change reading, converting books between formats, and sharing with Stanza iPhone/iPod touch | ☺ ok | 2008 |
| **Libroid** | iPad, Apple Products | N.A | Multi media reading and writing, search, highlights | ☺ | 2010 |
| **Quick Reader** | App for iPhone | Free / 3,99 € | eBook reader with speed reading trainer. Access to millions of books, share web articles, access to 1.8 million downloads | ☺ | 2008 |
| **Comfort Reader (Michel Schlauch)** | App for iPhone | 1,99 € | => Dividing the text into logical segments.<br>=> Trains to read quickly<br>=> Prevention of reReading text phrases<br>=> Increasing the display speed (wpm)<br>=> No turning pages, finding the right position | ☺ | 2010 |
| **Texttunes eBooks** | Mac, iPhone, iPad, PC, Anroid | Free | => Read eBooks introduction<br>=> Communicate phrases with friends via social media<br>=> Profile: what do my friends read<br>=> Mark or search for works in Google without leaving the App<br>=> Supporting pictures, footnotes, web links, text search | ☺ | 2009 |
| **eBook Studio for Macintosh** | Mac, Windows | $29,95 | creates eBooks that can be read by the eReader and eReader Pro. With eBook Studio you will be able to easily design the navigation of your document, format it, and convert the finished document for reading on a handheld device | ☺ | 2006 |
| **Citavi** | Windows, Mac | $429,89 | Reference Editor Online Search and Import, Full Text Management, Collecting with the Picker, Knowledge organizer, Task Planner, Team Collaboration, Publication assistant, Scanning ISBNs, Scanning Quotations | ok | 2003 |

**Figure 13** *eReading Applications ©* **http://bpl-it.blogspot.com/2011/02/ereader-apps.html**

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**luise**Verlag
Frankfurt am Main

The fact that so many different eReader applications were released in 2010 shows the growing acceptance of eReading devices.

### 4.3.4. App Sales

The former CEO of AppVee conducted a survey in May 2010 from 124 developers and stated that the price of Apps ranged from 99 cents to $79.99 USD. The following Figure shows the Apple Application Sales in 2010.

| App Sales in 2010 | |
|---|---|
| The total number of units sold: | 101,024 copies / 261 days |
| Units sold per day | 387 |
| Average price | $5,49 |
| In most cases price point was | $0.99 |
| Average number of updates released | 3.89 |
| Average total development cost | $6,453 |
| Average Return on Investment: | 15 times their initial price |

**Figure 14** *App Sales 2010* © http://techcrunch.com/2010/05/16/iphone-app-sales-exposed/

The market research group IHS identified four main players in the App world: Apple, BlackBerry, Nokias Ovi Store and Google Android.



Global Mobile Applications Store Ranking in 2010 and 2009
(Ranking by Revenue in Millions of U.S. Dollars)

| 2010 Rank | Store | 2009 Revenue | 2009 Share | 2010 Revenue | 2010 Share | Year-Over-Year Growth |
|---|---|---|---|---|---|---|
| 1 | Apple App Store | $769 | 92.8% | $1,782 | 82.7% | 131.9% |
| 2 | BlackBerry App World | $36 | 4.3% | $165 | 7.7% | 360.3% |
| 3 | Noka Ovi Store | $13 | 1.5% | $105 | 4.9% | 719.4% |
| 4 | Google Android Market | $11 | 1.3% | $102 | 4.7% | 861.5% |
| | Total | $828 | 100.0% | $2,155 | 100.0% | 160.2% |

Source: IHS Screen Digest February 2011

**Figure 15** *App Sales 2009-2010* © http://techcrunch.com/2010/05/16/iphone-app-sales-exposed/

The leading player is Apple's App store, which enjoyed revenues of $1.78 billion, with a market share of **82.7 percent**. The App Store has grew 132 % in 2010, but market share declined by 10% compared to 2009 because other vendors entered similar products.

RIM's BlackBerry world follows with **7.7 percent share** and revenues of $165 million. BlackBerry is mainly used by business people and offers a smaller catalog of titles, thus the software is priced higher. The market's software sales have grown by 360 percent in the last year. BlackBerry plans to release a PlayBook tablet to sustain its growth.

"In third place is Nokia's Ovi Store, driven mainly through sales of Symbian software. HIS assigned Nokia a **4.9 percent share** of the app market on software sales of $105 million, and said the company's mobile market has grown by 719.4 percent.

Google's Android market took fourth place, registering a **4.7 percent share** on revenues of $102 million, representing growth of 861.5 percent compared to 2009."[xx]

## 4.4. Market drivers

Expert opinion states that the drivers of the eBook and eReader market stand out.

Around 70% of them believe that the availability of content is very important. Thus the more content which is provided in eBooks or the more eBook software which is available, the better the market will respond.

Interestingly the second most important drivers are the devices. About 60% of the experts state that the devices and their functionality are very important. The quality of the devices has depends on the eReader software: the presentation of the interface, tools and the usability of the library. In this area we see main opportunities to improve current products and challenge the market.
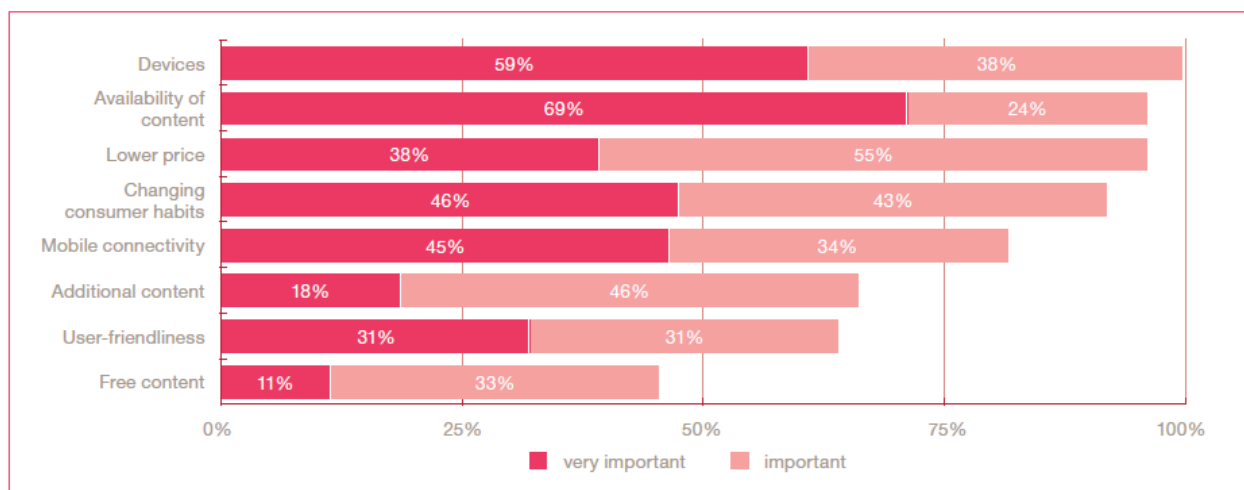


Fig. 4   Drivers for eBooks and eReaders in the opinion of the experts

**Figure 16** *Drivers for eBook and eReaders in the opinion of the experts © PriceHouseWaterCoopers. 2010*

We can see in Figure 16 that the lower price also influences the consumers' adoption of eBook and eReader. The Amazon kindle was introduced at a price of $489 USD but can now be purchased for a mere $100 USD.

Over time the production and development cost of eReaders and devices reduces while new technology and innovation develops. This means that the more sales and distribution channels will be established as the sellers and buyers become more experienced.

| eReader | Original price | Current price |
| --- | --- | --- |
| Nook with wi-fi and 3G (Barnes & Noble) | US$259 | US$199 |
| Kindle 2/Kindle 3 with wi-fi and 3G (Amazon)<br>Note: The Kindle 3 was announced in July 2010. It replaces the Kindle 2. | US$359, then US$299 (July 2009), then US$259 (October 2009) | US$189, US$139 (wi-fi only) |
| Kindle DX (Amazon) | US$489 | US$379 |
| Reader Pocket Edition (Sony) | US$170 | US$150 |
| Reader Touch Edition (Sony) | US$200 | US$170 |
| Reader Daily Edition (Sony) | US$350 | US$300 |

Fig. 1   Price changes of selected eReaders

**Figure 17** *Price changes of selected eReaders © PriceHouseWaterCoopers, 2010*

## 4.5. Technological Factors

Besides the other market drivers technology is one of the main factors driving the EBook market forward. One example is the release of the iPad in May 2010. This revolutionized the market and gave the eReading sector more attention while stabilizing it at the same time.
The Kindle was introduced in 2008 and since then through every new technical release the market has responded with even more hunger and awareness of the change.
Thus users of eReading devices have started to expect more because they have already "user experience".

Users already demonstrate quick adaption to change and new technology, and as a result, we are very positive, that through the introduction of an effective eReading device, publishers and users alike will define reading in a new way.

As we can see that the Internet has shaped a lot of industries, even industries that do not have much to do with the Internet, and so also has increasing digitalization changed the handling of information and communication. With releases of eReading Software and application new innovative products will be designed and developed, because with user experience, the users' expectations increase. Thus many of lead users of Apple applications are becoming developers and create their own innovative applications.

## 4.6. Maturity of the eReading Software Industry

The publishing Industry does not remain static. As technological and reading behavior alters, the publishing industry changes dramatically.

The life cycle of an industry usually has four phases
1) New 2) Expanding 3) Stable 4) Declining xxi

**Industry Maturity Chart**

| Characteristic | Develop Stage | | | |
| --- | --- | --- | --- | --- |
| | **New** | **Expanding** | **Stable** | **Declining** |
| **Growth Rate** | Very high | Very high | Plateau | Minimal/None |
| **Competition** | Increasing | Shake-Out | Entrenched | Decreasing |
| **Market Leaders/ Standards** | None | In Flux/Emerging | Fixed | Contracting |
| **Marketing Goals** | Exposure and Credibility | Differentiate from Competition | Industry Leadership | Survive |
| **Market Share Strategy** | Gain Foothold | Build Market Share | Maintain Share | Cannibalize Weakened Competitors |
| **Product Range** | Limited | Expending | Wide | Reduced |
| **Customer Loyalty** | None | Hardening | Strong | Weaking |

**Figure 18** *Industry Maturity Chart © Schuetze 2010*

The eBook market is industry changing from the "new" to "expanding" phase.

Thus it provides entrepreneurial opportunities.

Expanding industries have a rapidly growing market and their customers begin to recognize the need for the product or service. Amazon, Barner&Noble, Samsung and now Apple have joined the competition game. The market share is not yet fully built. Publishers and technical device producers are looking for new business models for this market and trying to determine where exactly to go.

Thus the industry is ready for a new and innovative approach towards reading. The eReading software sector is a "new" industry, but a fast growing one.

Awareness of eReading products is growing and that is why the market is becoming more ready to receive additional products in the eReading sector.

## 4.7. Regulatory Issues

Every industry has to be aware of governmental authorities and regulations. For example Governments regulate the data security of customers. For example Google street view in Germany, concerned by privacy and safety issues, sued Google over this project, with the result that cars and even whole streets are blanked out in Google street view.

The main critical points will be content issues and data security for customers as well as the digital rights management of the data (media: text, tables, history and so on).

In Chapter 7.4. (Operational plan / Legal issues/Copyrights) we describe in more detail how we confront these issues and create a strategic opportunity out of them.

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© Frankfurt am Main

| How sensitive is the eReading Platform to Government Regulation? | | | | |
|---|---|---|---|---|
| **Area of sensitivity** | **High** | **Moderate** | **Low** | **None** |
| Environment | | x | | |
| Health and Safety | | | | x |
| International Trade | | | | x |
| Performance Standards | | x | | |
| **Licensing/Certification** | x | | | |
| **Digital Rights Management** | x | | | |
| **Data security of customers** | x | | | |
| Fair Trade/Deregulation | | | | x |
| **Product Claims** | x | | | |
| Customer use of other free devices | | x | | |

**Figure 19** *Government Regulation evaluation © Schuetze 2010*

Another regulatory issue will arise out of shared business partners. If we were to develop along with Apple, the platform would have to be designed in accordance with Apple standards.

If we use Google Books or other free books we have to ensure that our content supply model is legal and, in the long run, profitable.

## 4.8. The Target Market

### 4.8.1. General

To whom are we aiming to sell our software products? Are we selling to online retailers, distributors, and publishers or directly to users or enterprises?

Our major target groups for the Uberbook eReader:

1.      **Individuals** in the area of education and research
**2.**      Medium and large **enterprises**
- o   Publishers, eBook producers
- o   Enterprises in specific sectors, such as market research groups and consultancies
- o   Educational institutions, research institutes

These groups have four common factors: they want to read more quickly, study more books, research material more rapidly and produce their own presentations, documents or books from their results. We are targeting companies who deal with a lot of information and data in text or visual formats, and will offer them software products for their specific needs and work environment.
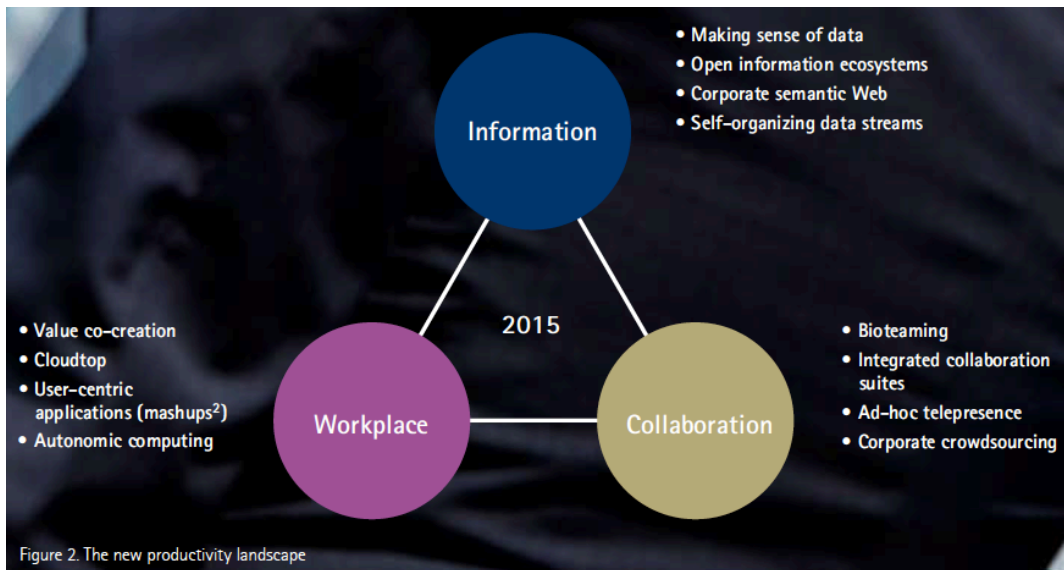
**Figure 20** *The new productivity landscape © Accenture 2010*

2) A "mashup" is Web page or application that combines data or functionality from two or more external sources to create a new service.

A recent publicaton from Accenture (Figure 19 and 20) predicting the handling of Information in 2015 ("Information 2015 – Reforming the paradigm") summarizes the future company behavior very well. Productivity will be an interaction of workplace, information and collaboration. The better this interaction flow is designed, the more productively and efficiently enterprises will be able to work.
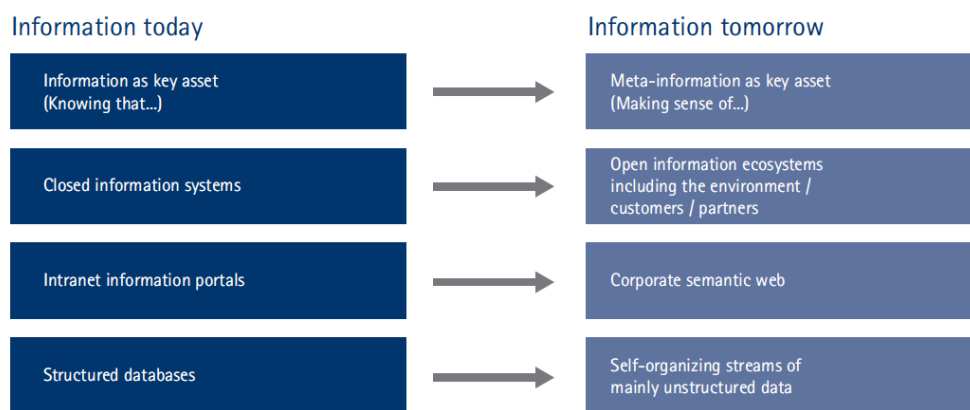


**Figure 21** *Information redefined © Accenture 2010*

## 4.8.2. Demographics

**Individuals (Customers):**

The individual customer group are people who love books and information, and at the same time love to be technologically advanced. The Uberbook does not only serve as a quick entertainment or satisfy the need for research information, it is also a status symbol.

Thus the target customer is educated and wants it even more.

He is:

- Technologically adept (plus early adopter)
- Trend-setting
- Socially responsible
- Smart shopper
- Fun seeking

**Business sector**
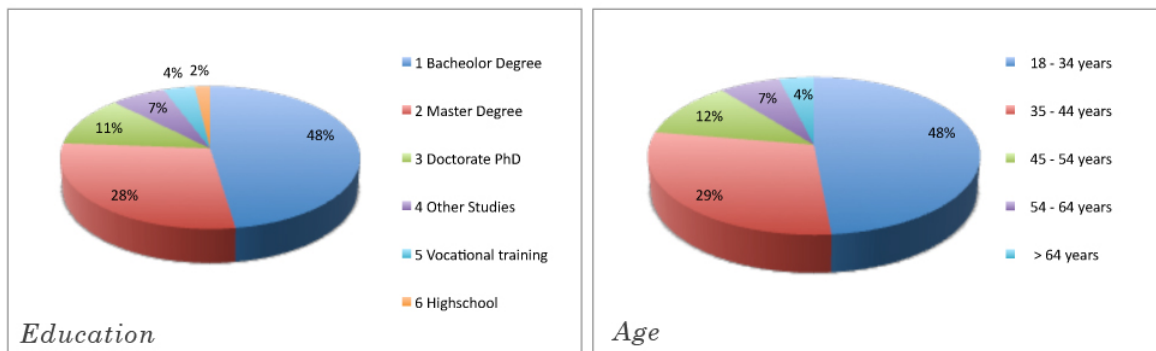


**Figure 22** *Age and Education structure (They are young and educated) © Schützedesign*
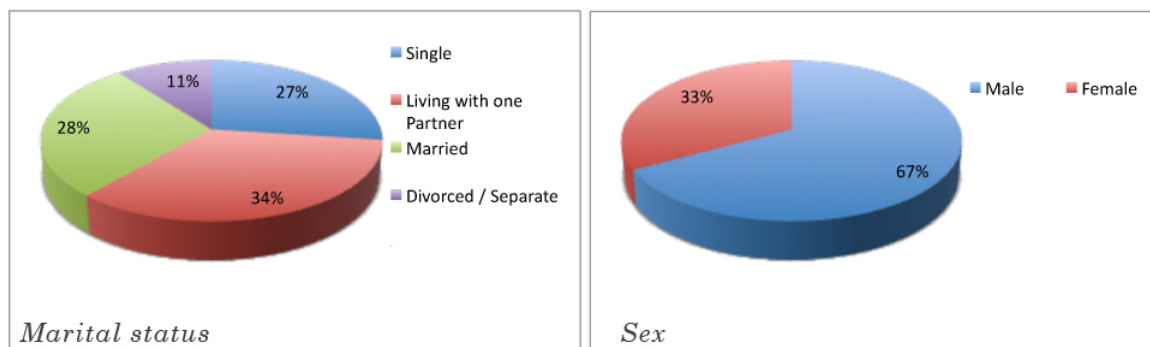


**Figure 23** *Marital Status and sex (They have money and they are male) © Schützedesign*
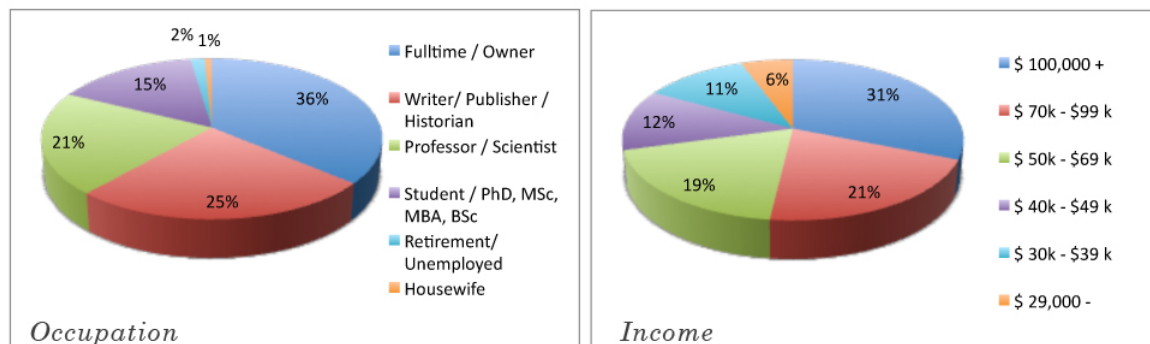


**Figure 24** *Occupation and Income (They search, write and publish and they have money) © Schützedesign*

**Enterprises:**

Besides the direct "download" customers, we are targeting a certain range of companies who have the following characteristics:

- They are technologically advanced
- High computer use (Data processing and research, publishing and writing)
- Industry leader
- Innovative
- Socially responsible
- Smart business operators
- Fiscally prudent
- Good manager of employees
- Influenced by leading companies

The following industries are considered the most likely adopters:

- Publishing
- Authors
- Market Researcher
- Consultants
- Lawyers
- Medical/ Pharmaceutical students
- Colleges and Universities
- Theologians

## 4.8.3. Purchasing Patterns

| Purchasing Patterns Description for individuals and enterprises | |
|---|---|
| Reason/ occasion for first purchase: | Watching the demo video<br>After trying demo version<br>After talking to a friend about it |
| Number of times they'll purchase | 1 -2 |
| Interval between purchases: | 6 Months (next update) |
| Amount of products/service purchased: | 1-500 licenses |
| Motivation for continued use | The product is improving, saves money<br>Work/read more efficiently |
| How long to make decision to purchase: | From 2 min – third advertising (testimony of users) |

| Where customer first learned about product/service | On websites from publishers and eReading devices, forums, Social Media (YouTube, FaceBook), Internet advertisment, university, company, friends, direct enterprise approach |
| --- | --- |
| Where customer uses product | Workplace, office, home, library, university, school |
| Method of payment | Monthly |
| Special needs | Education and tutorials about product features to ensure the customer makes full use of product |

**Figure 25** *Purchasing Patterns © Schuetzedesign 2010*

## 4.9. Analysis of competitors

### 4.9.1. Different Software features and target groups

Our analysis of competitive products and prices is our key to understanding our own price opportunities. The product is unique and combines a lot of features, thus we will combine similar individual products and summarize its benefits.

**Different software**

eReader software apps

eReader library systems

Content management systems

Knowledge management platforms

### 4.9.2. Future competition

New competitors can enter the market at any time. In the case of Uberbook success, other companies will try to copy the concept and offer it at a lower price in an advanced version.

Uberbook is aiming to create market conditions for its business to eliminate those options for new and existing competitors.

Key elements of these barriers to entry are

The ongoing development of the unique technology and interface (patented)

1. The close customer relationship and their early adoption of the interface and its usage
2. The customers' investment and input into the platform (knowledge, research time, publishing, prestige (social components)
3. The customers' relationship with other users of the platform

## 4.10. Market Segmentation and Forecast

Looking at the forecast of the market share for eBooks from 2009 to 2015, we see especially in the US market, a share increasing to 22.5%. In order to forecast our customer number, we also look at the

numbers provided by the PWC research of September 2010, collecting answers to the question of whether customers have or intend to buy eBooks. (Figure 26)
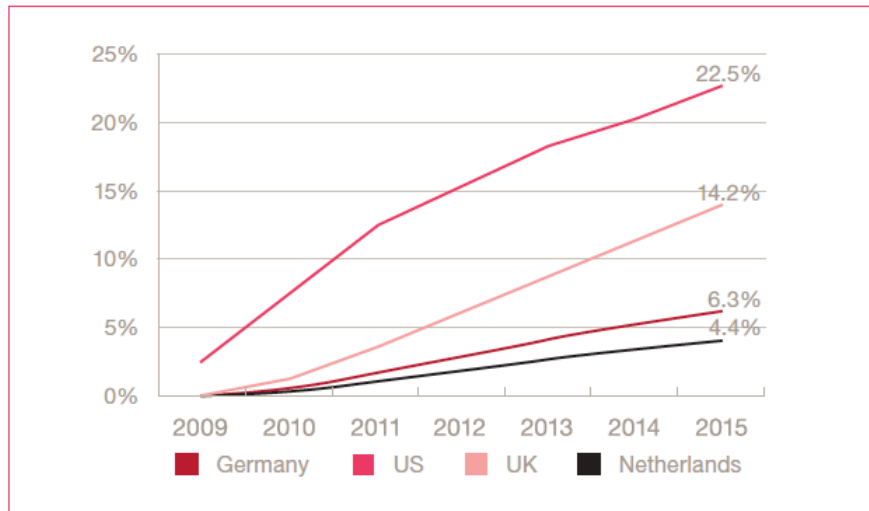


Fig. 20 Market share of eBooks 2009–2015 in % (mass market books)

**Figure 26** *Market share of eBooks vs printed books 2009 -2015 in %© PriceHouseWaterCoopers*

In the USA, Germany and the UK about, 20% of the population already own eBooks and a further 3% in Germany and 8% in the USA are planning to buy eBooks in the next 6 months.

## Market Segment evaluation USA, Germany and England

### Market segment evaluation
Ebook Market Calculation (Present and Future Outlook)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | CAGR 2010 -2015 |
|---|---|---|---|---|---|---|---|---|
| **SALES of ebooks (in million USD)** | | | | | | | | |
| USA | 551 | 1518 | 2569 | 3371 | 4302 | 5022 | 5571 | 30% |
| GER | 4 | 28 | 95 | 190 | 299 | 394 | 490 | 77% |
| UK | 8 | 52 | 121 | 214 | 320 | 427 | 534 | 59% |
| Total | 563 | 1598 | 2785 | 3775 | 4921 | 5843 | 6595 | |

| COUNTRY | Population in million | eBook owners in million | % of the ebook owners in pop. |
|---|---|---|---|
| US | 312 | 59,28 | 19% |
| GER | 82 | 14,76 | 18% |
| UK | 50 | 8,5 | 17% |
| | Total | 82,54 million eBook owner | |

Using Calibre Market Adaption as an Example
**Downoads of Calibre software worldwide (in million)** — 3,4

**Potential Customer Group (in million)**
| Ebook Owners | 82,54 | 100% | |
|---|---|---|---|
| User of Calibre software (Early adopters) | 3,4 | 4,12% | early adopters of eReading software |

**Figure 27** *Market Segment evaluation USA © SchützeDesign*

As described above, Calibre is free software to manage eBooks and eBook formats. The number of users grew from Calibres release in August 2009 to 3.4 million users in June 2011. The number of new users every month is between about 170,000 and 370,000, but the

reason for this large update is not simply that Calibre is free. The product also enables users to organize their eBook library, read eBooks in a variety of formats, and change those formats. Because our software offer will be very different in terms of its feature list, interface design and usability, Calibre user numbers serve only as an indicator. We expect the user adoption to grow massively while teaching eBook readers about the benefits.

**Total users: 3,402,917 (for calibre releases from Aug, 2009)**

**New users in the month:**

| | |
|---|---|
| Jun, 2011: | 169,303 |
| May, 2011: | 328,364 |
| Apr, 2011: | 297,842 |
| Mar, 2011: | 313,787 |
| Feb, 2011: | 295,438 |
| Jan, 2011: | 367,340 |
| Dec, 2010: | 320,314 |
| Nov, 2010: | 226,945 |
| Oct, 2010: | 215,756 |
| Sep, 2010: | 196,314 |
| Aug, 2010: | 183,832 |
| Jul, 2010: | 167,748 |

**Figure 28** *Calibre Downloads © Calibre Website 2011*

*www.calibre.com*

Have you heard of eBooks?

No, I have never heard of them.
9%
9%
9%
11%

I have heard of them but I do not know what they are.
12%
12%
11%
15%

I have heard of them and know a little bit about them.
34%
33%
36%
35%

I have heard of them and know a lot about them.
27%
27%
27%
31%

I own one or more eBooks.
18%
19%
17%
8%

0%  5%  10%  15%  20%  25%  30%  35%  40%

Basis: All respondents    Germany   US   UK   Netherlands
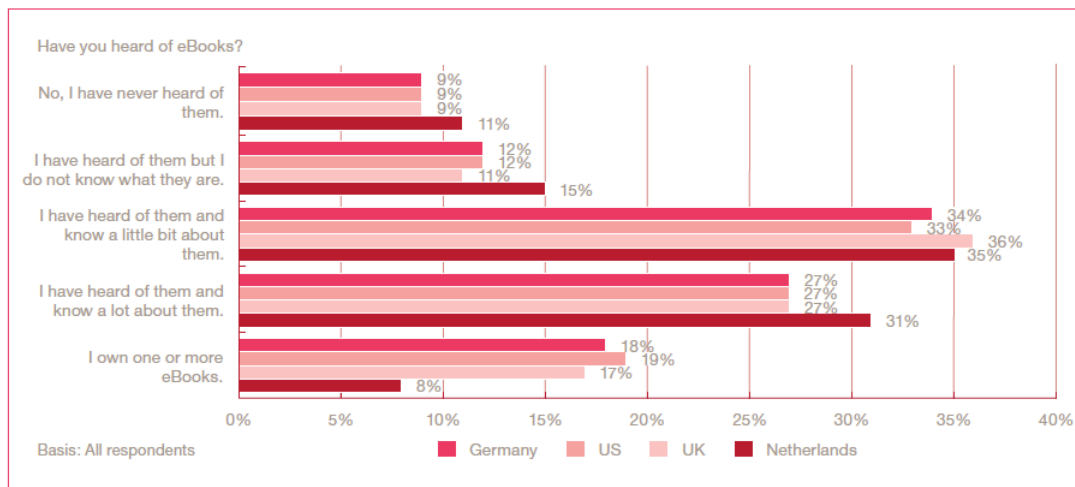
Fig. 6   Popularity of eBooks

**Figure 29** *Popularity of eBooks© PriceHouseWaterCoopers*



Could you imagine buying an eReader and reading eBooks with it in future?

I am planning to buy an eReader within the next 6 months
3%
8%
5%
3%

I am planning to buy an eReader sometime
5%
8%
6%
9%

I can imagine buying an eReader but have not made plans yet
31%
32%
26%
24%

Maybe, maybe not
19%
28%
31%
22%

Rather not
30%
12%
16%
17%

No, never
12%
12%
16%
25%

0%  10%  20%  30%  40%

Germany   US   UK   Netherlands

Basis: Respondents, who do not own an eReader
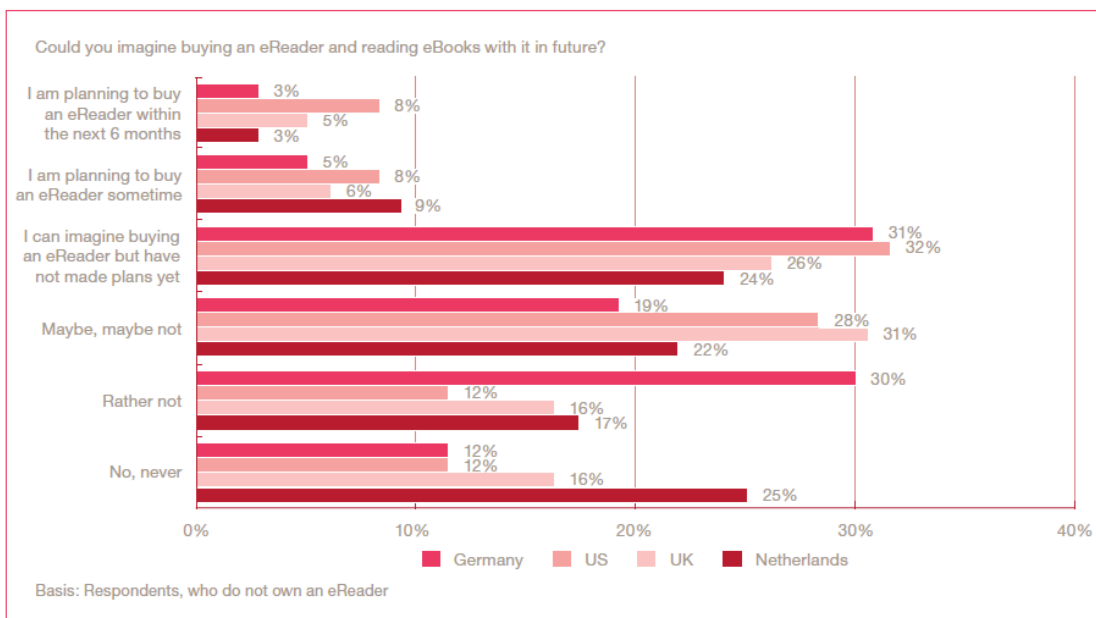
Fig. 15  Buying interest eReader

**Figure 30** *Popularity of eBooks© PriceHouseWaterCoopers*

How many eBooks did you buy in the last 12 months?
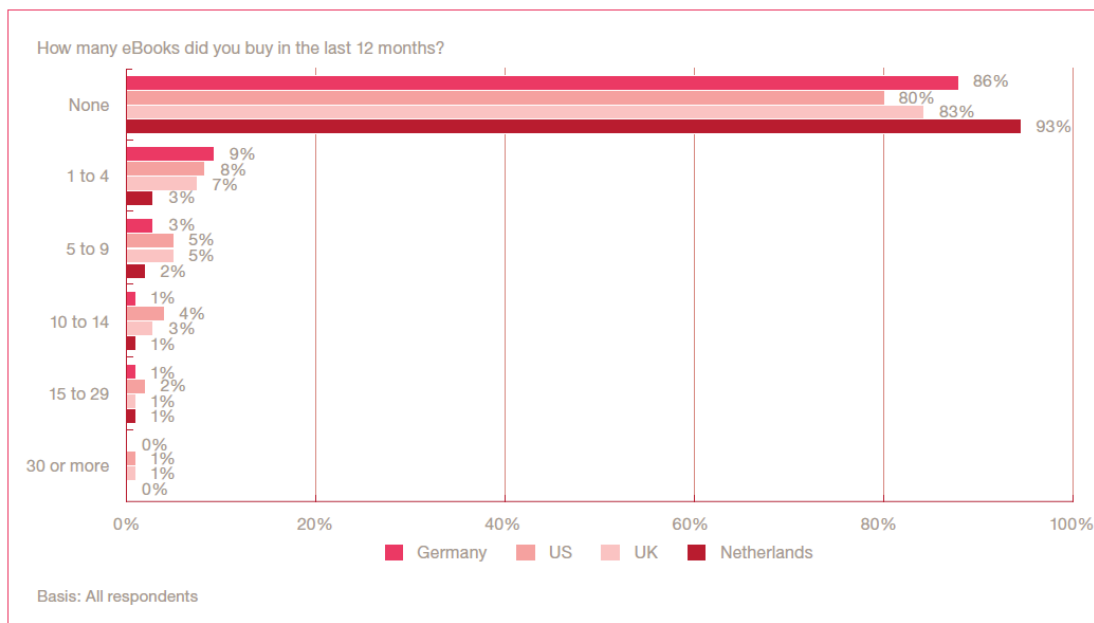
Fig. 8   Number of bought eBooks in the last twelve months

**Figure 31** *Number of bought eBooks in the last twelve months© PriceHouseWaterCoopers*

# Calculation of Early adopters of Uberbook

| Number of eBooks purchased in 2010 | | US | GER | UK | Avarage |
|---|---|---|---|---|---|
| eBook buyer | - | 80% | 86% | 83% | |
| | 1 to 4 | 8% | 9% | 7% | |
| | 5 to9 | 5% | 3% | 5% | |
| | 10 to 14 | 4% | 1% | 3% | |
| | 15 to 29 | 2% | 1% | 1% | 1% |
| | 30 or more | 1% | 0% | 1% | 1% |
| Total | | 100% | 100% | 100% | 2% |

Total number of eBook owners      82,54 million
10% of them purchase more then 15 eBooks a year    8,24 million

**Table 32** *Calculation of eBook library user© Schuetzedesign*

**Individual Users:**

We are calculating the number of early Uberbook adopters from the segment of eBook purchasers. About 20 % of the population buys eBooks. Out of that 20% another 15% purchase more then 15 eBooks in a year. This will be our first target group for introducing the Uberbook App.

**Enterprise Users:**

Another way determine the number of users of Uberbook is by calculating each target group, for example the number of researchers worldwide, number of authors, writers, students and PhD students. The question to answer will be: How many companies are using knowledge management

©

software? Who has administrative rights? What are the tools and features of their current software and how much do they spend annually on efficiency seminars?

## 4.11. Strategic Position and Risk Management

### 4.11.1. Company strength

The strength of the company is defined in three areas:

**Its founders:** Marianne Schütze has a first degree in Industrial Design and specialized in software interfaces. She has project management experience spanning web design, corporate firm-making and conceptional design. Through gaining an MBA, she also added business knowledge foundations. Marianne has strong leadership skills and a proven track record in setting and achieving targets.

Sola Aina has a first degree and masters in engineering. He started his career in Merging Banking and subsequently Corporate Economic Research &Planning. He has however returned to his roots and now has another Masters and a PhD in Computer Science. Sola has a passion for technology and is detailed-orientated and persistent.

The founders' strengths in skills experience and character complement each other.

**2. The unique software product:** The software product and design is unique and in the process of being patented. The achievement of a patent will give the software interface and business model security, bargaining power against competitors and the opportunity to create new revenue streams through licensing.

**3. Business model:** Our business model focuses on our strengths: unique interface design and use of technology.

**3. Strong Network and Business Partners:** Through this work on digital reading, a solid network of contacts has already been created.

Marianne knows the key people in the publishing industry in Germany and has quick access to important information. This also serves as a good foundation for the supply of content, with the contracts and licensing accompanying.

**4. Timing:** The timing for the introduction of such a product could not be better. The market is ripe for it. As evident from the market research, certain products and software activate the market and set standards. Early adopters welcome and drive forward new innovations.

## 4.11.2. Market/Industry Opportunities

### Strategic Market Opportunities

The reading market is changing. Drawing from the market research we observe that most publishers and eBook producers are trying to copy the book as it is in its paper form and adapt it into a digital book. For example Apple iBook has tried to recreate page turning and thus build the software in such a way, that the user has a similar experience as with a paper book.

Uberbook approaches the eBook market with a totally different concept an eBook reader and library tool creating a completely new experience of reading within the digital world. Uberbook does not simply copy the paper book experience into digital software, but totally redefines and redesigns it. This approach gives the reading experience a totally new definition. Reading is no longer limited to paper, reading linearly, marking or analyzing page by page, but using the digital environment to the fullest. The user can finally make enhanced use of 3D Text and its digital material.

The publishers and eBook Industry are looking for new ways of publishing and making use of digitalized material. Because there is nothing established as yet, there is a genuine opportunity to gain a large market share with our product.

While conventional producers copy the attributes of a printed book into a digital book, Uberbook is defining the book an entirely new way from the context of the digital world.

### 4.11.3. Risk Assessment

Publishers do not wish to work with Uberbook and do not allow their books to sell on the platform. However, this assumption is somewhat strange since publishers are very interested in selling their books on any platform possible.

**Barriers to entry are:**
- Patents (which provide a measure of protection fro new products or processes)
- High start-up cost, which effectively protect against small competitors entering the field
- Manufacturing and engineering complexities and substantial expertise required, making it less likely for competitors to have the knowledge to compete
- Timeframe (competitors are quicker in developing something new while we are already working on a so called "old" innovative version)[xxii]

**Digital Rights Management (DRM)**

How to respond if users decide to import illegally obtained eBooks, graphs or data? Who will be accountable for that?

70% of the publishers use DRM protection[xxiii], which prevents eBooks from being copied or used on other eReading devices. The downside of this protection is that users cannot fully enjoy the freedom of using their eBook, because they can only legally use it on one eReading device.

This is a disadvantage for the eBook industries and deterring a lot of customers from purchasing eBooks.

Fraunhofer is Europe's largest application-oriented research organization. They developed a so-called social DRM with invisible watermarks that embeds information about the book and its owner. With a code it is possible to distinguish the original eBook from the copied one.[xxiv]
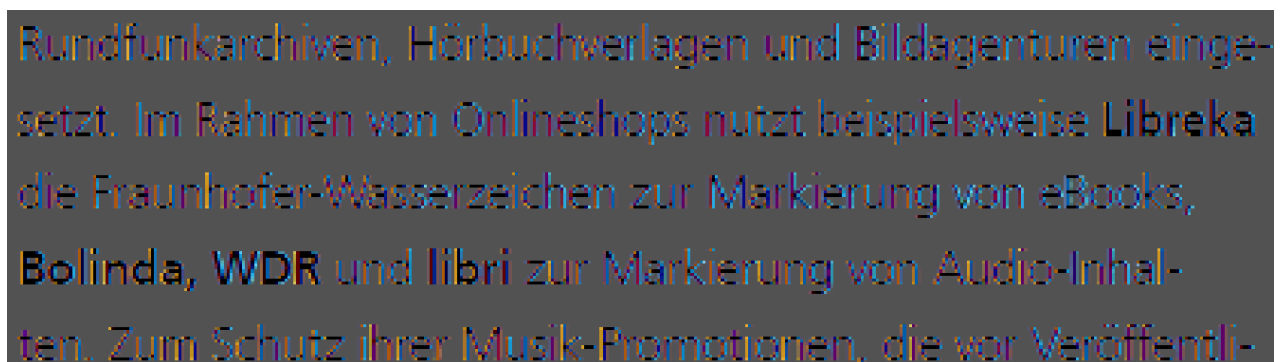


**Figure 33** *Differentiate picture original and copy of one text phrase © Frauenhofer*

This psychological copy protection ("Social DRM") aims to identify the user, e.g. through invoice numbers and creates an to incentive respect not to copy or hand out the original Opus. According to the Fraunhofer Institute it works. They tested consumer behavior and concluded that no case has been reported where anyone had copied the original.

This is a win-win situation for customer and publisher. The customer receives freedom to use his eBook on different devices (PC, E-Reader, Smartphone's) without log in and the publisher has security to identify the books and their owners. No additional software is needed.

Uberbook will use this technique to secure and identify specific text phrases with an automatic root to the book title. In other cases Uberbook serves as a content holder and cannot be liable for misuse, the suitability of content or breaches of copyright.

As in the case of Photoshop, which is used to change pictures, Photoshop cannot be liable if a program user imports pictures with copyrights and alters them.

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©

**Risk and Mitigation Plan**

| Uberbook | |
|---|---|
| **Risk** | **Mitigation Plan** |
| **Inside the company** | |
| **Management** relationship suffering because of misunderstanding, personal issues etc. | => Invite external and independent mentors to the partnership at the beginning<br>=> Regular updates and clarifying talks<br>=> Continuous improvement on communication skills<br>=> If a situation arises that changes behavior and commitment, discussion and new agreements have to be made |
| **Production Cost**<br>Development takes too long | => $120,000 USD will be put in a good fund with high interest rates as working capital<br>This capital will keep production ongoing for 5 months. |
| **Cash**<br>Running out of Cash | => Watch the cash flow very carefully<br>=> Six months before the company runs out of cash<br>Start a dialog with investors<br>Questions to answer: How much money is needed for the next round? How much money is needed to break even?<br>Talk to investors about a short term bridging loan at a certain interest rate<br>=> The business plan is set in a way that at a very early stage (after 9 months) the first software product will be released. Through early product release we introduce revenue streams to the company<br>=> Cost cutting: Decrease salaries |
| **Prices to low or to high** | => If prices are set too low it is hard to raise them, unless the product itself changes.<br>=> Change product and make it more premium in order to justify the price<br>=> Price too high: lower the price carefully and make sure benefits are introduced well |
| **Timing of Market entry**<br>To late – to early | => If the timing is too early:<br>Speak with investors and offer products according to the readiness of the market<br>=> Prepare the market with these products |

| | |
|---|---|
| **Marketing**<br>Wrong marketing strategy<br>Cost to high<br>Targeting the wrong market segment | => Research market again, change marketing strategy again<br>"Guerilla marketing" campaigns, low cost<br>Social media<br>Change product according to new marketing segment |
| **Outside the company** ||
| **Key Partners/Suppliers**<br>=> Their prices (bargaining position)<br>=> Their provision<br>=> Relationship<br>=> Publishers do not want to partner with us<br>=> Secretly develop their own model | => Choose partner and supplier well<br>=> Design contracts well<br>=> Design product and customer relationship in such a way that everybody wants to be part of this story<br>=> Strong marketing channel in order to be ahead<br>=> Strong patent protection<br>=> Licensing offers ahead of time, offer beneficial models |
| **Technology Trends**<br>Other technology will be developed and allows different and more clever business models | => Watch technology trends<br>=> Adapt product lines to it<br>=> Build flexible software products |
| **Customers**<br>Don't understand the product<br>Buy cheaper products from competitors<br>Don't buy<br>Don't communicate back<br>If customers are not happy with their product they give bad recommendations (negative feedback) | => The benefits of Uberbook will be explained in DEMO-videos on YouTube, FaceBook and the Corporate Website<br>=> Demo version and additional instruction videos will help customer to try out the product |
| **Competitors**<br>Have better and quicker access to content<br>Start to copy or develop similar products<br>In a quicker time<br>Offer similar products for lower prices | => The first introduction of Uberbook will be stand out because of the presentation possibilities for content<br>=> Patent application will be in process while Uberbook products are introduced<br>=> Partners will asked to sign NDAs<br>=> Important conferences will be recorded |
| **Governmental Restrictions**<br>DRM issues<br>Restrictions | => Only material free from DRM issues will be used as content |

**Table 34** *Risk and Mitigation Plan of Uberbook Software © Schützedesign*

## 4.12. Conclusion

**What can we learn from the analysis of the market?**

The book industry is dramatically changing. Digitization is growing in many businesses and creating new opportunities. For the book industry, the cost of eBook production, organization and sales has to be balanced. New sales drivers are needed.

More eBooks will be purchased and new reading devices will be developed.

More eReaders will be created and out of this trend more and more people will have book libraries on their eReading device or computer and will need to organize this data. A software platform to help reading, organizing, translating or even publishing of books will be the right response to these market trends.

Schools and students can be addressed very effectively through a solid working interface and workflow. Because universities and other educational institutions are experimenting with eLearning and seeking to optimize their current solutions, we will target them.

Opportunities are occurring at different levels. Through new products in the digital reading sector, book sales are being stimulated because people enjoy reading more and are buying more books. The eReader industry will advance and be stimulated to create more products which will be well received by the market.

A change in reading behavior is one outcome of the Uberbook product and will shape the learning experience of students and in this regard will increase interest in learning. Through new reading software products we will encourage learning, studying and collaborative working.

Uberbook Reading Library is an innovative product and will function as industry driver.

# 5. Description of the product

## 5.1. Description of the innovative product

### 1.  Product description (design, function)

Uberbook is a knowledge management platform and uses an intelligent reading system and interface to create an efficient Research-Community by merging diverse digital media.

Google offers search and linkage results within a list whereas Uberbook presents its search results in a useful interface with all digital media referenced.

A new "proprietary content" will be created were you read, research, connect and present.
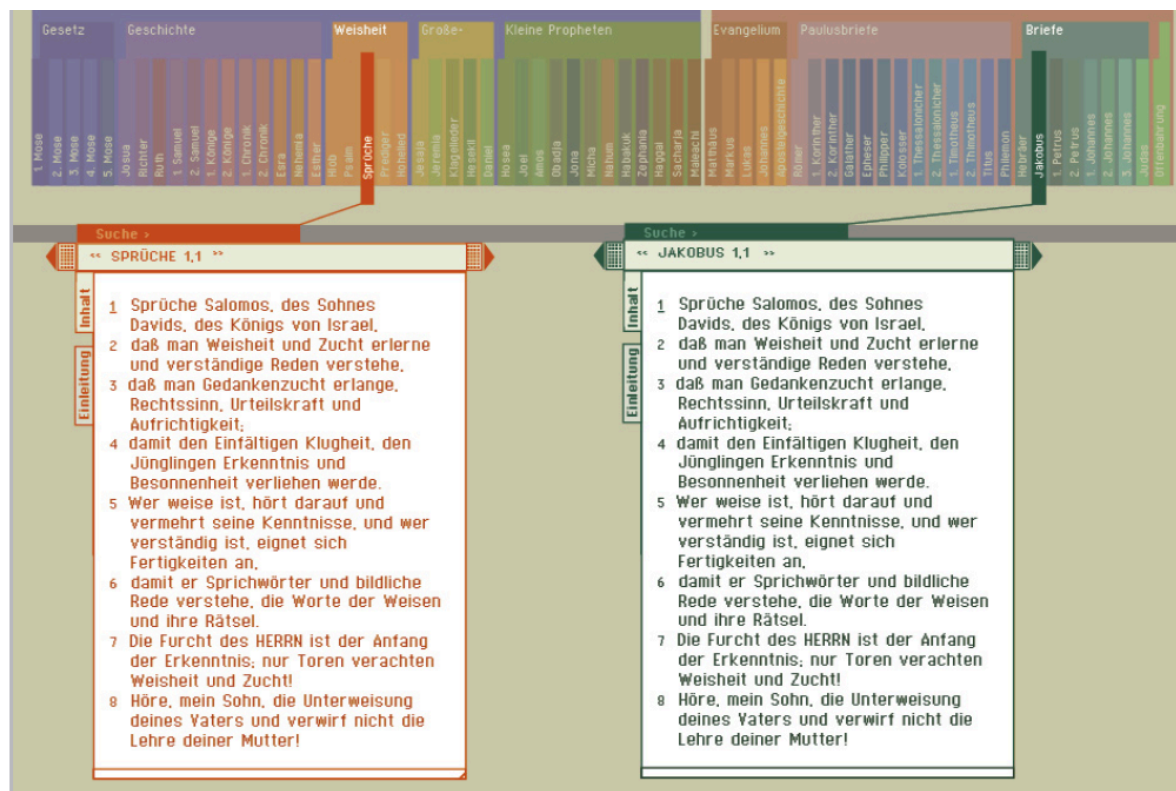
**Figure 35** *Screenshot of Interface structure of Uberbook (content Bible)*

Uberbook is sourced from eBooks, research publications, magazines, pictures, maps, movies, podcast and audio (audio books). Each version has a number free eBooks preinstalled and the user will be able to choose from a range of titles. He will purchase and install his choice of books via Uberbook (external providers) and expand his own library.

Besides free eBooks historical data will be provided in every version of the Software platform.

Once the user imports content, the Uberbook software recognizes the subject matter and time data and presents more information accordingly.

If a user imports books with different languages he has the option to read the books in his preferred language. Out of different content and different functions, various price models will be created targeting a range of customer segments.

## What is Uberbook?

### 1. It's a personal (eBook) Library and media manager

The Uberbook platform serves as a personal library for every eBook user.

This library can be used to conduct research across a number of books and to study them in parallel.

### 2. It is an intelligent eReading system

With Uberbook Intelligent Reader it is easy to read large volumes of text.

Through a menu the program can guide the user to focus on content, keywords, people, places or topics. Thus reading becomes simpler and more efficient, because the program highlights essential passages that the eyes usually have to look for.

### 3. It's a resource integrator

Uberbook integrates different sources of knowledge, such as:

- ➢ Google (website images)
- ➢ Google eBooks (Free)
- ➢ Other free eBooks (online)
- ➢ eBook libraries (Public Libraries)
- ➢ Image providers > Museum, Photographers, customer images
- ➢ YouTube
- ➢ MySpace
- ➢ FaceBook
- ➢ University books/theses/materials

### 4. It's a research platform

- - Used to develop community resources like Wikipedia
- - Resource analysis
- - Effective searching
- - Results are structured in the interface (not just a priority list)
- - It grows and saves implemented data

### 5. It's an authoring environment

Users of Uberbook can create their own presentations and publish their own research or eBook.

This means the user does not need to work on different platforms such as Internet (Google), Microsoft Word or PowerPoint and other Authoring environments.

The research platform is distinguished from other platforms such as Google that can only list results according to the user-defined criteria.

Uberbook not only provides the content where it's needed but has also a unique variety of content and illustrates the results effectively for the searcher.

Other users can collaboratively work together as with Google docs, but differing in that the authoring material is already provided in one platform.

### 6. It's a developing platform

- ➢ For individual and community use

> ➤ The more people participate, the more data flows into the platform. Thus over time the platform increases in value for all participants.
>
> ➤ The user forms the platform through his interactive behavior.
>
> ➤ We can learn what the user really wants and needs, and will develop the platform according to common design usability standards and specific customer requests.
>
> ➤ As the technology evolves, we will respond new features.

## 7. It can be used to develop "expert systems"

When different experts contribute to the platform "expert systems" get created. Like Wikipedia these platforms will be valuable to a range of customer target groups => market research companies; researchers, experts, authors and publishers.

## 8. It's a social platform

Motivation: people don't study texts in isolation. They combine several resources in order to form a big picture.

Combined resource => repository of well-researched knowledge => a kind of expert system

Uberbook is a social network that allows people to exchange data – information and knowledge

Exchanges can be:

*"Are you reading this or similar articles?", "How are you researching this topic?, "What are your conclusions?"* It can all be visible to platform members.

This will create an exchange and reciprocation of opinions and might bring people of different opinions on topics closer together – while understanding each other's position better.

## 9. It's an enterprise collaboration tool

1. Open, but safe communication
2. Emergence
3. Serendipity (innovation)

## 5.2. Overview: How it works
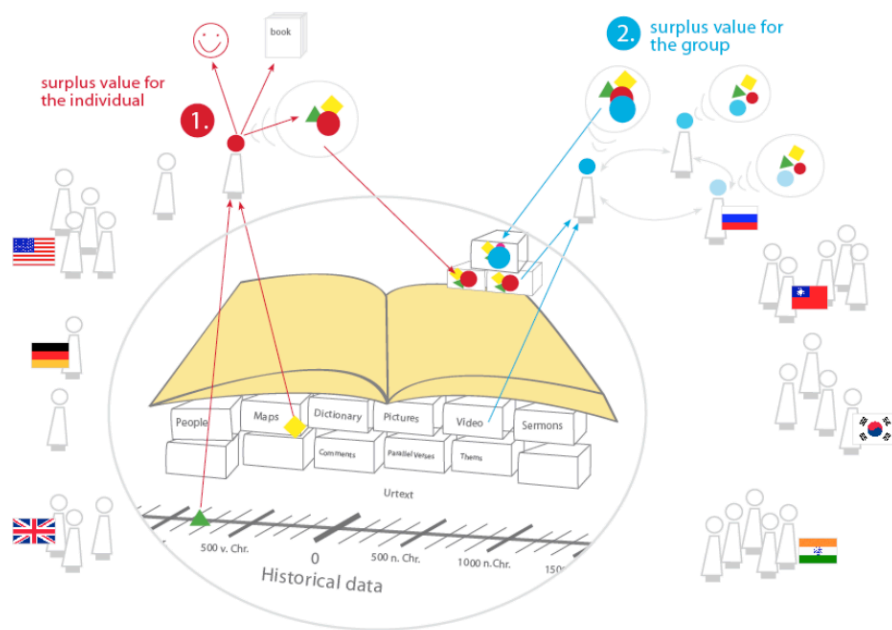


**Figure 31** *Screenshot of Interface structure of Uberbook*

In the overview of Uberbook we can see one book (representing the library) of this customer's account. The platform serves the individual as well as the group.

For example: If the single person is doing research on Rome 550 B.C. and is using historical data out of the timeline and a map from that time frame, he can save this data within his own documents provided in the platform. This information will be private.

But if he decides to publish his research results on the platform, other people will be able to quote this person and move on with their research starting from a different level of research knowledge.

In this visual example, a group from Russia is using the data in their search and building on the foundations, which already exist. Thus the research of the single customer is beneficial to the rest.

# 6. Description of the Venture

## 6.1. Product Portfolio

Out of the different needs and feature options Uberbook will be designed in different software product versions with different prices. In that way we ensure that we reach different customer groups and thus gain more detailed market feedback. This will not only help us with price setting, but also respond immediately to customer behavior regarding product settings.

All our products will follow the same strategic key elements. They are easy to use and thus have an intuitive user interface. They are fun because a lot of new connections between data will be available and will lead to new knowledge insights. Furthermore Uberbook software will be traded at a fair price to ensure everybody will be able to purchase it and receive an innovative learning tool.

©

We offer four different Software versions: The App Version, the Professional Version, the Institutional Version, and the Customized Version. With every copy comes with a 30-trial version.

Creation of Customer specific packages:

- Private customer (Readers, Author, Students) – App Version
- Publisher, eBook producer – Professional Version
- Educational institutions – Institutional Version
  - University, schools, libraries
- Companies, enterprises in specific sectors – Customized Version
  - Medical, pharmacy, law, consultants, market research companies

| Uberbook Versions to use online and offline >> | App-Version | Professional | Institutional | Enterprise |
|---|---|---|---|---|
| **Price EUR** | 34,00* | 139,95* | 299,95* | <1299,00* |
| **Price USD** | **49.00*** | **199.00*** | **429.00*** | **<1499.00*** |
| Feature description (USER NEED) | | | | |
| 1) Organize your library<br>Organizing library, data, pictures | √ | √ | √ | √ |
| 2) Read the text out loud | √ | √ | √ | √ |
| 3) Per word analysis<br>E.g. synonyms finder, image retrieval, related info in other books | √ | √ | √ | √ |
| 4) Intelligent search display<br>Intelligent search display, highlighting of verbs, places, people, media in online and offline resources | √ | √ | √ | √ |
| 5) Speed reading App<br>User annotation, underlining, highlighting, scribbling notes, book marks etc | √ | √ | √ | √ |
| 6) Uberbook eBook Shop<br>Purchase additional resources, e.g. eBooks and media | √ | √ | √ | √ |
| 7) Author and publish new documents in any format<br>e.g. eBooks, MS office docs, iWorks, HTML, Discuss your research with others | | √ | √ | √ |
| 8) Collaborative authoring<br>Work together with others on Documents or discuss your favorite eBooks topics | | | √ | √ |
| 9) Customized features | | | | √ |

**\*Requirement analysis needs to be made from this list** from a Software developer. Then final prices can be set.

*A text without…*                                        *… and with color coding*
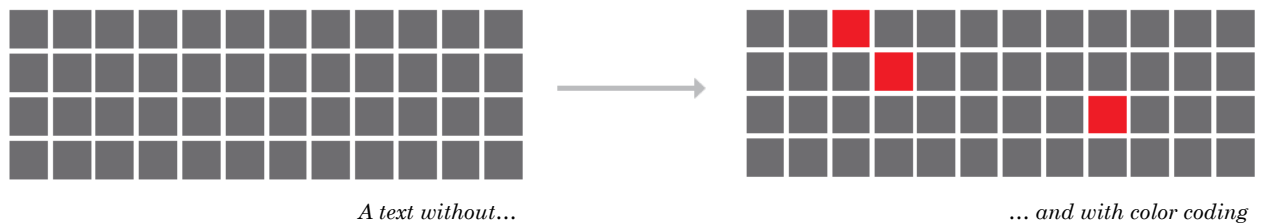
**Figure 32** *Screenshot of Interface structure of Uberbook*

The separate display of individual sentence structures makes it easier to grasp the contents and the grammatical structure of the text. In this way, verbs can be highlighted and then analyzed.

1. **Intelligent Reading/Listening** – SPEED READING HELPER
   a. Intelligent reading (Speed reading feature): Via menu, keywords or phrases will be highlighted so that reader can scan (more) quickly through the text. Eyes will be guided to the user's chosen key words. (verbs, people, places, media, topic, phrases)
   b. User can choose how much available content within his eBook will be shown. For example show keywords or phrases, pictures and movies, or listen to additional Audio or podcasts.
   c. Listen to the text, while reading the words (three different speeds will be offered: slow, normal, quick)
   d. Automatic page turning while listening
   e. Different Languages: read the text in the language you like, even if the text is originally in Sinhalese or French.

2. **Research the text** - DIG DEEPER INTO THE 3D TEXTBODY
   a. Search: in the book, library, in dictionaries, commentaries, Google, Wikipedia, open libraries, cross-references, parallel passages, concordance, maps, images and help
   b. View historical data about the passage or word
   c. View background information about the text: dictionaries, Wikipedia, Google, commentaries, video, images, photos, and graphs etc.
   d. Translate a word into the original language (historical text)
   e. Find more data on the author

3. **Working on the text** – MARK, LINK, CUSTOMISE THE TEXT
   a. Enlarge Font
   b. Choose different colors for different word-types
   c. Highlighting text, color scheme
   d. Notes, questions in the text, contact the author or group
   e. Sketches
   f. Scribbling in the text body
   g. Underlining and linking to other parts
   h. Finding similar sentences/phrases
   i. Linked words can be dragged into the workspace and viewed in comparison
   j. Copying text (with author's information) into Uberbook word
   k. Inserting Bookmarks

4. **Shops for EBooks** - BUY ADDITIONAL BOOKS YOU NEED
   a. Naturally pay-for eBooks are available in addition to the free eBooks
   b. The eBook will be linked to external resources outside of its own content

5. **Write, document, save** - AUTHOR YOUR RESEARCH
   a. Write your article, book, thesis, paper of presentation within Uberbook
   b. Drag and drop pictures, videos or maps into your presentation or eBook

      c. Organize your bookmarks and findings

      d. Save your research and use previous research paths

6. **Exporting, publishing** – PUBLISH YOUR KNOWLEGDEG/COGNITIONS
   a. Publish on different platforms >> Uberbook partners with Publishers
   b. EBook creating (outsourcing > Adobe Indesign or other online book creating tools)
   c. PowerPoint presentations
   d. Blogs
   e. Websites
   f. Preparing speeches
   g. PowerPoint presentations
   h. Company inside information
   i. Writing contributions
   j. Following up on others' notes

7. **Communicate** - DISCUSS YOUR KNOWLEGDE/IDEAS
   a. Communication, Discussions, Network
   b. See how other students or researchers have obtained their results
   c. Uberbook makes the research of others visible if they are open to publishing
   d. Rank Books, articles and highlights

8. **Organizing library, data, pictures** – ORGANIZE YOUR LIBRARY
   a. Keeping the screen clutter-free
   b. Creating folders
   c. Bookmarks
   d. Journals

All Uberbook products are innovative, fun, self-explanatory and efficient to use. Through the participating users, the software versions will grow, as well the data content that will be distributed by customers who decide to publish their work. Users of Uberbook will participate in providing content of the platform by feeding their content into the system.

The product appearance and look will ensure easy usability and is intended to amaze and inspire users.

## 6.2. Consumer motivation

The consumer motivation to purchase the product is multi-layered.

The arguments for Uberbook are in grounded in its design, usability, price and community.

Customers are searching for structure, efficiency, fun and the opportunity to share valuable content.

The demand for Uberbook is created by the following factors:

1. eBook market is growing and producing eBook users who are searching for a convenient way to structure their books and content. The flood of knowledge is not being handled economically at the moment and no convenient products are on the market yet.

2. Students, researchers and editors working within a digital knowledge framework and search for workflows that increase efficiency and reduce research time.

©

3. Learning methods are becoming more and more digitalized and eLearning industry is searching for solutions that not only surprise but also convince in terms of work time reduction.

4. The same is true for companies investing thousands of USD every year in training staff to become more efficient, merging together knowledge and workflows, learning and optimizing work processes.

## 6.3. Customer benefits/ Value proposition

Customer benefits are mainly categorized by an advanced reading experience, time-saving working tool, availability of information and collaborative working processes. We focus on providing a good structure for workflows and information transfer. Thus Uberbook stands in the middle between digital content providers (publishers, Google, universities) and customers. It is the connecting point between both, merging both.

Listed below are the consumer benefits of the Uberbook:

**Value proposition 1: Efficiency – Time saving**

The Reader helps the customer to read more efficiently.

Uberbook serves customers who desire to read more efficiently on their eReading devices or online at a laptop or computer, reading more then one book and taking notes and data out of the material. Providing the option to save, author and publish his own notes on multi media eBooks creates the main value for the customer.

**Value proposition 2: Organization and Flexibility**

It allows the user to organize all his books from one platform.

He is not dependent on only one such us the Apple format, but can transfer the eBook into his preferred format.

**Value proposition 3: Research Diary (bringing resources together)**

Because of the unique interface design no research gets lost. The eBook platform remembers all research done. It is like a second brain. No data can be lost, because of the unique protocol within the software. This makes text research, reading, preparing for a speech or writing a scientific book much more effective.

**Value proposition 4: Cost reduction**

For companies this is not only efficient but also a big cost reducer.

The platform is a data knowledge management system and a research tool.

©

**Value proposition 5: Communication and collaboration**

The more complex the topic the customer is studying, the wider the research and information will be. If different people work on the same project together there will be even more ideas. Uberbook provides a communication and collaboration platform for effective workflow sharing.

**Value proposition 6: See and be seen**

For scientific researchers and professors in particular, it is essential to publish on different online platforms in their specific field and to receive recognition. Uberbook assists in researching, saving and publishing.
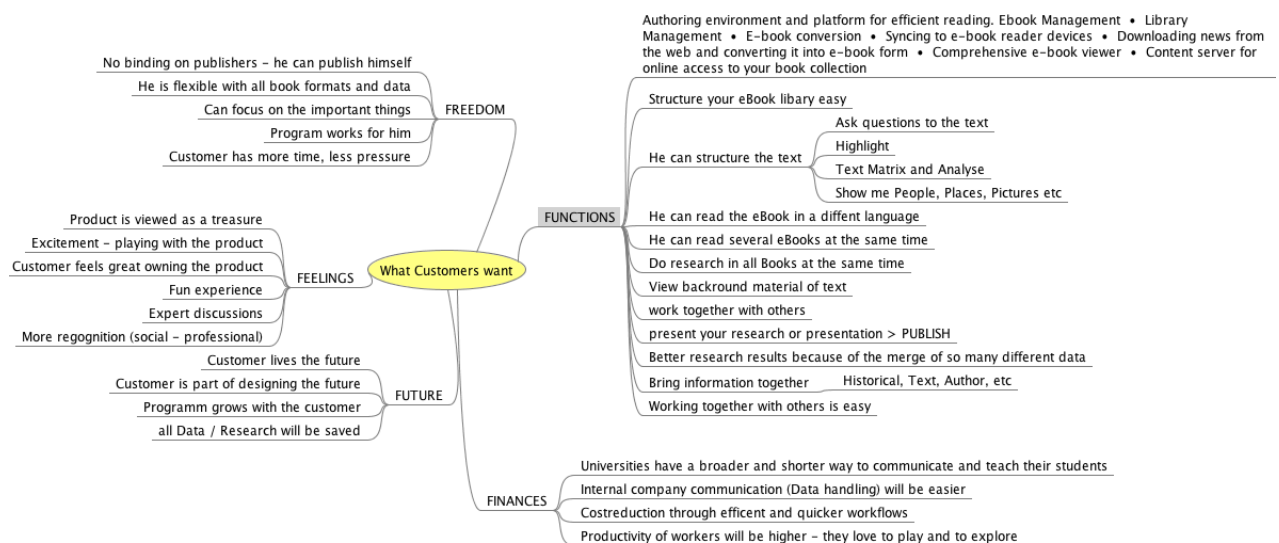


**Figure 34** *What do Customers want? © Schuetzedesign*

## 6.4. Cost Structure / Price

In order to price the product groups correctly we look at different software or online platforms performing comparable features to what Uberbook has to offer.

Citavi offers its products at 169,36 in the professional version.

Out of that we structure the following prices:

| Uberbook Versions >> | App-Version | Professional | Institutional | Enterprise |
|---|---|---|---|---|
| **Price EUR** | 34,00* | 139,95* | 299,95* | <1299,00* |
| **Price USD** | **49.00*** | **199.00*** | **429.00*** | **<1499.00*** |

**Figure 35** *Table of Uberbook Version and prices*

**Revenue generation and margins**

The Uberbook Company creates revenue by

1. Selling the software platform

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2. Consulting and workshops how to use the platform (Service)

3. Licensing the platform to third parties, supporting companies

4. Collaborating with publishers and content providers and stimulating content sales (eBooks, pictures, maps)

The margins for software products range from 95% down to 35% depending on the business. The more service and ongoing development is taking place, the lower margins are.

We discuss the different possible pricing models and forecast of sales within the first 3 years in Chapter 8.5. Marketing and Sales Strategy/ Pricing Models.

## 6.5. Cost of Product

The cost of product is estimated from the strategic production plan (Chapter 7.1. Development process and milestones). The predicted development time is 1.7 years and the cost is estimated $1.4 million USD.

After a planning phase, development of the different versions starts, and as known in the software development industry, it is poor strategy to start with a small number of developers and programmers and increase the number as the production progresses. As proven, adding programming personnel at the last minute does not increase the speed of production. Therefore, it is better to begin with the appropriate staff number in order to ensure the releases of the product on time and thus manage the requirements for the revenue schedule.

For the capital purchases **$141.066 USD** will be needed. The furniture of the company will be serviceable, tasteful, but not excessive. The office design will ensure a good working environment office and efficient communication. The creative workforce, especially when under time pressure, is influenced by the office design.

Because Uberbook developers will work on a daily basis very closely together it is essential that everybody feels "at home" and would rather stay longer in office than required. Whatever helps to keep the design and development team happy and creative will increase productivity and influences a quicker workflow. Thus we will create an office with relatively cheap furniture, but roomy, and with sufficient color and light.

The office will be subsidized by Federal Ministry of Economics and Technology in Frankfurt. They offer office space for Start- ups and fund part of the office rent. The expenses for staffing and general expenses are listed in table 37.

The office space will be for 10 (increasing to 19) people, 1x 28, 1x20, 1x13 square meters and the rent inclusive of utilities and common charges 1.320 EUR / $1900 USD. The Start-Up venture can rent office space for maximum of three years. After that the company needs to move to an office with normal rent fee, non-subsidized rent, but in year 4 already revenue is coming in.

| Cost until Break Even 2 years and 3 months | | 2012 complete | | 2013 complete | | 2014 Q1 | |
|---|---|---|---|---|---|---|---|
| | | EUR | USD | EUR | USD | EUR | USD |
| **Capital Purchases** Facilities | | 18.761€ | $26.828 | | | | |
| Equipment | | 28.950€ | $41.399 | | | | |
| Hardware/Software | | 92.035€ | $131.610 | | | | |
| Tellecom. | | 1.320€ | $1.888 | | | | |
| **Expenses** Salaries and wages | | 314.687€ | $454.000 | 597.282€ | $861.700 | 248.217€ | $358.103 |
| Employee benefits | | 27.437€ | $39.583 | 53.069€ | $76.563 | 17.194€ | $24.806 |
| Payroll taxes | | 47.203€ | $68.100 | 89.592€ | $129.255 | 37.232€ | $53.715 |
| Professional services | | 40.133€ | $57.900 | 22.111€ | $31.900 | 4.835€ | $6.975 |
| Marketing and advertising | | 32.543€ | $46.950 | 55.867€ | $80.600 | 15.769€ | $22.750 |
| Rent | | 15.804€ | $22.800 | 15.804€ | $22.800 | 3.951€ | $5.700 |
| Equipment rental | | 1.664€ | $2.400 | 1.664€ | $2.400 | 416€ | $600 |
| Maintenance | | 1.996€ | $2.880 | 1.996€ | $2.880 | 499€ | $720 |
| Depreciation | | 5.662€ | $8.169 | 6.404€ | $9.239 | 1.383€ | $1.995 |
| Insurance | | 998€ | $1.440 | 998€ | $1.440 | 250€ | $360 |
| Telephone service | | 499€ | $720 | 499€ | $720 | 125€ | $180 |
| Utilities | | 2.079€ | $3.000 | 2.079€ | $3.000 | 520€ | $750 |
| Office supplies | | 998€ | $1.440 | 998€ | $1.440 | 250€ | $360 |
| Postage and shipping | | 998€ | $1.440 | 998€ | $1.440 | 250€ | $360 |
| Travel | | 1.248€ | $1.800 | 1.248€ | $1.800 | 312€ | $450 |
| Entertainment | | 499€ | $720 | 499€ | $720 | 125€ | $180 |
| Interest on loans | | 0 | $0 | 14.835€ | $21.402 | 2841,8904 | 4100 |
| **TOTAL** | **USD** | | **$915.066** | | **$1.249.299** | | **$482.104** |
| | **EUR** | **635.515€** | | **865.944€** | | **334.167€** | |

**TOTAL $** $2.646.469
**TOTAL EUR** 1.835.626€

**Figure 36** *Cost Factors for Uberbook until Break Even*

In figure 36 (Cost Factors for Uberbook until Break Even) the cost structure of production until break even is shown. Costs mainly rise in the second year due to personnel increase for marketing and sales and production support.

### Personnel plan Uberbook production

| Year | 2012 | | | | | | | Release 1 | | | | | 2013 | | | | | | Release 2 | | | Release 3 | | Release 4 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Month | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Management | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Administrative | | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sales/Marketing | | | | | | | | | | | | | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Operation/Production | 2 | 2 | 2 | 6 | 6 | 6 | 6 | 6 | 6 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| **TOTAL** | **4** | **4** | **4** | **8** | **8** | **9** | **9** | **9** | **9** | **12** | **12** | **12** | **14** | **14** | **14** | **14** | **14** | **15** | **15** | **15** | **15** | **15** | **15** | **15** |

### Release/Sales plan Uberbook

| App Version | Planning >> | | Development >> | | APP | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Marketing >> | | | | | | | | | | | | | | | | | | | |
| Professional | | | | | | | Development Professional >> | | | | | | | | Prof. | | | | | | | | | |
| | | | | | | | | | Marketing >> | | | | Sales >> | | | | | | | | | | | |
| Institutional | | | | | | | | Development Institutional >> | | | | | | | | Inst. | | | | | | | | |
| | | | | | | | | | | | Marketing >> | | | | | | | | | | | | | |
| Enterprise | | | | | | | | | | Development Enterprise >> | | | | | | Enter. | | | | | | | | |
| | | | | | | | | | | | | Marketing >> | | | | | | | | | | | | |

**Figure 37** *Personnel plan Uberbook production*

In order to reduce the OPEX cost, we plan to use personnel only for the initial production phrase and outsource services as much as possible. Thus we hire accountancy, on time, when needed. Attorneys are a relatively high cost because we want to ensure that the patent process moves quickly and that the security of the software is guaranteed. The security and speed of this procedure is crucial to the success of the company.

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For the content, we will use free data in the beginning and address our key supplier with our first App version and more concrete software concept.

In order to reduce costs, our strategy is to release products on time – once one feature group is developed. We will define a product accordingly and introduce it to the market. With this sales strategy we gain the competitive edge to create revenue as early as possible.

**Release plan for Uberbook products 2012-2013**

| Product | Price Euro | Price USD | Release Date |
|---|---|---|---|
| App Trial Version (60 days) | 0,- | 0,- | June, 1 2012 |
| App Version | 34.00 EUR | 49.00 USD | August, 1 2012 |
| Professional Version Trial Version | 0,- | 0,- | June, 1 2013 |
| Professional Version | 139.95 EUR | 199.99 USD | July, 1 2013 |
| Institutional Version Trial Version | 0,- | 0,- | September 1, 2013 |
| Institutional Version | 299.95 EUR | 429.00 USD | October, 1 2013 |
| Enterprise Version | 1299,00 EUR | 1499.00 USD | December, 1 2013 |

**Figure 38** *Release Plan Uberbook products*

## 6.6. Services

Uberbook will provide a multi-layered service strategy:

1. Online Instructions – free of charge
2. Sales service – free of charge
3. Online service based on continuing customer feedback – free of charge
4. Workshops on specific feature groups – $1200 USD per day/per person
5. Adaptation of products based on user behavior and customer feedback

Along with the software products, we offer customer service and individual development of knowledge management platforms. Seminars and workshops will be offered on a regular basis around the topics of reading, knowledge sharing and collaborative work, as well as eBook publishing.

We will offer different licensing options to ventures that are interested in developing their own version.

Another service for publishers will include analyzing data provided by customers and identifying areas of interest in order to provide eBooks on those particular themes.

## 6.7. Mission Statement (Vision)

Uberbook LLC aims to change digital reading behavior and redefine it to maximize the benefits and opportunities provided by the technological improvements in the area of digital text and media. The unique interface of Uberbook and its merging of content and usability are key factors in doing this.

Uberbook helps to encourage reading, studying, and collaborative working. The product will change the perception people have of reading. Thus, even those who would not normally choose to do so are encouraged to read.

Through a broader and deeper reading experience, Uberbooks will both educate and entertain.

## 6.8. Business Model

### Business model for Uberbook Software Platform



**Figure 39** *Uberbook Business model for Uberbook Software Platform*

**The core business of Uberbook is:**

1. Producing reading software with unique interface and functions
2. Marketing and selling software in four different categories, addressing different target groups with features addressed to specific customer needs
3. Maintaining and improving the platform
4. Providing customer support, encouraging networking and publishing
5. Offering workshops and tutorials on reading behavior, trends, software use, and efficiency
6. Customizing software for different industries with more product functions and features
7. Ongoing innovative product development, incorporating customer feedback and customer contributions
8. Licensing to companies for further development in specific sectors

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1. Selling customer behavior data to market researchers, publishers, etc. for inspiration on eBooks

2. Building effective relationships with supporters and key partners

**Market segment:**

The targeted market segment is primarily readers of eBooks, individuals who enjoy the technical advantage of multimedia text and background information. The second segment targets publishers who seek to provide an attractive multimedia platform for their eBooks in order to structure sell them. Thus they do not need to create an App for every single book, but can instead have a multimedia framework for all of their books, enriching the reading experience.

The third market segment targets educational institutions which intend to provide a better eLearning framework in order to facilitate more efficient studying and learning among students, professors and teachers.

Enterprises which deal with large quantities of digital information and are looking for better ways to handle research, analysis, and publishing company data are the fourth target market.

**Competitive strategy:**

How the company will attempt to develop a sustainable competitive advantage:

➢ Being first on the market and first to develop (time advantage)

➢ Unique product concept and design (patent application)

➢ Product range to meet differing client needs and thus reach more customers

➢ Flexibility through pricing strategy by product range

➢ Price reduction after market entry and ongoing introduction of new products

➢ Reduction of cost as product planning and testing experience grows

➢ Ongoing innovative development

# 7. Operational Plan

## 7.1. Development Process and Milestones

The company will commence operation in January 2012 with the development of its first product. The four phases of production are conception and planning, implementation of first product, technical testing and product quality management, and market launch combined with marketing and distribution.

As shown in Figure 41, many phases overlap. While detailed planning for the first non-App version is in planning, the App version will be in development. This staged/phased development technique is practical and efficient because it feeds back the response of the market into the development of the

higher end versions. After the planning phase is completed, we will apply for patents in order to secure the product.

At every stage of production, we will continuously seek the support of key suppliers of content, for example: universities, publishers, Microsoft, and Google books.

**There are four phases of development until "go live:"**

1. Conception and planning
2. Implementation of the first product
3. Technical tests, product quality management, and start of distribution
4. Market launch
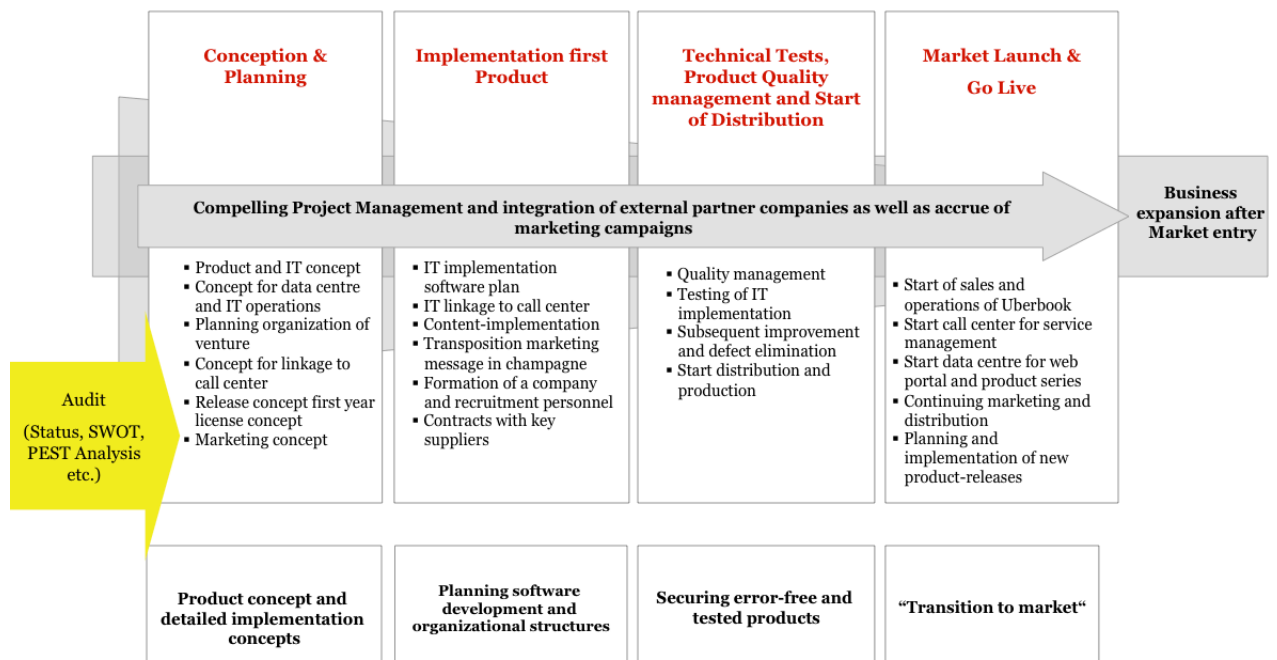


**Figure 41** *General Development Phases of Software @ Schuetzedesign*

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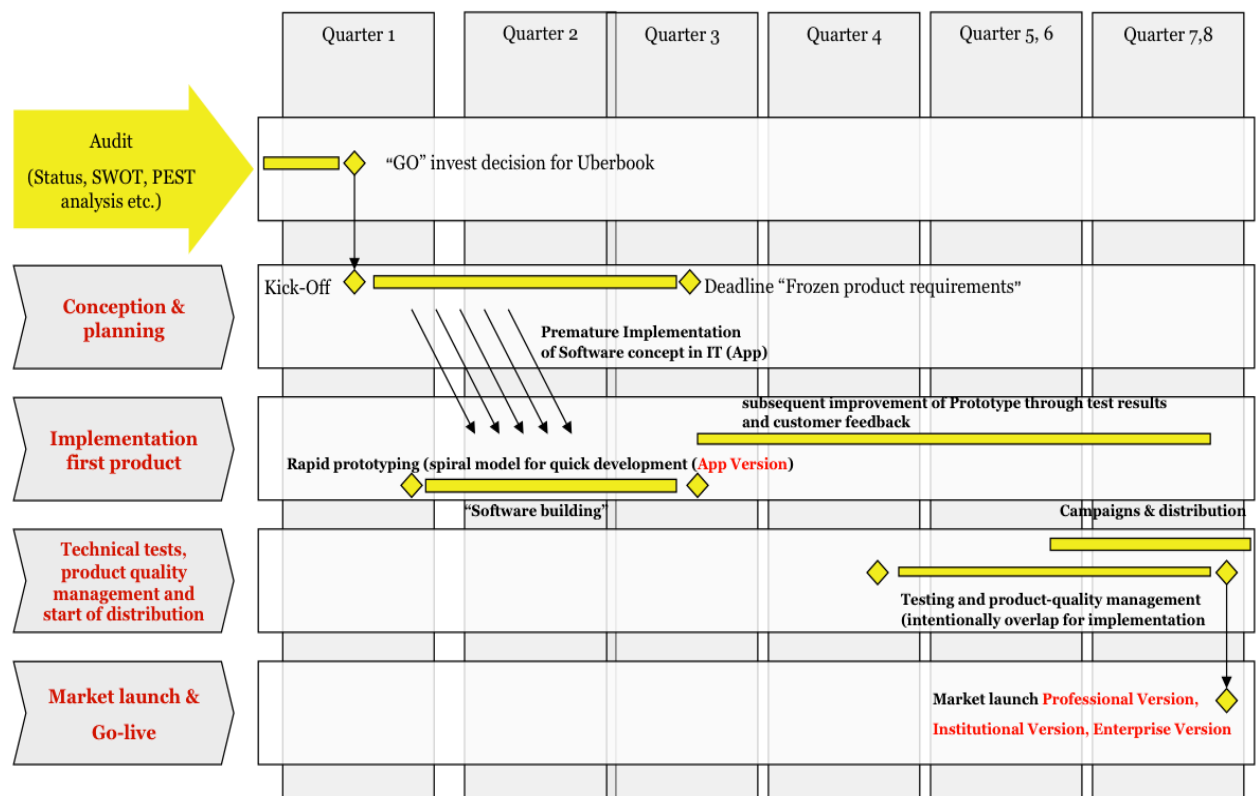
**Figure 42** *Quaterly planning of Uberbook products @ Schuetzedesign*

The overall production timeline is 1.7 years (1 year and 3 quarters) and will cost around $1,4 million USD. We plan to start with the production of a small version of the program in the form of an App in order to obtain a quick market response during the conception and planning phase. It will be the first implemented product. The App will not only serve as a market response test through customer feedback, but can also be used for technical tests in order to ensure quality and utility of the more advanced versions of the software.

**Long-term release plan for Uberbook products 2012-2015**

| 2012 | | | | 2013 | | | | 2014 | | | | 2015 | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| | | App_01 | | | | Profes sional_01 | Instituti onal_01 Enterpri se _01 | | | App_02 Instituti onal 02 | | | | Enterpr ise_02 | |

**Figure 44** *Long-term release plan for Uberbook @ Schuetzedesign*

## 7.2. Three-step plan

**STEP 1: develop with Apple App**:
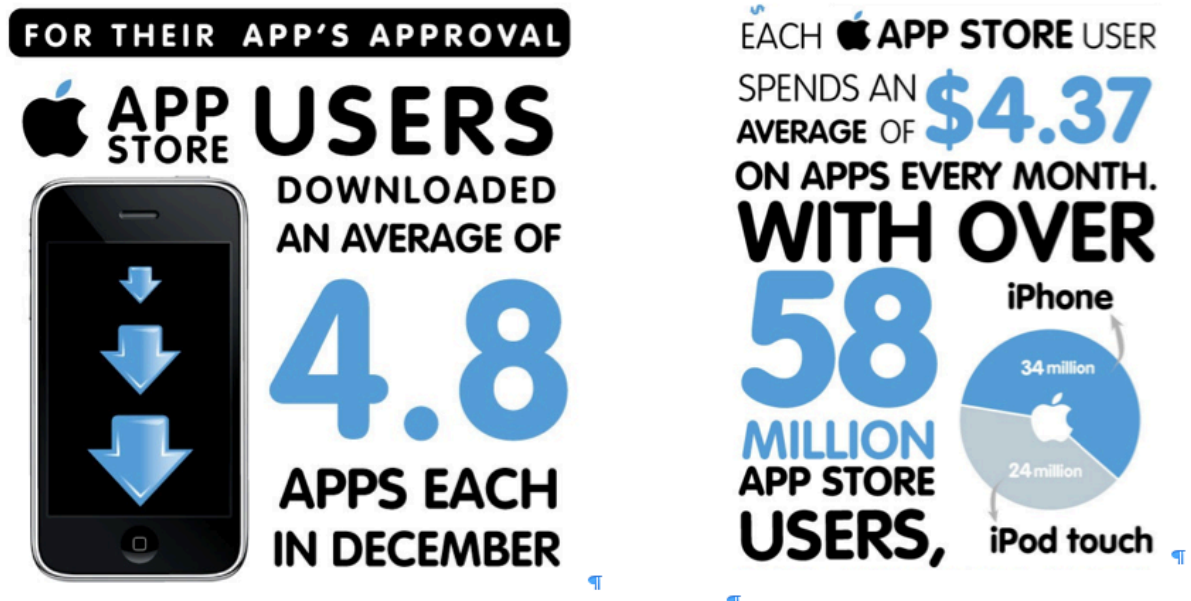


**Figure 40** *Apple App User facts*

If we look at eBook readers, all Apps developed have to go through the Apple approval procedure. This has positive and negative points.

Firstly, if a developer decides to create an Apple App, he decides to play by Apple's rules.

This means he receives only 70% of the revenue created. 30 % goes to Apple.


**30 % for what?**

The use of the Apple platform means that advertising costs are greatly reduced.

The Brand name: Whatever Apple approves enjoys a lot of trust. This makes selling easier and allows the App producer to reach a potential mass market of 58 million App store users.

Being approved also helps starters ~~to~~ avoid a lot of mistakes, as they are following a path that other developers have walked themselves.

This combination of security, trust, and massive potential customer opportunities is a powerful incentive to develop with Apple.


**STEP 2: Software Development**

Uberbook reading software comes with a considerable range of features and therefore has many different user groups. This will not only give us flexibility in pricing, but also different product groups and characteristics on which to focus.

Uberbook is intended to run on different devices, including PC, Mac, iPod, iPad, Android, Nook, Kindle, etc. and must therefore be developed to run on each platform and be compatible with different

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application forms. All revenue from the sale of PC and Mac versions will flow to Uberbook, compared to the 30% commission paid to Apple for the sale of Apps.

Furthermore, the product will have already attained market recognition there would be less need for Apple's network.

**STEP 3: Collaboration with holders of valuable content and copyrights such as publishers et al.**

It could be possible to obtain a better and quicker result if we collaborate with software development companies or with content providers and holders of copyrights.

In this case, agreements must be signed, and it has to be decided who is responsible for what part of the value chain.

On what type of hardware/platform will Uberbook run?

The software will run on PC, Mac, iPod, iPhone, tablets, and eventually all eReading devices.

In the case of existing eBook readers, agreements may have to be reached with the makers of the platform in order to allow the product to run on their platform. Makers of eBook readers may be reluctant to allow 3rd party software to run on their devices. iPads and PCs have no such limitations, but as smaller devices are expected to soon start outselling PCs, and as these devices become increasingly relevant, it may become necessary to reach agreements with their makers.

## 7.3. Suppliers of eBooks will be entered into

Contracts and agreements with:

- Distributors of free books
- Google books
- Amazon books

- University libraries, for theses
- Publishers
- Museums

## 7.4. Legal issues / Copyrights

**Copyrights Agreements (DRM)**

Agreements may also have to be reached with copyright holders in order to allow their content to be used on the platform. If such an agreement is not reached, DRM will prevent a large number of eBooks from being used on the platform. This is essential, as we do not wish the product to be branded as something which "only works for free eBooks".

A tech-savvy investor will want to be sure that all these areas have been looked into, that the utility of the product will not be severely limited, and that we will not be sued by copyright holders.

Targeting several types of devices may mean that the platform will have to be architectured differently for each device. This will raise the cost of development and maintenance of the software.

This is, however, a manageable problem. Fortunately, most versions will be able to share a common code base to an extent. However, the rest of the software will be specific to the platform being targeted.

More Information about DRM is discussed in section Digital Rights Management (DRM) Page 46

## 7.5. Provision of service

Close connection to client and their needs will be provided through Call centers.

## 7.6. Office equipment and personnel

In order to use our resources as efficiently as possible, we will first examine the cost of office equipment and personnel as presented in figure 45.

**Analysis of total cost of office equipment and personnel:**

**Cost of personnel is four times facilities cost**

**Here** we are considering lowering the cost of personnel of operation as much as possible in the first 6 months, during which time only a little revenue is generated.
At this time it may be wiser to invest in a better environment in order to make people more comfortable and productive. Reducing the 1-2% facility cost would only harm the working atmosphere and productivity.

This does not mean, however, that we will buy expensive designer furniture. Instead, we are willing to make personnel comfortable even if it means a small, temporary reduction in salaries.
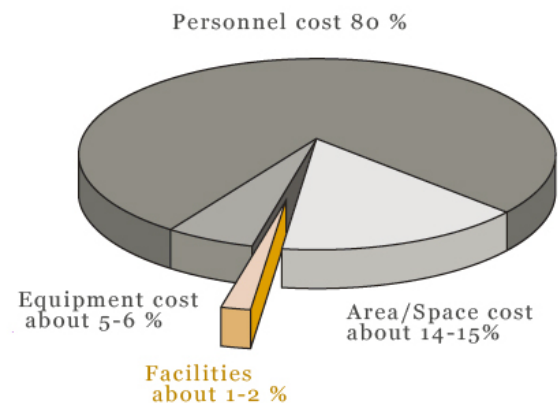
*Fig. 45* *Information and Graph*[xxv]

**Cost of office equipment as depreciating assets:**

(These costs and figures can be found in the financial plan under "Equipment & consumables" and Chapter 6.5. Cost of Product, Page 59).

**Cost of consumables and operation cost**

The cost of consumables and operation cost amounts to 583,384 EUR / $842,670 USD

(These cost figures can be found in the financial plan under Income Statement, Slide "IncSt")

**Salaries (Cost of personnel)**

The average salary of a software developer in Germany[xxvi] is 48,000 EUR / $70,255 USD (gross salary) per year in Germany. In order to make cost savings as earlier discussed, we will start our developers on an average monthly wage of 3561,25 EUR and slowly raise this figure to the national average. By doing so, we hope to save 16,500 EUR in the first year and 9,864 EUR in the second year and still be able to attract experienced and innovative software developers.

**Operation after Product Launch:**



*Figure 46* http://www.insemble.com/software-value-chain.html

Operation

Release/Sales plan Uberbook



*Fig. 47* *Operational Release Plan*

Long-term production/release plan

| 2012 | | | | 2013 | | | | 2014 | | | | 2015 | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| | | App_01 | | | | Profes sional _01 | Instituti onal_01 Enterpri se _01 | | | App_02 Institut ional 02 | | | | Custom ized Enterpr ise_02 | |

**Fig. 48** *Production/release plan of Uberbook products*

- Distribution/Sales
    - b. Directly online or from shop?
    - c. Who will check orders?
- Customer Service
- Further product development
- Further licensing and contracts
- Marketing
- Organization
- Human Recourses

Cost for setup and maintenance of the e-commerce system:

## 7.7. Flow of information, data and outsourcing plan
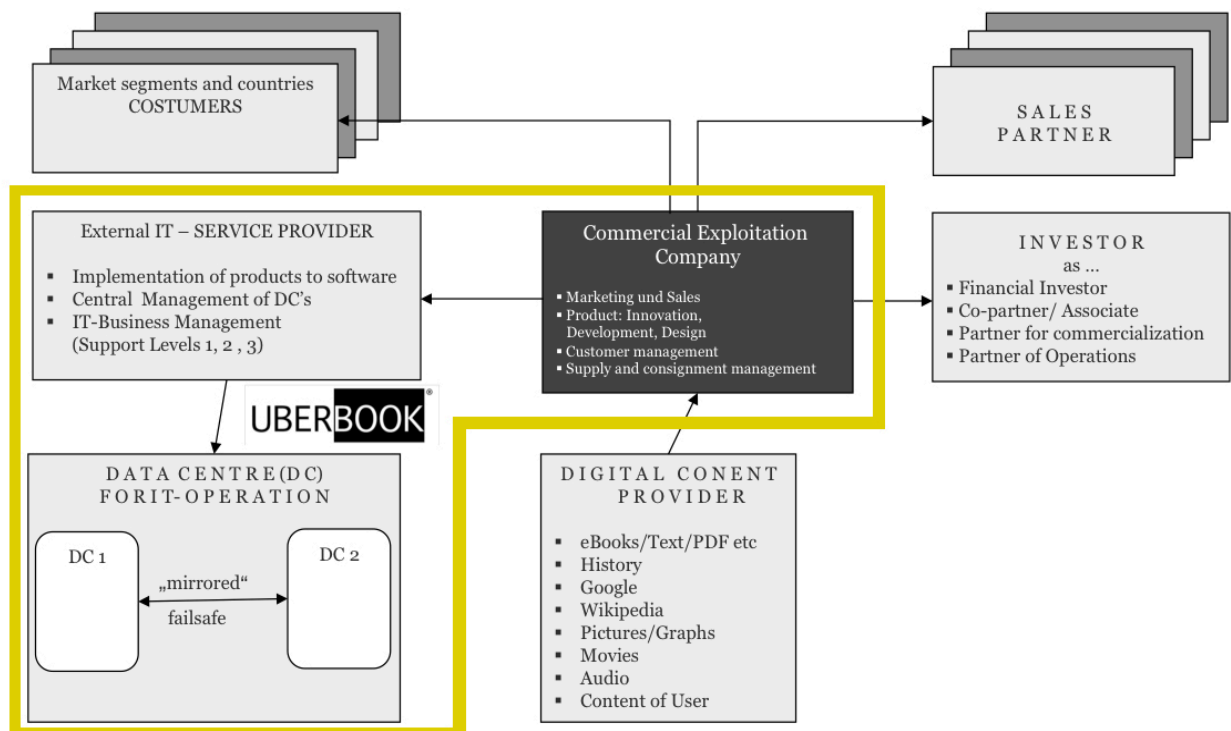
### 7.8. Inventory Management

The unique feature of the software business is that most, if not all costs, are fixed costs, and that production involves the duplication of software and does not therefore require tangibles.

The relevant inventory consists of packaging, printed documentation, and storage media (CD/DVD). However, as greater emphasis will be on digital distribution, there will be less needed than for traditional inventories.

### 7.9. Management information system

It will be important to decide which kinds of information systems are needed.

E.g. computer for programmers and designers:

- Security of code base and external access to code base

- Security of internal code base

### 7.10. Quality Control / ongoing innovative development

Code reviews

Aggressive daily testing, automated tests

Refactoring: continued evaluation and rearchitecture of code and software components. However, as the basic design will be well thought out in advance, fundamental changes to the architecture are not envisaged.

Review meetings

Back up data strategies

> Cultivation of an atmosphere in which all employees are encouraged to give constructive feedback to the development of product.

# 8. Marketing Plan and Sales Strategy

### 8.1. Market Entry Plan

Through its marketing activities, the company plans to build customer relationships and create high product recognition for Uberbook. Thereafter, through specific sales activities, we will build on the established foundation of trust and boost customer orders of the product.

Uberbook meets the following customers needs, that is to say, the customer will buy the product for the following reasons:

1. A new reading experience    Excitement, fun, play

> Reading text with multimedia and history
>
> Creative learning + workflows => better understanding

2. Efficiency          Efficient reading interface (eBook viewer)

Efficient research authoring platform

Time saving (cost reduction)

3. Freedom          Syncing to eBook devices (eBook formats)

Ease of publishing as eBook, PowerPoint, or website

No dependency on specific eReading devices

## 8.2. Distribution

Uberbook will be distributed mainly through the following sales channels:

1. The Internet
   - o Social Marketing
   - o E-commerce
   - o Advertising on eBook Platforms and everywhere eBooks are sold

## 8.3. Advertising message

**Examples:**

We change the way you read.

We change the way you learn.

We change the way you work.

"Reading was never better"

"Reading is exciting."

"This is a new world."

*Imagine, redefine, explore! * (Slogan)*

"This is a new world."

"Bring it together."

"Speed up your reading"

The advertising messages will communicate the main customer benefits.

These messages will be featured on all advertising material. The claims should draw the attention of the customer to the benefits of the product in an exciting way.

This is *"Reading is fun"* – The intention of this message is to encourage people of all ages and background to read and to educate themselves. We strongly believe that a society, which is educated about its past and present, is better positioned to handle the challenges of the future.

## 8.4. Promotion Plan

**Marketing activities:**

1. Presentation of the product on company website

- Create simple, well-structured and user-friendly website that reflects the characteristics of the product
- Create a movie demonstrating features of the software (to be posted on all social media, e-commerce channels) and make it easy to forward a link to the video
- Provide time on a limited trial version of the software for evaluation purposes and to stimulate customer appetite
- Provide very easy payment handling via credit card, PayPal etc.
- Offer direct customer support and punctually handle feedback carefully.


2. Communicating key benefits (USP) to the customer

    a) Translate benefits into an easy message (slogan)

        ▪ "Read like never before."

        ▪ "Reading is exciting." as described above.

    b) Create brand awareness through promotion of Uberbook events, such as publishers' forums, book fairs, university workshops, interviews, and media conferences

3. Build relationships and partner with key suppliers, involving them in the marketing activities. For example, get them to put up links to Uberbook on their website (win-win for both)

4. Market platform to publishers, universities, libraries and enterprises, and negotiate special deals with them.

5. Public Relations

Public relations is one of the most effective marketing techniques.

Therefore, the company will take care in order to project a positive image of a responsible corporate citizen and part of the local community. In this way, we earn acknowledgment of experts for a product that is not yet that popular.

Through press conferences and articles in influential newspapers, magazines, and websites we will reach mass readership and introduce the product and its benefits.

6. Product reviews and endorsements/recommendations:

Have influential newspapers review the product, with the intent of obtaining favorable endorsements and reaching the mass readership that each attracts.

7. We will encourage universities, schools, and other educational institutions to work with us and benefit from the excellent research capabilities of the software. As with publishers, we will offer special and attractive deals to universities in order to:

A. Introduce the platform to professors, researchers and students. Students who adapt to the platform are likely to continue using it in their private or professional work environments.

B. Make university and student research material available on the software platform, within and beyond the university environment. This of course needs to be communicated properly to universities by emphasizing the immense advertising opportunities and public relations benefit to the educational establishment.

**Sales issues:**

8. Advertising online (pay per click, Google ad words and offline: Traditional media)

> Also online banner ads (pay per click). We can also sell on portals such as Amazon. Although Amazon does not give out its customer database it allows third party sellers to sell via them.

9. Sales promotion

> We will examine the possibility of reaching a deal with Amazon and some publishers in order to give away free versions of Uberbook and establish a presence in the market.

| Marketing Budget | TOTAL | 2013 January | TOTAL | 2014 1st Quarter | TOTAL | 2015 1st Quarter | TOTAL | 2016 |
|---|---|---|---|---|---|---|---|---|
| **Professional Assistance** | | | | | | | | |
| Marketing/PR Consultants | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Advertising Agencies | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Direct Mail Specialists | $0 | $0 | $7.200 | $2.400 | $9.600 | $2.400 | $9.600 | $9.600 |
| Graphic/Web Design | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Brochures/Leaflets/Flyers** | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Signs/Billboards** | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Merchandising Displays** | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Sampling/Premiums** | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Media Advertising** | | | | | | | | |
| Print (newspaper, etc.) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Television and Radio | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Online | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Other Media | $9.000 | $0 | $20.000 | $7.000 | $28.000 | $7.000 | $28.000 | $28.000 |
| **Phone Directories** | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Advertising Specialties** | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Direct Mail** | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Website** | | | | | | | | |
| Development/Programming | $7.650 | $850 | $10.200 | $2.550 | $10.200 | $2.550 | $10.200 | $10.200 |
| Maintenance and Hosting | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Trade Shows** | | | | | | | | |
| Fees and Setup | $4.000 | $500 | $6.000 | $1.500 | $6.000 | $1.500 | $6.000 | $6.000 |
| Travel/Shipping | $8.000 | $1.000 | $12.000 | $3.000 | $12.000 | $3.000 | $12.000 | $12.000 |
| Exhibits/Signs | $4.800 | $600 | $7.200 | $1.800 | $7.200 | $1.800 | $7.200 | $7.200 |
| **Public Relations/Materials** | $13.500 | $1.500 | $18.000 | $4.500 | $18.000 | $4.500 | $18.000 | $18.000 |
| **Informal Marketing / Networking** | | | | | | | | |
| Memberships/Meetings | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Entertainment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Other** | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **GRAND TOTAL COSTS** | $46.950 | $4.450 | $80.600 | $22.750 | $91.000 | $22.750 | $91.000 | $91.000 |

*Fig. 50 Marketing cost*

As shown in Figure 50, marketing costs are between $50,000 USD and $91,000 USD each year. Before every release of an Uberbook version, it is planned to promote the benefits with a short introduction movie of 1 minute. This movie carries emotion and introduces the features of the Uberbook product. The cost for planned movies is between $3000 USD and $9000 USD.

We also intend to send the product to our customer group via direct mailing.

Customers who leave an email address and personal data on our website will receive benefits when purchasing new products and will be updated on new Uberbook versions.

### 8.5. Pricing models

Our current pricing strategy is primarily determined by the feature list. The more features a product has, the more benefits are delivered and more time will be saved. On the other hand, more time will be needed to develop it. We will not put all the features in one product but will market different products with different features.

For simplicity reasons, we only calculate the one-time purchase. Another possible pricing model is the subscription based model.

Pricing is aligned with customer-specific and target groups:

**Mass market customer >> App version**

**Authors, publishers, eBook producer >> Professional version**

**Educational Institutions >> Institutional version**

**Companies, Enterprises in specific sectors >> Enterprise version**

1.  Market entry with App version
    **49 USD/ 34 EUR**

2.  Professional version
    according to features /per month
    **199 USD/ 139.95 EUR**

3.  Institutional version
    **429 USD/ 299.95 EUR**

4.  Enterprise version with licensing
    agreements and service support
    (individual software packages)
    **< 1499 USD/ 1299.00 EUR**



**Fig. 51** *Production order of Uberbook product*

- Our strategy is to enter the market with an App in order to quickly get customer feedback and a better idea of what customers want. This info will serve as feedback into future versions of the App and other products.
- The more advanced professional versions will be released next. This version will have more features than the App, and can be used at different price levels with different features and benefits.
- Our fourth product is targeted at enterprises, and will be customized to the companies' needs. We see in this segment the strongest revenue stream.
- Our fourth product will be targeted at the institutional sector.

**Mass market customer (readers, author) for $49 USD/ 34 EUR**

In this section, we consider the mass market and price the product in order to maximize marked market penetration for our pricing. We anticipate that the enhanced reading experience offered by the product will create a loyal customer base.

The price for the Uberbook App of $49 USD is based on the feature list and comparable offers of competitors, such as Citavi or Calibre. The product will be a trial version for 12 days, and thus every potential user is able to try out the product for free and gain user experience and a taste of its benefits.

**Publishers, eBook producers for 199 USD/ 139.95 EUR**

We intend to offer publishers special price packages as an incentive to use the software platform or to offer their books for sale on the platform. We expect publishers to be increasingly open to partner with Uberbook as the platform increasingly gains recognition. Because more features are provided in this Uberbook version, the price will be accordingly aligned. This price reflects a high quality product with many features and benefits.

**Educational Institutions for 429 USD/ 299.95 EUR**

This product has more features and will represent the full-version of Uberbook with a complete feature list.

**Companies, Enterprises in specific sectors for < 1499 USD/ 1299.00 EUR**

We will set a minimum price at $1499 USD.

Because the market leader in the industry will have most likely created a price expectation in the minds of the marketplace, we will price our products comparably with those of our competitors.

# 9. Organizational Plan

## 9.1. Key Employees and costs

The key employees are management and developers. Because the team is relatively small, everyone plays an important role.

| Staffing Budget | February | March | May | October | TOTAL | 2013 January | June | TOTAL | 2014 1st Quarter | 4th Quarter | TOTAL | 2015 1st Quarter | TOTAL | 2016 TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Management** | | | | | | | | | | | | | | |
| # Employees | 2,00 | 2,00 | 2,00 | 2,00 | | 2,00 | 2,00 | | 2,00 | 2,00 | | 2,00 | | 2,00 |
| Salary/Wages | $5.000 | $5.000 | $5.000 | $5.000 | $120.000 | $5.000 | $5.000 | $120.000 | $15.000 | $20.000 | $140.000 | $20.000 | $160.000 | $200.000 |
| Benefits | $833 | $833 | $833 | $833 | $10.000 | $875 | $875 | $10.500 | $2.756 | $2.756 | $11.025 | $2.894 | $11.576 | $12.155 |
| Payroll Taxes | $1.500 | $1.500 | $1.500 | $1.500 | $18.000 | $1.500 | $1.500 | $18.000 | $4.500 | $6.000 | $21.000 | $6.000 | $24.000 | $60.000 |
| Total Costs | $12.333 | $12.333 | $12.333 | $12.333 | $148.000 | $12.375 | $12.375 | $148.500 | $37.256 | $48.756 | $172.025 | $48.894 | $195.576 | $472.155 |
| **Administrative/Support** | | | | | | | | | | | | | | |
| # Employees | 0,00 | 0,00 | 0,00 | 1,00 | | 1,00 | 1,00 | | 1,00 | 1,00 | | 1,00 | | 1,00 |
| Salary/Wages | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $2.400 | $2.400 | $9.600 | $2.600 | $10.400 | $10.764 |
| Benefits | $0 | $0 | $0 | $417 | $2.500 | $438 | $438 | $5.250 | $1.378 | $1.378 | $5.513 | $1.447 | $5.788 | $6.078 |
| Payroll Taxes | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $360 | $360 | $1.440 | $390 | $1.560 | $1.615 |
| Total Costs | $0 | $0 | $0 | $417 | $2.500 | $438 | $438 | $5.250 | $4.138 | $4.138 | $16.553 | $4.437 | $17.748 | $18.456 |
| **Sales/Marketing** | | | | | | | | | | | | | | |
| # Employees | 0,00 | 0,00 | 0,00 | 0,00 | | 1,00 | 2,00 | | 2,00 | 2,00 | | 3,00 | | 3,00 |
| Salary/Wages | $0 | $0 | $0 | $0 | $0 | $4.300 | $4.300 | $81.700 | $13.352 | $13.352 | $106.812 | $13.819 | $165.826 | $57.210 |
| Benefits | $0 | $0 | $0 | $0 | $0 | $438 | $875 | $8.313 | $2.756 | $2.756 | $11.025 | $4.341 | $17.364 | $18.233 |
| Payroll Taxes | $0 | $0 | $0 | $0 | $0 | $645 | $1.290 | $12.255 | $4.005 | $4.005 | $16.022 | $6.218 | $24.874 | $25.744 |
| Total Costs | $0 | $0 | $0 | $0 | $0 | $5.383 | $10.765 | $102.268 | $33.465 | $33.465 | $133.859 | $52.016 | $208.064 | $215.607 |
| **Operations/Production** | | | | | | | | | | | | | | |
| # Employees | 2,00 | 2,00 | 6,00 | 9,00 | | 10,00 | 10,00 | | 13,00 | 13,00 | | 13,00 | | 13,00 |
| Salary/Wages | $5.000 | $5.000 | $5.000 | $5.200 | $334.000 | $5.400 | $5.400 | $660.000 | $23.000 | $23.000 | $1.196.000 | $24.000 | $1.248.000 | $1.010.000 |
| Benefits | $833 | $833 | $2.500 | $3.750 | $27.083 | $4.375 | $4.375 | $52.500 | $17.916 | $17.916 | $71.663 | $18.811 | $75.246 | $79.008 |
| Payroll Taxes | $1.500 | $1.500 | $4.500 | $7.020 | $50.100 | $8.100 | $8.100 | $99.000 | $44.850 | $44.850 | $179.400 | $46.800 | $187.200 | $1.969.500 |
| Total Costs | $12.333 | $12.333 | $37.000 | $57.570 | $411.183 | $66.475 | $66.475 | $811.500 | $361.766 | $361.766 | $1.447.063 | $377.611 | $1.510.446 | $15.178.508 |
| **TOTAL** | | | | | | | | | | | | | | |
| # Employees | 4,00 | 4,00 | 8,00 | 12,00 | | 14,00 | 15,00 | | 18,00 | 18,00 | | 19,00 | | 19,00 |
| Salary/Wages | $20.000 | $20.000 | $40.000 | $56.800 | $454.000 | $68.300 | $72.600 | $861.700 | $358.103 | $368.103 | $1.452.412 | $396.056 | $1.584.226 | $13.712.394 |
| Benefits | $1.667 | $1.667 | $3.333 | $5.000 | $39.583 | $6.125 | $6.563 | $76.563 | $24.806 | $24.806 | $99.225 | $27.494 | $109.974 | $115.473 |
| Payroll Taxes | $3.000 | $3.000 | $6.000 | $8.520 | $68.100 | $10.245 | $10.890 | $129.255 | $53.715 | $55.215 | $217.862 | $59.408 | $237.634 | $2.056.859 |
| GRAND TOTAL COSTS | $24.667 | $24.667 | $49.333 | $70.320 | $561.683 | $84.670 | $90.053 | $1.067.518 | $436.625 | $448.125 | $1.769.499 | $482.958 | $1.931.834 | $15.884.726 |

**Fig. 53** *Staffing Budget*

## Personnel plan Uberbook production

| Year | 2012 | | | | | | | | | | | | 2013 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Month | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Management | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Administrative | | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sales/Marketing | | | | | | | | | | | | | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Operation/Production | 2 | 2 | 2 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| **TOTAL** | 4 | 4 | 4 | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 17 | 17 | 17 | 17 | 17 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |

**Fig. 53** *Staffing Budget*

# 10. Community Involvements and Social Responsibility

## 10.1. Social Responsibility Goals

The overall goal of Uberbook is to increase the number of self-students and the overall educational level. Especially in the US and Germany, there has been a decline in general knowledge. Human beings are either very educated (university students) or very uneducated (no university attended). This means that high school alone is not enough to shape a decent general knowledge.

The founders of Uberbook believe that education helps to make good decisions and to increase the understanding of people and their communication.

Our intent is to encourage people of all ages and backgrounds to read and to educate themselves. We strongly believe that a society which is educated about its past and present has a different outlook towards the future.

### 10.2. Company Policies

Sustainable growth and value enhancement

Christian value system to honor and respect our employees, suppliers, and customers.

Growth potential for employees by learning and studying new job areas and functions

### 10.3. Community Activities

EReading events, quizzes, games in schools and universities

The community activities will always have a practical approach towards learning and reading, but will focus on the fun part.

# 11. Financial Plan

### 11.1. Sales performance for the first three years

Assumptions are based on the growth rate of the industry, the eBook market, and the eReader, as well as the growth rate of software in general.

Sales of the App will start after production and testing of the product advertising.

In the first year, we will target publishers and universities, while making the free App available on the App Store.

We will start by selling the App with six features of Uberbook and expecting a humble sales number of 70 units in the first month, increasing between October and December 2012 to 248 units. Thus, our Net sales in the first year are $9,005 USD. With a growth rate of 28%, the sales number will increase to $337,984 USD (9617 units). In the third year, we expect to sell 86,517 units, resulting in $2,840,353 USD net sales. In 2015, sales will increase to 416,833 Units (13,684,627 million USD net sales) and in 2016, total units sold will 832,000 units ($36,487,360 million USD net sales).

With this conservative scenario, we are reaching about 10% of our target group of around 8 million eReaders with our first product.

The full-version products will be released in the second year of operation.

With the introduction of the App-version, we also seek to prepare the market for the following products. Thus the initial market response will higher. Uberbook professional will sell with a minimum of 200 units in the first month of its release summing up to 1623 units in 2013, generating $432,292 USD net sales.

With a growth rate of 28%, Uberbook professional will sell in 2014 with 57,623 units, net sales at $9,842,800 million USD.

The following year, unit sales grow to 1,114,596, generating $180,411,810 million USD net sales.

| Sales Projections | Assumptions | | 2012 January | 2012 October | 2012 TOTAL | 2013 January | 2013 TOTAL | 2014 1st Quarter | 2014 TOTAL | 2015 1st Quarter | 2015 TOTAL | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Uberbook App 49 USD** | | | | | | | | | | | | |
| Unit Volume | | 28,0% | 0 | 70 | 274 | 147 | 9617 | 10912 | 86517 | 52574 | 416833 | 832000 |
| Unit Price | | | $0 | $49 | | $49 | | $49 | | $49 | | $49 |
| Gross Sales | | | $0 | $3.430 | $13.440 | $7.193 | $471.229 | $534.688 | $4.239.333 | $2.576.126 | $20.424.817 | $40.768.000 |
| (App Store Commission 30%) | 30% | 15% | $0 | $1.029 | $4.032 | $324 | $119.108 | $160.406 | $1.271.800 | $772.838 | $6.127.445 | $1.834.560 |
| (Returns and Allowances) | | 3% | $0 | $103 | $403 | $216 | $14.137 | $16.041 | $127.180 | $77.284 | $612.745 | $1.223.040 |
| **Net Sales** | | | $0 | $2.298 | $9.005 | $6.654 | $337.984 | $358.241 | $2.840.353 | $1.726.004 | $13.684.627 | $37.710.400 |
| (Cost of Goods Sold) | | 50% | $0 | $1.715 | $6.720 | $3.597 | $235.614 | $267.344 | $2.119.667 | $1.288.063 | $10.212.409 | $20.384.000 |
| **GROSS PROFIT** | | | $0 | $583 | $2.285 | $3.057 | $102.369 | $90.897 | $720.687 | $437.941 | $3.472.219 | $17.326.400 |
| **Uberbook Professional 199 USD** | | | | | | | | | | | | |
| Unit Volume | | 28,0% | 0 | 0 | 0 | 0 | 2427 | 3447 | 57623 | 66668 | 1114596 | 21559416 |
| Unit Price | | | $0 | $0 | | $0 | | $199 | | $189 | | $179 |
| Gross Sales | | | $0 | $0 | $0 | $0 | $483.008 | $685.886 | $10.997.542 | $12.600.275 | $201.577.442 | $3.859.135.486 |
| (Commissions) | 50% | 15% | $0 | $0 | $0 | $0 | $36.226 | $51.441 | $824.816 | $945.021 | $15.118.308 | $289.435.161 |
| (Returns and Allowances) | | 3% | $0 | $0 | $0 | $0 | $14.490 | $20.577 | $329.926 | $378.008 | $6.047.323 | $115.774.065 |
| **Net Sales** | | | $0 | $0 | $0 | $0 | $432.292 | $613.868 | $9.842.800 | $11.277.246 | $180.411.810 | $3.453.926.260 |
| (Cost of Goods Sold) | | 50% | $0 | $0 | $0 | $0 | $241.504 | $342.943 | $5.498.771 | $6.300.137 | $100.788.721 | $1.929.567.743 |
| **GROSS PROFIT** | | | $0 | $0 | $0 | $0 | $190.788 | $270.925 | $4.344.029 | $4.977.109 | $79.623.089 | $1.524.358.517 |
| **Uberbook Institutional 425 USD** | | | | | | | | | | | | |
| Unit Volume | | 28,0% | 0 | 0 | 0 | 0 | 666 | 1397 | 23355 | 27021 | 451759 | 8738281 |
| Unit Price | | | $0 | $0 | | $0 | | $429 | | $429 | | $429 |
| Gross Sales | | | $0 | $0 | $0 | $0 | $285.769 | $599.301 | $10.019.453 | $11.592.164 | $193.804.416 | $3.748.722.596 |
| (Commissions) | 50% | 15% | $0 | $0 | $0 | $0 | $21.433 | $44.948 | $751.459 | $869.412 | $14.535.331 | $281.154.195 |
| (Returns and Allowances) | | 3% | $0 | $0 | $0 | $0 | $8.573 | $17.979 | $300.584 | $347.765 | $5.814.132 | $112.461.678 |
| **Net Sales** | | | $0 | $0 | $0 | $0 | $255.763 | $536.374 | $8.967.411 | $10.374.987 | $173.454.952 | $3.355.106.723 |
| (Cost of Goods Sold) | | 50% | $0 | $0 | $0 | $0 | $142.884 | $299.650 | $5.009.727 | $5.796.082 | $96.902.208 | $1.874.361.298 |
| **GROSS PROFIT** | | | $0 | $0 | $0 | $0 | $112.879 | $236.724 | $3.957.684 | $4.578.905 | $76.552.744 | $1.480.745.425 |
| **Uberbook Enterprise 1499 USD** | | | | | | | | | | | | |
| Unit Volume | | 28,0% | 0 | 0 | 0 | 0 | 1 | 5 | 84 | 97 | 1622 | 31373 |
| Unit Price | | | $0 | $0 | | $0 | | $1.499 | | $1.499 | | $1.499 |
| Gross Sales | | | $0 | $0 | $0 | $0 | $1.499 | $7.518 | $125.695 | $145.425 | $2.431.303 | $47.028.246 |
| (Commissions) | 50% | 15% | $0 | $0 | $0 | $0 | $112 | $564 | $9.427 | $10.907 | $182.348 | $3.527.118 |
| (Returns and Allowances) | | 3% | $0 | $0 | $0 | $0 | $45 | $226 | $3.771 | $4.363 | $72.939 | $1.410.847 |
| **Net Sales** | | | $0 | $0 | $0 | $0 | $1.342 | $6.729 | $112.497 | $130.156 | $2.176.016 | $42.090.280 |
| (Cost of Goods Sold) | | 50% | $0 | $0 | $0 | $0 | $750 | $3.759 | $62.848 | $72.713 | $1.215.652 | $23.514.123 |
| **GROSS PROFIT** | | | $0 | $0 | $0 | $0 | $592 | $2.970 | $49.650 | $57.443 | $960.365 | $18.576.157 |

**Fig. 54** *Sales Projection of Uberbook Software Products from 2012-2016*

Uberbook Institutional will be released three months later, and we expect initial market response of 170 units in the first month and total Sales of $255,763 USD. The next year $8,967,411 USD, in 2015 $173,454,952 million USD and in 2015 net sales will be in Total $18,298.962 million USD.

The customized Uberbook Enterprise version will sell with 1 unit in the first year and net sales of 1342 USD. The unit numbers will grow to 84 units in 2014 ($112,497 USD), 1622 units in 2015 ($2,176,016 USD) and 31373 units in 2016 ($42,090,280 USD).
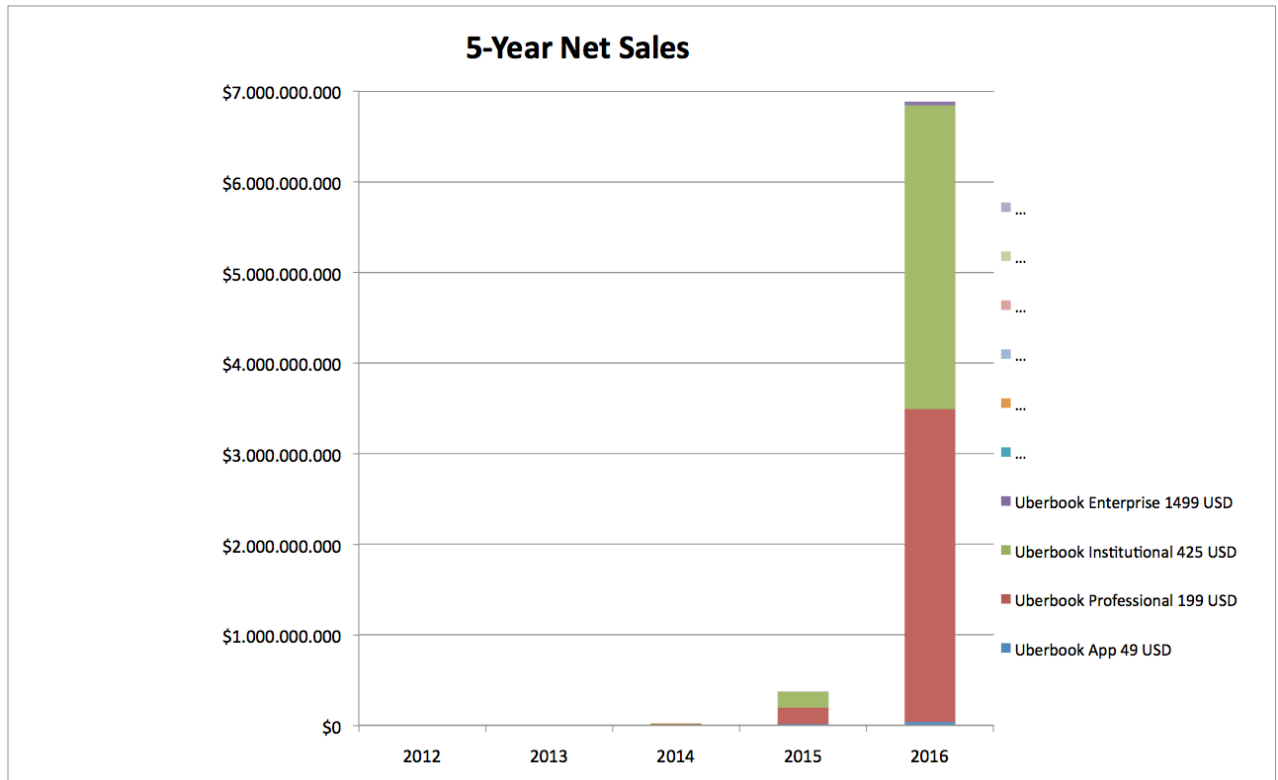
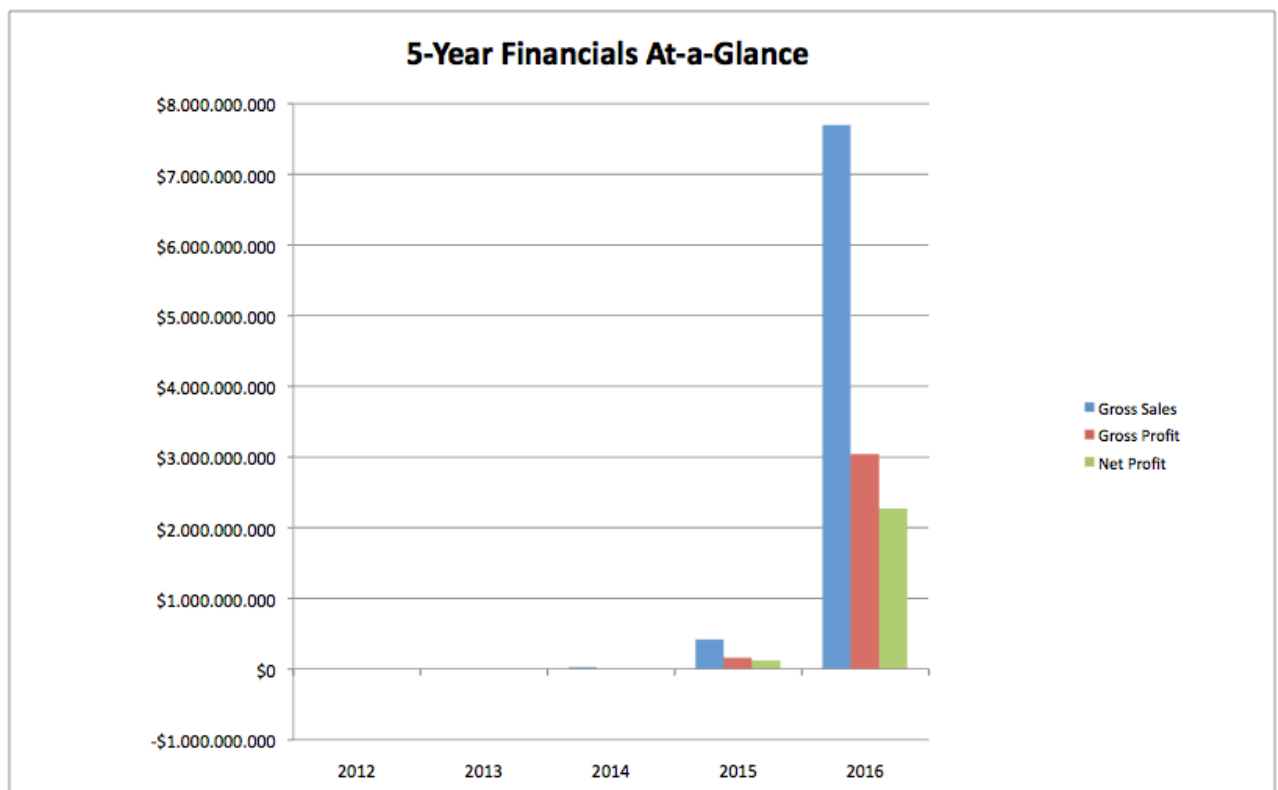*Fig. 55* *5-Year Net Sales of Uberbook Software Products from 2012-2016*



*Fig. 56* *5-Year Financials At-a-Glance of Uberbook Software Products from 2012-2016*

## 11.2. Plans of revenue and cost: Pro forma Income Statement

| Income Statements | January | February | March | April | May | June | July | August | September | October | November | December | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INCOME** | | | | | | | | | | | | | |
| Gross Sales | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $3.430 | $4.390 | $5.620 | **$13.440** |
| (Commissions) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $1.029 | $1.317 | $1.686 | **$4.032** |
| (Returns and allowances) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $103 | $132 | $169 | **$403** |
| **Net Sales** | $1 | $1 | $0 | $0 | $1 | $0 | $1 | $0 | $0 | $2.298 | $2.942 | $3.765 | **$9.005** |
| (Cost of Goods) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $1.715 | $2.195 | $2.810 | **$6.720** |
| **GROSS PROFIT** | $1 | $1 | $0 | $0 | $1 | $0 | $1 | $0 | $0 | $583 | $746 | $955 | **$2.285** |
| | | | | | | | | | | | | | |
| **EXPENSES - General and Administrative** | | | | | | | | | | | | | |
| Salaries and wages | $20.000 | $20.000 | $20.000 | $20.000 | $40.000 | $40.000 | $41.200 | $41.200 | $41.200 | $56.800 | $56.800 | $56.800 | $454.000 |
| Employee benefits | $1.667 | $1.667 | $1.667 | $1.667 | $3.333 | $3.333 | $3.750 | $3.750 | $3.750 | $5.000 | $5.000 | $5.000 | $39.583 |
| Payroll taxes | $3.000 | $3.000 | $3.000 | $3.000 | $6.000 | $6.000 | $6.180 | $6.180 | $6.180 | $8.520 | $8.520 | $8.520 | $68.100 |
| Professional services | $4.825 | $4.825 | $4.825 | $4.825 | $4.825 | $4.825 | $4.825 | $4.825 | $4.825 | $4.825 | $4.825 | $4.825 | $57.900 |
| Marketing and advertising | $0 | $0 | $0 | $2.350 | $4.450 | $7.450 | $7.450 | $7.450 | $4.450 | $4.450 | $4.450 | $4.450 | $46.950 |
| Rent | $1.900 | $1.900 | $1.900 | $1.900 | $1.900 | $1.900 | $1.900 | $1.900 | $1.900 | $1.900 | $1.900 | $1.900 | $22.800 |
| Equipment rental | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $2.400 |
| Maintenance | $240 | $240 | $240 | $240 | $240 | $240 | $240 | $240 | $240 | $240 | $240 | $240 | $2.880 |
| Depreciation | $413 | $413 | $413 | $770 | $770 | $770 | $770 | $770 | $770 | $770 | $770 | $770 | $8.169 |
| Insurance | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $1.440 |
| Telephone service | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $720 |
| Utilities | $250 | $250 | $250 | $250 | $250 | $250 | $250 | $250 | $250 | $250 | $250 | $250 | $3.000 |
| Office supplies | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $1.440 |
| Postage and shipping | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $120 | $1.440 |
| Travel | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $1.800 |
| Entertainment | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $60 | $720 |
| Interest on loans | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| . | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Other (change title here) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **TOTAL EXPENSES** | $33.125 | $33.125 | $33.125 | $35.832 | $62.598 | $65.598 | $67.395 | $67.395 | $64.395 | $83.585 | $83.585 | $83.585 | $713.343 |
| Net income before taxes | -$33.124 | -$33.124 | -$33.125 | -$35.832 | -$62.597 | -$65.598 | -$67.394 | -$67.395 | -$64.395 | -$83.002 | -$82.839 | -$82.630 | -$711.058 |
| Provision for taxes on income | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **NET PROFIT** | -$33.124 | -$33.124 | -$33.125 | -$35.832 | -$62.597 | -$65.598 | -$67.394 | -$67.395 | -$64.395 | -$83.002 | -$82.839 | -$82.630 | **-$711.058** |

**Fig. 58** *Income Statement of first year 2012*

| Income Statements | 2012 | | 2013 | | 2014 | | 2015 | | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| | January | TOTAL | January | TOTAL | 1st Quarter | TOTAL | 1st Quarter | TOTAL | |
| (Returns and allowances) | $0 | $403 | $216 | $37.245 | $54.822 | $761.461 | $807.420 | $12.547.139 | $230.869.630 |
| **Net Sales** | $1 | $9.005 | $6.654 | $1.027.381 | $1.515.212 | $21.763.061 | $23.508.393 | $369.727.406 | $6.888.833.664 |
| (Cost of Goods) | $0 | $6.720 | $3.597 | $620.752 | $913.696 | $12.691.012 | $13.456.995 | $209.118.989 | $3.847.827.164 |
| **GROSS PROFIT** | $1 | $2.285 | $3.057 | $406.628 | $601.515 | $9.072.049 | $10.051.398 | $160.608.417 | $3.041.006.500 |
| | | | | | | | | | |
| **EXPENSES - General and Administrative** | | | | | | | | | |
| Salaries and wages | $20.000 | $454.000 | $68.300 | $861.700 | $358.103 | $1.452.412 | $396.056 | $1.584.226 | $13.712.394 |
| Employee benefits | $1.667 | $39.583 | $6.125 | $76.563 | $24.806 | $99.225 | $27.494 | $109.974 | $115.473 |
| Payroll taxes | $3.000 | $68.100 | $10.245 | $129.255 | $53.715 | $217.862 | $59.408 | $237.634 | $2.056.859 |
| Professional services | $4.825 | $57.900 | $2.658 | $31.900 | $6.975 | $27.900 | $6.975 | $27.900 | $21.900 |
| Marketing and advertising | $0 | $46.950 | $4.450 | $80.600 | $22.750 | $91.000 | $22.750 | $91.000 | $91.000 |
| Rent | $1.900 | $22.800 | $1.900 | $22.800 | $5.700 | $22.800 | $5.700 | $22.800 | $22.800 |
| Equipment rental | $200 | $2.400 | $200 | $2.400 | $600 | $2.400 | $600 | $2.400 | $2.400 |
| Maintenance | $240 | $2.880 | $240 | $2.880 | $720 | $2.880 | $720 | $2.880 | $2.880 |
| Depreciation | $413 | $8.169 | $770 | $9.239 | $1.995 | $7.939 | $1.212 | $2.350 | $848 |
| Insurance | $120 | $1.440 | $120 | $1.440 | $360 | $1.440 | $360 | $1.440 | $1.440 |
| Telephone service | $60 | $720 | $60 | $720 | $180 | $720 | $180 | $720 | $720 |
| Utilities | $250 | $3.000 | $250 | $3.000 | $750 | $3.000 | $750 | $3.000 | $3.000 |
| Office supplies | $120 | $1.440 | $120 | $1.440 | $360 | $1.440 | $360 | $1.440 | $1.440 |
| Postage and shipping | $120 | $1.440 | $120 | $1.440 | $360 | $1.440 | $360 | $1.440 | $1.440 |
| Travel | $150 | $1.800 | $150 | $1.800 | $450 | $1.800 | $450 | $1.800 | $1.800 |
| Entertainment | $60 | $720 | $60 | $720 | $180 | $720 | $180 | $720 | $720 |
| Interest on loans | $0 | $0 | $2.083 | $21.402 | $4.100 | $13.297 | $2.010 | $4.777 | $0 |
| . | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Other (change title here) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **TOTAL EXPENSES** | $33.125 | $713.343 | $97.852 | $1.249.298 | $482.104 | $1.948.275 | $525.565 | $2.096.501 | $16.037.113 |
| Net income before taxes | -$33.124 | -$711.058 | -$94.794 | -$842.670 | $119.411 | $7.123.775 | $9.525.833 | $158.511.916 | $3.024.969.386 |
| Provision for taxes on income | $0 | $0 | $0 | $0 | $29.853 | $1.780.944 | $2.381.458 | $39.627.979 | $756.242.347 |
| **NET PROFIT** | -$33.124 | **-$711.058** | -$94.794 | **-$842.670** | $89.558 | **$5.342.831** | $7.144.374 | **$118.883.937** | **$2.268.727.040** |

**Fig. 59** *Income Statements of 2012-2016*

## 11.3. Cash flow projections

| Cash Flow | 2012 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | January | February | March | April | May | June | July | August | September | October | November | December | TOTAL |
| **CASH RECEIPTS** | | | | | | | | | | | | | |
| **Income from Sales** | | | | | | | | | | | | | |
| Cash Sales | $0 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $3.087 | $3.951 | $5.058 | $12.104 |
| Collections | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $343 | $439 | $782 |
| Total Cash from Sales | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $3.087 | $4.294 | $5.497 | $12.887 |
| **Income from Financing** | | | | | | | | | | | | | |
| Interest Income | $0 | $281 | $254 | $126 | $75 | $21 | $240 | $185 | $132 | $190 | $123 | $57 | $1.683 |
| Loan Proceeds | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Capital Investments | $420.000 | $0 | $0 | $0 | $0 | $330.000 | $0 | $0 | $150.000 | $0 | $0 | $0 | $900.000 |
| Total Cash from Financing | $420.000 | $281 | $254 | $126 | $75 | $330.021 | $240 | $185 | $150.132 | $190 | $123 | $57 | $901.683 |
| Other Cash Receipts | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| TOTAL CASH RECEIPTS | $420.001 | $282 | $255 | $127 | $76 | $330.022 | $241 | $186 | $150.133 | $3.277 | $4.418 | $5.554 | $914.570 |
| | | | | | | | | | | | | | |
| **CASH DISBURSEMENTS** | | | | | | | | | | | | | |
| Inventory | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Operating Expenses | $32.712 | $32.712 | $32.712 | $35.062 | $61.828 | $64.828 | $66.625 | $66.625 | $63.625 | $82.815 | $82.815 | $82.815 | $705.173 |
| Commissions/Returns & Allowances | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $1.132 | $1.449 | $1.855 | $4.435 |
| Capital Purchases | $22.748 | $0 | $0 | $118.318 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $141.066 |
| Loan Payments | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Income Tax Payments | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Dividend Payments | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Owner's Draw | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| TOTAL CASH DISBURSEMENTS | $55.460 | $32.712 | $32.712 | $153.380 | $61.828 | $64.828 | $66.625 | $66.625 | $63.625 | $83.947 | $84.264 | $84.670 | $850.675 |
| | | | | | | | | | | | | | |
| **NET CASH FLOW** | $364.541 | -$32.430 | -$32.457 | -$153.253 | -$61.753 | $265.193 | -$66.384 | -$66.439 | $86.508 | -$80.670 | -$79.846 | -$79.115 | $63.896 |
| | | | | | | | | | | | | | |
| Opening Cash Balance | $5.000 | $369.541 | $337.111 | $304.654 | $151.402 | $89.649 | $354.842 | $288.459 | $222.019 | $308.527 | $227.857 | $148.011 | |
| Cash Receipts | $420.001 | $282 | $255 | $127 | $76 | $330.022 | $241 | $186 | $150.133 | $3.277 | $4.418 | $5.554 | |
| Cash Disbursements | $55.460 | $32.712 | $32.712 | $153.380 | $61.828 | $64.828 | $66.625 | $66.625 | $63.625 | $83.947 | $84.264 | $84.670 | |
| **ENDING CASH BALANCE** | $369.541 | $337.111 | $304.654 | $151.402 | $89.649 | $354.842 | $288.459 | $222.019 | $308.527 | $227.857 | $148.011 | $68.896 | $68.896 |

*Fig. 60* Cash flow of first year 2012

| Cash Flow | | 2013 | | 2014 | | 2015 | | 2016 |
|---|---|---|---|---|---|---|---|---|
| | TOTAL | January | TOTAL | 1st Quarter | TOTAL | 1st Quarter | TOTAL | |
| **Income from Sales** | | | | | | | | |
| Cash Sales | $12.104 | $6.474 | $1.117.354 | $1.644.653 | $22.843.821 | $24.222.591 | $376.414.180 | $6.926.088.895 |
| Collections | $782 | $562 | $88.068 | $158.470 | $2.130.046 | $2.239.066 | $34.711.744 | $712.991.834 |
| Total Cash from Sales | $12.887 | $7.036 | $1.205.423 | $1.803.124 | $24.973.867 | $26.461.658 | $411.125.924 | $7.639.080.729 |
| **Income from Financing** | | | | | | | | |
| Interest Income | $1.683 | $388 | $2.111 | $3.834 | $85.818 | $105.920 | $1.741.218 | $71.980.606 |
| Loan Proceeds | $0 | $500.000 | $500.000 | $0 | $0 | $0 | $0 | $0 |
| Equity Capital Investments | $900.000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Cash from Financing | $901.683 | $500.388 | $902.111 | $3.834 | $85.818 | $105.920 | $1.741.218 | $71.980.606 |
| Other Cash Receipts | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| TOTAL CASH RECEIPTS | $914.570 | $507.424 | $2.107.534 | $1.806.958 | $25.059.686 | $26.567.578 | $412.867.142 | $7.711.061.335 |
| | | | | | | | | |
| **CASH DISBURSEMENTS** | | | | | | | | |
| Inventory | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Operating Expenses | $705.173 | $94.998 | $1.218.658 | $476.010 | $1.927.039 | $522.343 | $2.089.374 | $16.036.266 |
| Commissions/Returns & Allowances | $4.435 | $539 | $214.124 | $312.181 | $3.618.962 | $3.405.597 | $48.510.571 | $806.820.664 |
| Capital Purchases | $141.066 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Loan Payments | $0 | $14.985 | $179.825 | $44.956 | $179.825 | $44.956 | $179.825 | $0 |
| Income Tax Payments | $0 | $0 | $0 | $0 | $0 | $18.537 | $74.148 | $74.148 |
| Investor Dividend Payments | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Owner's Draw | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| TOTAL CASH DISBURSEMENTS | $850.675 | $110.523 | $1.612.607 | $833.147 | $5.725.827 | $3.991.434 | $50.853.919 | $822.931.078 |
| | | | | | | | | |
| **NET CASH FLOW** | $63.896 | $396.900 | $494.927 | $973.811 | $19.333.859 | $22.576.143 | $362.013.223 | $6.888.130.257 |
| | | | | | | | | |
| Opening Cash Balance | | $68.896 | | $563.823 | | $19.897.682 | | $381.910.905 |
| Cash Receipts | | $507.424 | | $1.806.958 | | $26.567.578 | | $7.711.061.335 |
| Cash Disbursements | | $110.523 | | $833.147 | | $3.991.434 | | $822.931.078 |
| **ENDING CASH BALANCE** | $68.896 | $465.796 | $563.823 | $1.537.634 | $19.897.682 | $42.473.825 | $381.910.905 | $7.270.041.162 |

*Fig. 61* Cash flow 2012-2016

## 11.4. Pro forma balance sheet

**Balance Sheet**

**Uberbook**
First Quarter
2012

| ASSETS | | |
|---|---|---|
| **Current Assets** | | |
| Cash | $304.654 | |
| Accounts Receivable | -$2 | |
| Inventory | $0 | |
| Other Current Assets | $0 | |
| **Total Current Assets** | | $304.652 |
| **Fixed Assets** | | |
| Land | $0 | |
| Facilities | $4.461 | |
| Equipment | $0 | |
| Computers & Telecommunications | $18.287 | |
| (Less Accumlated Depreciation) | $1.240 | |
| **Total Fixed Assets** | | $21.508 |
| **Other Assets** | | $0 |
| **TOTAL ASSETS** | | $326.160 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Short-Term Notes Payable | $0 | |
| Income Taxes Due | $0 | |
| Other Current Liabilities | $0 | |
| **Total Current Liabilities** | | $0 |
| **Long-Term Liabilities** | | |
| Long-Term Notes Payable | $0 | |
| Other Long-Term Liabilities | $0 | |
| **Total Long-Term Liabilities** | | $0 |
| **NET WORTH** | | |
| Paid-In Capital | $425.000 | |
| Retained Earnings | -$98.840 | |
| **Total Net Worth** | | $326.160 |
| **TOTAL LIABILITIES AND NET WORTH** | | $326.160 |

*Fig. 62* Balance Sheet First quarter 2012

**Balance Sheet**

**Uberbook**
Second Quarter
2012

| ASSETS | | |
|---|---|---|
| **Current Assets** | | |
| Cash | $354.842 | |
| Accounts Receivable | -$5 | |
| Inventory | $0 | |
| Other Current Assets | $0 | |
| **Total Current Assets** | | $354.837 |
| **Fixed Assets** | | |
| Land | $0 | |
| Facilities | $18.761 | |
| Equipment | $28.950 | |
| Computers & Telecommunications | $93.355 | |
| (Less Accumlated Depreciation) | $3.550 | |
| **Total Fixed Assets** | | $137.516 |
| **Other Assets** | | $0 |
| **TOTAL ASSETS** | | $492.353 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Short-Term Notes Payable | $0 | |
| Income Taxes Due | $0 | |
| Other Current Liabilities | $0 | |
| **Total Current Liabilities** | | $0 |
| **Long-Term Liabilities** | | |
| Long-Term Notes Payable | $0 | |
| Other Long-Term Liabilities | $0 | |
| **Total Long-Term Liabilities** | | $0 |
| **NET WORTH** | | |
| Paid-In Capital | $755.000 | |
| Retained Earnings | -$262.647 | |
| **Total Net Worth** | | $492.353 |
| **TOTAL LIABILITIES AND NET WORTH** | | $492.353 |

*Fig. 63* Balance Sheet First fourth 2012

**Balance Sheet**

**Uberbook**
Third Quarter
2012

| ASSETS | | |
|---|---|---|
| **Current Assets** | | |
| Cash | $308.527 | |
| Accounts Receivable | -$8 | |
| Inventory | $0 | |
| Other Current Assets | $0 | |
| **Total Current Assets** | | $308.519 |
| **Fixed Assets** | | |
| Land | $0 | |
| Facilities | $18.761 | |
| Equipment | $28.950 | |
| Computers & Telecommunications | $93.355 | |
| (Less Accumlated Depreciation) | $5.860 | |
| **Total Fixed Assets** | | $135.206 |
| **Other Assets** | | $0 |
| **TOTAL ASSETS** | | $443.726 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Short-Term Notes Payable | $0 | |
| Income Taxes Due | $0 | |
| Other Current Liabilities | $0 | |
| **Total Current Liabilities** | | $0 |
| **Long-Term Liabilities** | | |
| Long-Term Notes Payable | $0 | |
| Other Long-Term Liabilities | $0 | |
| **Total Long-Term Liabilities** | | $0 |
| **NET WORTH** | | |
| Paid-In Capital | $905.000 | |
| Retained Earnings | -$461.274 | |
| **Total Net Worth** | | $443.726 |
| **TOTAL LIABILITIES AND NET WORTH** | | $443.726 |

*Fig. 62* Balance Sheet First quarter 2012

**Balance Sheet**

**Uberbook**
Fourth Quarter
2012

| ASSETS | | |
|---|---|---|
| **Current Assets** | | |
| Cash | $68.896 | |
| Accounts Receivable | $554 | |
| Inventory | -$6.720 | |
| Other Current Assets | $0 | |
| **Total Current Assets** | | $62.730 |
| **Fixed Assets** | | |
| Land | $0 | |
| Facilities | $18.761 | |
| Equipment | $28.950 | |
| Computers & Telecommunications | $93.355 | |
| (Less Accumlated Depreciation) | $8.169 | |
| **Total Fixed Assets** | | $132.897 |
| **Other Assets** | | $0 |
| **TOTAL ASSETS** | | $195.626 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Short-Term Notes Payable | $0 | |
| Income Taxes Due | $0 | |
| Other Current Liabilities | $0 | |
| **Total Current Liabilities** | | $0 |
| **Long-Term Liabilities** | | |
| Long-Term Notes Payable | $0 | |
| Other Long-Term Liabilities | $0 | |
| **Total Long-Term Liabilities** | | $0 |
| **NET WORTH** | | |
| Paid-In Capital | $905.000 | |
| Retained Earnings | -$709.374 | |
| **Total Net Worth** | | $195.626 |
| **TOTAL LIABILITIES AND NET WORTH** | | $195.626 |

*Fig. 63* Balance Sheet First fourth 2012

## Balance Sheet

**Uberbook**
2013

| | | |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash | $563.823 | |
| Accounts Receivable | $36.636 | |
| Inventory | -$627.472 | |
| Other Current Assets | $0 | |
| **Total Current Assets** | | -$27.014 |
| | | |
| **Fixed Assets** | | |
| Land | $0 | |
| Facilities | $18.761 | |
| Equipment | $28.950 | |
| Computers & Telecommunications | $93.355 | |
| (Less Accumlated Depreciation) | $17.408 | |
| **Total Fixed Assets** | | $123.658 |
| **Other Assets** | $0 | |
| **TOTAL ASSETS** | | $96.644 |
| | | |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Short-Term Notes Payable | $166.528 | |
| Income Taxes Due | $0 | |
| Other Current Liabilities | $0 | |
| **Total Current Liabilities** | | $166.528 |
| | | |
| **Long-Term Liabilities** | | |
| Long-Term Notes Payable | $175.048 | |
| Other Long-Term Liabilities | $0 | |
| **Total Long-Term Liabilities** | | $175.048 |
| | | |
| **NET WORTH** | | |
| Paid-In Capital | $905.000 | |
| Retained Earnings | -$1.149.932 | |
| **Total Net Worth** | | -$244.932 |
| **TOTAL LIABILITIES AND NET WORTH** | | $96.644 |

**Fig. 64** *Balance Sheet 2013*

## Balance Sheet

**Uberbook**
2014

| | | |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash | $19.897.682 | |
| Accounts Receivable | $444.792 | |
| Inventory | -$13.318.484 | |
| Other Current Assets | $0 | |
| **Total Current Assets** | | $7.023.990 |
| | | |
| **Fixed Assets** | | |
| Land | $0 | |
| Facilities | $18.761 | |
| Equipment | $28.950 | |
| Computers & Telecommunications | $93.355 | |
| (Less Accumlated Depreciation) | $25.347 | |
| **Total Fixed Assets** | | $115.719 |
| **Other Assets** | $0 | |
| **TOTAL ASSETS** | | $7.139.709 |
| | | |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Short-Term Notes Payable | $175.048 | |
| Income Taxes Due | $1.780.944 | |
| Other Current Liabilities | $0 | |
| **Total Current Liabilities** | | $1.955.992 |
| | | |
| **Long-Term Liabilities** | | |
| Long-Term Notes Payable | $0 | |
| Other Long-Term Liabilities | $0 | |
| **Total Long-Term Liabilities** | | $0 |
| | | |
| **NET WORTH** | | |
| Paid-In Capital | $905.000 | |
| Retained Earnings | $4.278.717 | |
| **Total Net Worth** | | $5.183.717 |
| **TOTAL LIABILITIES AND NET WORTH** | | $7.139.709 |

**Fig. 65** *Balance Sheet 2014*

## Balance Sheet

**Uberbook**
2015

| | | |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash | $381.910.905 | |
| Accounts Receivable | $7.556.846 | |
| Inventory | -$222.437.473 | |
| Other Current Assets | $0 | |
| **Total Current Assets** | | $167.030.278 |
| | | |
| **Fixed Assets** | | |
| Land | $0 | |
| Facilities | $18.761 | |
| Equipment | $28.950 | |
| Computers & Telecommunications | $93.355 | |
| (Less Accumlated Depreciation) | $27.697 | |
| **Total Fixed Assets** | | $113.369 |
| **Other Assets** | $0 | |
| **TOTAL ASSETS** | | $167.143.647 |
| | | |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Short-Term Notes Payable | $0 | |
| Income Taxes Due | $41.334.775 | |
| Other Current Liabilities | $0 | |
| **Total Current Liabilities** | | $41.334.775 |
| | | |
| **Long-Term Liabilities** | | |
| Long-Term Notes Payable | $0 | |
| Other Long-Term Liabilities | $0 | |
| **Total Long-Term Liabilities** | | $0 |
| | | |
| **NET WORTH** | | |
| Paid-In Capital | $905.000 | |
| Retained Earnings | $124.903.872 | |
| **Total Net Worth** | | $125.808.872 |
| **TOTAL LIABILITIES AND NET WORTH** | | $167.143.647 |

**Fig. 66** *Balance Sheet 2015*

## Balance Sheet

**Uberbook**
2016

| | | |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash | $7.270.041.162 | |
| Accounts Receivable | $64.130.445 | |
| Inventory | -$4.070.264.637 | |
| Other Current Assets | $0 | |
| **Total Current Assets** | | $3.263.906.969 |
| | | |
| **Fixed Assets** | | |
| Land | $0 | |
| Facilities | $18.761 | |
| Equipment | $28.950 | |
| Computers & Telecommunications | $93.355 | |
| (Less Accumlated Depreciation) | $28.545 | |
| **Total Fixed Assets** | | $112.521 |
| **Other Assets** | $0 | |
| **TOTAL ASSETS** | | $3.264.019.491 |
| | | |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Short-Term Notes Payable | $0 | |
| Income Taxes Due | $797.502.973 | |
| Other Current Liabilities | $0 | |
| **Total Current Liabilities** | | $797.502.973 |
| | | |
| **Long-Term Liabilities** | | |
| Long-Term Notes Payable | $0 | |
| Other Long-Term Liabilities | $0 | |
| **Total Long-Term Liabilities** | | $0 |
| | | |
| **NET WORTH** | | |
| Paid-In Capital | $905.000 | |
| Retained Earnings | $2.465.611.517 | |
| **Total Net Worth** | | $2.466.516.517 |
| **TOTAL LIABILITIES AND NET WORTH** | | $3.264.019.491 |

**Fig. 67** *Balance Sheet 2016*

## 11.5. Capital Investments and Loans

| Capital Investments and Loans | | | | | |
|---|---|---|---|---|---|
| **Item** | **Amount** | **Date** | | **Loan Period** | **Interest Rate** |
| | | Month | Year | | |
| **Equity Capital Investments** | | | | | |
| Angel 1 | $420.000 | Jan | 2012 | | |
| Angel 2 | $330.000 | Jun | 2012 | | |
| Angel 1 | $150.000 | Sep | 2012 | | |
| Angel 3 | $150.000 | Nov | 2013 | | |
| Angel 2 | $250.000 | Jun | 2013 | | |
| | $0 | Jun | 2012 | | |
| | $0 | Jun | 2012 | | |
| | $0 | Jul | 2012 | | |
| | $0 | Jul | 2012 | | |
| | $0 | Aug | 2012 | | |
| | $0 | Aug | 2012 | | |
| | $0 | Sep | 2012 | | |
| | $0 | Nov | 2012 | | |
| | $0 | Nov | 2012 | | |
| | $0 | Nov | 2012 | | |
| **Total Capital Investments** | $1.300.000 | | | | |
| **Loans** | | | | | |
| KfW | $500.000 | Jan | 2013 | 36 | 5,00% |
| | $0 | Jan | 2012 | 12 | 0,00% |
| **Total Loans** | $500.000 | | | | |
| | | | | | |
| **TOTAL INVESTMENTS AND LOANS** | $1.800.000 | | | | |

***Fig. 69*** *Capital Investments and Loans*

## 11.6. Key Ratios

| Key Ratios | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Year 1 (2012-2013)** | **Working Capital** | **Current Ratio** | **Quick Ratio** | **Cash Turnover** | **Debt to Equity** | **Return on Investment** | **Return on Sales** | **Return on Assets** |
| 1st Quarter | $304.652 | N.A. | N.A. | 0,00 | 0,00 | -30% | - | -30% |
| 2nd Quarter | $354.837 | N.A. | N.A. | 0,00 | 0,00 | -33% | -16402696% | -33% |
| 3rd Quarter | $308.519 | N.A. | N.A. | 0,00 | 0,00 | -45% | -19918363% | -45% |
| 4th Quarter | $62.730 | N.A. | N.A. | 0,14 | 0,00 | -127% | -2759% | -127% |
| | | | | | | | | |
| **Year 2 (2013-2014)** | -$193.542 | -0,16 | 3,61 | -5,31 | -1,39 | 344% | -82% | -872% |
| | | | | | | | | |
| **Year 3 (2014-2015)** | $5.067.998 | 3,59 | 10,40 | 4,29 | 0,38 | 137% | 33% | 100% |
| | | | | | | | | |
| **Year 4 (2015-2016)** | $125.695.503 | 4,04 | 9,42 | 2,94 | 0,33 | 126% | 43% | 95% |
| | | | | | | | | |
| **Year 5 (2015-2017)** | $2.466.403.996 | 4,09 | 9,20 | 2,79 | 0,32 | 123% | 44% | 93% |

***Fig. 70*** *Key Ratios*

## 11.7. Conclusions

How will we read in the future? As described above, reading and studying will change through new technical advantages and emerging new reading behaviors. Through these symbioses, we will see more changes, as well as new products and software created.

We believe that with this, we make an important contribution to setting up the basis for a knowledge-based digital reading century.

"A new medium is never an addition to an old one,
nor does it leave the old one in peace.
It never ceases to oppress the older medium
until it finds new shapes and positions for them."

Marshall McLuhan

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