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**Business Plan for Climber Revenue Strategy, Lda.**

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**Master in Management**

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## Acknowledgments

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**Business Plan for Climber Revenue Strategies, Lda.**

# Resumo

A Climber Revenue Strategy, sentindo que Portugal é um mercado limitado para o seu produto, encontra-se na fase inicial da sua expansão internacional, sendo para tal essencial captar investimento que possibilite a mesma. Tornou-se então necessário provar que a empresa está a atacar uma necessidade real do mercado hoteleiro, expor que a Climber possui um software capaz de responder a essas necessidades, demonstrar o valor dos seus recursos humanos e, por último, explicar como o financiamento seria traduzido em resultados reais.

Em conformidade, foi elaborado um plano de negócios no qual se incluiu um estudo de mercado, uma análise de oportunidades, uma apresentação dos recursos humanos e um plano financeiro. O plano foi apresentado a diversos investidores para lhes permitir avaliar o valor do software desenvolvido pela empresa, a forma como esta irá abordar a sua expansão, os mercados por onde começará, os recursos necessários e o que fará caso os cenários mais negativos ocorram.

A estratégia delineada foi bem sucedida. Em julho de 2017, formalizou-se a angariação de investimento na ordem de trezentos mil euros que possibilitarão a expansão da empresa.

Palavras Chave: Empreendedorismo, Startup, Plano de Negócios

Classificação JEL: L26 – Empreendedorismo; M13 - Novas empresas e startups

## Abstract

Climber Revenue Strategy, sensing that Portugal is a limited market for its product, started the initial phase of its international expansion, being essential to capture investment that allows for it to happen. It became necessary to prove that the company is attacking a real need in the hotel market, to explain that Climber has a capable software that responds to these needs, to demonstrate the value of its human resources and, finally, to explain how the financing would be translated into actual results.

Accordingly, a business plan was drawn up which included a market study, an analysis of the opportunities, a presentation of human resources and a financial plan. The plan was presented to several investors to enable them to assess the value of the software developed by the company, how it will address its expansion, the initial markets to tackle, the resources needed and what it will do if the most negative scenarios occur.

The strategy outlined was successful. In July 2017, the investment was formalized in the value of three hundred thousand euros that will allow the company to expand.

Key words: Entrepreneurship, Startup, Business Plan

JEL Classification: L26 – Entrepreneurship; M13 - New firms and startups

## Context

In March of 2015, Mário Mouraz and João Feliciano started a company called Climber Revenue Strategies, Lda. which aimed to create a software that could help hotel managers and revenue managers to better manage the revenues of their hotels.

This revenue management software (RMS) was developed after Mário identified in a previous startup he owned, that hoteliers were just too occupied with operational tasks to correctly manage the revenue at their hotels and, when they dedicated themselves into it, they would lose hours in tasks that did not had any value. Climber automatizes those tasks and allows the hotelier to analyse the information contained in its reservations system (PMS) in just ten daily minutes, allowing them to adapt to market changes and approach new opportunities.

Hoteliers, by not having time or know-how, are (majorly) applying static prices and changing them weekly, monthly, seasonably or not changing them at all, which indicates that they are running their hotels below their full revenue potential. This hypothesis was validated by Climber founders by doing more than nine hundred interviews and by meeting with hoteliers that are now starting to use Climber and providing constant feedback in order to improve it.

There are competitors in this market but only a minority of hotels use them due to their high prices and their focus on big hotel chains. Acknowledging this, Climber is addressing independent hotels who represent 96% of hotels worldwide and estimates to increase their revenues up to 8-10% per year while saving them 6-8 weekly hours.

After one year of software development and contact with hundreds of hotel, Climber is now beginning its first proof of concept (POC) with more than 70 hotels in its pipeline and already 14 hotels using Climber's revenue management solution on a daily basis.

Climber had, in the past, a successful crowdfunding campaign, where it achieved 104,018 euros in convertible notes even though the objective was of 83,856 euros. This money allowed the Climber owners to boost their project and hire more members to the team but now it aims to address specific investors so it can enter other markets, namely the UK, Germany, France and the USA.

It is for this new phase that I was requested by Mário Mouraz, CEO of Climber, to elaborate a business plan that can be presented to international investors who have the right network of people to bring Climber a step further into the above cited markets, although contacts with Iceland and Romanian hotel chains have, due to their own request, been performed and can be good markets to explore.

Climber required a brand new business plan which, more than ever, demonstrated the strength of its project and its financial power. For me, it meant an opportunity to do a practical dissertation instead of a theory-based dissertation and is, at the same time, a great way to prepare myself for the future job that I am aiming at. It is my wish to be a consultant in a top consultancy firm and this project is a perfect demonstration of my skill and aptitude to perform such a demanding role.

To conclude, this project is going to be essential to Climber's next round of funding and it aims to convince demanding investors that Climber is going to be the "next big thing".

## Literature Review of the issue

Strategy is a complex concept to define and authors have tried to find a perfect definition for thousands of years. Sun Tzu once said that strategy is "the great work of the organization. In situations of life or death (…) cannot be neglected" (Tzu, Conners and Giles, 2009). Robert Grant also tried to define it in a simple phase: "Strategy is about winning" (Grant, 1991).

He explained that success was not dependant of superior resources or luck but, instead, it is deeply dependant of the "presence of a soundly formulated and effectively implemented strategy" (Grant, 1991) and the consistency to which individuals / companies follow and adapt their strategy in order to implement it. Grant identified that the implementation of the successful strategies was due to a simple and long term goals definition (goals and values), profound understanding of the competitive environment (firm's relationships with customers, competitors and suppliers) and an objective appraisal of resources (resources and capabilities).

After acknowledging all these factors, a new and more complete definition of strategy was proposed: "In its broadest sense, strategy is the means by which individuals or organizations achieve their objectives" (Grant, 1991). But, even more important than the definition of a strategy, it is the capacity of the company to execute it (Kaplan and Norton, 2000). Since the environment organizations face is in constant change, strategy must be dynamic and in constant evolution in order to keep track of the environmental changes (Santos and Almeida, 2006).

When it comes to startups, strategy is key since they face bigger uncertainty in their daily routines and have a higher need to adapt although they also possess more to benefits from this adaptation, comparing with well-established firms, as Andries and Debackere explain "adaptation is beneficial in less mature, capital-intensive and high-velocity industries but not so in more mature, stable industries" (Andries and Debackere, 2006). New entrepreneurs do not know the environment which leads to a "trial-and-error" process (Starr and MacMillan, 1990, p. 81 as cited by Simón-Moya and Revuelto-Taboada, 2016).

Entrepreneurs are considered the catalysts for change in today's business world (Bangs, 1995, as cited by Haag, 2013). Drucker (1986), referred that constant innovation is a specific instrument of the entrepreneurial spirit and an entrepreneur visualizes change as

a norm and, so, is always in its search, quickly reacting to it seeking a chance to be successful. Drucker goes further and lists the four main areas to which entrepreneurs should have policies and practices in order to succeed:

1. Focus on the market and its unexplored opportunities;
2. Financial foresight and planning in order to quickly become sustainable;
3. Building a top management team;
4. The founding entrepreneur(s) must define its role in the company, preferably where more value can be added, understand it and avoid exceeding it.

Even though all of this is common knowledge and most entrepreneurs know it, new ventures present great failure rates (Brüderl and Schüssler, 1990). A possible reason for this is the lack of a plan, because, as Benjamin Franklin said "If you fail to plan, you are planning to fail!".

The Business Plan of a startup is the strategy, placed into concrete words. It is a mechanism to project the firm into the future (Honig and Karlsson, 2004) and can also help to identify solutions to problems that may arise (Liu and Hsu, 2011). "The business plan should develop the necessary procedures and strategies to turn a business opportunity into a reality" (Fernández-Guerrero et al., 2012, as cited by Simón-Moya and Revuelto-Taboada, 2016). It is, nowadays, used by new ventures to apply for public financing programs, incubation programs, obtain new investors and publicity themselves as reliable and trustworthy. According to Lussier and Halabi (2010) the business plan has a positive effect on the chances of firm survival, but only if the development of this plan is adequate.

The success of the firm depends on much more than just the business plan and several authors have provided other key characteristics to the survival of the firm, namely the entrepreneur's characteristics (Headd, 2003 and Van Praag, 2003), the experience of the entrepreneur in the business industry (Van Praag, 2003), the number of employees (Agarwal and Audretsch, 2001) and the amount of financial capital acquired in the early stage (Brüderl, Preisendörfer, and Ziegler, 1992, Mas-Verdú, Ribeiro-Soriano and Roig-Tierno, 2015 as cited by Simón-Moya and Revuelto-Taboada, 2016).

Specifically addressing the tech-based startups, their success depends on a variety of factors. Meghan French, in an article for the tech reference website Tech.co, elaborated a list of seven habits entrepreneurs should follow, in order to succeed. She says that they are good at collaborating with their employees and other company founders, that they

never multitask, instead, they chose to delegate tasks and focus on the tasks more adequate to their skills. This is supported by Meyer, Evans and Rubinstein study where they proved that hat even brief mental blocks created by shifting between tasks can cost as much as 40 percent of someone's productive time. Setting aggressive goals, build organizations where communication is possible and easy, prioritize, dedication to the product (even if the work-life balance is impossible in the beginning) and working less but more productively are the other factors that lead to a successful tech-startup according to Meghan French and are the result of focus and discipline.

In a contrary approach, CB Insights, a venture capital database and angel investment database, after analysing 101 startups that ceased activity, published a study to the top 20 reasons that turn a startup into a failed project. The top five reasons were "No Market Need" (42% listed it as a problem), "Run Out of Cash" (29%), "Not the Right Team" (23%), "Get Outcompeted" (19%) and "Pricing/Cost issues" (18%). Also, both Scott Carey, in a Techworld.com article and Adam C. Uzialko from Business News Daily explained the reasons that lead to a tech-based startup failure. Scott Carey, besides stating the previous top five reason, adds the usage of a wrong business model, making false promises and legal issue, especially when expanding.

Uzialko pointed premature scaling as the primordial cause for failure and explained that "major consequences of premature scaling include the following (...) No startup that scaled prematurely passed the 100,000-user mark (…) Startups that scaled properly grew 20 times faster (…) 93 percent of prematurely scaled companies did not top $100,000 in monthly revenue (…) outsourced four to five times as much of their product development." (Uzialko, 2016). He concluded that "expending resources without first gaining market validation and a real understanding of your company's future growth potential puts your startup at a high risk" (Uzialko, 2016).

Simón-Moya and Revuelto-Taboada have performed studies where the main objective was to test whether the business plan could be a good tool for external entities to measure a new venture's value and sustainability. They tested, in the Valencian Autonomous Region, a sample of 2851 valid cases of entrepreneurs under 30 years old and concluded, with some limitations due to the geographic and demographic limitations, that the role of the business plan "seems secondary—especially in the case of new firms—and only relevant in the case of established firms if an entrepreneur with related education and

experience has a minimum level of capital available" (Simón-Moya and Revuelto-Taboada, 2016). To sum up their conclusions, it is with the combination of a well-designed business plan and the right entrepreneurs that a startup will prosper, and although the entrepreneurs profile and motivations play the major role, the business plan can help, especially if the company is already established.

Another study performed by Melodi Botha and Claire Leanne Robertson tried to conclude "whether potential entrepreneurs assess opportunities through the formulation of a detailed business plan" and it revealed that the business plan was a way for entrepreneurs to establish "more viable business ventures" and "assess opportunities through the formulation of a detailed business plan" (Botha and Robertson, 2013). They were clearly distinguishing ideas from opportunities arguing that an idea was not backed by enough reliable data, contrary to opportunities. However, the actual sample size was of 76 respondents which limits the conclusions of their study. Nevertheless, "A good business plan must be developed in order to exploit the defined opportunity" (Hisrich et al., 2008) is the key idea that their study presents.

According to Haag (2013) "The business plan is not merely a report prepared and then forgotten. It is used by the entrepreneur to make daily decisions (…) is reviewed (…) at a minimum, semi-annually" (Haag, 2013). Haag also states that entrepreneurs react based on instincts and do not think in all possible alternatives and, so, the business plan is not just a tool to get financing but they are also "road maps that enable individuals to execute excellence" (Haag, 2013).

Haag refers that, experts state that the business plan for new business should be started at least 6 months before the business start. "An effective plan may take from 50 to 100 hours to research, document, analyse, and review (…) a poorly conceived plan can set the company back several months or years, or can result in business failure" (Haag, 2013).

It is now possible to conclude that the business plan is not the primary driver for success according to Simón-Moya and Revuelto-Taboada studies but, according to Botha and Robertson's study it can be a way to distinguish ideas from opportunities and according to Haag's research, it is understood the importance that the business plan may have in the success of a new or already-existing business since it is a guiding light to the firm goals.

The questions residing are "How to start" and "What to include in the business plan". Haag explains that the first steps are to define the concept of the business, thinking about

business owners must determine the types of services and products to provide, the target audience and how they can be differentiating from the competitors. Secondly, all questions such as the target real needs and profitability of it should be written and "the next step is to look for the answers (…) through the Internet, local libraries, government resources, business publications, professional organizations, and trade associations" (Haag, 2013), without gathering more than the required since it can lead to distractions or unnecessary doubts. The analysis of the answers will help redefine the concept of the business or make the entrepreneur give up on his concept since it may not be doable, either option, if correctly backed, is a correct option since it is formulated via information and not by instinct.

Choosing a focus for the business first months is, according to Haag the next step since "It is often tempting to offer too much" (Haag, 2013) but resources are scarce and the focus should be sent into what can really be turned into a viable business. The fourth step is to write a compelling executive summary that can catch investors interest and has a strong and clear mission statement due to the fact that "Investors rarely read the entire business plan" (Haag, 2013). Following this idea, the format of the business plan must be appealing, "Highlighting key areas and summarizing as needed" (Haag, 2013), since "Most experts suggest the business plan be no longer than 15 to 35 pages (…) Anything fewer than 10 pages may be viewed as insubstantial" (Haag, 2013). Also, the appendices should not be bigger than the business plan itself. Abrams (2010) suggests that the business plan has a temporal horizon of three to five years.

As for the structure of the business plan, Haag (2013) recommended that it should, at minimum, contain:

1. Cover letter
2. Executive summary
3. Table of contents
4. Business description and history
5. Business structure
6. Product or service description
7. Market analysis and trends
8. Operations
9. Technology plan
10. Management and organization
11. Social responsibility and sustainability
12. Development, milestones, and exit plan
13. Financial data
14. Appendix

Linda Pinson (2008), in her book *Anatomy of a business plan,* proposed the following structure for the business plan:

1. Cover sheet
2. Table of contents
3. Executive summary
4. Organizational Plan
5. Marketing Plan
6. Financial Documents
7. Supporting Documents

Tracy Barbour stated that there is no universal format and that different components could be included, exemplifying her ideal business plan with "an executive summary, a company overview, a description of products/services, a marketing plan, financial statements, and an analysis of the company's strengths, weaknesses, opportunities, and threats" (Tracy Barbour, 2016)

These structure are a basis for what a business plan should have but, as the founder of the Virgin group, Sir Richard Charles Nicholas Branson stated;

> *"To this day I don't make formal business plans, but am always crystal clear on the concept of the business (...) At Virgin, we use simple and straightforward language that gets to the point concisely and quickly. I believe that if you can't explain what your business is all about in a couple of sentences then it's likely you're not focussed enough, or you don't really know what's truly at the heart of your business"* (Branson, 2015)

What Branson states is that the format of the business plan should be set accordingly to the business specifications and its needs and not follow a straight academic reference that could turn it into an overly complex tool. The use of simple expressions is also recommended by him.

A good business plan does not follow a template without having its own touch of originality and differentiating elements since "the amount of detail and the order in which information is presented can vary for each particular situation and will depend upon the purpose of the plan and the age and stage of the business venture, among other factors" (Timmons & Spinelli, 2007 as cited by Botha and Robertson, 2013) without existing a fixed model for the success of the business plan. Even Haag who suggested the above presented structure for a business plan, explained that "No single way of preparing a

business plan is required. Alternative formats can be found in various references" (Haag, 2013).

Gumpert (2002) suggested that all business plans look the same and do not reflect the realities of the business due to not being updated. This is exactly what should be avoided when doing a business plan and it is why many authors have dwelled upon what can make a good business plan.

Haag (2013) said that a good business plan should not be seen simply as a tool to obtain financing but also as a guide to the business owners, it should identify customers, target markets, the pricing strategy, competitive conditions and it should communicate the product or service to others. All of this without abusing in the amount of information used, using an attractive format and by being concise.

Gumpert (2002) suggests presenting realistic and meaningful financial statements and its assumptions and the showing of a well-constructed website and how it can be used. Most importantly, he explains that demonstrating demand is a crucial factor in a business plan in order to get people to acknowledge the company potential.

Liyana argues that a business plan must focus on identifying the unique niche to target and indicate any secondary markets to tap in the future, according to the company capacity to obtain a part of that market, instead of focusing in its size. She states that it is impossible to "set a realistic budget without knowing your business industry, market, and competitor profiles" (Liyana, 2016), suggesting that making sure the market really wants the product / service is a crucial factor. Liyana advices that keeping room for improvements in a great way to get investors interested since they usually doubt of perfect plans and entrepreneurs should "be honest about (…) weaknesses, and be insightful about ways to improve them" (Liyana, 2016). Mentors statements, growth measures, expected return on investment, and sales targets are also good things to include since they generate confidence. Lastly, she strongly recommends to have more than one people checking for mistakes and spelling errors in the final business plan since finding errors in a business plan normally causes negative reactions.

Pinson (2008) enumerated several key points to where people tend to seek answers in a business plan, namely the amount of money already invested and the results from it, the capacity of generating enough money to meet the investors financial goals, the strength of the management and its cohesion, if the company is established in the market, if the

projections are realistic and if the marketing plan is strong enough to catapult the company into a new dimension. Lastly, she states the importance of keeping the business plan up to date, as previous cited authors have also suggested.

To sum up, after acknowledging these opinions and the previous information presented, a business plan should have an attractive format, with no written mistakes, make use understandable expressions and overall accessible language, clearly explain the problem being resolved, how it was identified and the way it will be addressed by the company. The marketing plan must be clear, audacious and doable, the financial plan should use reasonable assumptions. The team must be presented and their strong characteristics highlighted since their story is also a way to make investors relate to the business. Updating the business plan must also be done at least from six to six months since it can be much more than just a tool to obtain financing.

There are some other key topics to this project that will now be addressed, namely:

1. Marketing B2B
2. Revenue Management in Hospitality
3. Service as a Software (SaaS)

Marketing B2B is a key concept due to the particular business of the company to which the business plan is designed. "One of the biggest differences between B2B and B2C is marketing" (Geehan, 2011). Geehan explains that B2C companies "invest millions to understand the various personas, segments, demographics, and geographical nuances that will help them determine how to position and manage their brands" (Geehan, 2011) while in B2B brand position is established in the same way but the priority and weighting of these elements is much different since it is assigned to few customers that " will scrutinize, compare, benchmark, test, and go to third parties and associations for references and validation" (Geehan, 2011) he suggests that the most "effective way to build or reposition a strong credible brand in B2B is through your current customers" (Geehan, 2011) and the focus should be in pleasing them since the cost to retain a costumer is many times lower than the cost of acquiring a new one.

Another difference that Geehan noted in B2B businesses, comparing to B2C, is that "user satisfaction does not equal customer retention" (Geehan, 2011) since, contrary to B2C where the customer is (in most cases) the consumer, in B2B there are "hundreds of users, dozens of influencers, and perhaps a single decision maker -- with whom many suppliers

have little or no relationship" (Geehan, 2011). So, having a marketing approach that focus on the decision maker is a crucial factor for success. Lastly, Geehan noted that the decision maker is no ordinary consumer, being normally an expert in the area in which the service is being sold.

To conclude the literature review, the revenue management for hospitality is going to be addressed since it is the core application of Climber's software. According to a study developed by the Hospitality Professionals Association (HOSPA), "Revenue management (RM) is the art and science of maximising revenue under variable conditions. It is a management tool that has the objective of increasing sales revenues by manipulating the prices at which fixed products (i.e. hotel rooms and airline seats) are made available for sale in relation to the current and forecasted demand" (HOSPA, 2013). It is also frequently referred to as the art of selling the right product to the right customer at the right time, in the right price and using the right channel.

The revenue manager was, until recent years, still a strange role for most hotels that did not see the value of having a full-time revenue manager (RM). It was a role "created by forward-thinking hospitality organizations" (Hayes and Miller, 2011) because professionals in the hospitality industry are coming to the "realization that management of their revenue (revenue management) is critical to their organizations' success" (Hayes and Miller, 2011).

"The deregulation of the airline industry is generally seen as the catalyst for revenue management" (HOSPA, 2013) and just like in airline companies, customers are now aware that the price of an hotel room should change according to different factors and it is the revenue managers job to decide the best price to apply in each room in a future date, in order to maximize his hotel(s) revenue. His tasks include "segmenting markets, forecasting demand and optimising prices for several different types of products" (HOSPA, 2013) and their purpose is to "significantly increase company profits and owners" (Hayes and Miller, 2011) return on investment (ROI) "through advanced revenue management and strategic pricing techniques" (Hayes and Miller, 2011).

As a first step into revenue management, revenue managers must segment their costumers into distinguishable, accessible, relevant and distinguishable segments to which they can forecast the demand. "Demand forecasts are an essential part of a Revenue Management" (HOSPA, 2013) in order to apply pricing strategies but it is still a problem for most

organizations due to the huge amounts of data available. "Upon completion of an accurate forecast, the business is in a position to revisit their tactical pricing approaches" and applying different prices for each segment or use different tactics (E.g. establish a minimum stay nights policy).

Pricing is considered by HOSPA as a science because it is based on "price sensitivity, price ratios, unconstrained demand and remaining capacity" and an art due to requiring a correct "understanding customer segments, their attitudes towards the product and where they place value" (HOSPA, 2013). As Hayes and Miller express "virtually every product on earth, different customers will hold different opinions about what that product is worth" and the "ability to price products and services effectively is one of an RM's most important skills" (Hayes and Miller, 2011) for which they require past performance evaluation as well as accurate demand forecasts.

For Hayes and Miller, price is the most dynamic and important of the 4 P's of Marketing since it is "pricing actually drives the company's entire business strategy and communicates to consumers its overall business philosophy" (Hayes and Miller, 2011) and suggest that "prices should be based on a buyer's view of value delivered" (Hayes and Miller, 2011) and recognized the importance of applying data management as well as a revenue manager's own insight in order to have optimal prices, which is a price that guarantees the maximum revenue. Strategic pricing occurs when all available data is used and the customer's perceptions are understood in such a way that optimal prices can be defined and it is the RMS providers mission to allow this to occur.

In order to help a hotelier, a RMS needs take into account a several external factors, such as the competitors, macro and micro economic impacts, industry trends and changing customer demographics. As Peter Drunker said "the purpose of business is to create and keep a customer" (Drucker, 1954) and if the RMS provider fails to take into account all the referred factors in a clear and satisfactory way, they will not fulfil the hoteliers needs and will lose the client. So, a RMS must analyse past, present and future data and suggest prices and concrete actions.

Analysing future trends is probably the most difficult task that a RMS provider has. Citing the Austrian economist Ludwig von Mises, consumers "make poor people rich and rich people poor (…) determine precisely what should be produced, in what quality, and in what quantities (…) are merciless bosses, full of whims and fancies, changeable and

unpredictable" (Von Mises and Greaves, 2007). Following this opinion, Robert Cross in his *Revenue Management: Hard Core Tactics for Market Domination* compared the revenue management forecasting to a space shot since "the laws of physics don't change from here to the moon (…) the nonconformist consumers in an amoeba marketplace change constantly" (Cross, 1997).

The hospitality industry was unable to use revenue management as efficiently due to the "lack of appropriate technology available to manage data and the shortage of meaningful information about guests", but those are past times and now there are companies offering hotels the opportunity of maximizing their revenues through their revenue management system (RMS), which is the case of Climber.

According to the HOSPA study, a RMS is particularly valuable when "the proportion of fixed costs is high compared to the proportion of variable costs" (HOSPA, 2013) since it generates the need to increase revenues as much as possible because the costs cannot be significantly reduced in the short-term.

Being Climber a startup that adopted the software as a service (SaaS) model since day one, it is a topic that could not be ignored. According to Terry Matthews, Wesley Clover International Chairman, "SaaS refers to the business model whereby software applications are hosted by a vendor or service provider on their own or third-party (i.e., leased) infrastructure, and made available to customers over a network connection (typically the Internet) using a recur-ring subscription license model". As Gerard Blokdijk explains "Consumers only need a computer, a standard web browser, and a reliable Internet connection in order to use specific programs for their computing needs" (Blokdijk, 2012). It has become the most common model used by software providers and can be considered as a type of outsourcing business process.

The reason behind the use of this method is that it allows customers to 'rent' "a vast range of software types and capabilities, when and to what degree they need" (Matthews and Langford, 2016) without having to create the same software internally. Also, it offers customers easy integration into their existing environments, various features and low ongoing ownership costs.

 For the vendor there are also many reasons to why this is a good business model, namely, available and relatively cheap Cloud infrastructure that allow data collection and

construction that allow a rapid scale of the business, fewer developmental difficulties, faster repair of broken features and bugs, several costs eliminated and the monthly recurrent revenue (MRR) is easier to predict. So, "financials can be easily managed because expense forecasts related to IT infrastructure are fixed for a set period" (Blokdijk, 2012). Additionally, it enables vendors to have an easy access to the global market. It is a win-win situation for customers and vendors

But it is, nevertheless, a very demanding business model. According to Matthews and Langford, "is more complex than a traditional software business, because the revenue for the service comes over an extended period of time (the customer lifetime)". They explain that a happy customer will stay with the software and increase the profit but, if the churn rate is high (rate to which the customers give up on the software) all the money wasted to capture the customer will turn into heave losses. So, citing Matthews and Langford there are "two sales processes:

- Acquiring ever-increasing numbers of customers.
- Retaining customers to maximize lifetime value".

Both are crucial for the SaaS startup survival.

After analysing all authors, I am now capable of knowing what to do in the business plan and how it should be constructed. Also, now I understand revenue management in the hospitality industry, namely, how it emerged, revenue manager's needs, and what a revenue management system should provide hoteliers, in order for them to apply strategic pricing and I have a clear notion of the pros and cons of using a SaaS business model.

# Framework

Several questions emerged after the literature review. As the previously cited authors works explain, it is important to regularly update the business plan instead of having a static plan and only updating it when there are special necessities and that plan should be as detailed as possible but should also be easy to read. So, after the literature review was performed, the key questions that this project wanted to answer were:

1. Is there a real opportunity and a big enough market for it?
2. Is it a financially viable project?
3. How will the raised funds be used?

In order to respond to the first question, the market must be studied via articles, a previously performed survey and with interviews to Climber's owners and advisors in order to address hoteliers real needs since ideas should be separated from opportunities (these have real needs backing them, contrary to ideas). The feedback from approached hoteliers that did not become clients and from those that became (and are using the product) is also going to be used.

The second and third questions are important because an investor is only going to invest his money on a reliable project, that can generate profit. So, explaining if the project is viable and why the investment is required for the expansion of the company as well as presenting exit plans can provide some security to both the founders and the investors. Exit plans were something that the Climber founders had never seriously considered and this project made them reflect on how their product could be capitalized in case of failure to achieve the required profitability for them and investors.

The business plan for Climber Revenue Strategies, Lda. will begin with a plan cruncher, which is basically a one-page resume of the most important parts of the business plan. This touch of originality serves as a differentiator, which has been highlighted by Gumpert as an important factor there is no single template for the business plan and it should be adapted according to the objectives in sight.

After this element that deviates from the normal business plans, a more normal structure will follow but always with the use of simple words, as suggested by Richard Branson. The executive summary and the presentation of the opportunity is going to be performed

before a market research where the "problem" and "solution" are going to be explained with real industry numbers and trends, followed by the definition of the value proposition and the market size.

The competition will be analysed in detail and it will allow whoever reads this business plan to know their strengths and weaknesses as well as Climber's position in the competition arena. Following these chapters where the focus was on the market, in the "How to Do IT" chapter it will shift to the company itself. The product will be explained via Climber's solution images, the sales process will be presented, the business model and the revenue streams will also be explained as well as the more important occurrences.

To conclude, the "Expansion" chapter is meant to demonstrate to the investors where Climber will act, the "Team" chapter will show who will help Climber in doing so, whereas the "Financials" chapter, in accordance with the recommendations of the before cited authors, will be presented with realistic numbers. Why the investment is required will be explained in the last chapter, as well as the roadmap and the exit plan. The financial statements are going to be attached.

# Methodology

The business plan is going to follow Haag's structure in terms of content although its structure differs from the one he presented since, according to his own words "No single way of preparing a business plan is required" (Haag, 2013) and following Richard Branson's advice of not following a strict business plan structure but, instead, the format of the business plan should be set accordingly to the business and its needs.

In order to access the opportunity potential, a survey was undertaken by the company before I joined in the project. The survey reached 900 answers from hoteliers and validated the opportunity potential as high since very few hoteliers from independent hotels use revenue management systems in their activities. This survey is one of the tools used to study the market and the others have been articles, governmental studies, global studies and the direct feedback from hoteliers working or interested in working with Climber, as well as hoteliers with no interest in doing so.

Since Climber has already been operating for one year, internal data was used to do this business plan, which greatly reduced the amount of estimates and assumptions that were used in this project

To better explain how the software works, I decided to use images of the 2.0 version of it and explain step-by-step what hoteliers can do with it.

As many authors state, the business plan presentation must be attractive and to do so, several tools were used. The tools used were Microsoft's SmartArt, Apple's Keynote, Mapchart, BeFunky and Gravograph.

# Business Plan



*Figure 1 - Business Plan Cover*

## 1 - Plan Cruncher

**Climber**

Revenue Management tool for independent hotels and small chains

Untapped market of €3.1 billion

Expertise: hotels + software development.
9-people team + 5 advisors

**Traction:**

✓ 14 paying hotels

✓ MRR of 1700€

✓ 80+ hotels waiting to start a 14-day trial (sales pipeline with 300.000€ in potential revenue)

Expansion To New Countries

Hire Native Sales Reps

Integration with Distribution Partners (PMS)

WITH YOUR INVESTMENT

- Expansion to United Kingdom (Q1 2017), Germany and France (Q2 2017)
- Grow MRR (€) from €1.700 (Q4 2016) to €55.930 to (Q4 2017)
- Integration with 10 Property Management Systems (PMS) until end of Q4 2017

## 2 - Executive Summary

Climber Hotel is an automated Revenue Management Software (RMS) for independent hotels and small hotel-chains. Our mission is to deliver a cost efficient and easy-to-use revenue management solution.

According to Booking.com, there are 202,842 hotels globally. Out of those, approximately 50% independent hotels and small chains whose hotels have more than 50 rooms.

The great majority of these hoteliers don't have the time and know-how to optimize pricing and availability in real-time and they ended up making gut feeling decisions that leave the hotel to run below its full revenue potential. As per our observation in different markets, approximately 95% of these hoteliers run their daily analysis on spreadsheets which are both time-consuming and information-poor.

Climber started in March '15 where we started to interview more than 900 hotels and meet hundreds of hoteliers. Climber developed a smart tool to quickly help the hoteliers making better and faster decisions related to pricing and availability. Our tool has been proven to save an hotelier from 6-8 hours per week and we intend to be help hotels increase its hotel revenues up to 8-10% per year (source: industry averages).

We are addressing an untapped market of the independent hotels and small hotel chains that aren't currently served by revenue management tools, a €262 million market in 2016 that is expected to increase to a €3.1 billion market in 2020. Our target segment are the 3-/ 4-star and 5-star independent hotels and small chains with more than 50 rooms and above €300k in annual revenues and small hotel chains up to 15 hotels.

There are other competitors that fight the same problem but we know how to differentiate. The existent RMS are expensive and for that reason they are only available to larger hotel brands.

We are now a 9-people team, 4 full-time employees and 6 part-time. We have released the first version of our software with 4 hotels as beta-testers in July 2016 and we now (November) have 12 hotels as paying clients. We also have over 80 hotels that want to test a 14-day trial of Climber. The entire focus of Climber team is on sales now.

We are looking for investment to grow up our Sales & Marketing to launch Climber Hotel internationally from January 2017 to the UK, Germany, France and USA where we want to replicate the same Sales model we've applied in Portugal.

"*Climber is a great team, led by brilliant entrepreneurs who are tackling a huge pain point that many hotels share. I am a believer.*"

 Avi Meir, Founder of Hotel Ninjas (acquired by Booking.com) and CEO of Travel Perk

### 3 - Why Now?

**T**he adoption rate is booming and the expenditure in RMS is expected to reach up to €3.1 billion in 2020.

In most cases independent hotels and smaller hotel chains still use spreadsheets (excel) or don't use any tools at all to run Revenue Management analysis on a daily basis. They need these analysis to decide pricing, availability and to decide on the overall selling strategy.

As hoteliers are starting to perceive the benefit of using RMS (revenue increases and time saved), RMS technology is becoming more attractive in the hotel industry.

The existent RMS providers are expensive and complex and focus only on larger multinational hotel brands, leaving behind the vast majority of independent hotels.

Our market research with more than 900+ hoteliers (in Portugal, Brazil, UK, Germany, France in Spain) through face-to-face meetings and phone interviews, showed that independent hotels and small hotel chains, although perceiving the benefits of Revenue Management tools, do not have the budget the time and/or the know-how to work with the existent RMS tools in the market. Innovation in this product category was needed to help solving this market pain.

Climber was the solution that the market needed because we are easy-to-use and affordable. Independent hoteliers are becoming more tech-savvy and open to use innovative technological tools that help them become more efficient. They mostly see the benefits on doing it as a way to help them facing the increasing complexity and challenges raised by the on-line distribution.

Climber current focus is in making our solution 10 times (10x) more convenient than that of our competitors.

## 4 - Problem

**T**he major problems that hoteliers face nowadays regarding the setting of prices and inventory are:

Problem 1 - Lack of time to proactively distribute optimal room prices that are adjusted to what the market is willing to pay.

The majority of independent hotels operate far below their revenue-generating potential as they are rarely booked at full capacity and almost never sell rooms at an optimal price. On the other hand, there are the larger hotel brands that have dedicated teams working in the revenue management departments and can afford sophisticated revenue management tools.

Problem 2 - Inability to quickly and easily gather important market data to rapidly adjust their pricing strategy.

Independent hotel managers are generally overwhelmed on managing the hotel staff and the daily routine tasks of the hotel, leaving the revenue management tasks on the back burner. Climber estimated that independent hotels lose 6,5 billion euros (€) in potential revenues each year in Europe alone.
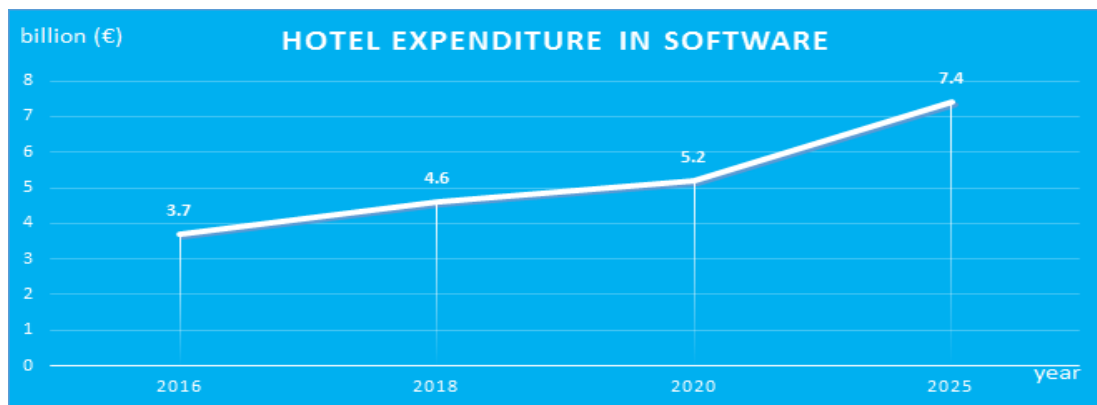


*Figure 2 - Hotel Expenditure in Software from 2016-2025 (estimated)*

In 2016, 5.2% of hotel revenue was allocated to the IT budget (vs. 2.6% in 2014) which represents 3.7 billion € spent on hotel software. This expenses are estimated to increase by 7-8% per year and RMS solutions are still only representing around 7% of the whole cake which implies a much bigger growth potential.

## 5 - Solution – Climber

**C**limber Hotel is a hassle-free and smart Revenue Management Solution that helps independent hotels maximize their profit by making it easier to make faster decisions based on optimized hotel and market data.

We are different because we deliver to smaller hotels the same tools that only multinational hotel brands were able to afford in an easy and cost-efficient way.

Climber uses hotel history data to enable hoteliers to make better decisions when new reservations and cancellations come in. Climber identifies revenue maximization opportunities and provides real-time automatic alerts to advise the hotelier of important changes to make, including when to close the less profitable tariffs and channels.

Managing too many tasks is often overwhelming and a hotel manager from an independent hotel manages everything within the hotel, leaving the revenue management tasks on the side. With only 10-15 minutes a day, Climber allows the hotel manager to make quick and data-driven decisions that help them maximize his hotel revenues.

Often we see hotels losing money because they are not yielding their rooms when they receive groups requests, no matter if is an 8- or 80-people group. Climber also allows better Group Management by allowing to know the total amount of revenue and rooms in tentative and its impact on the main KPIs (ADR (average price), Revenue and RevPar (revenue per available room).

We provide three main features:

**1) Pickup report**

This report provides the hotelier with a daily picture of how the new reservations and cancellations are evolving for the future. Climber integrates with hotel PMS and automatically recalculates as new reservations or cancellations come in, providing the hotelier with information about the main revenue management KPI's segmented by day/month and by different types of rooms / different rooms rates and their variation comparing to the 3 previous years and up to 1 year in advance.

## 2) Opportunities detection

Every hour our solution sends automatic alerts with specific actionable recommendations to help the hotelier making faster decisions regarding to price, availability, overbooking, budget, campaign and discount launches, and group management and other situations where the hotel might maximize their revenues.

## 3) Price recommendation

Climber Hotel gathers demand data from several external sources and cross analyses it with the hotel's internal reservations history recommending an optimal price at which the hotel should be selling each category of room. We use a pricing elasticity algorithm fully developed in-house, which will be released in December 2016.



*Figure 3 - External variables taken in consideration*

**6 - Value Proposition**

**U**sing Climber Hotel in a daily basis for 10-15 minutes, hotels are able to:

1. Make faster and better decisions based on data that will lead to increases in revenue up to 8-10% per year;
2. Helping hotels save an approximate 6-8 hours per week;
3. Price recommendation (to be launched in December 2016);
4. Detect critical situations that can drive the hotel to be underperforming;
5. Better plan for the future, identifying new opportunities, optimizing hotel communication and consequently leading to profit increases.
6. Easy set-up. The hotelier does not have to do anything.



*Figure 4 - Climber's Proposition*

After 72 demos with hotels in our target segment we estimate an average ROI of 22 times that Climber will generate to our clients (revenue increase is 22x the cost of our solution).

**7 - Market Size**

**R**evenue Management Solutions (RMS) available in the market are either too expensive or complex and only 4% of the hotels uses RMS (~10.000 hotels globally). Additionally, the vast majority of the current RMS target only multinational hotel chains or large 5-star hotels.

Our target market is 3-/4-/5-star independent hotels with more than 50 rooms and hotel chains are is our secondary target market due to their increasing interest in our solution. According to Booking.com, there are 202,842 hotels globally. Out of those, approximately 50% are 3- to 5-star hotels and small chains whose hotels have more than 50 rooms, representing what we believe to be a current total addressable market (TAM) of 1.5 billion euros.



*Figure 5 - Percentage (%) of untapped market in the RMS space*

**Characteristics of the target market**

According to our studies, the expenditure today with Revenue Management systems is of 1.7 billion euros and will duplicate in the next years reaching 3.1 billion euros by 2020.

The market of hotel software solutions is highly fragmented and there is not a single player that dominates the entire vertical. Hotels would have liked to have one single provider that offers an all-in-one solution as a PMS + Channel Manager + RMS + Booking Engine + Online Reputation Management to help decreasing the complexity of using multi tools and saving costs.

We estimate that independent hotels lose €6.5 billion in potential revenue each year in Europe alone. For the average independent operator, this amounts to approximately 6% of their annual revenue. There are several players in the market that are already proving or could provide Revenue Management tools. We believe the RMS that will succeed will be the one that was able to offer the easiest but comprehensive tool in a cost-efficient way. Climber will be that player. We are setting us apart from the rest by being easy to use while providing relevant tools that really help our clients.

There's generally 3 types of independent hotels: coastal, city and continental hotels. We understood our solution is mainly helpful to coastal and city hotels as they are the ones who are more in need for alerts to help them manage yield decisions and tour operators (availability) decisions. As continental hotels often work (but not always) with corporate tariffs, they are not in so much need to make pricing decisions or to close/open tour operators and online channels.

We discovered that our tool was particularly useful for small hotel chains as they generally have bad equipped small teams in which a single person overviews and needs to make daily decisions for a group of different hotels. As they run analysis in spreadsheets or they do not do analyse at all, our solution is very useful since it allows them to save an incredible amount of time and to detect revenue maximization opportunities they could not easily spot (see the chapter 9, "Product" for more info). Initially we did not consider the small chains of hotels to be our target market. This was something we decided to test and understood on the way.

## 8 - Competition

Currently, only 4% of the hotels globally use Revenue Management tools. Independent hotels prefer our solution because it is simpler to use, intuitive, and more affordable than some of the existing solutions, and it is more accurate and easier than using spreadsheets.

There are also new RMS companies growing in specific markets that are targeting our same segment but that do not have an established and solid global presence, only having a few clients in specific countries. These tools are supposedly easy to use but in all cases we have evidences that Climber can mark a distinctive differentiation factor from them. These players that operate in Europe are the following:

• Ratemanager (former PriceMatch) - Focus on independent hotels but their unbiased-autonomy has been questioned since they were acquired by Booking.com in May 2015. We are not aware of one single hotel using the paid-version in Portugal, which proves hotels fears in using this tool. We understand that they do not possess automatic price distribution;

• Rategain – A high-risk RMS in India which is a new player in the European market. They used to provide hoteliers with rival hotels prices but now they have increased their scope to provide price recommendations. They do not have integrations with major PMS which makes their scaling bottleneck the same of ours.

• Snapshot Analytics - A high-risk player to watch in Germany even though it is our impression that they try to provide everything to everyone. Used a freemium model to create a large user-base of clients which they are now trying to monetize. Number of paying clients unknown. Different in terms of features but can shift models at any time.

In most cases independent hotels and smaller hotel chains use spreadsheets (Excel) or don't use any tools at all. Spreadsheets often contain too much information, takes time to update and offers no practical way to make comparisons with previous dates or to do forecasts, which does not allow for quick decision making. Hoteliers that use spreadsheets have been easily convinced to switch to automated, easy-to-use and smart Revenue Management Systems (RMS) like Climber.

There are also RMS that tackle the same problem but focus in multinational hotels or larger brands only, being complex and not affordable by our target segment. There is a small chance these players could launch a version focused on independent hotels but it is unlikely that that would happen. These players are:

• IDeaS – IDeaS is complex to use (Large hotel chains as Tivoli Hotels or Nau Hotels stated this). It is expensive (10x-15x times of Climber price) and focused on luxury hotels and larger hotel chains. They have 7 000 clients globally.

• Duetto Research - USA startup with €63M in funding (already in Series-C). Their focus is on large hotel chains. It is expensive (5-10x times Climber price). We understand that they do not possess automatic price distribution. When questioned about their interest to tap into the independent hotels they answered it was not their market.

There is the threat from existing Channel Managers that already developed RMS solutions to invest stronger in the RMS space, which has not yet happened. We are in alert. Feedback from the market says that Channel Managers should focus on optimizing their core technology which is the Channel Management and not in Revenue Management.

There are also other local players operating mainly in US with a relatively small presence there but once again, it is unlikely that they will expand to Europe. Those players are:
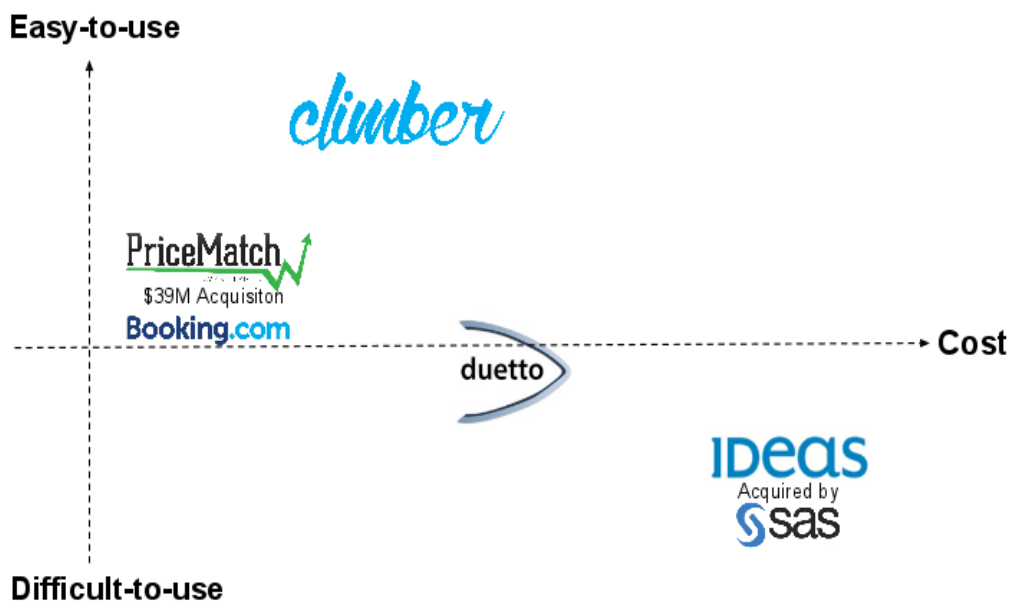• i-Rates (USA), MaximRMS (USA), RainMaker (USA), BeonPrice (ES), Xotels (ES).



*Figure 6 - Positioning of the competitive landscape*

We expect that independent hotel operators will prefer our solution because it is simpler to use, intuitive, and more affordable than existing dynamic pricing tools, and it is more accurate and easier than using spreadsheets. In the end we are aware that we mostly need to be quicker acquiring a larger base of paying clients and gaining more relevance in our markets in order to bit the competition – we are working on it.

In short, we expect our key differentiators to be:

- ✓ Data-driven real-time alerts;
- ✓ Automation (from computing alerts to optimal price recommendation)
- ✓ Pricing based on micro-segmentation (types of rooms);
- ✓ 10x faster loading reports than normal PMS reports do;
- ✓ Easy to use interface;
- ✓ Excellent customer service;
- ✓ Fast integrations;

*A full competition analysis can be provided on request.

## 9 - Product

**N**o training is necessary to start using Climber. The setup is easy and our team provides a proactive customer support during and on the post-setup.

### 1ˢᵗ Step – Integration and Configuration

Climber is 100% cloud-based. When the hotel is already integrated with one of Climber's cloud PMS providers, the plug-and-play lead-time can be as fast as 5 days. After the setup in complete, the hotelier configures himself the alerts according to his hotel needs and receives an onboarding training.
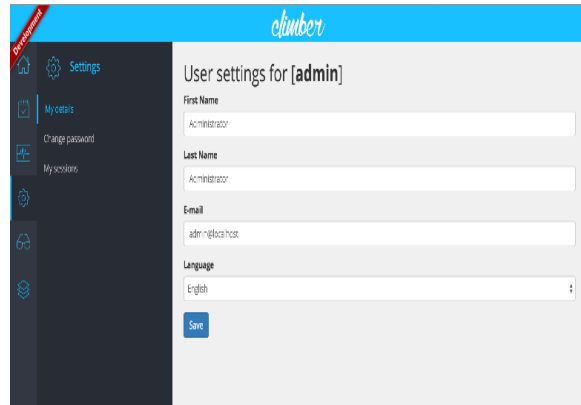


*Figure 7 - User settings menu*



*Figure 8 - Pick-Up Report*

### 2ⁿᵈ Step – Alerts and Pickup Report

The hotelier analyses each of the alerts and keeps track of the evolution of hotel's main Revenue Management KPI's in an easy-to-use dashboard.
Micro segmentation analyses with details level up to the segmentation of the hotel.

### 3ʳᵈ Step – Alerts

Instant alerts pop-ups suggesting actionable steps to follow up to 12 months ahead.



*Figure 9 - Alerts*

**4th Step – Optimal Price Recommendation**

Climber suggests the optimal rate the hotel should be selling its different types of rooms according to an automatic analysis of the different external factors that influence the hotel offer and demand.
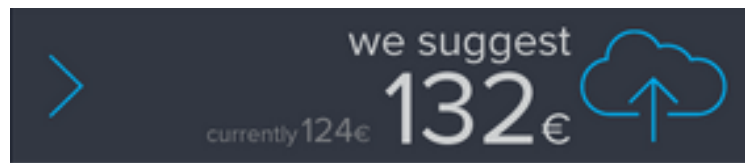


*Figure 10 - Price suggestions using Climber's algorithm*

Two modes are being developed:

- 'Auto-pilot' mode - Climber software decides on behalf of the hotel. We expect hoteliers to turn the "auto-pilot" mode as soon as they start seeing the first results;
- 'Semi-pilot' mode - The hotelier receives an alert on the Alerts Panel to validate rate changes recommended by Climber.

**How are we solving the bottleneck of our project scalability?**

Climber's main bottleneck to scale is the PMS (property management system) integration. Each hotel has their own PMS and Climber needs to integrate with them in order to import their reservation historical data. Currently we are integrated with only one PMS (Host PMS) which we used to prove the concept.

We are now in the process of starting integrations with others PMSs that have clients spread around the markets we want to expand to (e.g. Protel - 60.000 hotels globally but strong presence in UK, GR and France).

**10 – Sales Pipeline & Sales Process**

**W**e have built a working sales machine. We have hired the services of a Sales expert to help us building it and to polish it.

We are using an Inside Sales model by reaching out to potential clients via email and phone. We have not used paid advertising nor invested in SEO/content.

In four months, from July to October, we were able to generate 835 leads and run 72 online demos. We now have 80+ potential clients (21 hotel groups and 38 independent hotel) waiting for a 14-day trial. In the period from August to October 2016 the average conversion rate from successful demos to 14-day trial was 27% (~1/3 of hotels wanting to test Climber solution) but the effective rate of hotels that were able to go into a 14-day trial was lower (approximately 1/10 of demos) as so far Climber is only integrated with one property management systems (PMS) type. This rate will be optimized as soon as new integrations with other PMS are completed.

We created an entire sales machine around four main areas: Lead Generation, Lead Qualification, Closing and Support.



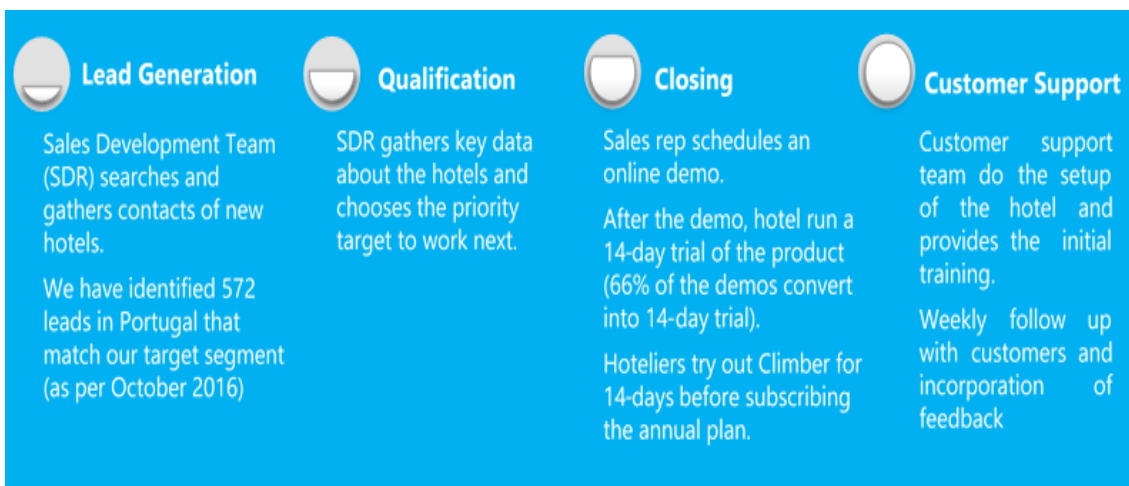*Figure 11 - The four steps of the Climber sales process*

For an independent hotel, our current estimated customer acquisition cost (CAC) is 272€ and Lifetime Value (LTV) is 8500€ considering the client will remain four years with Climber (churn of 25%). After receiving investment and during the expansion phase we plan to increase CAC to ~728€. As the greatest demand for Climber software is coming

from the small-chains from 5 to 15 hotels, we calculated the forecasted CAC and LTV during the expansion phase for this smaller hotel chains. The acquisition cost (CAC) of a small-hotel chain will be approximately 4.033€ and Lifetime Value (LTV) will be 67.500€, also considering that the client will remain four years with Climber (churn of 25%).

As we charge an annual subscription upfront (i.e. the client pays for one year in the moment he starts using Climber) the period to recover the CAC is short (less than 2 months).

We had a few foreign hotel groups and independent hotels coming to us via inbound, i.e. they found us online and requested a demo via our website. This channel needs to be further optimized. Investment in paid advertisement and SEO/content should happen as soon as we are fully integrated with major PMS so that we can scale faster.

Our sales process has been improved in the last months following the implementation of:

1. A CRM (HubSpot) that lets us insert company and contacts info as we wish and automatically saves the emails that were sent and received;
2. An online call-center (Zoiper) that minimizes our call costs;
3. Sales tracking tool that provides daily, weekly and monthly conversions;
4. Definition of an entire sales process, sales guidelines and of sales scrips;
5. Ongoing sales training;
6. Hiring of a sales consultant expert in international B2B SaaS inside sales;
7. Keeping the sales funnel filled with new leads;
8. Definition of weekly sales goals and weekly revisions.

We are now using the following tools in the Sales team:
- CRM - Hubspot
- Call Center - Zoiper
- Online demos – GotoMeeting.com
- Online signature – PandaDoc

## 11 - Business Model & Go to Market Strategy

**C**limber provides a software-as-a-service (SaaS) which charges an annual recurring subscription that is based on the number of rooms of hotels.

We envision an inside sales strategy where we make use of outbound calls and inbound marketing to convert online leads into a 14-day free trial and later convert them into paying customers. This model worked well for the French startup – PriceMatch - to grow up to an approximately 650 clients in one year and a half (1,5 years) before being acquired by Booking.com, and it's starting to work great for us too.



*Figure 12 - Revenue models of Climber*

Pricing is not closed yet but we are charging between 3€ and 4€/room/month in the Portuguese market. We have not yet defined pricing abroad but early tests showed that we can price higher in the UK market according to the first demos with UK-based hotels.

Considering an average sized hotel with 75 rooms (75 rooms x 4 euros x 12 months x 15% discount (paid annual)), Climber annual contract value (ACV) is around 3.060 €/year.

**12 – Key Accomplishments**

**T**here were several moments that were important for us during the last 1.5 years we have been developing Climber. These were some of the major key accomplishments till date:

1. Pulled together an amazing team of nine people with the competencies needed to get this company off the ground and expand internationally (check below on 'Team' chapter).
2. Successfully crowdfunded 104,018€ via Seedrs, an UK-based equity-crowdfunding platform.
3. Closed a contract with a hotel chain of 13 hotels which initially started as beta-testers of Climber with only 2 hotels.
4. We have 5 advisors that are globally renowned in their field of expertise (check below on 'Team' chapter).
5. Successful integration with Host PMS (Climber Hotel's first PMS integration).
6. Became a founding member of Hotel-Up, a consortium of 5 innovative startups in the tech hotel space. Together we have 64 collaborators, 56 clients and 189 hotels clients around the world.
7. Hosted a Revenue Management Seminar at Microsoft headquarters in Lisbon on December 2015 on the topic of "The Future of the Revenue Management" and had 100+ hoteliers in attendance.
8. Alumni member of Founder Institute, "the world's largest entrepreneur training, and start up launch program".
9. Participation on Startup Discoveries Tourism Accelerator.
10. 1$^{st}$ prize winner of 'Wanted Business Ideas' award; Winner of best travel startup at 'Business Ideas Competition' by DNA Cascais; Winner of "Most likely to sustain" award by HP Global StartUp Awards in 2016.
11. Were selected in 2015 by Amadeus and Sophia Business Angels (SBA) as one of the 10 most innovative startups to be presented at International Venture Academy Special Travel by Amadeus Venture Academy (Nice, France).

12. Presence at WTM London 2016 (World Travel Market) (London, UK) and on Macau Startup Forum (Macau, China), November and October 2016, respectively.



*Figure 13 -Examples of Companies that talked about Climber*

## 13 – Expansion

**O**ur strategy is to integrate with major hotel Property Management Software (PMS) across the markets we want to expand next - Our goal is to expand next to UK – January 2017 (40.272 hotels), Germany – March 2017 (33.997 hotels) and France – July 2017 (17.336 hotels).

The reason behind the choice of these countries as to do with different factors. Firstly, these markets are bigger than Portugal - UK [12x], Germany [10x] and France [6x], they are less price sensitive (especially UK and Germany), are more open to new technologies, are aware for the existence of new technology, still the adoption rate for RMS in these countries is still small. In general, it means a higher number of hotels to work with. We are initiating the process to integrate with the main Property Management Systems (PMS) in these markets (e.g. Protel PMS is present in all the three countries) so we have a distribution channel already setup when we will move to UK in January 2017.

Even though we want to assume a leader role in the markets that we are expanding to, we are also looking into non-obvious larger markets as they offer tremendously attractive opportunities that aren't being pursued by western players.

In Mainland China for example, the number of hotels is increasing 23% a year and it is expected to exist over 24.000 hotels in the end of 2016 (that is 80 new hotels every week, approximately). Not only the numbers are attractive as also the level of competition is low and the penetration of RMS is still low.

Even though we don't have much knowledge on this market yet (important to mention that we have been there in October 2016 and met with hotels, lawyers, investors and important players from the startup ecosystem) and Climber is already giving the first steps to tap into this market as we signed an MOU with a local player to help us run a pilot-test there.

Results of the pilot-test should be out in Q1 2017. We have now under our radar as well markets as Brazil, Spain and Iceland as we have been contacted and showed interested from hotels in these countries.
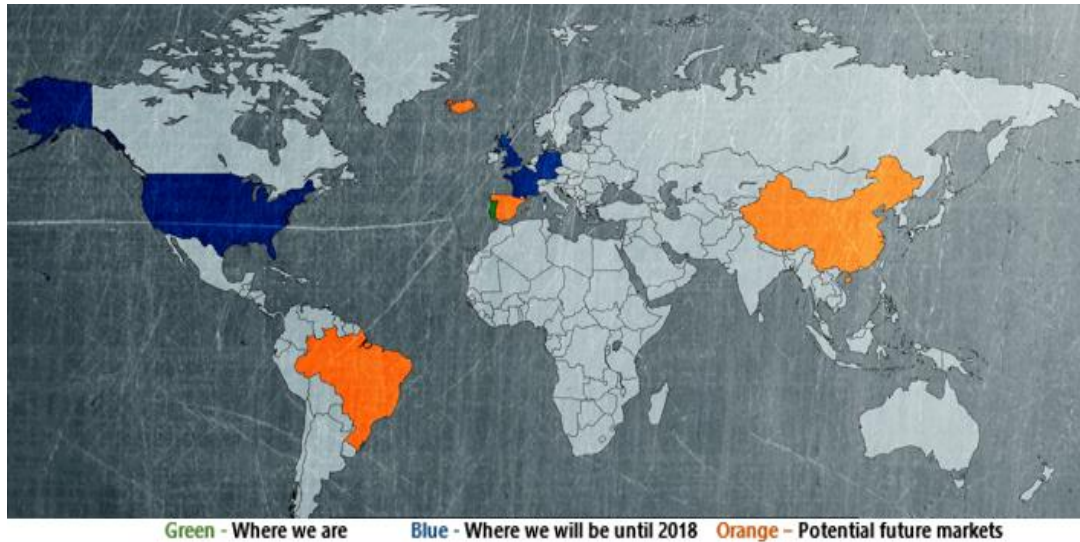
*Figure 14 - Countries to which Climber will expand*

Notwithstanding, we have proven that our business model works, thus our main goal now is to establish a solid client base in Europe before looking into further investment to expand outside of Europe, where US is our first choice. We've decided to go first to UK due to the following reasons:

1) It is the biggest European market;

2) Big share of hotels do not use RMS;

3) Market is willing to pay more for software;

4) Open to innovative solutions;

5) We were at the WTM (World Travel Market) London'16 and were able to generate initial leads as we got interested from over 10 local hotel chains to try our 14-day trial;

6) We have a dedicated team at <u>CCN</u> (Cambridge Consulting Network) developing an expansion plan with actionable steps for Climber to tap into the UK market;



| Time-to-Market | Jan'17 | Mar'17 | Jul'17 | Jan'18 |
|---|---|---|---|---|
| **Average Hotel Size** | 46 rooms | 28 rooms | 36 rooms | 94 rooms |
| **Total Hotels** | 26 418 | 14 389 | 14 719 | 34 445 |
| **Independent Hotels** | 17436 | 12806 | 11334 | 22734 |
| **Independent Hotels and Hotels in Small Hotel Chains (>50 rooms)** | 10039 | 6763 | 6403 | 13089 |
| **Target until 2020** | 127 | 199 | 237 | 354 |

*Figure 15 - Market Stats of the countries to which Climber will expand*

## 14 - Team - Why Us?

**T**he current team has a good mix of competencies with backgrounds in Business Strategy, Sales & Business Development, Hotel Expertise, Software Development, Design and Data Analysis. Our collaborators are highly aligned with Climber's values and vision

Founders background are on Hotels, Business Development and Software Engineering. With background in Hotel Management, Mario (Founder & CEO) is an expert in Hospitality and founded 3 travel-related startups. João Pedro (Founder & CTO) has a Master in Computer Science and 18 years of experience as a Software Engineer. He worked for companies has Nokia, Siemens, SAS and also worked in Business Intelligence projects.

Currently our team consists of 9 professionals (4 full-time). Ricardo and Yuliya (2 developers that are still students), Hugo (designer still student), a Data Analyst PhD in Machine Learning – João Caldeira, Marco (Senior Software Engineer), Gonçalo (Sales), Daniel (Financial Advisor), Mario (Founder) and Joao Pedro (Founder).

Mario Mouraz, PT
**Co-founder & CEO**

- Extensive Hotel Expertise (Starwood and Four Seasons)
- Founded 3 tech startups
- Experience in expanding businesses internationally

Full time

João Feliciano, PT
**Co-founder & CTO**

- MSc Computer Engineering
- 16 years' experience (SAS, Nokia and Siemens)

Full time

Gonçalo Moura, PT
**Sales and Marketing**

- Post-graduation in Marketing & Communication
- 3 years of inside sales and marketing

Full time

João Caldeira, PT
**Head Analytics**

- PhD Data Analyzes Researcher applying Big Data and Machine Learning on software engineering

Part time

*Figure 16 - Climber Team (1/2)*

Hugo Antonio, PT
**Front-end Developer**

- MSc Computer
Engineering – FCTUNL

Part time

Marco Soeima, PT
**Senior Developer**

- MSc Computer
Engineer - FCUL
- 16 years'
experience
(Siemens)

Part time

Yuliya Plotka,
**Full Stack Developer**

- MSc Computer
Engineering – IST

Part time

Ricardo Tavares,
**Full Stack
developer**

- MSc Computer
Engineering - IST

Full time

Daniel Caeiro
**Financial Advisor**

- MSc. In Management
– ISCTE Business
School
- Auditor at Ernest &
Young (EY)

Part time

*Figure 17 - Climber Team (2/2)*

## 15 - Advisors - Why They Chose Us

**Manu Carricano** (Pricing & Data Science Expert. MIT Graduate. Former Director of the Pricing Research Center in EADA Business School. Professor at ESADE Business School).

*'The world of Hospitality Management is probably one of the most advanced in terms of Pricing and Revenue Management. And probably the less democratized. Cutting-edge analytics are deployed mainly in large hotel chains - Marriott for example is clearly the leader of the field -, through complex and expensive software. This was before. New advanced both in analytics and in cloud platforms make now possible for mid-sized chains and independent hotels to pull fully the pricing lever and enjoy superior bottom-line impacts. There is a lot of science behind what Climber is delivering. Pricing and Channel Management of course, but also a deep intelligence of data visualization and dash boarding, ergonomics and customer experience. They have succeeded in my opinion in one the most critical challenges: making the complexity of pricing & revenue management decision as well as its underlying technology, simply disappear for their happy users."*

**Avi Meir** (Founder & CEO of TravelPerk and Founder of Hotel Ninjas (acquired by Booking.com)

*"Climber is a great team, led by brilliant entrepreneurs who are tackling a huge pain point that many hotels share. I am a believer."*

**Ildefonso Moyano** (Revenue Management Graduate from Cornell, Partner at Qualis Hospitality and former Hotel Manager)

*"Despite Revenue Management having become very popular (...) the truth is that a high percentage of hoteliers are not using up all tools and information available to optimize their incomes. Revenue Management, when used to its full potential, requires analysis of large amounts historical and current performance data, future prospects, and market data and trends. Daily accurate analysis of all these amount of data is almost impossible and the use of Excel spreadsheets has been proven to be obsolete due to the amount of time needed to create and maintain the documents and possibility of*

*errors in formulas. Revenue Management technology applications are becoming essential for those hotels who really want to take Revenue Management techniques to its maximum stage and get significant increases on revenues. Climber Hotel will change the RMS (Revenue Management Systems) industry for its sophistication and detailed analysis."*

**Henrique Henriques** (Revenue Management Expert)



*"Climber Hotel's idea and concept are a great complement and support on hotel management environment. It brings the revenue management culture to another level and gives a chance for small and independent hotels to use the same knowledge that the big players have been tapping into for years. This is a great project promoted by a great team."*

## 16 - Financial Plan

**B**elow there is a summary of Climber's financial plan and estimations. It reflects a mix sales model between a higher-touch sales model where revenue growth is driven by sales headcount and a low-touch sales model where we market via our website. In the latter we offer a 14-day free trial, we get part of our trial users organically and through online marketing and we convert trials into paying customer with some human interaction.

Therefore the key drivers of our startup are monthly recurring revenue (MRR), customer acquisition costs (CAC), conversion rate and churn rate (%).

|  | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|
| **Sales Revenue** | 17.798€ | 547.217€ | 2.021.073€ | 5.416.137€ |
| **Costs** | 48.323€ | 778.768€ | 1.746.954€ | 3.121.322€ |
| **EBITDA** | -28.868€ | -216.390€ | 310.509€ | 2.356.296€ |
| **Net Income** | -30.525€ | -231.551€ | 271.589€ | 1.812.904€ |
| **#Full-time employees** | 4 | 14 | 23 | 33 |
| **Investment in Fixed Asset** | 19577€ | 70447€ | 97540€ | 108356€ |
| **#Hotel Clients** | 14 | 142 | 387 | 900 |

*Table 1 - Annual financial forecasts of Climber (More info can be requested)*
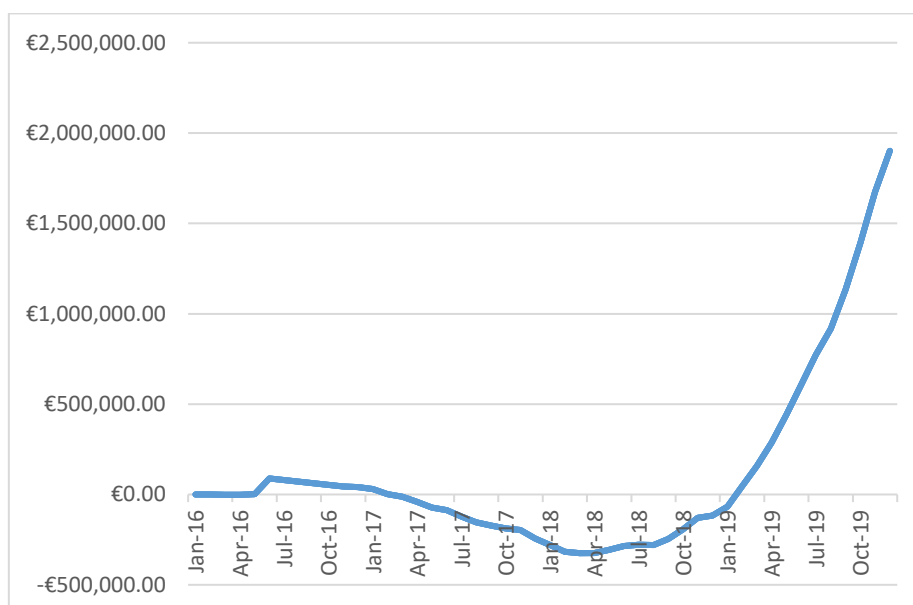


*Figure 18 - Monthly Cash-Flow evolution forecast*

| Main Financial Indicators | |
|---|---|
| VAL | 1 122 651 |
| TIR | 138% |
| Cash-on-cash multiple | 2x |
| Payback | 38 months |
| Funding Needed | 325 671 |
| Break-Even | September 2018 |

*Table 2 - Main Financial Indicators for the period 2016-2019*

In order to mitigate the risk associated with the forecasts all the above calculations and analyses were based on several assumptions which were carefully discussed with different experts and with our advisors. They represent our best intention to be as more realistic as possible to our growth plans.

**Financial Plan Assumptions:**

- We initiate sales in the UK in January 2017, Germany in March 2017, France in July 2017, and in the USA we will start selling in January 2018;

- In 2017 the goal is to have 132 hotels using Climber, in 2018 we expect to have 394 hotels using it and in 2019 we are expecting 946 hotels;

- In the end of 2017 at least 62% of our sales will come from abroad;

- Subscription Prices assumption of: - 4€/room/per month in Portugal; 5€ in the UK, Germany and France; 8€ in the USA;

- Average rooms per hotel: 75 rooms;

- We will be mainly working in 2016-2018 with small hotel chains from 5 to 15 hotels;

- Hotels will remain with us for a period of 4 years (churn rate of 25%);

- We charge a year subscription in advance (x12 months with 15% annual discount);

- 53% of Sales personnel time is spent preparing the contact with hoteliers (may decrease with accumulated experience);

- 25% of the time a support person will be training the new support person;

- Prices do not increase over time;

- Commissions to salesperson is 15% of the unit sale price.

## 17 - Contingency Plan

There are several risks and threats that might affect our business. Therefore, we present below the <u>mitigation actions we have been implementing or that we are planning to implement:</u>

<u>- Insufficient funds.</u> Even if we were not able to generate sufficient cash and be self-sustainable until end of Q2 2017 we have activated other plans to make sure we will have funding available. We have done an application to a Government grant (P2020) for a total amount of 200.000€ whose results we are waiting. Also, fundraising a Seed-round will not only provide us the money we need to scale faster as will also make sure we do not run out of cash at any moment;

<u>- Time to integrate with other PMS.</u> Larger PMS as OPERA PMS, might take up to 1,5 years to integrate which can lead to a reduced number of hotels we can work with in the meantime. That is why we are now in the process of integrating with local PMS and testing alternative ways to collect hotel data;

<u>- Time to market.</u> In specific markets we want to expand to might take longer than we expected and new players might in-between come out. That is why we already initiated contacts with both the UK and Germany markets. We know which PMS to integrate in this markets, we have potential clients with whom we already booked demos and we already referenced Sales representative to potentially represent us in these markets;

<u>- Threat of vertical integrations.</u> Channel managers could assume a more relevant position within the hotel space by providing reliable RM solutions and kicking us out of the market for a while. That is why we are in constant alert monitoring if these companies are able acquire new clients for the RMS tools and also that's why we are running fast to put our product in more clients hands as possible, so that they can see we have a reliable tool, that is fast and easy;

<u>- Entrance of new competitors</u> with similar solutions may imply a smaller share of the pie. We are also partnering with PMS's to help them make money by selling Climber to their current client portfolio to make sure we establish ties with the market.

- Pricing. Pricing might not be adequate to specific markets. That is why we have done A/B testing with different pricing layers in different markets to understand the optimal pricing point in each one.

Our Critical Success Factors are related with Sales, Team, Product, Market and Competition:

- Sales: we need to get more sales as soon as possible – our current main focus; we are able to keep feeding the sales machine with new leads – working on it;
- Team: we are making sure our collaborators are highly aligned with climber's values and vision - check;
- Product and market: we are able to keep a differentiating technology - working on it; we are able to keep an easy-to-use UI/UX - check; we develop more PMS integrations to address the full market potential - working on it; we are able to keep the full automation of the system (from data collection to optimal price suggestion and online distribution) – working on it.
- Competition: we are able to keep our customer acquisition cost (CAC) lower than our competition - check;

In the unlikely event of failing to meet these conditions, it will mean:

- More time needed to be self-sustainable;

- More time to bring in new collaborators more aligned with our culture;

- More time needed to find our unique value proposition that set us apart from all the rest;

- If UI/UX gets complicated we will need to simplify it again therefore we would need more time redesigning the interface - unlikely to happen;

- If we aren't able to work with bigger PMS it will means our potential market will be smaller thus less opportunities to make money;

- If we were not able to automate the processes we wanted, we will need to spend more time doing things that do not scale like doing manual integrations with hotels PMS to collect their history data;

- If we were not able to keep a CAC lower than our competitors we would need to rethink the location of our staff- unlikely to happen.

## 18 - Required funding and Impact

**W**e are now between the Pre-seed stage and the Seed-Stage. We have a minimum viable product (MVP) completed and validated. Our technology has a practical application into the day-to-day management of the independent hotels and small chains. Our business idea has been proven as it is reflected by the number of hotels that are currently using Climber and by the confirmed interested as we have 90+ hotels waiting to try a 14-day trial.

The project's total funding needs for this round of financing is 600.000€. We are seeking funding to expand operations and start selling in new countries. Our goal is to expand to UK in January 17, Germany in March 17 and France in July 17. As we have proven that our business model works, the funds will be used to expand to new markets and establish a solid client base in Europe. The funds will be invested in product development (40%), to increase the number of Sales personnel (40%), Marketing (10%) and others such as office expenses and transportation (10%).

### What will be the impact?

1. Reach 142 paid clients in December 2017;
2. Expand to the United Kingdom in January 2017, Germany in March 2017, France in July 2017 and the USA in January 2018
3. Have a 3 people on the Sales team in January 2017;
4. Integrate with two more major global Property Management Software (PMS) so we can easily integrate client's data;
5. Finish the integration with the channel managers;
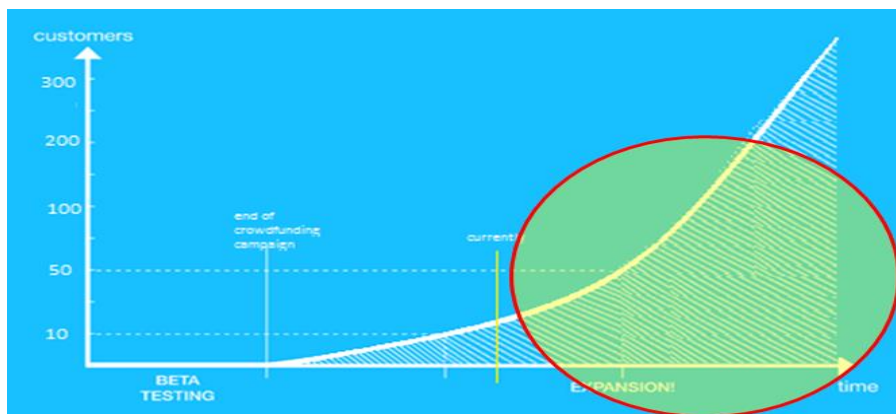6. Retain 92% of the users acquired in 2016.



*Figure 19- Use of Seed-funds for the Expansion phase of Climber*

**19 - Roadmap & How We Will Use the Funds**

| Milestones | Deliverables | Funding Needs |
|---|---|---|
| Q4 2016 | Launch Optimal Price Recommendation | €22 000 |
| | Participate in the WTM London 2016 (Lead generation for UK Expansion) | |
| | Average Annual Contract Value: € 3000 | |
| | MRR (monthly recurring revenue): € 1 000 | |
| | Integration with NewHotel PT | |
| | Integration with Protel (strong presence in UK, GR and FR) | |
| | Integration with 1 UK-based PMS (to select: Guestline, Itesso, Hotelogix) | |
| Q1 2017 | Close Investor/s (Seed-Round) | €54 000 |
| | Integration with 2 Local German based-PMS (Gubse, Hetras) - Mid-market | |
| | Opera/Oracle Certified Partner completed (20.000€) | |
| | Hire 3x Developers. AVG Base Salary 2450€ /month/person | |
| | Hire 1x Marketing. Base Salary 1200€ /month /person | |
| | Hire 1x Customer Support. Base Salary 1200€ / month/person | |
| | To have 6 hotel clients in UK | |
| | Organize Rev.Management Seminar in London | |
| | Hire 1x Sales Rep for UK. Base Salary 1500€/ month/person | |
| | Cost-per-acquisition: €728,76 | |
| | Average Annual Contract Value: € 3000 | |
| | MRR (monthly recurring revenue): € 7 000 | |
| | Identification and recruitment of a Product | |
| | Participation at ITB (Germany) | |
| Q2 2017 | Hire 1x Sales Rep for Germany Base Salary 1400€/month/ person | €74 000 |
| | Hire 2x Developers. AVG Base Salary 2400€ /month/person | |
| | Hire 1x Marketing. Base Salary 1200€ /month /person | |
| | To have 13 hotel clients in UK | |
| | To have 9 hotel clients in Germany | |
| | Organize Rev.Management Seminar in City A (Germany) | |
| | Cost-per-acquisition: €728,76 | |
| | Average Annual Contract Value: € 3500 | |
| | MRR (monthly recurring revenue): € 18 000 | |
| | Identification and recruitment of a Product Manager | |
| | Integration with 2 FR-based PMS (to select: Quatuhore (Vega), Sequisoft/Cegid, Medialog, Topsys and Fiducial) | |
| | Integration with Channel Manager (Siteminder, AvailPro or RateTiger) | |
| Q3 2017 | To have 32 hotel clients in UK | €85 000 |
| | To have 17 hotel clients in GR | |

| | | |
|---|---|---|
| | Hire 1x Sales Rep for France Base Salary 1300€/month/ person | |
| | Hire 1x Developers. Base Salary 2600€ /month/person | |
| | Hire 1x Marketing. Base Salary 1200€ /month /person | |
| | Organize Rev.Management Seminar in Paris | |
| | To have 10 hotel clients in France | |
| | MRR (monthly recurring revenue): € 34 000 | |
| **Q4 2017** | Hire 1x Developers FTE. Base Salary 3100€ /month/person | €71 000 |
| | To have 45 hotel clients in UK | |
| | To have 27 hotel clients in Germany | |
| | To have 21 hotel clients in France | |
| | Cost-per-acquisition: €728,76 | |
| | MRR (monthly recurring revenue): € 52 000 | |
| **Q1 2018** | Hire 3x Developers. Base Salary 2500€ /month/person | €72 000 |
| | Hire Sales Rep; 1x UK 1500€; 1x US 1600€ /month/ person | |
| | Hire 1x Marketing. Base Salary 1200€ /month /person | |
| | Hire 1x Customer Support. Base Salary 1200€ / month/person | |
| | To have 59 hotel clients in UK | |
| | To have 38 hotel clients in Germany | |
| | To have 34 hotel clients in France | |
| | Integration with Opera/Protel concluded | |
| | To have 13 hotel clients in USA | |
| | MRR (monthly recurring revenue): € 76 000 | |
| **Q2 2018** | Hire Sales Rep; 1x DE 1400€ /month/ person | €0 |
| | To have 76 hotel clients in UK | |
| | To have 49 hotel clients in Germany | |
| | To have 51 hotel clients in France | |
| | To have 31 hotel clients in USA | |
| | Cost-per-acquisition: €728,76 | |
| | Participation at Hitec (USA) | |
| | MRR (monthly recurring revenue): € 109 000 | |
| **Q3 2018** | Hire Sales Rep; 1x FR 1300€; 1x US 1600€ /month/ person | €0 |
| | To have 94 hotel clients in UK | |
| | To have 61 hotel clients in Germany | |
| | To have 69 hotel clients in France | |
| | To have 54 hotel clients in USA | |
| | Term sheet negotiation to secure another round of financing (Round-A) | |
| | MRR (monthly recurring revenue): € 150 000 | |
| **Q4 2018** | To have 114 hotel clients in UK | €0 |
| | To have 75 hotel clients in Germany | |
| | To have 91 hotel clients in France | |
| | To have 86 hotel clients in USA | |
| | Cost-per-acquisition: €728,76 | |
| | MRR (monthly recurring revenue): € 200 000 | |
| **Total** | | **€378 000** |

**20 - Exit Plan**

**T**he market for revenue management automation software is strong, evidenced by the sales of Climber, by the adoption rate increase for this kind of technology and for the recent acquisitions in this space.

We expect our sales to grow and for that reason we believe that Climber will have high chances to being acquired in the future. We aim to sell the company in 5-7 years. The market for RMS is booming and we want to have a relevant share of the pie. The market is huge and there is no lack of potential acquirers. The acquisition of Climber by a major software provider would bring them a critical capability and a way to differentiate from others. We do not exclude at all the possibility to keep growing the company if it becomes a cash-cow.

Our most probable exit plan is the sale of our company to one of the major hotel software providers that wants to enrich its capabilities or to a larger company that that might want to take over the hotels vertical. These companies might be:

- PMS (Property Management Systems) - E.g. Opera, Sihot, Protel, Itesso, Hotelogix, GuestLine, Gubse, Hetras, SpringerMiller, Quatuhore (Vega), Sequisoft, Medialog, Topsys, Fiducial, Stardekk, Luopan and Silverbyte;
- GDS (Global Distribution Systems) - E.g. Amadeus, TravelPort, Sabre;
- Rate Shoppers or Channel Managers - E.g. Travelclick, SiteMinder, AvailPro, Ratetiger;
- OTAs and Meta sites - E.g. Expedia, HRS, HostelWorld, Expedia (Trivago), SkyScanner;
- Being acquired by one of our competitors - IDeaS or Duetto - is also a viable option as they might want to tap into a new segment.

Most of these companies have done acquisitions in recent years. Here are the main ones:

- PriceMatch acquired by Priceline (owner of Booking.com) for an undisclosed amount of around $40 Million in 2015;
- SAS acquired IDeaS, an RMS focused on multinational and larger hotel brands;
- Amadeus paid $500 million to buy Newmarket International;
- Oracle agreed to buy OPERA PMS (Micros Systems Inc.) for $5.3 billion;

- SiteMinder acquired Globekey in 2015, a company that has developed reservations systems for hotels;

- Sabre bought Trust You Group for $154 million in 2016;

- In 2014, the Priceline Group Paid $98 Million for Buuteeq and Hotel Ninjas.

- Expedia paid $632 million for majority stake in Trivago;

- TripAdvisor acquired the Portuguese startup BestTables;

- Hostelbookers was acquired by HostelWorld (which is approaching Climber for the possibility to evaluate our solution to be applied in hostels);

## 21 - Other Important Considerations

**S**hareholders and respective percentage (%) of capital is being held as:

- Mário Mouraz - 55,00%
- João Pedro Feliciano - 45,00%
- Seedrs – Have an equity stake (%) to be attributed in the closing of the next round of investment.

On April 2016, Climber run a successful crowdfunding campaign on Seedrs, an equity crowdfunding investment platform based in the UK, where we fundraised 104,018 euros through a convertible equity campaign where we offered 30% discount and a CAP of 1.3M euros and had 119 investors in total. As it was a convertible campaign, the conversion will be triggered by:

1) An Equity Fundraise – defined as the Company raising investment capital of at least 580,000 euros from one transaction or a series of transactions, in exchange for the issue of Ordinary Shares. The Seedrs fundraise does not count as a transaction;

2) A Change of Control of the company (transfer of more than 50% of the share capital), on which shares are issued to Seedrs investors prior to the change; or

3) An IPO – being a listing of the company's shares on a recognized stock market or secondary market.

If conversion has not been triggered by the longstop date (12 months after the convertible) shares will be issued based on the lower of a minimum company valuation of 1,000,000 euros or the price for a share issued during the period. More info about the campaign at http://www.seedrs.com/climber-hotel1

**22 - Contact Us**

Any question please contact directly:

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**Thank you to our partners!**



*Figure 20 - Climber's Partners*

## Results

After seven months of negotiation with investors, Climber decided to decrease the amount of funds asked because all the investors were demanding a considerable percentage of the social capital (minimum of 30 percent) which would limit the company next funding round that is going to occur between August and October of 2018. Therefore, Climber finished the investment round with 300 000 euros invested by one lead investor and two out of three interested minor investors. They will obtain 20% of the company.

As for the international expansion, in June of 2017, Climber was working with hotels from Germany and Australia, having pilot tests with hotel chains, in both cases. Australia was not a target market but a good business opportunity appeared and Climber decided to take it. The expansion to the UK has been delayed but will occur in 2017 and the expansion for France is occurring in February of 2018.

Climber currently has 5 full time employees and 2 part time employees and is looking for candidates from Germany, France and the UK so the expansion to those countries can start in a more significant way.

## Conclusions

The first question that this project aimed to respond was if there was a big enough market for a company that tackles a problem that most hotels have not started to wonder about and the answer is that there is but the company needs to have a global mindset and focus on the markets were the awareness to the revenue management flaws is increasing.

Secondly, the financial viability of the project was proven by the financial plan and the exit plan that clearly offered different ways of generating money with the company's software, in case of failure from the commercial front. Also, the both the evaluation that the investors provided to the company (1,5 million euros) proves that the market believes in the viability of this Portuguese startup.

Lastly, the way the funds would be used was exposed in the business plan although the length of the funding round made the company delay its internationalization and, thus, the usage of the invested funds.

In conclusion, although the funds raised were half of the expected, the decision to decrease the requested funds might prove crucial in the next funding round which will occur just fourteen to sixteen months after the closure of this round and will allow the company to boost its expansion without the founders losing too much of the capital from the company that they raised from scratch in 2015. According to Mário Mouraz, Climber's CEO, "The business plan was crucial for the investors and they appreciated its detailed information and its overall presentation".

## Attachments

**A – Dinheiro Vivo article (1st of July, 2017)**



*Figure 21 - Dinheiro Vivo's article*

**Mário Mouraz e João Pedro Feliciano desenvolveram algoritmo que ajuda a aumentar as receitas de hotéis independentes e pequenas cadeias**

Há mais de 160 mil hotéis em todo o mundo que não têm qualquer software de gestão de receitas (revenue management). Estes hotéis independentes ou de pequenas cadeias não costumam usar soluções que permitam maximizar receitas através de tarifas dinâmicas. Esta foi a falha detetada no mercado por Mário Mouraz e João Pedro Feliciano quando fundaram a Climber Hotel, em 2015: através de um algoritmo determinam o melhor preço por quarto para os hotéis. "O sistema tem em conta fatores como o clima, a concorrência e a existência de eventos em redor do hotel.

O algoritmo analisa estes fatores e propõe preços, o que poupa tempo aos hotéis independentes e facilita a tomada de decisões de preços e canais de venda de quartos",

explica Mário Mouraz. "Ao definirmos o preço, o objetivo é percebermos quanto é que o cliente final está disposto a pagar", diz João Pedro Feliciano. Com uma equipa de sete pessoas, duas a tempo inteiro, o software da Climber Hotel destina-se a hotéis de 40 a 500 quartos.

Esta startup já obteve mais de 100 mil euros de financiamento e já tem 17 hotéis como clientes. Mário Mouraz e João Pedro Feliciano só se conheceram em 2015. "Após o final da minha segunda startup, em dezembro de 2014, decidi criar o meu terceiro negócio, em janeiro de 2015. Duas horas depois de falarmos de projetos do passado, falei da Climber: democratizar o software de gestão de receitas e torná-lo acessível a qualquer hotel." Decidiram fazer um teste de três meses e ao fim do primeiro mês e meio João despediu-se da Nokia em Portugal, onde estava havia quatro anos. Tinha acabado de pedir um empréstimo para a casa. "Usei todo o dinheiro do meu PPR para pagar a casa e pedi mais um empréstimo ao banco."

Para evitar falhas, Mário e João entraram, em maio de 2015, no programa, de três meses, de aceleração Founder Institute, nos EUA. Três meses que serviram para consolidar a ideia. As coisas estavam a começar a dar certo e a Climber já tinha recebido investimento de mais de 15 mil euros, entre capitais próprios, apoios da família e amigos e já tinha ganho alguns prémios. "Chegámos a ter apenas 16 euros na conta e tínhamos mais uma pessoa a trabalhar connosco."

Mário e João resistiram, até mesmo a algumas propostas de trabalho altamente compensadoras. "Não há mais nada que me motive do que fazer crescer um projeto pessoal com pessoas bestiais. Continuo a levantar-me com a certeza de estar a fazer a coisa certa. Nem que me oferecessem 10 mil euros de salário eu sairia de lá", justifica Mário Mouraz.

**Ronda seed a caminho**

Com mais de 140 pedidos de hotéis para trabalhar com a Climber Hotel e "sem mãos que cheguem para todos os países", sobretudo de França, Reino Unido e Alemanha, esta startup está a terminar as negociações para uma ronda de financiamento seed de 600 mil euros em troca de até 25% do capital, operação que deverá ficar fechada nas próximas semanas. O montante será utilizado para "aceder aos pedidos e alargar a base de clientes". No terceiro trimestre de 2018, a Climber Hotel deverá avançar para o financiamento em série A.

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