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LANA Business Plan – E-marketplace for Service Providers

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LANA BUSINESS PLAN – E-MARKETPLACE FOR SERVICE PROVIDERS

THOMAS RODRIGO SANDE LEMOS AZCUE

Dedicated to my family, who have been by my side through thick and thin.

Acknowledgments

I want to thank my family for having been the backbone of support for this project.

My parents, for always keeping me guided and on track.

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Thank you!

Abstract

In today's digital age there are new approaches and tools to address different social issues, and this market gap is not an exception. Currently, the process of matching supply and demand of these general services is cumbersome for both parties. Despite the existence of tools such as social media, there have been very rare cases of clear success, and no clear solution in the Portuguese market.

After an initial and preliminary market analysis, a clear gap was identified between general service providers (e.g. electricians, plumbers, babysitters, house cleaning, etc.) and consumers of those services. Once this gap was identified, a thorough analysis of the situation was done and, from this analysis, the idea to develop a platform that helps link these two groups allowing them to easily access each other was born.

The idea behind LANA is of an online platform (mobile app or website) where people can post the services they need provided and suppliers can cater to these needs. Therefore, the proposed project in LANA's Business Plan is an innovative business solution based on the observed market and behavioral trends. The increase in popularity of the sharing and gig economy is a clear opportunity and, aligned with the digital growth that is currently taking place, a differentiating offer can be launched onto the market.

The project consists of the development of the marketing and operations components of the business. In the financial analysis, three different scenarios were evaluated in order to evaluate the possible levels of success.

The developed model proves the economic viability of the project, indicating it is a project worthy of investment.

Key Words: Business Plan; Gig and Sharing Economy; Online Platforms; Service Providers

Resumo

A atual época digital oferece cada vez mais abordagens e ferramentas para abordar questões sociais, e este caso não é exceção. Atualmente, o processo de satisfazer a procura e oferta destes serviços gerais é uma tarefa pesada para ambos os participantes. Apesar da existência de ferramentas como as redes sociais, são raros os casos bem-sucedidos e não existe nenhuma solução clara no mercado Português.

Uma primeira análise do mercado conduziu à identificação de um hiato no que concerne ao acesso facilitado entre os prestadores de serviços (e.g. eletricistas, canalizadores, baby-sitters, serviços de limpeza, etc.) e os consumidores desses mesmos serviços. Uma vez identificada esta lacuna, foi desenvolvida uma análise aprofundada da situação em causa, da qual surgiu a ideia de desenvolver uma plataforma que ajude a unir as duas partes, diminuindo o espaço que as separa.

A ideia de fundo da LANA é uma plataforma online (aplicação móvel ou website) onde as pessoas podem expor os serviços que precisam que sejam prestados e os prestadores podem satisfazer essas necessidades. Desta feita, o projeto proposto no plano de negócios da LANA é uma solução inovadora que tem como base as tendências de mercado e comportamentais observadas. O aumento da popularidade do conceito de economia partilhada é uma oportunidade evidente que, alinhada com o atual crescimento, torna esta uma oferta diferenciadora que pode ser lançada no mercado.

O projeto consiste no desenvolvimento das componentes operacionais e de marketing do negócio. Na análise financeira, são detalhados três cenários distintos para que se possa observar os diferentes níveis de potencial sucesso.

O modelo proposto comprova a viabilidade financeira do projeto, indicando assim que se trata de um projeto merecedor de investimento.

Palavras Chave: Plano de Negócios; Economia Partilhada; Plataformas Online; Prestadores de Serviços

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Executive Summary

There are certain types of products or services that seem to be everlasting in a sense that they will never become obsolete. The reason for this is because, no matter how the market evolves and how much innovation and development there is, there are basic needs that will always be present. However, even though the technology has made it simpler to acquire some everlasting products or services (e.g. Uber with transportation), many are still cumbersome for consumers (e.g. hiring cleaning services).

Related to the subject, there is an increasing trend in the popularity of the gig economy. In this new paradigm, more and more, people are transitioning from an ecosystem set on stable and long-term jobs to one set on more variable and short-term jobs.

Both these factors, aligned with the increasing importance of the digital sphere, clearly indicate that there is a definite business opportunity to be considered regarding an online platform that helps connect both sides of the market. In this thesis, a thorough analysis was conducted to test the viability of an online platform that caters these needs.

The current digital age has dramatically transformed many different aspects of the average person's daily life (e.g. the social communication via Facebook and Instagram, dependency on Google Maps for navigation, free and ubiquitous conference calls to any part of the globe with Skype). However, not everything has fully transformed just yet. For instance, it is still very common to have people struggling to find someone that will provide a specific service (e.g. electricians, plumbers, house cleaning, babysitters) and must rely on informal channels such as friend requests to find the right person.

Due to the size of the region and other favorable characteristics, Lisbon is an ideal starting point to launch a platform to match service providers and users, because it gathers numerous amounts of players in the market. A total of approximately 200,000 suppliers (accounting for employed professionals, university students, and retired people) and 900,000 consumers were estimated to be in the Lisbon area.

Given anecdotal evidence of customer demand along with the estimated market potential, this clearly seemed like a worthwhile opportunity to pursue. To test this hypothesis, in-depth analysis was performed (through case studies and a survey). The insights that derived from this analysis were

extremely valuable and most decisions made were supported by information gathered such as the overall process and pricing strategy.

It was also observed that the proposed business is an innovative and differentiated idea given that the market is relatively unexplored. There are alternatives that are available in the market (specifically the Portuguese market) that have some similarities, but they are not really the same. The concept behind LANA is to have multiple services available in one place and have the platform offer a real time solution, eliminating long waiting periods.

The main objectives are for the business to be profitable in under five years, to increase volumes consistently and to expand to other locations beyond Lisbon. This is part of the long-term development strategy, to grow into international markets.

The price is set up based on a service fee of 15% that is embedded in the total price. The individual prices for each service will vary greatly because the nature of each has its different specifications and characteristics.

In order to analyze the viability of the project, three different scenarios were considered. The distinction between scenarios is simply the estimated target reach in terms of consumers, varying from a more conservative to a more optimistic scenario.

In Scenario 0 the projected reach is of 5% of targeted consumers after five years and a constant growth of 1% from then on. Being the most conservative scenario, it is the one that presents the lowest NPV and IRR (approximately 1,5M€ and 35% respectively) and a relatively high payback period (6,9 years). Nonetheless, the outcome projected is very positive.

In Scenario 1 the projected reach is of 10% of targeted consumers after five years and a constant growth rate of 2% from then on. The values presented are far more positive and favorable with an NPV of approximately 7,7M€, 92% IRR and a payback period of 4,5 years.

In Scenario 2 the projected reach is of 15% of targeted consumers after five years and a constant growth rate of 2% from then on. Given that it is the most optimistic projections the values presented are extremely positive, with an NPV of approximately 12,6M€, 132% IRR and a payback period of 3,6 years.

Overall, the analysis and evaluation show that the opportunity for this business exists and that it is worth taking advantage of the fact that there aren't many current players.

1. Introduction

It is ever more evident that the world is relying more and more on digital concepts and tools. This is present in almost every aspect of our lives and businesses are no exception; even those focused on services. Simultaneously, there is another identifiable trend which is the increase in what is known as the gig or collaborative economy; meaning that, more and more, people decide to work as freelancers or on a part time basis. According to Tran & Sokas (2017), in the past two decades, the increase in population of the gig economy workforce is 27% greater than that of payroll employees, which proves that it is becoming a more significant reality.

Mainly driven by the advances in this technological era, it is also now common for people to have their needs satisfied almost immediately in this digital era, meaning that businesses must respond accordingly. For example, according to Google data, search interest for "open now" has tripled compared to 2015 while searches for "store hours" have dropped, indicating that consumers expect brands to cater to their immediate needs. Whilst many have evolved and adapted to this reality, mainly in terms of retail, there seems to be a lack of response when it comes to services. Currently, there is still a gap between a consumer needing to be provided a service with a real time response on behalf of the service providers.

Therefore, the question that kept on resonating was how can this gap be closed in a more efficient way?

Given the question that kept on coming to mind, the solution thought of was of an online platform. Therefore, the work presented in this thesis was conducted to analyze the business opportunity of developing a platform that connects both consumers and suppliers in a more timely manner. The work aims to introduce a new business model for an online platform that has these characteristics.

The development of the business plan is the formalization of all the decision process regarding operations and the financial model, based on a broader analysis which includes previous studies assessment, market investigation, case studies examination, and objectives definition.

The underlying idea of this business is to work as if an e-marketplace; a link between consumers and suppliers. This app-based model intends to satisfy consumer needs in real time, allowing them to find someone available to provide the needed service without having to look too far. The platform can be used as a mobile app on smartphones or a regular website on any desktop, allowing for a greater reach and mobility.

The name of the platform is LANA, which is the Basque word for "job", and was chosen due to the author's background within the Basque region. Since the platform's main objective is to facilitate the completion of different jobs, the word "job" represents its purpose. Also, the fact that "lana" is a relatively straight forward word and simple to pronounce in many languages (mainly Portuguese, Spanish and English) it seemed to be a perfect fit.

LANA will work as an e-marketplace where consumers will be able to post tasks with their desired specifications. Automatically, the platform will generate a list of possible suppliers that are available allowing the consumer to choose which one they prefer. The chosen supplier will then be notified, and they can accept or reject the opportunity.

LANA will add value to both sides of the market which is what makes it so appealing and differentiates it from the other available options, that are mainly concentrated on friend referrals and social media. In terms of the consumers, it allows easier access to more offers and reducing the time spent in the procurement phase. Therefore, whenever someone is in need of having a certain task or service taken care of, it is possible to have a solution in a matter of minutes. For the suppliers the value proposition is immense as well. Not only does the platform provide a much larger pool of customers and opportunities, it is also a constant source for free advertising given the public ratings and recommendations. A differentiating factor to consider in this business model is that suppliers will also have the opportunity to accumulate LANA points in order to be able to exchange for prizes and rewards. This will help develop a sense of community within the LANA users.

This model intends to close the gap between the large amount of suppliers that miss out on opportunities (over 60% of survey respondents consider that it is difficult to find opportunities), and improve the inefficient search process that many consumers endure in order to find the right supplier (over 50% of survey respondents consider the process to be difficult). With this solution, both consumers and suppliers will have a more efficient tool at their disposal which will improve overall market productivity.

The main objectives for this project are to be profitable in under ten years, grow nationally (cover more than just the Lisbon area) as well as internationally in the long term.

2. Literature Review

Given the fact that the purpose behind this project is to build an online platform to help connect consumers with service suppliers it is of upmost importance to develop a literature review that covers the main concepts that were in the base of the idealization and development of this project.

Therefore, the literature review will cover the following topics that are deemed to be fundamental for this business model: **digital business models**, **m-commerce**, **sharing economy**, and **the gig economy**.

2.1. Digital Business Models

A digital business model is a form of creating value by incorporating technological approaches to business processes. The motive of digital business differs from traditional form (brick-and-mortar). The reason is that brick-and-mortar premises are located at a strategic point where a consumer can visit, assess the products and services in person, consider its price and physically observe it in order to make their choices and pay either with cash or credit cards. Tidd & Bessant (2015) states that when looking at businesses, there are two models of firms to be considered. These types of companies are the traditional brick-and-mortar or online (e-commerce) business.

Entrepreneurs with the plan to start a new business venture must keep in mind the differences between digital business and the traditional model given that there is no suggestion towards whether one is better than the other. Digital business deals with marketing products online where customers can order a product and service, which is then delivered without visiting the firm. On the other hand, traditional business is physically based where customers must visit the stores as it does not have web-based services. An entrepreneur should choose the model that is suited or compatible with the type of products and services offered and, sometimes, combining the two maybe most efficient.

Briefly, traditional "brick-and-mortar" business model refers to the built stores used for storing and providing products and services to the local community living around the premises of the organization (Michelini & Fiorentino, 2012). The brick-and-mortar business offers potential and interested consumers to present themselves to the store and access the products they demand physically. With this kind of organization, the place offers an appropriate opportunity for any interested party to access the items as they have to walk through the premises. Since most customers like accessing and understanding the quality and quantity of a product, they like visiting the stores instead of ordering something they have not seen.

Digital business models, according to D'Souza et al. (2015), are adopted by enterprise businesses that are advanced and undertaking their entire operations on an online basis. It implies that the organization fully embraces technology in their activities. Having a digital business model, technology becomes relevant in the establishment of the enterprise values along with online transaction and ordering of service through the platform. It helps businesses advertise their products, connect with broad range of consumers using the internet and creates brand loyalty.

Businesses that adopt the digital platform are forced to conduct their processes of marketing and sales using electronic means and embrace a variety of technical aspects such as mobile commerce and electronic funds transfer. Other associated elements that come with digital business includes online marketing, sharing data and information online along with supply chain management. Werani (2016) states that e-commerce employs various opportunities such as online shopping websites for facilitating online sales, especially to potential customers and attracting new ones through discounts and offers. Also, it helps to develop business-to-business trading and engage in retail to enable an organization to launch new products (Kathan, Matzler & Veider 2016). The business-to-business trading transforms the nature of the business by adding additional benefits to diversify the services and operations with other companies to attract a significant market share in a shared economy.

However, some aspects should be considered when engaging in either digital business or a traditional business model. In terms of overhead costs, digital marketing has lower startup costs as compared to the brick-and-mortar model stores. The main reason is that the traditional model must have a physical location, employees and facilities to store and supply the material (Wollenburg et al., 2018). It implies that eliminating the need for rent of the facility location, staff and utility necessary in brick-and-mortar store provides an online business with improved profitability. The improved functionality and affordability of mobile devices present opportunities to access the internet. Also, it helps in along with investing time and money into products and services reachable at any time (Mehra, Kumar & Raju, 2017).

Time and accessibility of products and services are essential in creating customer reputation. E-business is open at all times and customers can order an item and complete the transaction in a few minutes. Li, Lu & Talebian (2016) states that the time consumed to and from a brick-and-mortar shop, assessing the products and negotiating with the salesperson and even queuing for a long time are bothering factor to consumers. All these activities take a lot of valuable time that could have been avoided by ordering the same item online. The reason is that it can sell 24/7. According to Bae & Koo (2017), the execution of versatile and brilliant innovation will keep on advancing presenting new creative ventures that are increasingly useful, sleeker, easy to understand, reasonable, and have

a lot more choices accessible. Also, brick-and-mortar businesses operate less than 24 hours per day, and most of them are closed during the night. Also, they open five days or six days a week and closed on holidays. Hence when considering convenience and customer satisfaction, online marketing is beneficial for most consumers.

Moreover, the validity of marketing strategy is the crucial aspect of any business opportunity as it determines the market share and competitive advantage. Wollenburg et al. (2018) shows that the possibility of using the internet for business transactions, as well as processes that would ultimately change the business landscape forever, has a larger budget than that of the traditional model. Mehra, Kumar & Raju (2017) argues that online business uses a lot in the advertisement, blogs, social media that consumes a lot of time, but the electronic data improve the e-business as a component of the strategic management of operations. Despite the value of the new technology, it has remained an aspect that is full of acceptability due to the technological advancement of wealthy countries aiming to reach a broader portion of the population. Also, traditional companies use the same location of facilities, but they have to use print ads, mailers and niches of adverts such as ads on public transport or grocery stores wagon. This flexibility in e-commerce marketing adapts better to the current market needs.

The evolution of technology and all that is digital have undoubtedly impacted businesses and the way they function. E-commerce is no exception, and that is the reason why it is important to consider the nuances of the digital business model for this project. The fact that this business is geared towards services, there are features and characteristics that must be adapted.

2.2. M-Commerce

As previously seen, the development and emergence of e-commerce has been a disruptive innovation which has transformed the market and business models. The main disruptive attributes that can be identified are the network connectivity and rea-time interactions (involving customers in the production process) (Tapscott, 1996); developing and using customer databases for marketing and product/service customization (Rayport & Sviokla, 1995); cost transparency and easy access to more information (Sinha, 2000).

Knowing this, it is important to bear in mind that, just as the implementation of an e-commerce strategy is not simply an online extension for traditional business, m-commerce strategy is not an extension of e-commerce practices. Mobile commerce, or m-commerce, can be detailed as the process of buying and selling goods and services through mobile devices (Smith, 2006), or as any

transaction involving a monetary value that takes place through a mobile network (Ngai & Gunasekaran, 2007). Smith (2006) states that mobile application services are very promising market segments especially in this 3G communications era which allows for a broader and more constant connection.

Disruptive Attribute	Definition	Focal Points
Mobility	Users can initiate real-time contact with commercial and other systems wherever they happen to be	1. Market penetration of user adoption rate of mobile devices 2. Perceived customer benefits 3. Be able to maintain connection while making transactions anywhere 4. Time required for product and service delivery to the m-commerce users
Reachability	People can be reached at any time. Information can be requested and delivered to users anytime and anywhere	1. Promote a firm's product and service offerings to end users 2. Allow users to block certain hours or messages for privacy concerns
Ubiquity	Being available at any location at any given time. A ubiquity-related service aims to satisfy users' instant needs or wants for making commercial transactions anytime and anywhere	1. Coverage and quality of the wireless signals 2. Easy information access in a real-time environment 3. Understand the usage patterns of mobile devices
Localization	Combined with a global positioning system (GPS), the precise location of each user can be known. M-commerce vendors are able to provide users with instant and location-specific information and/or transaction. In addition, users can also search for information according to the location they are at	1. Offer location-specific products and services 2. Provide timely and relevant location-specific information 3. Be able to combine localization and product and service personalization
Personalization	A mobile device may have different usage according to different users; therefore, products or services should be provided according to each user's needs and preferences	1. Offer customized interfaces for individual customers 2. Build customer database to gather personal profiles, track purchase patterns, and identify behaviour and preferences 3. Deliver customized and location-specific information and transaction capability
Connectivity	M-commerce enables users to connect easily and quickly to the internet and other commercial systems	1. Fast connection time for accessing m-commerce portal 2. Maintain the "always-on" connection capability
Convenience	It is convenient for users to operate in the wireless environment. The portable and mobile advantages of wireless devices enable consumers to access information and perform market transaction activities whenever and wherever they want	1.Easiness of operating mobile devices 2.Easier and faster to access and deliver information 3.Easy to make transactions in a secure environment

Table 1- Disruptive Attributes of M-Commerce; Source: Lee, 2010

According to Lee (2010), for businesses to succeed in m-commerce it is important that the models capitalize on the underlying attributes to guarantee competitive advantage. These unique attributes include two specific ones of mobility and reachability as well as five other value-added ones such as ubiquity, enhancement, personalization, localization of product/services, convenience and instant connectivity. Table 1 further explains m-commerce's disruptive attributes as well as the focal points for decision making processes.

M-commerce allows users to be entitled to a greater amount of flexibility due to its ease of access anywhere and anytime. This concept has transformed the way things work and it is important for companies to keep up to maintain competitiveness. For this project to be successful, the issues identified for this type of business model must be addressed and dealt with in a thorough manner. However, the fact that this project aims be a facilitator between consumers and service providers, it is important to highlight the concept of sharing economy due to its distinctive attributes.

2.3. Sharing Economy

Kumar (2017, p. 2) defines the sharing economy as "the business model that consists of a firm, or a service enabler, which acts as an intermediary between the suppliers of a good or service (service provider) and customers who demand those underutilized goods and services" (shown in the Figure 1). The sharing economy can also be referred to as "collaborative consumption", "collaborative economy" or even "platform economy" and is defined as a socio-economic model where agents share commodities (Botsman & Rogers, 2011).
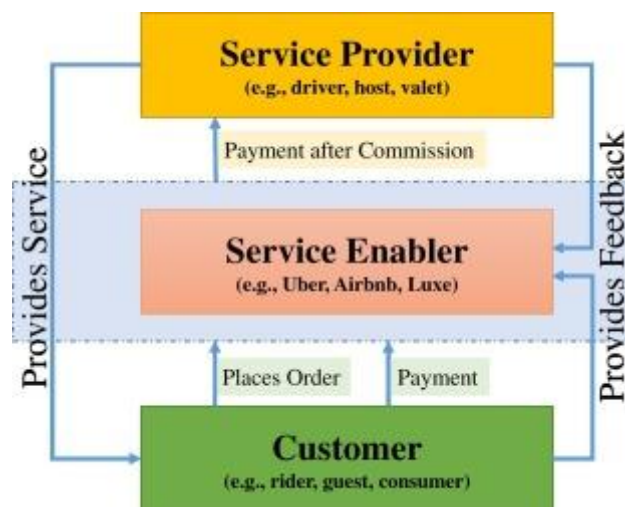
Figure 1- The sharing economy business model; Source: Kumar, 2017

Sharing economy is an economic model aimed at sharing underutilized assets for monetary or non-monetary benefits. The model reflects on the increasing virtual marketplaces, which facilitates a peer-to-peer transaction on a full scale through online business (Hamari, Sjöklint & Ukkonen, 2016). The collaborative consumption helps to exchange and facilitates lending, gifting, swapping and bartering of good and services. Hence, instead of having to pay full amount on an asset that might go unused, individuals can opt to have shared ownership of the service or products through the contribution of a small amount per head (Frenken & Schor, 2017). Even if it saves consumer

expenses, it has long-term benefits on the economy and the environment as well.

Sharing economy is the activity and information through information technology. Most of the factors, such as the growth in internet and smartphone usage, globalization and urbanization, the economic crisis, as well as increasing attention towards sustainability, have resulted in a recent increase of the sharing economy. According to Belk (2014), research on the drivers of sharing economics indicates that people shared goods with families and neighbors as they lived in a community. Also, Schor (2015) seconded it and identified that the development of the internet business model, along with digital marketing, has emerged making commerce easy and accessible. As a result, users can use a company website, or in many cases a mobile app like Uber, to access the products and services and buy the one which fulfills their needs. Also, a user can borrow or lend a stranger their services and products through the internet and conduct the transaction online. In Figure 2 below, Kumar (2017) illustrates the behavioral and technological factors that have led to the evolution of the sharing economy.
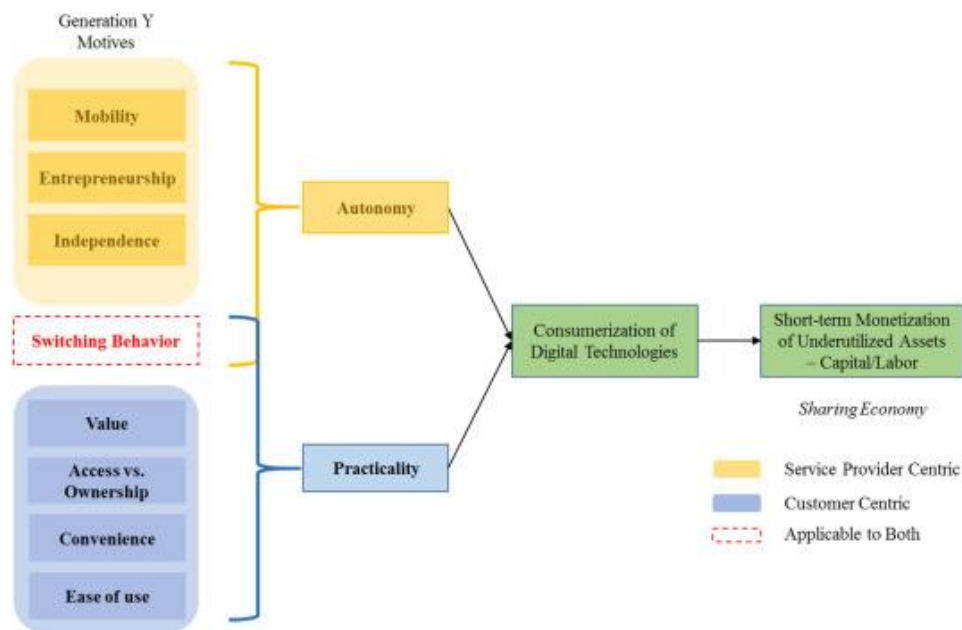
Figure 2- Evolution of the sharing economy; Source: Kumar, 2017

Moreover, when considering the zero-margin cost theory, sharing economy helps standardize goods and services cost of production. The power of the community improves the inefficient base process such as taxi regulation vastly and develops a forcing function for business for establishing profit based on the services and products appealing directly to users (Selloni, 2017). The sharing economy in the competitive market focuses on the driver of productivity and marginal cost down to enable the business to decrease goods and services prices to compete with competitors and win consumers

loyalty. The most successful aspect of sharing economy is the enhancement of online reputation as well as feedback programs where a person can assess and evaluate the products offered. However, the online transaction has risks in terms of trust and credibility and becomes a severe factor existing since the seller, and the buyer rarely knows each other as they do not physically meet. Bae & Koo (2017) indicate that the lemon problem has asymmetric information about the quality as well as values of services or products. The online feedback, along with the reputation system might, at sometimes, enhance trust between the involved parties. Figure 3 below illustrates the proposed strategic framework that service enablers can adopt where they develop a profitable customer base and a critical mass of service providers whilst addressing specific threats of the sharing economy as the high double-sided churn, inconsistent service and business model imitability (Kumar, 2017).
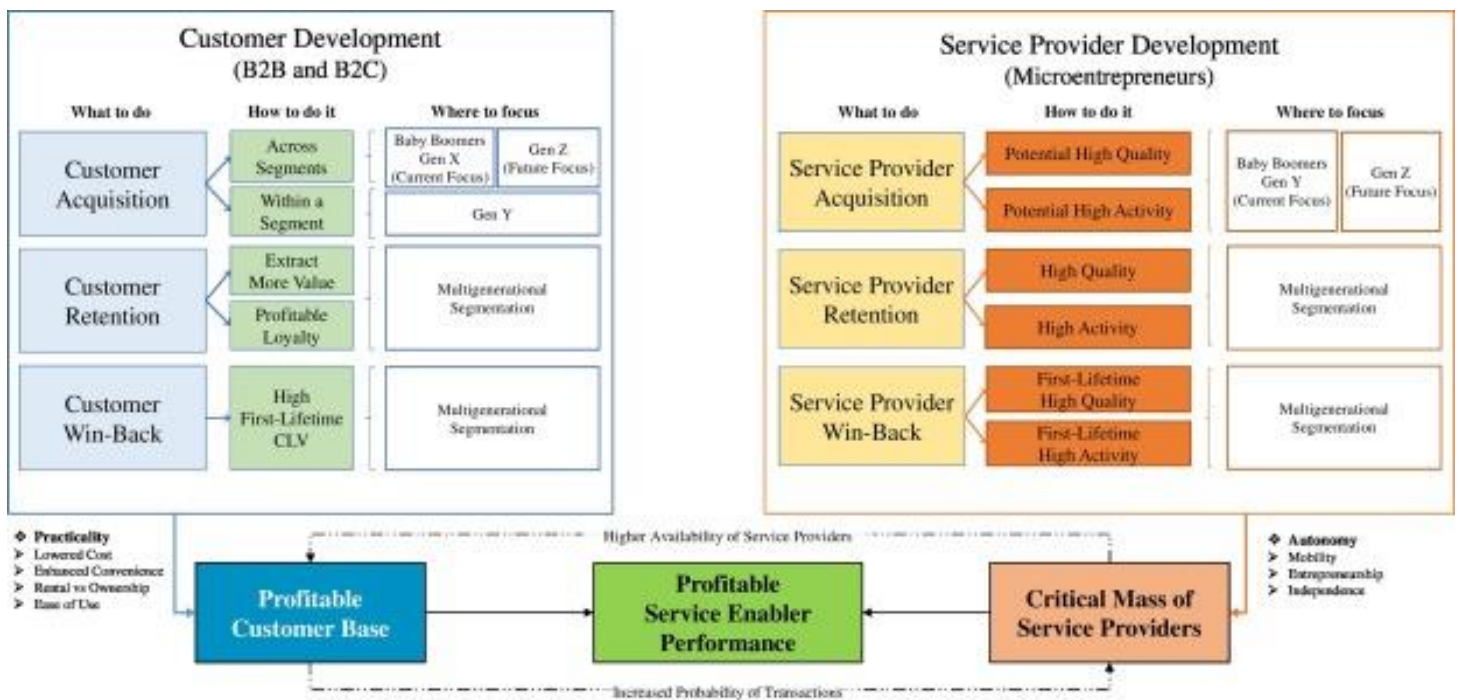
Figure 3- Strategic framework for profitable service enabler; Source: Kumar, 2017

The growth of the sharing economy is particularly interesting for this project because it is in line with what the market is demanding. Moreover, the intrinsic nature of this project, where people will use this platform in order to complete specific, on-the-spot tasks participating in what is known as the gig economy.

2.4.   The Gig Economy

The gig economy has been illustrated as a free market system as it contains temporary position which is conventional and organized contracts. This aspect of the gig economy has been subjected

to criticism and diverse opinion on the employment policies in the diminishing realm to protect workers' rights (Schmuck, 2015). Kuhn & Maleki (2017) states that the contractors become independent to employees for a short-term engagement. Some characteristics of this gig economy are the unregulated timeframe of work, having a rate paid for a particular assignment, having a platform as the intermediate of the payment (Graham, Hjorth & Lehdonvirta, 2017).

There has been a growth in terms of businesses that are entering the gig economy which leads to a greater amount of opportunities for those who seek them. Hayzlett (2018) states that in 2017 over 57 million adults (equivalent to 36% of the workforce in the USA) actively participated in the gig economy and according to Horowitz & Rosati (2014) the contribution from gig work to the national economy is over $700 billion. Despite going against the more traditional concept of a 9 to 5 job, this type of work has been gaining popularity for several reasons. Gleim (2019) identifies some drivers for specific segments, for example, for younger people, one of the reasons is the fact that gig work allows them to earn some money while still keeping up with their studies or other activities. For those people who are unemployed or have low wages, the gig economy is an opportunity to earn some money. For people who are close to retirement, getting involved with gig work is a not only an opportunity for extra earnings, but also a way to delay collecting social security. A recent partnership has even been established between Uber and the American Association of Retired Persons (AARP) in order to encourage older citizens to become Uber drivers.

Over the past two decades, the population of the gig economy workforce, especially workers operating as independent contractors (mostly through apps), has increased by 27% more than the payroll employees (Tran & Sokas, 2017). The freelance workforce has an impact on any business, as its growth has been projected to be three times faster than the traditional workforce. In the United States, the percentage of freelance workers was approximately 34% and is expected to increase to 43% by 2020 (Gillespie, 2017). Due to the internet and the opportunities it presents, people tend to find a way to make ends meet through freelancing. The main reason given by freelancers in regard to why they prefer this model is because they want to establish and control their own businesses (Manyika, 2016). Evidence states that the global crisis has affected several countries, including Spain, Italy, Greece and Ireland, and that the job search via informal channels now outweighs public service channels (Bachmann and Baumgarten, 2013).

As has already been stated, the gig economy constitutes of ad hoc, short-term, freelance, or one-off jobs and is fairly different from the traditional labor (Gleim, 2019). Wiessner (2018) distinguishes the fact that, since most people working in these conditions are considered to be independent contractors and not employees it means companies have fewer obligations such as minimum wage,

health insurance and retirement benefits. Being considered as contractors also gives gig workers a greater autonomy and flexibility to be able to work when and how they want.

One of the main value propositions that this project delivers is the fact that it enables people to have more flexibility and exposure to opportunities. Answering to these needs of the gig economy definitely differ this project from any other solution.

2.5. Literature Summary

Given the literature review above, it is important to understand the reason why these concepts were studied. The four topics cover the concepts for the idea behind this project.

The digital transformation of the past, present and future has led to a shift in how things work in terms of business. The shift from the traditional brick-and-mortar concept to a more digital model is clear and, adding onto this is the increase of m-commerce which has allowed everyone to be connected at all times and in any place. These technological advances are also one of the reasons why both the sharing and the gig economy have gained so much popularity in recent years and are becoming even more significant concepts every day.

These concepts are the base for the LANA business plan and the research turned out to be detrimental for the decision-making process.

3. Methodology

This section sets the basis for the methodologies used to prove the viability of project developed throughout this thesis. (Figure 4)
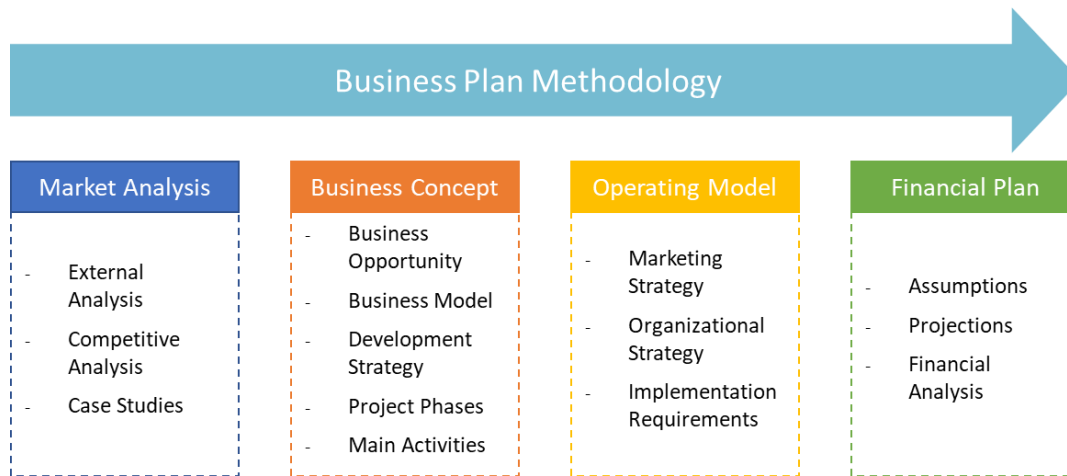
Figure 4- Business Plan Methodology; Source: Own Elaboration

Market Analysis

Quantitative Research

The first step of the analysis involves the external, internal and competitive factors of the current market. In order to study these factors, a market analysis is performed in Chapter 4, allowing for a more comprehensive understanding of all the relevant markets for the business idea. It is through this screening that it will be possible to identify the attractiveness of the market and the business potential as well as the risks that might emerge. To thoroughly analyze all components, three different dimensions were considered:

External:

•   Industry definition - Current condition of the industry and market size

•   Primary research - An important part of this project was the development and analysis of an online survey in order to better understand different aspects of the project. The survey was available online for one month and obtained a total of 359 responses.

•   Study of demographic factors – Identification and analysis of the target market, supporting the segmentation and targeting of the marketing plan. It includes age, income, location, occupation, mobile usage patterns amongst others.

•   PESTEL (Political, Economic, Social, Technological, Environmental and Legal) Analysis – Definition of the external environment and context, as well as how it impacts the project.

Competitors:

- Porter's 5 Forces model – The weight considered for each of the five forces provides a better evaluation and estimation of the market attractiveness and how companies can improve their competitive position (Indiatsy et al., 2014).

Qualitative Research – Case Studies

To perform in-depth analysis, the qualitative analysis is performed through case studies. The primary goal of this research is to gain different perspectives and an overall better comprehension of app-based service providers. This includes an analysis of the success and failures of similar concepts such as Task Rabbit, Lulu Dans Ma Rue, Zaask and PopJob. To further develop the content from each case study, interviews were held with people from the different organizations. This analysis and the respective results provide realistic insights on what are the current trends and what can be done differently to reach full potential.

Business Concept

Once the market analysis realized in Chapter 4 is concluded, the opportunities that emerge from market gaps and lack of exploration of app-based services in Portugal can be identified. This opportunity will be detailed in Chapter 5, as well as the evolution and development of the project, emphasizing each phase and the necessary processes. Additionally, the main activities of the business and its scope will be established, defining the project's focus. The objectives set will also be discussed in this chapter as well as the project's development strategy.

Operating Model

In Chapter 6 there are four main plans that detail the implementation of the strategy and ideas of the business:

- IT – Having the business rely completely on the well-functioning of a technological platform, it is a priority to guarantee that everything within this nature is reliable and functioning.
- Marketing – Development of the mission and vision of the company, definition of the market segments and the most suited target market, setting of the value proposition and explanation of what will be offered to society and its linkage with strategic management, determination of the positioning and differentiation strategy, formulation of the 7Ps – Product, Price, Place, Promotion, People, Process and Physical Evidence.
- Organization – Study and choices regarding logistics matters – Dimension, Location,

Processes and Operations.

- <u>Implementation Requirements</u> – This field is related to legal matters, in compliance with legislation – requirements for the company's start and growth with the right conditions and licenses.

Financial Plan

Chapter 7 illustrates the projections and assumptions for the different scenarios that will be studied. These projections allow for an accurate evaluation of the business, based on several different methods, namely future cashflows, NPV and IRR, which support an economic decision. The development of a sensitivity analysis enables the interpretation of numerous possibilities and identifies the main differences amongst variables. Ultimately, this analysis shows if the investment in this project is worth it or not.

4. Market Analysis

4.1. External analysis

4.1.1. Industry definition

Currently, the concept of having an app-based business model for services is gaining traction for specific segments. However, having an app as a mediator for several different services is relatively innovative.

There are several service providers, many more consumers and there is also room for intermediaries. However, there is still a gap in the market regarding the technology that can easily match both.

It is known that, nowadays, it is necessary to satisfy the needs of the market faster and faster, giving the consumer all the necessary information to make a decision in real time. This includes real time assessment, evaluation and feedback.

In general, when in need of a task/service taken care of, the most common selection process is through:

  i) Friend referrals;

  ii) Specialized companies;

  iii) Online search engines.

The idea is to create a new concept that adds value to both the consumers and suppliers, without any new inconvenience.

4.1.2. Industry Data

The project at hand consists of an online platform that facilitates services being provided. The purpose of the platform is to match job/task opportunities with job seekers; therefore, it may be considered an application guided towards the recruitment of the labor market, but mainly focused on temporary/one-off jobs. For that reason, it is classified as "companies whose activity is in the nature of temporary jobs" (CAE 78200) according to the *Classificação Portuguesa das Actividades Económicas*.

Figures 5 and 6 below are a brief indicator showing that this industry has been growing in the past years. It is important to note that, despite representing a smaller portion of the market in absolute numbers, large companies clearly dominate in terms of market share (approximately 78% in 2017).

The growing tendency that is identified demonstrates that the market is constantly adapting towards satisfying the needs of its players.
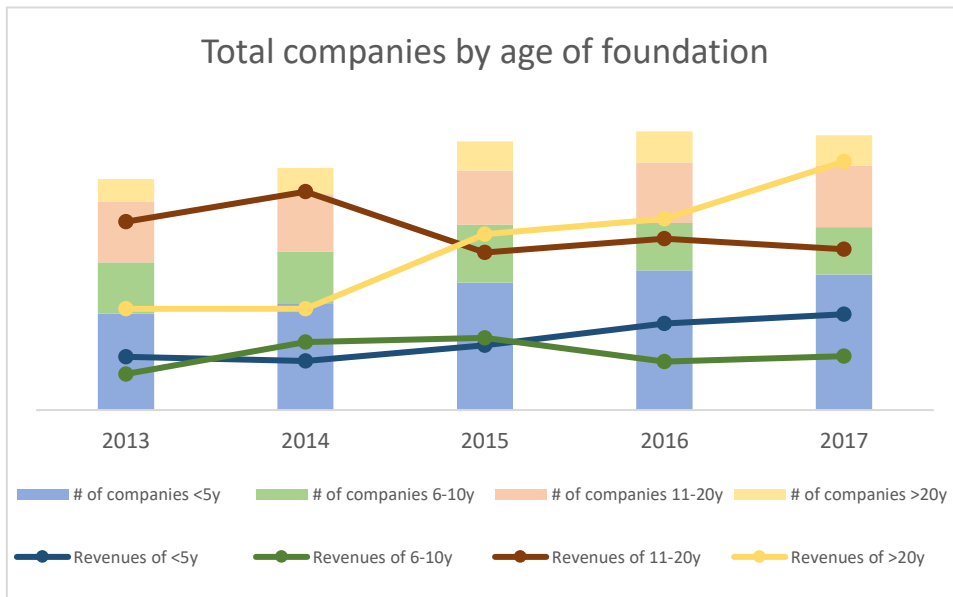
Figure 6- Total companies by age and revenues; Source: PORDATA
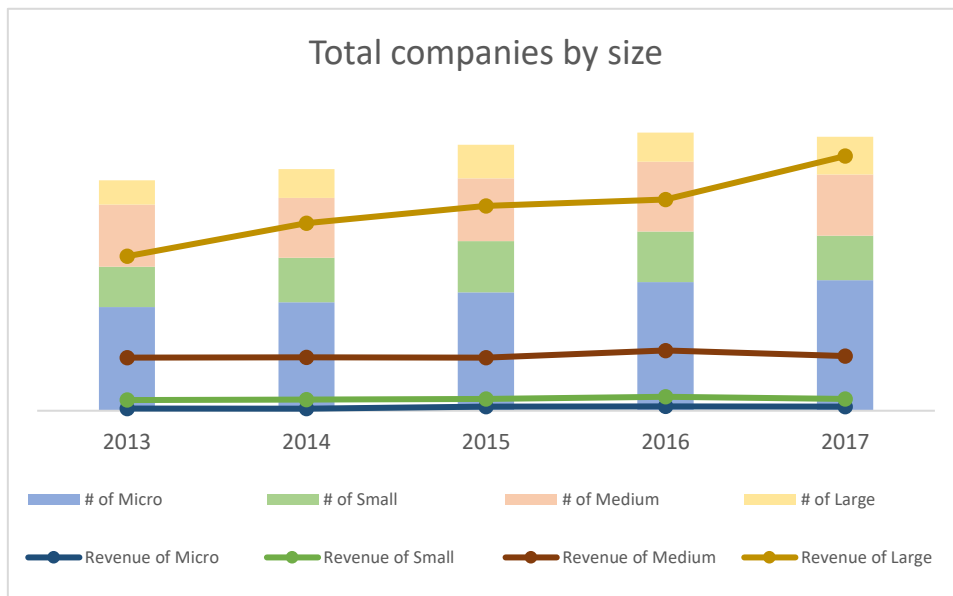
Figure 5- Total companies by size and revenues; Source: PORDATA

Given the technological nature of this project, it is also important to be aware of what the context is for mobile apps.

According to data from the International Data Corporation (IDC), of June 2019, the Android operating system holds vast majority of the market share with approximately 87%.

Samsung is the main reason for Android's dominance. It is the manufacturer with the greatest market share and with a clear lead over competitors, namely Apple.
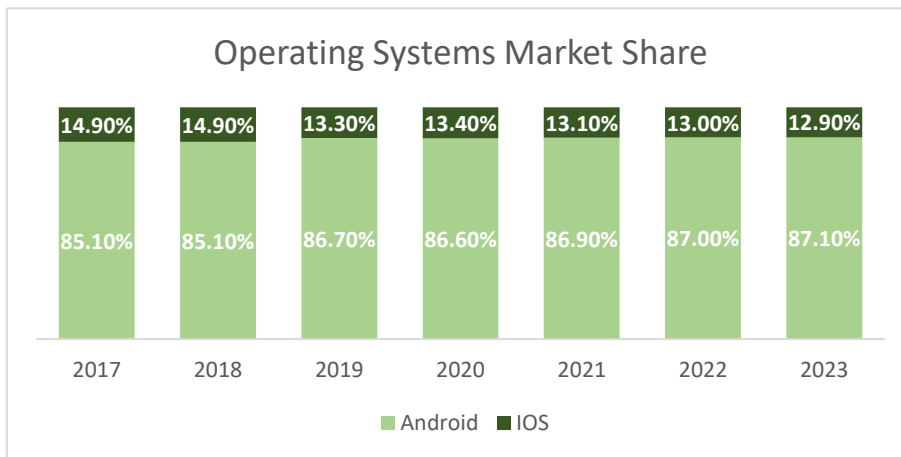
Figure 7- Market share for each operating system; Source: International Data Corporation

Mobile app stores

According to Statista, the main app stores of 2018 are the ones represented in Figure 8, with Google and Apple having a far more significant weight. Besides these stores, it is important to note that there is a store for almost all operating systems as well as a high number of independent stores.
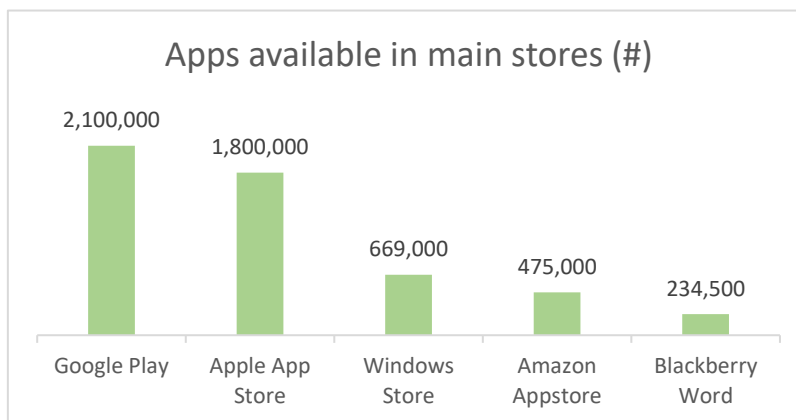
Figure 8- Total number of available apps; Source: Statista

According to Statista, there were a total of 2,1 million available apps on Google Play Store (formerly known as Android Market) as of March 2019.

The total number of downloads for mobile apps has been increasing over the years, and in 2018 it was approximately 194 billion.

4.1.3. PESTEL Analysis

The PESTEL analysis is a tool that is used to examine and evaluate the external business environment and identify which external factors, beyond the company's control, can or may affect performance. PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal factors (FME, 2013) and it helps organizations gather knowledge and information that is relevant for decision making processes, planning, strategic development as well as predicting future trends (Kim-Keung, 2014).

Political

New elections took place on October 6th, 2019 where the center-left obtained a majority of the votes and a record of 45,5% abstention rate.

One of this government's main priorities in the past has been to support the start-up environment, having established a clear strategy on how to do so by creating a new program called Startup Portugal. This program focuses on three main areas of operation: ecosystem, funding and internationalization. According to its official website, Startup Portugal "*aims to support those who are already entrepreneurs, ensuring the longevity of the companies created and increasing the impact they have on job creation and economic value*" (Startup Portugal, 2016).

This indicates that, at the moment, Portugal is not only familiarized, but also promoting the creation of startups and an entrepreneurial environment which is greatly important for cases, such as LANA's, where people want to start a new business.

Economic

The Portuguese Gross Domestic Product (GDP) has grown in 2018 reaching 237.98 billion US dollars and representing 0.38% of the world economy. The value of GDP per capita in 2018 was 23,737 US dollars, a number that has been growing since 2013. (Trading Economics, 2019)
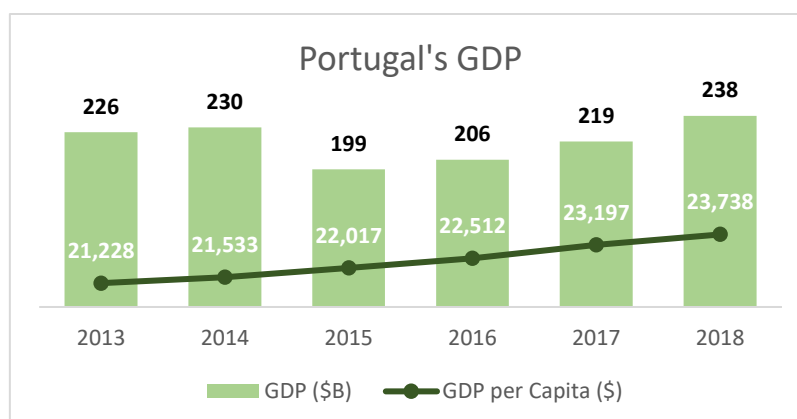
Figure 9- GDP Evolution in Portugal; Source: Trading Economics

In 2018 the inflation rate was 1.2%. Given that, as of September 2019, the inflation rate of the first semester of 2019 is 0.7%, it means there is a slowing pace in price evolution which may cause some stimulation to spend more on both products and services. (Banco de Portugal, 2019).

The Portuguese economy will continue to benefit of a positive economic and financial context, including a robust growth of foreign demand as well as maintaining the conditions to finance economic agents.

According to Banco de Portugal's (BdP) projections of the Portuguese Economy 2018-2020, it will maintain a growth in line with what is currently projected by the European Central Bank (ECB) for the euro zone.

Private consumption will continue to increase moderately, reflecting the improvement in the job market, the maintenance of high confidence levels and salary growth.

In terms of employment, a deceleration is projected in the long run, consistent with the increases in line with the historic elasticity

Regarding unemployment rates, in 2018 it was at 7%, an improvement compared to 2017 where it was 8.9%.

The structural fragilities that are persistent in Portugal cannot be ignored, these are those of demographic, technological and institutional nature that condition the growth potential of the Portuguese economy. Maintaining higher growth rates, not only in Portugal, but also in the euro zone, is therefore dependent of a greater growth in productivity because the projection implies a weak growth of product per worker.

This indicates that the Portuguese economy is showing signs of improvement, meaning that it is more favorable for businesses.

Social

According to data from PORDATA, the resident population of Portugal was estimated at 10,283,822 people, of which 4,852,366 are men and 5,424,251 are women, which represents a decrease in 14,410 inhabitants compared to the previous year.

The tendency of decreasing population has been consistent since 2010, although it has been less significant in the past years. Portugal maintains its aging tendency, mainly due to the changes in the age structure of the population, namely the decrease in young population and increase in elder

population. In terms of percentages, the Portuguese population was composed of 13.8% young people, 64.6% people in active age and 21.6% elderly people.

Housing Stock in Portugal

The characterization of the housing stock in Portugal is relevant give the nature of this project.

According to the 2011 Census, there was a strength growth in the housing stock. The total number of apartment buildings were 3,544,389, giving a total of 5,878,756 households, of which 68.1% were considered main residence while the other 31.9% were either second residences or unoccupied.

The Algarve registered the greatest growth in buildings, 24%, followed by the Madeira region with 23%. The North and the Alentejo had the least growth with 10%. The Azores and the Center increased approximately 12%.

According to INE's report, *Evolução do Parque Habitacional em Portugal 2001-2011*, in 2011, households as main residence for a single family represented 67.6% of family households. Only 0.5% were considered as main residence for two families and 0.1% for three or more families. Out of the total number of family households, 19.3% were used as second residence 12.5% were vacant.

Household Density

The average number of households per km2 was 63.5 in 2011. The region of Lisbon had an average of 494.3 households per km2, approximately eight times greater than the national average. On the other hand, the Alentejo has a household density rate 4.5 times below the national average.

Ageing index of Buildings

According to the 2011 Census, the ageing index is the calculation of the number of buildings before 1960 divided by the number of buildings after 2001, and then multiplied by 100. The national average is 176, meaning that for every 100 buildings built after 2001 there are 176 built before 1960. The Alentejo is the region that is farther away from the average with 211. On the other hand, the regions with the lowest index are the Algarve and Madeira with 123 and 131 respectively.

The conservation state of the buildings, according to the criteria in the 2011 Census, indicates that only 1.7% were considered as very degraded and 27.3% were in need of repairs. Therefore, 71% were considered in good state and in no need of repairs.

This data is important to keep in mind because it clearly shows that there is definitely a significant number of people/households that will be needing repairs, which is one of the main targets in terms of the services provided by LANA.

Technological

The nature of this project makes this context even more relevant than usual. It is important to consider the current trends in Portugal regarding the evolution of smartphone usage as well as e-commerce overall.

<u>Total amount of smartphone users in Portugal</u>

According to studies by Marktest, the smartphone penetration has doubled in 5 years and is now in the hands of 3 of every 4 mobile phone users.

In the last trimester of December 2018, nearly 6.9 million people owned a smartphone. Ownership of this type of mobile phone has been increasing over time, going from 32.5% in 2012 to 73.9% in 2017. It is important to note that the penetration rate for people aged 10-14 (99.6%) and 15-24 (97.4%) indicates that, currently, it is extremely rare to find someone who does not have a smartphone. This goes to show that, more and more, people are getting used to having immediate responses to their needs and it is important to provide solutions as desired.
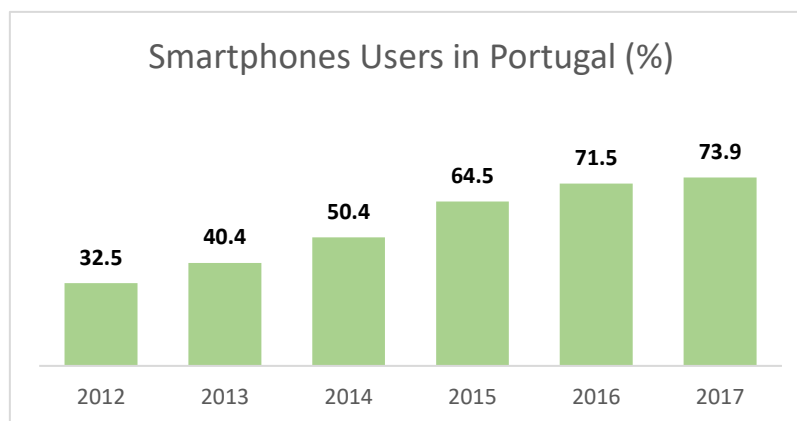
Figure 10- Population with smartphones; Source: Marktest

With the increase of the number of technological devices available to the population over the past decade, the online world wide web has greatly increased its presence in people's life. Google, one of the main technological companies at a global level, has developed a tool name Consumer Barometer which presents internet related statistics based on a survey called The Connected Consumer Survey 2018. According to the data shown on that tool, 71% of the Portuguese population did access the internet in 2018. When the Portuguese youth (under 25 years old) was asked how

often they go online for personal internet usage, approximately 98% answered daily and only about 2% answered weekly. In fact, the number of respondents for monthly and for less than monthly was so small that the percentage is not even considered.

In order to understand their relationship with the internet and how digitally savvy are, the same kind of respondents (Portuguese population with less than 25 years old) were asked to show their agreement level with some statements. The main results found were that 84% of people agreed with "when I need information, the first place I look is the internet", 71% agreed with "Using the internet is fun to me" and 64% agreed with "If I have the opportunity to do a task digitally, I prefer doing it that way". Those findings seem to support the idea that an online solution towards decreasing youth unemployment can be an attractive way of reaching this population and help them towards their objectives.

Online Shopping – E-commerce

According to the E-commerce Report CTT 2018, it shows that online shopping is a growing reality in Portugal.

The three main reasons that lead to online shopping are: lower prices; simple process; and advantages of discounts/promotions.

According to INE's studies in 2017, 34% of the Portuguese population shops online, which represents more than twice as much as of 2010 (15%). Despite this growth in recent years, it is still important to note that it is below the UE-28 average.

The utilization rate for E-commerce is superior for men (37%) compared to women (32%). It is also important to note that it is more frequent amongst the younger age groups, mainly those aged between 25-34 (62%). Over 75% of E-commerce users seek national suppliers.

The increase in E-commerce supports the previously mentioned statement that people want immediate and easy responses to their needs. LANA is a direct response to this trend.

Environmental

The environmental context, in general, does not affect the business significantly due to the nature of its value proposition. However, given that, in general, Portugal has pleasant weather conditions, especially in the summer, an opportunity lies in the organization of the several events that are held. There are many events spread across the country that have a large dimension and need the contribution of many working individuals, such as music festivals or summer fairs. Many of these

events tend to have the support or sponsor of well-known brands, meaning that it is important for the organizing companies to have easy and efficient ways to find and hire new people for the organization. This goes to show the opportunity for the current project is real in these cases.

Legal

There is still no specific legislation regarding digital platforms in Portugal. The existing legislation falls in the realm of IT programs, in which mobile applications are included. However, it is important to consider Decree-Law #252/94, of the 20th of October, that constitutes as an essential tool for the protection of the software developer (including mobile applications).

4.1.4. Primary Research[1]

Once thorough analysis was already advanced and the business concept was initially established, it was important to gather relevant data more in line with the current reality and demands of the market. In order to do so, an online survey was sent to several people and publicly available for any person to answer over the period of a month. The total number of respondents was 359. As previously mentioned, the survey's purpose was to gather information that would help measure various aspects of the business. It is important to keep in mind that, due to the significant number of respondents, the results obtained in this survey are considered to be close representations of the overall reality.

Before diving into the survey results, it is important to understand how it was set up and the reasons behind this. The survey was divided into six main categories, identified as follows:

- Individual demographics – This category supports all the other ones by providing specific information of the respondent (main demographic information)

- Current Consumer Habits – This category aims to analyze how people behave in this industry currently, by measuring the most common needed service types and their frequency, the preferred channels to use when choosing a supplier and overall process efficiency.

- LANA (Consumer views) – This category aims to analyze how people perceive the concept of the platform, by measuring the overall usefulness of the app, the different pricing suggestions as well as the approach towards the supplier selection process.

- Current supplier habits – This category aims to analyze how suppliers currently behave in

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[1] Survey in Appendix 1.1

this industry, by measuring their most common services provided and frequency, the common channel they use to guarantee the tasks and their overall process efficiency.

- LANA (Supplier views) – This category aims to analyze how suppliers perceive potential characteristics of the platform by detailing the main advantages for them to use it and their take on the pricing models

- Corporate demographics and habits – This category aims to analyze how companies (through company managers) currently behave in this industry by measuring the most common needed service types and their frequency, the preferred channels to use when choosing a supplier, overall process efficiency as well as information on the company itself (size of the business in terms of revenues and employees, industry, etc.)

Demographics

To analyze the data gathered, first, it is important to understand that of the sample population considered 313 of the 359 respondents live in Portugal. The reason why this wasn't considered as the sample (313 instead of 359) is because of the possibility of international expansion of the business, meaning that it is important for the platform's characteristics to be more universal.
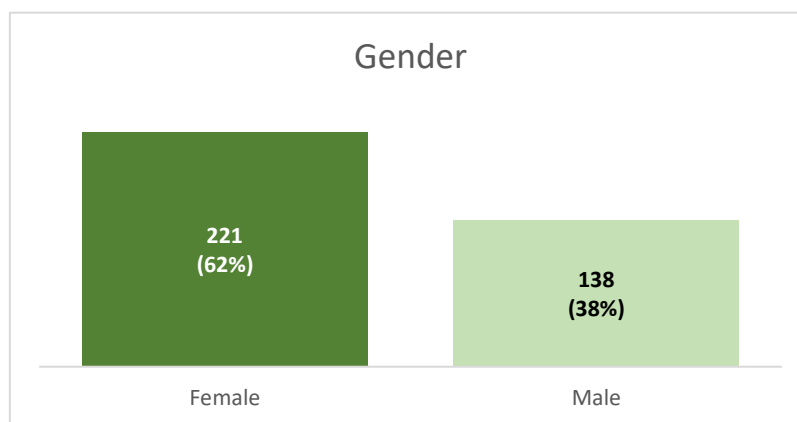
Figure 11- Gender of survey respondents; Source: Own elaboration

The survey respondents were predominantly female.
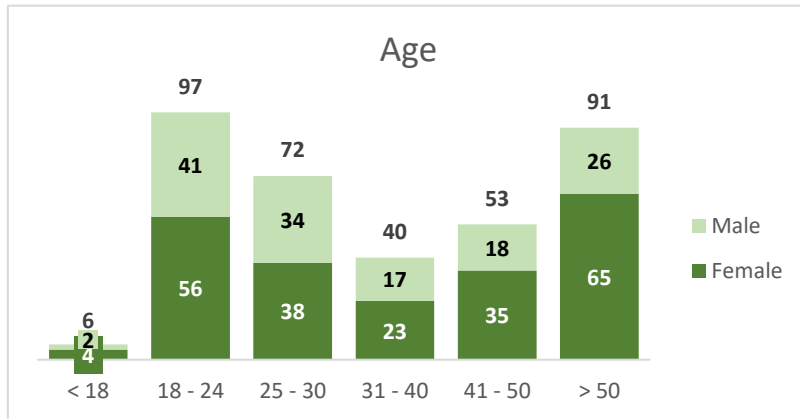
Figure 12- Age of survey respondents; Source: Own elaboration

The age distribution of the respondents is well rounded, which allows for a better analysis of the results. Coincidentally, the three age groups with the highest number of respondents are the targeted ages for this project which allows for even more insightful conclusions. It is true that, since the survey was shared on social media mainly through friends and family, the reach of the respondents may be considered somewhat skewed and it is important to keep that in mind when analyzing the results. However, as can be seen in Appendix 1.2, the sample represents a broad set of respondents with differing characteristics.

Current Consumer Habits
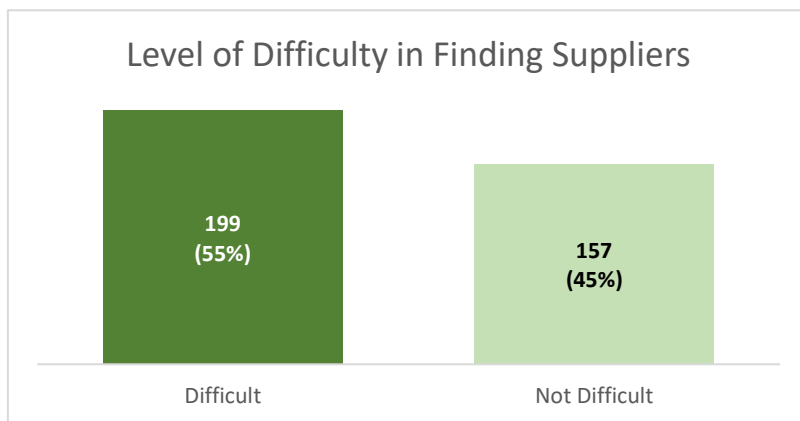
Figure 13- Difficulty in finding suppliers; Source: Own elaboration

At a glance, these results prove that there is currently a gap in the market given that over 50% of the respondents believe that it is difficult to find suppliers and approximately 90% rely on friend referrals. There are a number of respondents that do use specialized service companies; however, the informal channel is still the one with the biggest weight.
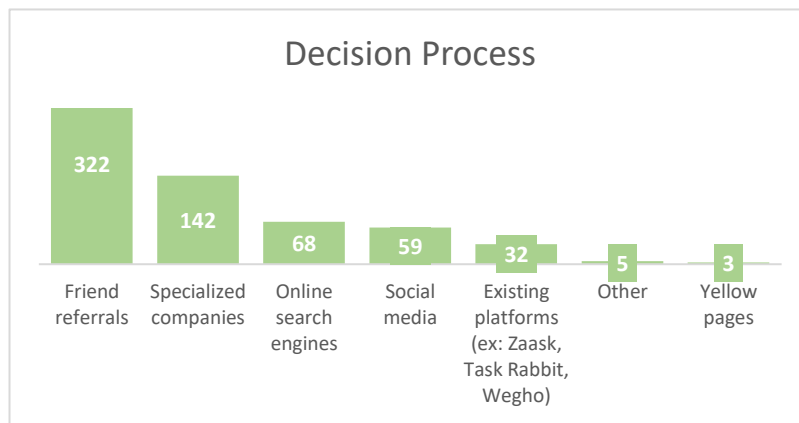
Figure 15- Channels for decision process; Source: Own elaboration

Figure 14- Most common services; Source: Own elaboration

In terms of the most common services needed, domestic services are a need for 73% of the respondents, handyman services are needed by 50% and the other categories all represent 30% each. This goes to show that there is definite market for any project wanting to cater and improve these needs

LANA Acceptance

To further confirm the market opportunity, when asked whether they thought this concept was useful or not, 94% of the respondents agreed that it is. Having such a high percentage means that, if properly delivered, the project will be well received by a clear majority of the population.

Regarding the name of the platform, "LANA", 80% agreed that it is a good name.
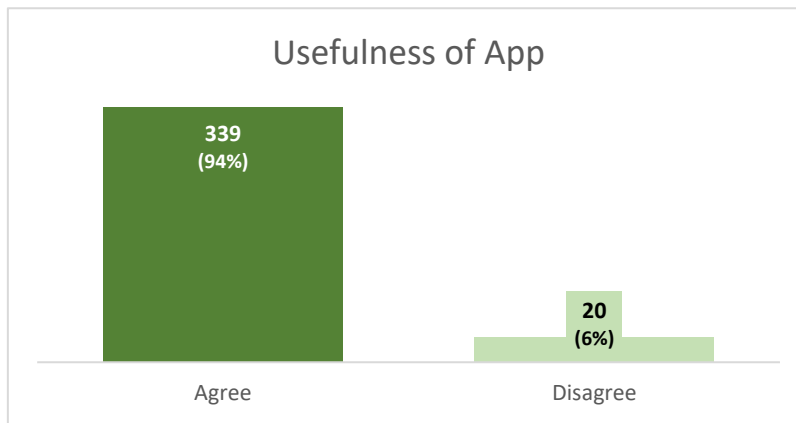
Figure 17- Platform acceptance; Source: Own elaboration
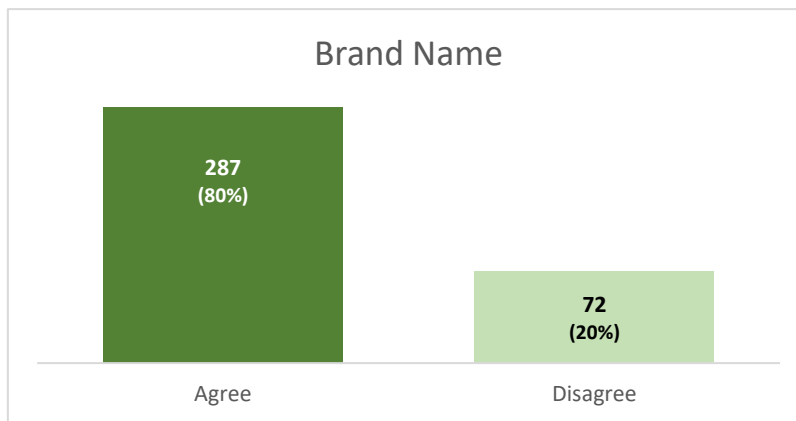
Figure 16- Name acceptance; Source: Own elaboration

LANA Model

When asked about the different possible pricing models, the respondents signaled clear preference towards the model of having an embedded service fee, and also an obvious disregard for the option of paying to download.

Regarding how the price is set, respondents were keener towards two different options, having the platform generate a range of different prices allowing the person to choose one, and also having the suppliers provide different budgets.
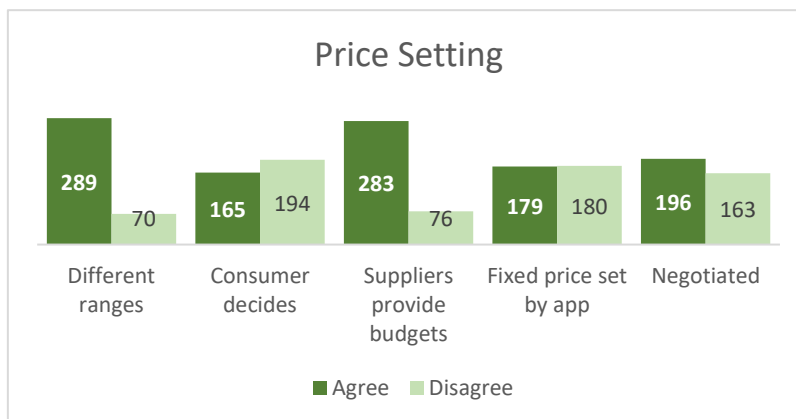
Figure 18- Price setting; Source: Own elaboration
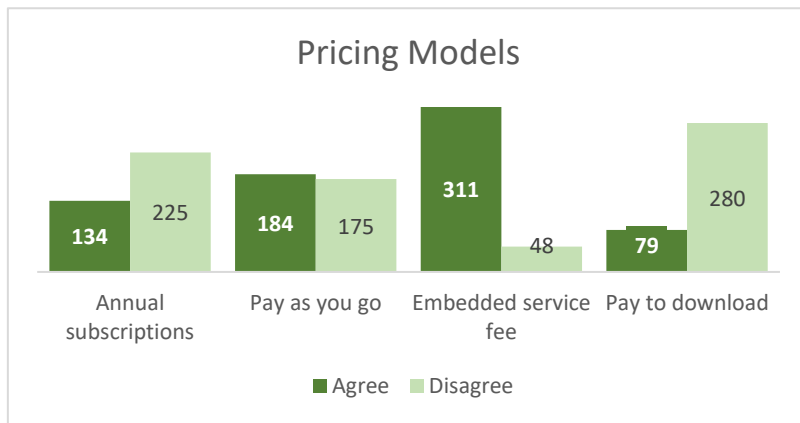
Figure 19- Pricing models; Source: Own elaboration

Supplier Habits

From the 359 respondents, 181 said they would also use the app as suppliers, so for these questions the universe of the sample is of 181.
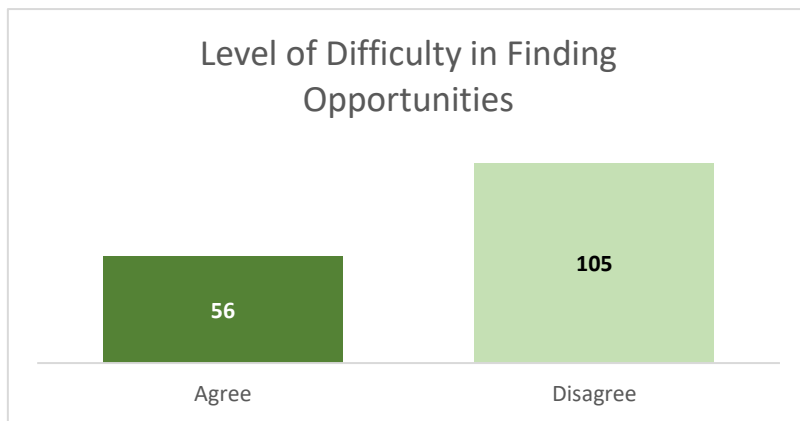
Figure 21- Job opportunity channels; Source: Own elaboration
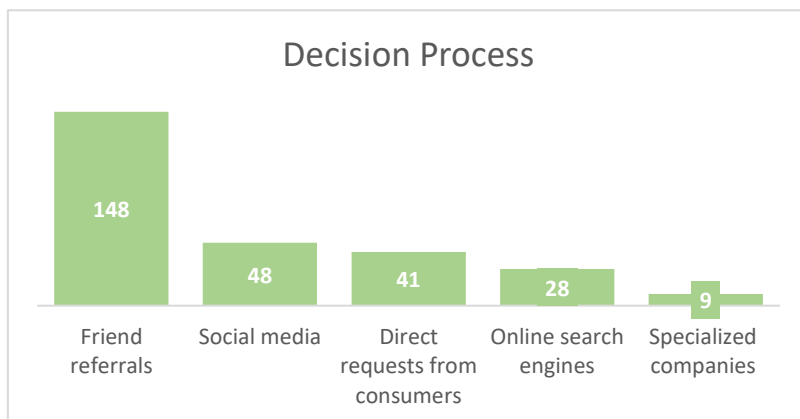
Figure 20- Channels of job opportunities; Source: Own elaboration
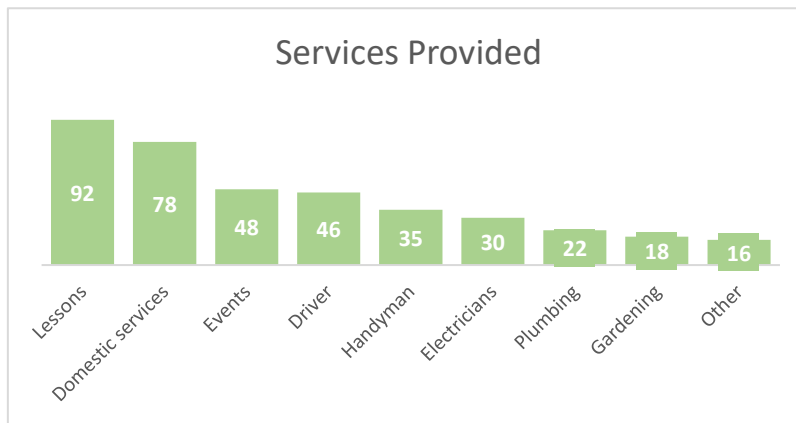
Figure 22- Most common services provided; Source: Own elaboration

Once again, the results indicate that there is an opportunity to enter the market with a solution that can improve the process for suppliers. Just like consumers, the suppliers rely mainly on the information channels to find job opportunities. However, unlike before, most suppliers disagree with the statement that it is difficult to find opportunities. This value is influenced however due to the nature of the services considered. Where, for consumers, Lessons did not represent as much of the services needed as others, for suppliers it is the most provided.

Corporate Demographics and Habits
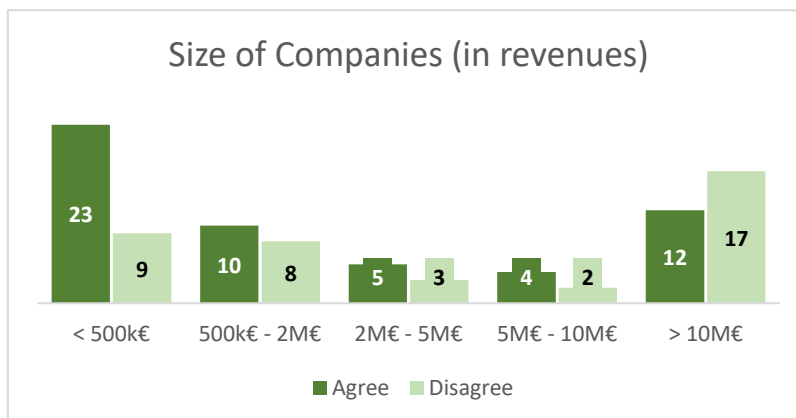
Figure 23- Company demographics (Revenue); Source: Own elaboration
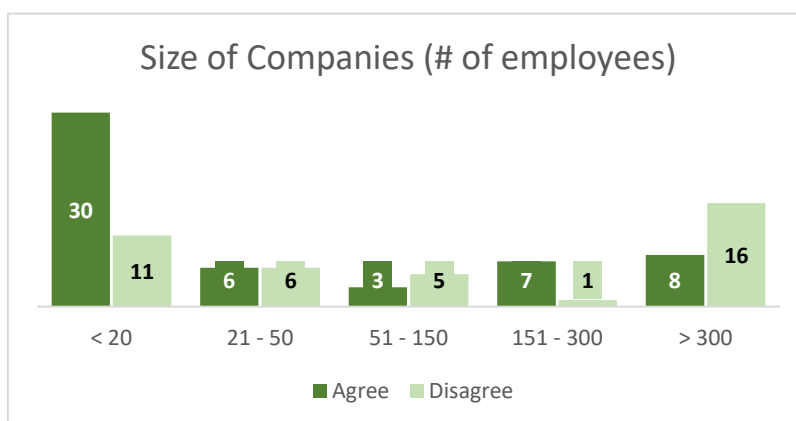
Figure 24- Company demographics (employees); Source: Own elaboration

As for the corporate section, 93 respondents were managers or partners in a company, meaning that the total universe for companies is 93. From these, a total of 60% agree that they would use the app for corporate purposes; showing once again that there is an overall acceptance of the idea. More specifically, a conclusion can be made that the companies with most interest in this solution are small companies.

As can be clearly seen, the survey results allowed for meaningful insights to be deduced. Although the results aren't necessarily an exact representation of how the market works, they are reasonable estimate towards the reality.

4.1.5. Demographic factors

Due to the nature of LANA's value proposition, it is important to detail what is sometimes overlooked, and that is the informal economy. This informal economy includes any economic activity that is not regulated or protected by the state. The reason why it is important to consider is due to the services in which LANA wants to be a player; many services that are not "official" in order to avoid taxation and regulations.

According to a report from the International Labour Organization (ILO), nearly 25% of Europe's employed population engages in informal employment, and that number decreases to approximately 21% when excluding agriculture. Figure 25 indicates that approximately 50% of the world's employed population (in non-agricultural sector), engages in informal employment, a very high share mainly due to the reality in emerging and developing countries. In Europe, the average is far below because its developed countries have less weight on informal employment. It is important to note that Portugal finds itself well below the European average with 10.2%.
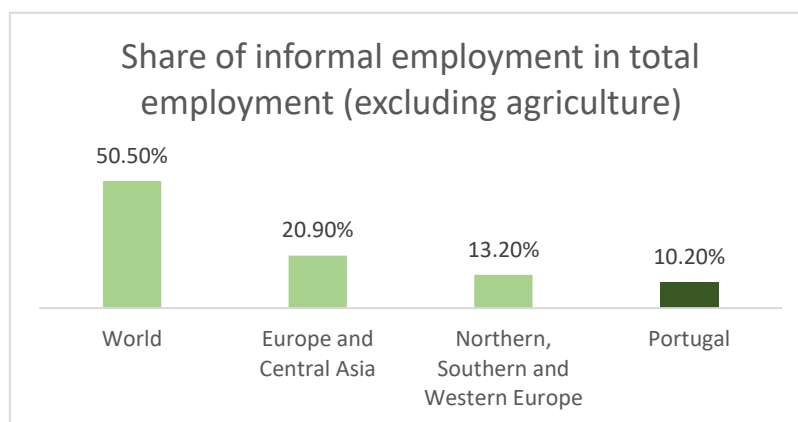
Figure 25- Informal economy; Source: International Labour Organization

According to the OECD, the total active population in Portugal is approximately 5.2 million people, where 4.9 million are employed.

4.1.6. Market estimation

Given the nature of this model being a technological platform that works as an e-marketplace that facilitates the contact and business between consumers and suppliers, it is of upmost importance to estimate market dimension for both players.

Market dimension for suppliers

The main goal is to attract the highest number of suppliers in order to be able to cater to the consumers' needs. The larger the data base, the better. Therefore, it is important to estimate the number of service providers in Portugal.

In 2018, according to PORDATA, the employed population in Portugal was of 4,866,700 people. The potential categories considered are as follows:

- Specialists in intellectual and scientific activities – these include: engineers, accountants, specialists in information and communication technologies, lawyers, etc.
- Intermediate level technicians – include: programmers, IT operators, teachers, commercial agents, sport professionals, etc.
- Safety, security or sales workers – include: caretakers, safety and security workers, etc.
- Qualified industrial, construction or artifice workers – include: qualified construction workers (plumbers, carpenters, painters), jewelers, craftsmen, etc.
- Unskilled workers

The sum of these five categories is of approximately 3.5 million people considered as employed in Portugal. It is known that, out of the total labor force in Portugal, nearly 1.3 million are in Lisbon. Therefore, by assuming that the ratio is the same, the number of workers of these categories in Lisbon is assumed at 875,000 people. Acknowledging that, for several reasons, not all service providers will be potential users of the platform, a conservative estimation of 10% of these will be considered as the pool of potential users. According to the ILO report, the European average for informal employment amongst adults is 13,4%, and this will be considered as well.

Another pool of possible suppliers to consider is that of university students willing to work part-time. As of 2018, according to PORDATA, the total number of university students in Portugal was of 372,753 and 141,266 of those students are in Lisbon, representing 38% of the total student body

in Portugal. A recent study developed by CIES-Instituto Universitário de Lisboa shows that, in 2017, approximately 29% of university students were working at the same time as they completed their studies. Therefore, the active student population in Lisbon is assumed to be 41,000 people. Also, the survey carried out indicated that over 50% of the students that responded would be willing to provide services through the app. Therefore, the consideration made is that 50% of the active university students will decide to use the platform at least once. The ILO report measures European informal employment at 24.7%.

It is also important to consider people who have retired, but still provide services occasionally. There are a total number of 479,132 retired people in Portugal and 196,254 of them are in Lisbon according to PORDATA. The information gathered from the ILO report indicates that 38.2% of people aged over 65 engage in informal employment. Therefore, the considered retired population that is active in informal economy is 75,000 people. Given this information a conservative estimation of 10% of retired people will be considered.

Potential market: (875,000 x 10%) x 13.4% + (41,000 x 50%) x 24.7 + (75,000 x 10%) = 24,281 suppliers

Market dimension for consumers

To estimate the approximate number of consumers the first thing to take into consideration is the number of smartphone users in Lisbon. According to Marktest's report, 6.9 million people were counted as having a smartphone in 2018. Knowing that this number represents approximately 70% of the total Portuguese population, and that the population aged over 25 living in Lisbon is 2,103,127 people, the total considered population with smartphones in Lisbon is 1,472,189 people.

In order to determine a more accurate number of users, it is important to identify the existing trends regarding app downloads for the different categories. Given that similar concepts such as TaskRabbit, Lulu Dans Ma Rue and Faustudo are considered as Lifestyle apps, the same will apply for LANA. According to Statista, as of May 2019, approximately 81% of total smartphone users in the United States had at least one Lifestyle app downloaded.

To determine the potential reach of the LANA app, the results from the survey were considered. 278 out of the 259 respondents said that the LANA app was useful, which corresponds to roughly 75%.

Potential market: (1,472,189 x 81%) x 75% = 894,355 consumers

4.2. Competitive analysis

4.2.1. Porter's 5 forces

Threat of New Entrants

"Entry barriers are advantages that incumbents have relative to new entrants" (Porter, 2008):

- _Supply-side economies of scale_ – The hardware and software tools are the main scalable aspects of this project. A larger user base would increase those needs, but at a lower cost per user.

- _Demand-side benefits of scale_ – The platform's attractiveness and value proposition increases if there are more active job opportunities as well as a significant number of available suppliers because it will benefit both sides of the market. It is possible for new entrants to come across difficulties in attracting users in early stages.

- _Customer switching costs_ – In the suppliers' perspective, it is easy to switch from using one platform to another since the majority allow free access, meaning that competitors are "right next door". However, due to the fact that this is a relatively unique offering, there is not much of a risk. The same goes for the consumers needing a job fulfilled.

- _Capital requirements_ – The main capital needs for a technological project as the proposed platform are mainly the product development costs and positive cashflow in order to guarantee payments.

- _Unequal access to distribution channels_ – In general, the main distribution channels for websites are search engines and other websites. The established players may have an advantage given the higher organic search rankings and possible referral visits coming from other websites.

- _Restrictive government policy_ – The few existing rules regarding these platforms can be easily adopted by any market player.

Global power of the Force: medium/high threat – the market shows many positive signs for those who are in it, due to the clear gap between supply and demand for these types of services. However, due to these characteristics, there is high chance, and relative ease, for new entrants to do the same and act on this opportunity. This risk is even bigger when thinking of the possibility of having already established brands adapt and implement their business in the Portuguese market (examples of TaskRabbit or Lulu Dans Ma Rue)

Bargaining Power of Suppliers

Given the nature of this project, the customer segment identified as Suppliers are considered as buyers and not suppliers in this case. Therefore, the suppliers here are the software developers.

"A supplier group is powerful if" (Porter, 2008):

- *It is more concentrated than the industry it sells to* – As technology develops, it is clear that more and more people are gaining expertise in software development, however, compared with other labor forces, it is still a somewhat select group.

- *The supplier group does not depend heavily on the industry for its revenues* – As previously mentioned, the digital transformation that is taking place is present in almost all industries, therefore suppliers can easily offer their services to many industries.

- *Industry participants face switching costs in changing suppliers* – Since the number of software developers is increasing, it might not be too costly to switch supplier, however the specialization with this specific product and its development are certainly a relevant factor to take into considerations.

- *Suppliers offer products that are differentiated* – The service itself is not differentiated, however the quality provided, and overall input definitely differ for each supplier.

- *The supplier group can credibly threaten to integrate forward into the industry* – This may occur if the developers decide to part ways with their current project and use their knowledge to create their own platform, whilst taking advantage of knowledge gained while working on the previous project.

Global power of the Force: medium bargaining power – It is very obvious that the success of this project depends on the quality of the product development, therefore these suppliers are significantly powerful. However, it is also true that there are more and more suppliers in the market that could also do the job, bearing in mind the possible downsides of adjustments.

Bargaining Power of Buyers

Buyers include both Consumers and Suppliers. The reason why Suppliers are also included in this group is because the platform relies on both group of users and will only function properly if there is a large group of attracted and retained Suppliers.

"A customer group has negotiating leverage if:" (Porter, 2008):

- *There are few buyers, or each one purchases in volumes that are large relative to the size of a single vendor* – In an initial phase, the number of buyers will be relatively small, but the intended plan is to be able to reach a significant volume over time. The platform's success depends on its ability to attract the highest number of users as possible.

- *The industry's products are standardized or undifferentiated* – The current industry is still segmented and hasn't been fully explored so there aren't many products to compare yet, but what is mostly available is indeed standardized.

- *Buyers face few switching costs in changing vendors* – There aren't evident switching costs for buyers due to the fact that payment only occurs per service.

- *Buyers can credibly threaten to integrate backward and produce industry's product themselves if vendors are too profitable* – One of the main advantages of using LANA is the fact that buyers are within a community and are able to reach more people without much effort. As stated before, it is possible for someone to develop a similar product, but it will take time not only to develop, but to gain awareness and usage.

- *Buyers are price sensitive* – Buyers are definitely price sensitive since the idea is to benefit both sides, Consumers and Suppliers. Since the platform's revenue will be based on the service fee charged per service, it cannot affect the Suppliers' profitability nor the Consumers' total price.

Global power of the Force**:** high bargaining power– The buyers are the heart and soul of this business because it will only thrive if there is large number of buyers. This product caters to the needs of the market, which are defined by these buyers. However, since the offer is somewhat unique it also balances things off.

Threat of Substitute Products or Services

"The threat of a substitute is high if:" (Porter, 2008):

- *It offers an attractive price-performance trade-off to the industry's product* – This project intends to substitute the more traditional options that exist at the time being. There are several possibilities to use instead of this platform, however they are not the same and present many of the challenges already detailed previously.

- *The buyer's cost of switching to the substitute is low* – The costs of switching from one channel to another may be low since they may already be being used simultaneously.

Global power of the Force**:** low threat – the existing substitute products or services are the reason why this idea was born. Any other substitute will not be able to fulfill the customer needs in the same way.

Rivalry Among Existing Competitors

"The intensity of rivalry is greatest if:" (Porter, 2008):

- *Competitors are numerous or roughly equal in size and power* – The number of platforms with the same concept is low, and none with enough brand recognition. There are various different solutions as stated before, but not with the same characteristics. This segment is

mainly composed of startups launching innovative ideas.

- *Industry growth* – Given the previous market analysis, there is evidence that there is a significant growth in recent years for this gig economy.
- *Exit barriers are high* – Being an online platform, exit barriers are low because there is no need for inventory or physical structures. However, the initial investment in creating and maintaining the platform should be kept in mind.
- *Rivals are highly committed to the business and have aspirations for leadership* – This is unknown at the time being.

Global power of the Force: low rivalry – There still aren't many direct competitors in the market which is a great advantage because brand awareness and market share can be gained with less competition.

Attractiveness Overview

The previous analysis for each force of competition revealed that this market mainly has a medium-high level of attractiveness. There are clearly some challenges to take into consideration, but the fact that this is a growing market, that still hasn't been fully explored is a very positive sign.

Table 2- Summary of Porter's Five Forces; Source: Own elaboration

Porter's Forces	Power
Threat of New Entrants	Medium/High
Bargaining Power of Suppliers	Medium
Bargaining Power of Buyers	High
Threat of Substitute Products	Low
Rivalry Amongst Competitors	Low
Global Attractiveness	**Medium-High**

4.2.2. Main Competitors

4.2.2.1.   Direct Competitors

There are a few platforms that have already been launched in Portugal that aim to solve the same issues as LANA. There are currently two platform that have a very similar concept and should be considered as direct competitors, WEGHO and Faustudo.

WEGHO

This platform connects suppliers with consumers by allowing for easy and fast scheduling of services. The idea is to facilitate the encounter between consumers and suppliers in a direct manner. Appendix 2.1 illustrates the different steps in the WEGHO process, where a person chooses what service they need provided and then fill out the required information. In the next step, WEGHO presents the price of said service and if the person accepts the payment is automatically made online and service will be scheduled.

There are four main service categories included in WEGHO: Cleaning, Maintenance & Repair, Children, and Health & Wellness. Consumers may pick one of the options from these categories and schedule a date and time for the service to be provided. The platform will then automatically match a supplier to that service. The services are available in Porto and in Lisbon.

WEGHO was founded in 2017 and it currently has over 2,500 users and 5,000 services provided.

FAUSTUDO

Just like WEGHO, Faustudo is a platform designed to facilitate the connection between both sides of the market. However, this platform does not encompass as broad of a spectrum of services; only services involving the household, namely Maintenance, Cleaning, Reparations and Remodeling & Decorating. The process in this platform is fairly simple, where people select the desired service, a budget is generated and, once accepted, they automatically schedule the service. The payment will take place through the app and only once the service has been completed2.

This platform is run by Fidelidade – Companhia de Seguros, an insurance company in Portugal. Its goal is to build on its current value proposition of insurance products by associating itself with the smaller, but more recurring, needs of a household. The platform is only available to users as a mobile app and its category is Lifestyle.

4.2.2.2. Indirect Competitors

According to the performed market analysis, there are three main forms of competition to take into consideration: job search websites, similar online platforms, and social media.

For the job search websites, the following four were taken into consideration:

Net Empregos

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[2] Appendix 2.2

With more than 4,500,000 registered job candidates and more than 206,000 registered companies (according to the data presented on their own website), this is claimed to be the biggest job portal in Portugal. Being a free and generalist platform, their main competitive advantages are the high volume of currently active job postings (due to the easiness of creating new ones) and their successful communication strategy by promoting the job posts in social media.

Sapo Emprego

This website greatly relies on the company's overall positioning: Sapo.pt is one of the most notorious web portals in Portugal, having many subcategories (not only related to labor) and reaching a very large user base. Their employment segment not only takes advantage of that successful branding but also shows a complete approach to job candidates by promoting not only job opportunities, but also other relevant content such as information about trainings and career guides.

Alerta Emprego

This platform's competitive advantages are their investment in content creation and on getting a closer relationship with job candidates and employers. This may be observed on their blog, where content is shared such as guides, reports, tips, articles, templates and many others on a daily basis, and during events as career fairs, where this company is usually present to promote their platform and to have a more personal relationship with some of their users and potential customers.

Expresso Emprego

Being a generalist, but premium portal, this website's main competitive advantage is the potential reach of the published job opportunities. Even though it may not have as many monthly online visitors as the previous competitors, this company also owns one major Portuguese weekly newspaper (Expresso) which includes a job segment with some of the content of their online version. Not only does this allow them to reach more offline users compared with other players, but they also have an innovative tactic to better engage the users: they host an online event (named Job Fair) where, by partnering with a big set of Portuguese universities, they promote some specific and valuable opportunities during a designated time period.

For similar online platforms, the following three were considered:

HABITISSIMO

Market leader in Spain and in Latin America, namely Brazil, this platform connects individuals wanting to hire construction or remodeling services with professionals and companies that supply said services.

The individuals freely post a budget request reaching out to different professionals in their geographical area.

It was created in April of 2009 and is present in other markets such as Italy, Portugal, France, Argentina, Mexico and Colombia. The platform counts with more than 270,000 registered professionals and over a million budget requests have been posted.

ZAASK

Created in 2013 by Portuguese entrepreneurs, Zaask is the biggest online service platform in Europe. A sophisticated job listing that originates from the will to reduce time spent on searching for the right person for the job, that is available, nearby and within the available budget.

Zaask founders created not only a business, but also a concept. The Askers, those who need tasks taken care of, and Taskers, those who can satisfy the requests.

"Get several budgets from evaluated professionals". It is clear that evaluation and feedback of suppliers is important and contributes to give more credibility to the platform.

STAR OF SERVICE

Founded in 2013 in Paris, Star of Service arrived in Portugal in 2016. It is a competing service with Zaask, a platform that joins those who need a service provided and those who have the competences to do so. The site has been translated into Portuguese with some irregularities.

The name Star of Service transmits an idea of assured quality.

For the social media, two main platforms were considered; Facebook and Whatsapp. Linkedin was not considered due to the nature of the tasks posted and those who post them.

Facebook

Despite not being the trendiest social media anymore, Facebook is still highly used and not only for personal reasons. There are innumerous informal pages and groups which sole purpose is to post job possibilities.

Facebook caught on to this trend and decided to launch its own job board feature in February 2017 where employers can post tasks through their own pages and job seekers can apply to them directly through Facebook. According to a Jobvite study (2018), Facebook is used by 63% of the recruiters. Posting is free and there is no limit on the number of posts per page.

Whatsapp

Informal messages are still very common amongst people, as well groups dedicated entirely for this purpose as well.

4.3. Case studies

Throughout the research phase for this project, there were a few platforms that were identified as having the same concept as LANA; the purpose of creating an e-marketplace bringing together consumers and suppliers of several different services. As previously mentioned, the Portuguese reality does offer some examples and there are other international examples that deserve attention. The cases identified and analyzed are that of Task Rabbit, Lulu Dans Ma Rue, Zaask and PopJob.

Task Rabbit

This company was founded in 2008 by Leah Busque and it was initially named RunMyErrand. The idea behind the platform came to her one night when she had run out of dog food and found herself wondering why there wasn't an easy solution to her problem. Her thought was that, by outsourcing routine tasks would not only save time, but also help develop communities because the people involved would inevitably be neighbors or live nearby.

The process in using the platform is very simple and can be summarized in three steps: 1- TaskPoster posts a job opportunity and TaskRabbit then suggests a list of three available Taskers alongside important additional information such as hourly rates (which are decided freely by the Taskers) and experience level; 2- Tasker may then accept or cancel the job; 3- The job is completed by the Tasker and payment is processed through the app.

It is important to note that this process was not always like this. Initially, TaskPosters would establish the price they were willing to pay, and Taskers would then bid on the job. This was a far more favorable approach for TaskPosters, but the new approach is far more focused on the Tasker. The change occurred during 2014 due to the constant decline in bids and completed and accepted tasks. There were several reasons that lead up to the change, but the most significant were the fact that prices posted by TaskPosters were below what would be expected; the TaskPosters would often

be misleading in describing the job; Taskers would feel the need to accept any job that came their way, regardless of the difficulty level; and Taskers would spend too much time searching for job opportunities to bid on instead of it being an easier process.

Besides the shift in paradigm in the platform usage, other changes took place in that same year:
- Taskers were assigned to Tasks instead of choosing those in their fields of expertise;
- Taskers were asked to wear a uniform (TaskRabbit shirt);
- Taskers obliged to use the Tasker mobile app for scheduling, chatting, and booking tasks;
- Taskers began using a tasker calendar for availability and scheduling;
- Taskers had to respond to all assignments within 30 minutes, even if it was not in the tasker's chosen area.

One of the main value propositions presented by TaskRabbit is the fact that, through evaluations and reviews, TaskPosters can have a more realistic view of what people think of the Tasker. However, this is not true the other way because there is no possibility for Taskers to review and evaluate TaskPosters.

Currently, all services are measured (and priced) by hour. For any services that require the use of tools or other materials, it is discussed amongst the Tasker and the Poster on who should provide these.

TaskRabbit's revenue is based on a 15% service fee as well as a 15% Trust & Support fee. The variety of the services is broad, but the most popular are Handyman (includes furniture assembly, moving, minor home repairs, etc.) Cleaning and Delivery.

In general, the efforts in improving the platform have proven to be very successful, resulting in a total amount of users of over 2 million people and a database of over 50,000 Taskers across 20 different cities in the United States, UK, Canada and France with plans to expand into new markets in the near future.

Lulu Dans Ma Rue (LDMR)

This platform was launched in Paris in 2015 by Charles Edouard Vincent, who also founded Emmaus Défi, another platform whose purpose was to recreate an economy for local jobs by enabling everyone in the market. The platform serves as an intermediary and, the project's "aim is to put people seeking economic opportunities in contact with neighborhood residents requiring day-to-day assistance (such as watering plants, pet sitting, small deliveries, etc.)". Given this information, it is important to emphasize the fact that, since the beginning, the idea behind LDMR was a project with strong social impact which is an aspect that has allowed LDMR to be endorsed by the French state

This concept revolves around a somewhat hybrid approach, a combination of a direct digital interface (through LDMR's website) as well as a physical space (a service counter kiosk in the neighborhood). The process is fairly simple, all that is needed is for a person to contact LDMR (through telephone, online or in person) and state their need in assistance. LDMR will then identify available Lulus (registered service providers) and establish contact between both. Given LDMR's characteristics, the "matching" process between available Lulus and requested services is still not completely up to speed in terms of automation, but it is heading in that direction. Once the order enters the system, the platform will automatically contact the five Lulus that are closest located (within the specific category). This process will repeat itself every half hour for the following 48 hours until a match is found (a Lulu accepts). If after the 48 hours there hasn't been a match, the system will eliminate the request and a match is then found manually. Due to the aspects of this process, combined with the limitation of number of available Lulus, the average conversion rate for requests is of 67%.

Regarding the pricing and payment of the services, the platform has fixed prices (per hour) for each different. There a few services, such as small "construction" jobs, sewing and home cooks, that are priced pending a budgeting process that is individually made. A service fee of 21% in included in all services. As for the payment itself, the customer gets an LDMR invoice for each specific service, and to simplify the process and bureaucracy for Lulus, they must present LDMR with an invoice at the end of each month which will include all services provided. This information of total hours and services is available to Lulus through their app (which is mandatory for all Lulus).

Another characteristic that is worth mentioning is the fact that people cannot become Lulus from one day to another. Due to the fact that LDMR requires Lulus to be considered as micro enterprises (this in order for them to be able to benefit from specific fiscal conditions) it takes approximately a month and a half for this procedure to be completely from beginning to end, but LDMR takes care of everything.

The wide variety of services available is definitely very positive for LDMR, but there are two that are more common amongst users, small home repairs and cleaning services. Small home repairs accounts for approximately 1/3 of services provided. The popularity of cleaning services is different because, unlike most other services, the requests are not as one-off, but are more constant and fixed appointments. On the other hand, there are also a few services that are clearly not as profitable as others and may even be taken out of the options such as babysitting and private lessons.

A main concern that LDMR faces is on how to fight the existence of a parallel/"under the table" economy where Lulus decide to bypass the platform and complete the services "offline" by cancelling that specific service or telling a customer to contact him directly for future cases. Knowing that this is an issue that cannot be entirely eliminated, LDMR's goals is to reduce it as much as possible by presenting differentiated advantages for Lulus and customers. Firstly, LDMR appeals to all users that it has a social purpose of developing local communities and if people attempt to cheat the system then the platform cannot survive, and no improvement will be made. Therefore, the sense of community is very important, especially amongst Lulus. LDMR also offers special events and perks to Lulus. Although it is still not implemented, the idea is to develop a gamification system where users can unlock different advantages (discounts, promotions, lower commissions, etc.) after an established amount of money has been "produced". Having services insured and benefitting of tax reductions are appealing advantages for customers as well.

Once it was launched, LDMR had immediate success, with over 300 requests satisfied in its first month thanks to 17 Lulus while the kiosk had 3,600 visitors and the website had 10,000. Currently, LDMR counts with over 80,000 services provided, 50,000 clients and 800 Lulus (goal is to reach 1,000 by the end of 2019) distributed online and in 9 different locations in Paris. The company is clearly growing, having had over 6,600 service requests in July 2019 (highest month to date). At the moment, there are approximately 60 people working at LDMR and the company's goal is to enter another French city by the end of 2020.

Zaask

Zaask was founded in 2012 due to the difficulty by the founders, Luis Martins and Kiruba Eswaran, in finding local service providers such as plumbers, carpenter and other providers of construction & home related services. These two entrepreneurs had three main motivators when starting this business: 1- to take a traditionally offline business into the online spectrum, help reducing procurement costs; 2- the economic outlook provided an opportunity; and 3- the previous success of similar ventures in more developed markets.

Like other examples analyzed, Zaask had an initial model and decided to change completely once results weren´t as wanted. Initially, Zaask worked on a commission per transaction basis, but decided to change having its revenues be a fee charged to suppliers. The platform is entirely free for consumers, but for suppliers to be able to bid on job opportunities they must pay a fixed fee per bid sent.

Zaask provides value for both Taskers and Askers in different levels. For Taskers, the possibility of creating an online reputation (through performance evaluations) and having free promotion of their services though Zaask's marketing channels. For Askers, the advantages are that it helps save time when looking for suppliers (free budgets from multiple people) and that the public reviews help reduce risk.

It is also important to reference the fact that the platform is only available as an app for Taskers, which may be excluding potential market for Askers. Also, many Taskers feel very frustrated because, despite bidding on several opportunities and, consequently investing money, they are rarely selected for tasks.

Currently, the platform works with five main categories which are Home, Health & Wellbeing, Events, Lessons and Others. There are over 253,000 Askers and 52,132 registered Taskers.

PopJob

PopJob was founded by two entrepreneurs, José Catalão and Francisco Varela Cid, in 2014. The idea for the platform came when, as young adults finishing their university studies who were constantly looking for one-off jobs to gain extra cash, they realized that the mechanisms at place were faulty and not efficient, so they decided to develop a solution of their own. Since the conceptualization to the development and actual launch of the project it took approximately two years.

PopJob is a platform that aims to be a marketplace that joins recruiters (Poppers) and workers (Jobbers) for one-off jobs such as event promoters, drivers, valet parking, babysitting, etc. Poppers would post a job opportunity which would be available for Jobbers to see and apply by sending and application form. As the applications would be sent, they would go through PopJob's scanning process where an initial filter was applied in order to present a more efficient and trustworthy list of workers to the company advertising the job opportunity.

This platform worked under the premises of a Minimum Viable Product (MVP) due to several constraints on behalf of the founders. Despite only being active for less than six months, it was enough to prove that it is indeed a project that is well received and that has obvious market potential. There are plans to relaunch this platform in the future, but still uncertain.

Although it was only at the MVP phase, there were plans to develop and improve the platform depending on time and investment. The goal was for the platform to generate revenue for both Poppers and Jobbers. Poppers would work based on a freemium model where they had basic access

and would have to pay to become premium members and have more advantages. Jobbers would pay an annual subscription (approximately €10-15) in order to be able to apply freely to the tasks on the platform.

There were a few significant advantages that were identified for each player given these circumstances and, for Poppers, the main one is the access to a greater number of potential workers and also the fact that the platform would not only be a simple database of workers, but it would become an important tool for managing events by combining all relevant features within a single platform. For Jobbers, besides being able to access multiple job opportunities, an important advantage would be that PopJob guaranteed payment as soon as the job was done. The reality is that most companies take up to a month or two to complete transactions, but PopJob would pay upfront.

During its brief period of activity, PopJob had approximately 20 Poppers and 2,000 Jobbers.

Conclusion

The reason why these examples were studied is because of the common goal that they share with LANA. All four case studies are examples that provide insights onto how the market reacts to certain situations. There are valuable lessons to be learned from each one of these cases.

TaskRabbit	LDMR
• Shift in terms of the selection process proved to be beneficial. Taskers determine price • Platform develops a list of possible Taskers for the Poster to choose. Taskers don't waste time searching for tasks • Advantage to include all necessary "tools" within the platform • An overall 30% fee is charged (between Service and Trust & Support fees)	• Hybrid approach allows for a larger pool of consumers • Current invoice system simplifies bureaucracy • Important to have an automated matching process • People cannot become Lulus immediately • Constantly aiming to reduce the existence of parallel economy • A fixed service fee of 21% is charged for all services
Zaask	**PopJob**
• Shift in selection process. Started off as a fee per transaction, but now suppliers pay per bid • Platform is only a meeting point, the service itself is not of Zaask's responsibility • There is no mobile app for Askers (consumers), only available as a website	• MVP proved that a freemium model may work • Having all features incorporated within the platform is a great advantage for many companies • Immediate payment to suppliers as opposed to them having to wait months to get paid • Focused mainly on corporate users, namely event organizers

Table 3 - Case Studies Conclusions; Source: Own elaboration

4.4. SWOT Analysis

Table 4- SWOT analysis; Source: Own elaboration

Internal Analysis	External Analysis
Strengths	**Opportunities**
• Innovative project; • Differentiating characteristics such as automatic matching and LANA point system; • Free download (easy access); • Works 24/7; • Few assets needed; • Establishment of a community.	• Clear gap in the market; • Digitalization of Business • High total and youth unemployment; • Young people frequently online; • Growing entrepreneurial ecosystem in Portugal; • Motivation from suppliers; • Increased popularity of part-time or one-off jobs (Gig economy).
Weaknesses	**Threats**
• Inexperience in the industry; • Small initial user base (few job opportunities and few suppliers); • Difficult to guarantee and control quality; • Possibility of ignoring platform after first contact is established, cutting off the middleman; • High initial investment; • Low brand notoriety; • Replicable business model.	• Social networks competing with this market; • Benefits for being unemployed; • Known market for payments that are "under the table" (informal economy).

The table above is a SWOT analysis in which a brief summary of the internal and external analysis is taken into consideration. Given this input, the SWOT analysis can be further analyzed by developing the dynamic SWOT, which identifies how each of the element relate to each other and how they can be used in order to improve the business strategy. The table below illustrates the dynamic SWOT for LANA.

Table 5 - Dynamic SWOT; Source: Own elaboration

	Strengths	Weaknesses
	Challenges	**Restrictions**
Opportunities	• Communicate differentiating and innovative factors to take advantage of a relatively new and unexplored market • Build a large user base in order to better cater to the needs of both sides of the market • Create a user-friendly experience that attracts and retains both consumers and suppliers	• Clearly identify and communicate the gap in the market that is being filled in order to gain brand notoriety • Take advantage of frequent online presence and the increased popularity of one-off jobs to increase the initial user base as fast as possible • Establish and implement a thorough and reliable rating system to guarantee quality control in order to reassure users
	Risks	**Warnings**
Threats	• Create an appealing and straight forward offer to motivate users to keep on using the platform instead of benefitting from unemployment • Implement several initiatives to guarantee retention of users and convince them to keep on using the platform instead of establishing a parallel channel on their own	• Seek advice from other successful entrepreneurs on how to combat inexperience in an industry • Use social media to gain brand notoriety and stray users away from the options provided by social networks • Guarantee that system is in place where users are persuaded into using the platform continuously instead of ignoring it

5. Business concept

5.1. Business opportunity

As has already been mentioned previously, the fact is that, at the time being, the market is clearly faulty and lacking a solid bridge that can join both sides. As of now, the most common channels to identify and contract someone to provide a service are informal channels like social media groups. The survey carried out helps prove this point and also shows that friend referrals is the most common channel to guide the decision-making process.

The digital era that is being lived has improved many aspects of daily routines, allowing people to get more and more comfortable and used to having technology present. That is why it is of upmost importance to react to this trend and provide a solution that meets people's demands. Nowadays almost everything is at a click, it makes sense to guarantee that that is true in all aspects.

Another trend that is increasing alongside the digital is the popularity of the gig economy. It is becoming more common to have people jump from one area or job to another without necessarily establishing long roots anywhere. There has been a rise in the number of freelancers in the past years and it seems to keep on growing and it is definitely something to take advantage of.

The fact that everything that has been mentioned is still somewhat new means that the market isn't quite established yet. Thus, meaning that there are very few established players and competition is not an obstacle at the time being. However, given the lack of awareness, a push strategy will be implemented in the initial phases of the project in order to guarantee that the brand is getting visibility and that people become acquainted with it.

The differentiating factor for this platform is that it creates a community amongst the LANA users, making it easier for everyone to be able to fulfil their needs. Not only that, but LANA will also give the opportunity for suppliers to accumulate points in order to exchange for different purchases.

A critical factor that must be considered in all of this is to guarantee that all fiscal requirements are treated properly and that the idealized solutions are feasible.

All these factors mentioned above will be described and analyzed with more precision in the next chapters. The financial aspect will also be analyzed in detail in the following chapters.

5.2.   LANA Brand[3]

The name for the proposed platform is LANA. The origin of this name comes from the Basque word "Lana" which means job. The reason why the Basque language was chosen is due to the author's personal connection to the region. Having family that live there and spending most summers of his childhood in the Basque region, there was a personal desire to have this included in the project.

While searching through the several possibilities of names, many different words were considered, but the decision of going with "Lana" was due to the word's direct association to the nature of the project. The idea behind this platform is to improve the process of job selection and execution. Another reason is that, despite being a foreign word, LANA is relatively easy to say in any language. This played an important role in the decision because the plan is to, eventually, develop internationally and it is important to have the support of a strong name.

The main message promoted by the brand will revolve around the uniqueness of the platform and the facilitated experience it provides in this job selection process.

The slogan proposed for this platform is "At a click". This expression emphasizes the key selling point of the business: having available solutions at the distance of a click.

Being an app-based service business, there is no physical evidence besides the company's brand and its logo. This includes the main components to be used in the platform's design and promotion and also in corporate resources:

- Color scheme – set of primary and secondary colors to be used. The main color is green which is usually associated to positive emotions and scenarios.

- Logo – this visual contains the platform's name showing a clean and simple design. This image will be used in corporate documents.

- Icon – a simple adaptation of the logo, having the name as the focus point and with a green background, once again portraying a simple and clean image. The icon will be used as the icon for the mobile application (which appears on the applications' stores and on the mobile devices after installation) and it will be used on social media (as the main profile's photo).

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[3] See Appendix 3.1 for color scheme and brand image

5.3.   Business model

The Business Model Canvas is composed by nine major blocks that highlight the key elements of a project and its activity. The model allows to create a visual framework that summarizes the proposed business plan (Figure 26), however the following analysis will further detail each of the major blocks.
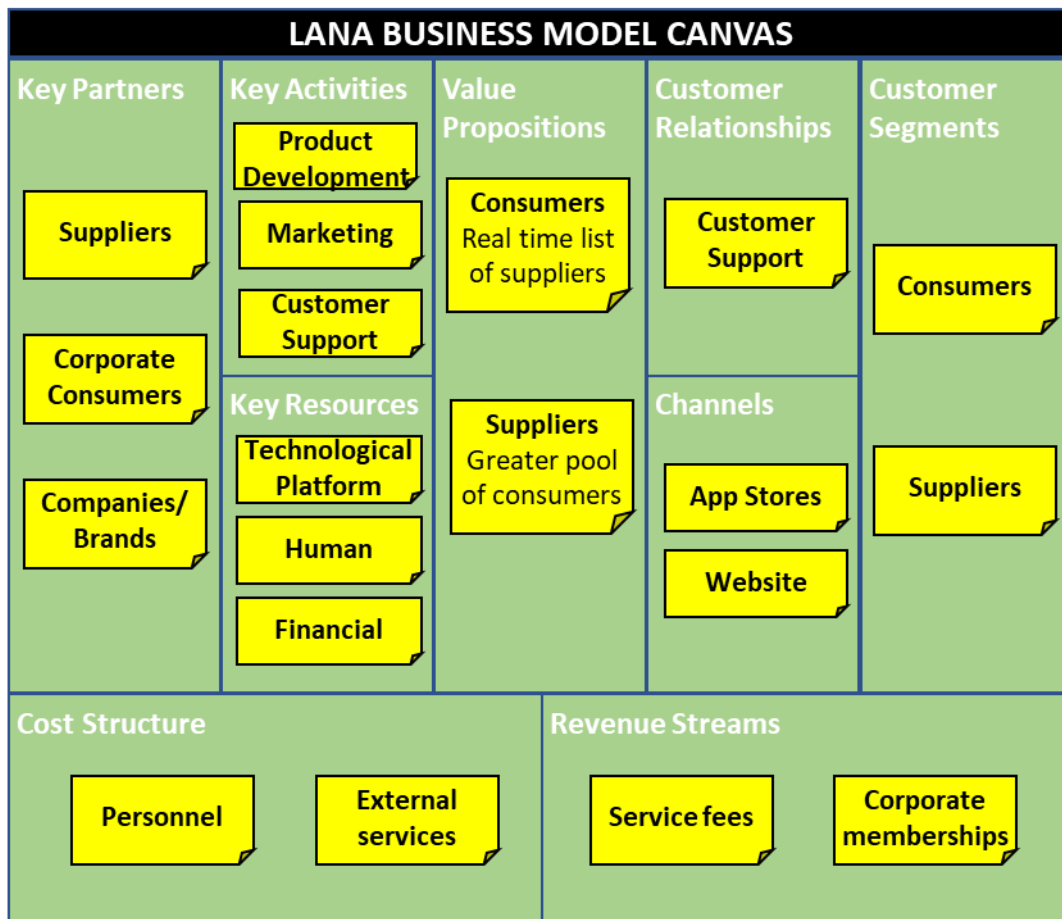
Figure 26- Business canvas; Source: Own elaboration

Customer Segments

There are two main customer segments, the Consumers (those in need of a job/service taken care of) and the Suppliers (those seeking job opportunities). The Consumers can be further categorized into private (individuals or households) or also corporate. It is important to distinguish between them because the characteristics that each entail are fairly different. The Suppliers entailed are those whose income is entirely based on these services (professionals) and freelancers (part-time or "extra cash"). This will be elaborated into more detail further on.

Value Proposition

There are different value propositions for both segments:

Consumers

- Vetted and credible suppliers (through platform ratings, job history, comments, and an overall background check when registering)

- Simplified procurement process (shortlist provided with different options in real time)

- Unique matching system guarantees quality (the tasks will be divided into different price ranges and suppliers will be eligible for the different ranges according to their ratings)

- A warranty on the services provided (guarantee that if quality does not correspond with requirements then LANA will provide a solution)

- Direct communication channel within the platform

Suppliers

- Constant access to new opportunities (larger pool of consumers as well as having real time offers)

- Free advertising (publicly available comments and feedback)

Customer Relationships

Official communication channels will be set in place which will allow for constant communication and feedback for both customer segments through chats, email, or phone. There will be two separate teams handling both segments and fully invested in solving any problems that come to surface.

Channels

There are two main channels in which the platform must be present, available in different mobile app stores (Google Play and Apple App Store primarily) as well as having a functioning website in order to encompass a broader market.

Key Activities

- Product Development is fundamental. Not only must the platform be created in an initial phase, it is important that it is constantly being maintained and updated This requires the contribution from all different areas of business.

- Marketing is important, mainly in the early stages of the project because an initial push is necessary to gain brand awareness.

- Sales/Customer Support has to be very active at all times. A constant care and attention towards satisfying customer needs and improving offer in general.

Key Resources

- Technological platform
- Human Resources (Platform development team, marketing team and customer support)

- Financial Resources (an initial investment is needed in order to develop platform and launch in the market. Consistent need for cashflow in order to be able to guarantee payments)

Key Partners

- Suppliers: Despite being a customer, the relationship with these users is vital for the success of the project because if there are not enough suppliers then the consumers won't be satisfied with what the platform offers.

- Corporate Consumers: Need to offer good deals in order to guarantee constant and continuous business.

- Companies/Brands: One of the platform's differentiating factors is the possibility that the suppliers will have to trade in their "LANA points" for rewards. In order for this to happen successfully it is important that the rewards are appealing, therefore a strong relationship must be developed with these companies/brands.

Revenue Streams

Main source of revenue will be the service fees that are implemented within the price of the service. It works as a small commission for every service provided. This decision is supported not only by the survey results (over 80% of the respondents agreed on having a pricing model where there is an embedded service fee), but also because of the successful examples of Uber and TaskRabbit for example. A secondary source will be the revenue generated from the Corporate Consumers that pay an annual fee.

Cost Structure

In the beginning, the main costs will be Human Resources given that it is a service-based business. This entails the cost of developing and maintaining the platform. Over the years, as the number of users increases, the cost of acquisition will also represent a fair share. The other costs are external services which include rent and the costs of hosting and maintaining a platform.

5.4. Objectives

5.4.1. Strategic objectives

- Launch in May of 2020 in Lisbon

- Grow to Porto by 2025 (not detailed in scope of this project)

- Complete national coverage by 2029 and begin international expansion (not detailed in scope of

this project)

- Reach over 500 registered users in first year of activity

- Reach payback before 8th year of activity

5.5. Project phases

Concept, Initiation, Definition, and Planning – Duration: 5 months

The initial idea for this project is being built on and further analyzed in order to determine if it is realistic to implement and complete. This thesis is the basis for the definition and planning of the project as it establishes the project's scope and its next steps.

Project's Presentation to Investors – Duration: 3 to 6 months

Once the project is finished and it has proven to be viable, it is important to guarantee funding. Since the funding options were not analyzed in-depth for this project, it is important that a more thorough analysis of the funding sources be conducted. The project will be presented to various sources to get the best deal.

Development, Launch and Execution – Duration: 4 to 8 months

The first step is to start developing the platform. This can take place simultaneously to the search for investors.

Suppliers will be targeted during this time to guarantee that the platform already has a minimum data base to be able to launch.

In this phase a strong/aggressive marketing plan will begin to be put in place in order to create brand awareness.

Performance and control – Duration: Continuous

This phase occurs once the platform is launched and is continuous because it measures and assesses the business performance and its evolution. This includes constant review and analysis of the performances of suppliers and attention to the feedback given by users.

Expansion

This phase implies the growth into more markets and a broader range of services offered.

5.6. Main activities

There are three main activities to be considered for this project; product development, marketing, and sales/customer support.

Product Development

Due to the nature of this project, it is clear that the most important activity in order or its success is the platform development (not only its initial creation but also its maintenance and improvement over time). As previously mentioned, the mobile application will be developed for the two most used mobile operating systems: Android and iOS. This will require at least a computer engineer with experience in coding languages (such as Java for Android and Swift for iOS) as well websites, and a web designer who will determine the visual aspect of the platform (both mobile and desktop). Both will work collaboratively towards the end product.

Once the platform is launched, it is important to keep track with any necessary updates or improvements identified

Marketing

In order for the platform to be successful it is necessary that it generates a significant amount of traffic from various different users. Since this is a new product in the market, it is necessary to invest heavily in marketing in the beginning in order to attract the highest number of users as possible and to gain brand awareness.

Besides the direct "door-to-door" approach considered to gain Suppliers; heavy investment will be made to guarantee strong presence in social media.

Sales/Customer Support

Keeping customers satisfied is the heart and soul of this business, therefore having fast solutions to any problems that may occur is detrimental for LANA's success.

5.7. Development strategy

Once the initial launch phase is over, it is important to establish a consolidated position in the market. Once this has been achieved then it is necessary to continue building on the development of the platform in order to guarantee that it isn't overlapped and beaten.

According to Ansoff Matrix, there are four types of growth strategies: Diversification, Market Development, Product Development and Market Penetration. There are two strategies that are

identified as being best suited for the project's objectives; market and product development. This can be seen through the scope of medium- and long-term objectives.

For medium term objectives, in light of a market development strategy, and since the initial plan is to launch in the Lisbon area, a definite next step will be to open operations in other locations within Portugal such as Porto and the Algarve due to their importance within the country (more in-depth research will have to take place to better decide which location is best. In terms of product development, it is important to consider including new services in order to broaden the scope of potential users. Also, in order to reach even more people, a hybrid approach (like LDMR) might be worthwhile. Given that one of LANA's value propositions is the fact that the platform establishes the pricing of each activity in a timely manner and within reasonable ranges, it is crucial that this feature maintain true, so careful analysis has to be carried out in order to open this possibility.

For the long-term objectives, the main market development strategy is to expand internationally since the product caters a need that exists everywhere and can easily be replicated.

6. Implementation / Operating model

6.1. Marketing strategy

For this project to be successful, it is of upmost importance that the platform generates traffic, meaning that service providers and consumers need to become frequent users. For this to take place, it is necessary to develop a communication plan in order to attract these users.

The marketing plan is aimed at two different targets, the first being directed towards service providers and, later, towards general consumers.

The service provided by LANA must add value to its customers and that it is perceived as such by them. For this, the marketing plan will help illustrate how this service will be sold, motivating the customer to create a connection and relationship with the brand.

By increasing LANA's visibility and awareness, it will allow for further growth of the business and increase the perception of added value that this platform offers its customers.

To develop an efficient marketing strategy, it is important to establish the company's direction (mission and vision), positioning and segmentation.

6.1.1. Mission and vision

Mission

Ensuring a real time response to immediate needs by connecting consumers with the right suppliers in a more efficient manner.

Vision

To be recognized as a national reference for both consumers and suppliers, becoming the "go to" option for task completions.

Values

- Respect towards everyone

- Promote sense of community

- Be open to failure

- Value entrepreneurship

- Go the extra mile

- Lead by example

6.1.2. Positioning

The positioning consists in creating, in the mind of the customers, a significant or distinct image of the company. The idea is the development of an online platform that will become a reference for any consumers that need a service provided in their household or company. The platform has an attractive design, is intuitive and user-friendly, and a real time response to consumer needs. There are two basic characteristics important to help determine the positioning of a brand: identification of the product or service and differentiation.

Identification	Differentiation
E-marketplace combining consumers needing a service provided and suppliers willing and capable to do so	Innovative platform; easy and fast way to hire suppliers in real time; development of a community where a rating system is generated

Table 6- Identification and Differentiation; Source: Own elaboration

To further develop the positioning, the method of the golden triangle of positioning was considered (Mercator, 2015).
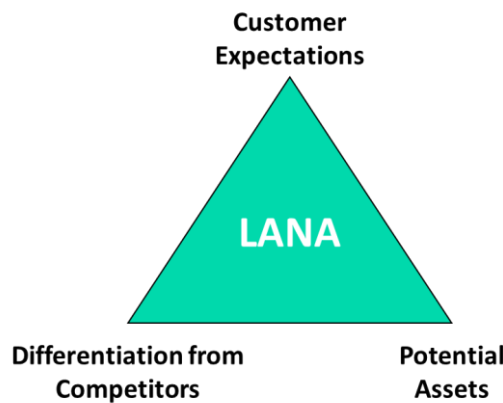

Figure 27- Golden Triangle of Positioning; Source: Own elaboration

- **Customer expectations**
  - Consumers: Qualified and vetted service providers that are available in real time according to their needs
  - Suppliers: Easy and constant access to job opportunities

- **Potential assets:** The creation of a community as well as LANA currency that can be exchanged for rewards and prizes (creation of a gamification system).
- **Differentiation from competitors:** The artificial intelligence incorporated allowing for the best matches and offering a broader range of categories.

6.1.3. Segmentation and targeting

Given the characteristics of the proposed platform, there are two main segments towards whom the platform is for, suppliers and consumers.

Suppliers

As previously mentioned in Chapter 4, there are several different potential targets for this category. There are three groups that stand out: employed workers (include part time and self-employed), university students, and retired people. The section on market estimation details the different assumptions and total market expected. Each group has its own specific characteristics, however, an aspect that is true for all is that they are actively looking for opportunities.

Consumers

The other main segment considered is that of consumers. Here, the distinction can be made between individual/private and corporate consumers.

Regarding individual/private consumers, the target are people who are decision makers in households. The reason for this specification is due to the main services provided by LANA. This statement is supported by the survey results which indicate that the main targets (the people who were most interested in the product) are those between 25-35 years old and those above 50. Many households need different services related to different things (maintenance, cleaning, gardening, babysitting, etc.) and finding the right person isn't always easy due to a lack of time invested and of a reliable database. The trend suggests that people who are either starting to become independent, starting their own family, or even those who already have an established family are the ones that are more willing to use the platform.

For the corporate consumers the target is different. The main focus will be with event organizers. There are many companies (specific event organizers or other) that many times need different people for several unqualified jobs for a specific event. Many have developed their own database of people over the years, but they still greatly rely on informal recruiting process (through social media or friend referrals).

6.1.4. 7 Ps

Product[4]

The product is an online platform that facilitates the encounter between consumers and suppliers. The platform can be either a mobile app for smartphones or a website for desktops.
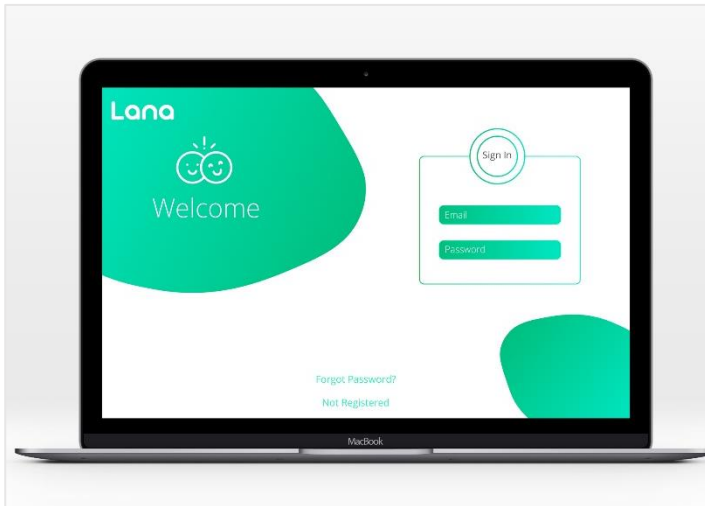
Figure 29- Desktop formatting
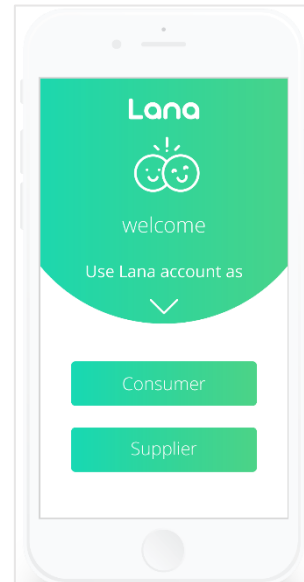
Figure 28- Mobile formatting

The LANA platform will be the connection between both sides of the market, allowing for the desired services to be provided.

Price

According to Ken Leaver (2014) there are different revenue models to consider when discussing an online platform, these are:

- Selling Goods – focused on selling physical goods (such an ecommerce platform) or digital goods (access to exclusive digital content);

- Media / Community Access – referring to building communities and getting revenue through charging for its access;

- Subscriptions – through selling different plans, according to the desired features or usage of the service;

- Advertising – by placing sponsored content on the platform and getting revenue from the

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[4] Complete product design can be seen in Appendix 3.2

advertisers;

- <u>Commission for Service</u> – having a service to be used by other companies and getting commissions according to the others' transactions;

- <u>Marketplace</u> – a community built for buyers and sellers to exchange items;

- <u>Affiliates</u> – earning revenue through promoting products from other companies;

- <u>Freemium</u> – subscription plans where there is the initial possibility for the users to use the service for free, in order to test it before paying for it.

After careful analysis and considering both primary and secondary research, the decision was made to have LANA's revenue model be based on a commission for service. The platform will automatically incorporate a service fee within the total price of the service in a way that no one is affected. For this decision, not only were examples of other platforms such as Uber, TaskRabbit and LDMR considered, but the survey results observed in the Primary Research Analysis in Chapter 4 also had significant weight in the decision. Approximately 86% of the respondents agreed that having an embedded of service fee was a good model. Moreover, the same sources were considered when determining the service fee at 15%. Not only does TaskRabbit have a 15% service fee (to which they add an additional 15% for a Trust & Support fee), but LDMR has a 21% service fee and the survey results indicate that approximately 45% of the respondents agree that a fair service is should be between 15%-25%.

However, the idea is for the platform to also have a subscription-based component for the corporate consumers. The survey results in this respect are split halfway, with 51% of company respondents agreeing that they would subscribe to use this platform. These consumers will represent a larger amount of services, therefore it is believed that by having companies subscribe to LANA they will have several benefits, such as a reduced service (8%) in exchange for a monthly installment of 10€.

Regarding the price of the services themselves, as has been mentioned previously, the platform will automatically deliver the calculated price. The way this works is that suppliers are all reviewed after every job; therefore, they are ranked according to performance. The suppliers' ranking influences their ability to be matched for specific tasks. This is a differentiating factor for this platform that proved to be guided towards market expectations, with 80% of the survey respondents agreeing that this is an interesting feature. When posting a job opportunity, consumers select the range of prices that they are willing to pay for that job and, according to that information,

the platform will automatically match the available and best ranked suppliers. This matching procedure will take many aspects into consideration, which will encourage suppliers to complete more tasks through the platform in order to increase chances of getting selected for future tasks. This process is another differentiating idea that derived during the development of the plan and proved to be positive with the survey results. Almost everyone in the sample (89% of respondents) agreed that having the platform present a selection of different suppliers and the respective prices for each (already taking into consideration other aspects such as proximity and task relevance) is a very positive attribute.

The price ranges for each task will vary depending on the different job categories and each job specification. Following the example of TaskRabbit and LDMR, any travel expenses incurred by the supplier to complete a task will be of his/her own responsibility. The same goes for the tools that are normally required for that type of task (handyman must have own tools). If there is the need to purchase any other material for the task execution (such as paint or a specific chemical product) it will be added onto the agreed upon price.
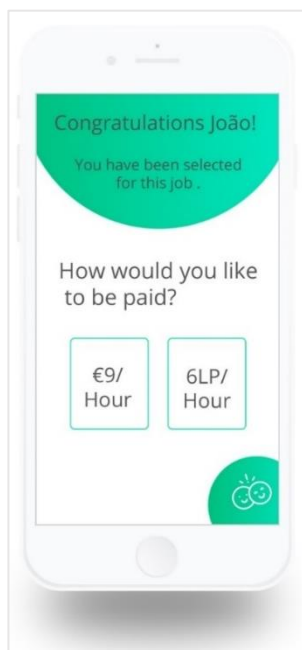
Figure 31- Supplier payment options
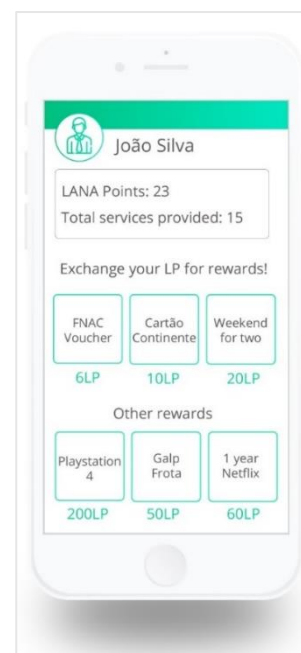
Figure 30- Supplier available LP and rewards

An important aspect that must be mentioned is the plan on implementing a point system within the LANA community. Here, suppliers have the option to decide whether they want to get paid in money or in LANA Points (LP). These LP can then be exchanged for a number of different rewards available. The idea behind this solution is to implement an ecosystem within the platform that can be stimulated through gamification. By having payment methods other than monetary values, it enables LANA suppliers to more easily envision the advantages there are by completing tasks

through the platform. For this solution to add value, it is necessary that LANA be able to establish partnerships with several brands, allowing the platform to offer a broad and diverse range of rewards that can be exchanged by its suppliers.

This will benefit both the suppliers and the platform because, not only does it offer more value to suppliers, but it can also increase LANA's brand awareness and overall value, as well as a possibility of reducing the costs incurred when paying suppliers. What is meant by this is, for example:

- LANA will an established partnership with FNAC where it can purchase products for a discounted price due to the large volume of sales it represents

- A supplier has been accumulating LP instead of getting paid in cash because he wants to trade them in for a laptop which is 200 LP (which would be 300€ in cash)

- Due to the discounted price at which LANA can buy FNAC products, the laptop's cost is of 250€

- In the end, LANA has a 50€ profit from this transaction because instead of paying the supplier 300€ in cash, LANA only had to spend 250€ to purchase the laptop

A more in-depth analysis is required for this solution in order to measure the projected costs and benefits from its implementation. For the purpose of this project it was assumed that this solution would have no impact on revenues or costs and simply behave as a regular transaction.

Place

The platform will be available both as a mobile application and as a website. Therefore, there are two different channels.

In order to reach the highest possible volume of potential users, it is important to have it available in the main distribution channels for mobile applications: Google Play (web store for Android operating system) and App Store (web store for iOS operating system). As seen previously, both these operating systems have complete dominance over the market and will allow for easy access by all.

It is also important to reference the website because it may represent a significant number of users. Users are able to create and access their account normally and navigate through all the information with ease. This might be appealing to those who prefer to navigate using a desktop rather than a smartphone screen. The process will be identical, simply adapted to the users' convenience.

In the initial phases, the launch of LANA will be focused in the Lisbon area, with the objective of rapidly being available in other districts in Portugal and grow internationally in the future.

Promotion

Given the unknown brand name, at first, the promotion of LANA will be based on a heavy push strategy. Since it is a start-up business, it will not have any reputation or awareness, therefore it is of upmost importance to introduce it to the market. This will be done through the following communication tools.

Website

Besides being part of the product, it is important to bear in mind that the website will also be a communication channel. The contents and information (for example, overall design and written descriptions) within the website will follow the same guidelines as the contents shared on other channels such as social media.

It is also important to develop a good Search Engine Optimization (SEO) strategy, meaning that the website must be developed in a way that optimizes and increases its indexing ranking throughout online search engines. This can be achieved by implementing several tactics such as adapting the website for mobile devices, guaranteeing secure and fast connection, posting relevant and original content and having other websites leading new visitors to its pages.

Search Engine Marketing

While the SEO strategy refers to free approaches that will improve its organic ranking in search engines, Search Engine Marketing (SEM) refers to the use of paid advertising to promote the website in those search engines. For this case, the proposed tool to be used is Google AdWords, which is one of the more efficient pay-per-click advertising platforms.

Given the customer segments and targets, this platform will be used for two specific types of advertising campaigns:

- Mobile app installs campaigns (for suppliers) – campaigns promoting LANA in Google's networks such as Google Search Network, Google Display Network, YouTube and Google Play. The ads will promote the platform's name, icon/logo, description and, an explanatory video, so that it can attract users to open the ad and download the app. These ads will emphasize the number of opportunities that people miss out on a daily basis and show LANA as being the perfect solution to those issues.

- Search campaigns (for consumers) – campaigns showing ads on Google's search engine focusing on queries related to the completion of tasks or jobs. These ads will be promoted when consumers' searches are in line with these issues and they will be redirected to LANA's website where they can find all its features and advantages. The main message to be transmitted in these ads is that LANA provides the best solution to these recurrent problems that people encounter.

There is no longer any need to spend days searching for the right person for the job, LANA provides that in a matter of minutes, improving productivity greatly.

Social Media

Instead of trying to be present in all the major social networks, but with a weak presence in each of them, the proposed strategy will be to be present only on Facebook and Instagram. Adopting this strategy, there is guarantee that there is good and relevant content for the customer segments (following the guidelines mentioned earlier). These social networks' main advantages include their broader reach, the flexibility in terms of content's formatting as well as the possibility of investing in paid advertising for targeted promotion of specific content.

Direct Marketing

There is one form of online direct marketing that will be used: email newsletters. Given the access to a vast amount of data from each user's profile, this newsletter can be highly customized with specific content for some specific set of users (for instance, sending a group of job opportunities for the suppliers who might be interested in those job functions or also news regarding the partner brands). This newsletter will help implement the sense of community that is intended with this platform.

Public Relations

All other forms of communication will only be completely successful if there is a strong public relations strategy in place. It is important to start creating personal relationships with people in order for them to create a good image. The following were identified as being the best approaches:

- Press – once the platform is officially launched, this channel may be crucial in order to increase its notoriety and attract early joiners. This could be achieved by having interviews or articles about LANA in labor related news (such as online news or newspapers). This channel can be used continuously over time in order to keep attracting and retaining more users by sharing real results and feedback coming from previous users.

- Partnerships – it is important to have some key partners to reach the desired customer segments more easily, such as universities or event organizers.

- Events – events such as career fairs precisely gather the both targeted customer segments: suppliers and consumers. It is beneficial to be present in such events because both audiences are reached, allowing for a more efficient presentation of LANA's features and its value proposition.

People

There two different categories to take into consideration, LANA staff and the registered suppliers.

With regards to the staff, since it is a start-up, initially it will be a small group capable of taking on new responsibilities in order to successfully launch. This information is detailed in the Human Resources section.

Due to the technological characteristics of this project, its success does not depend on tangible assets (such as inventories or raw materials) but, instead, depends on the needed knowledge and skills to achieve the previous key activities (product development, marketing and sales). For that reason, the team's composition will follow a human resource planning that contains the following functions:

- Chief Executive Officer (CEO) – the main project manager, who will lead and organize all the operations and manage the whole team;

- Product Development Team – the individuals with the required technological expertise to accomplish the desired product development;

- Marketing Team – the marketers who will plan and implement the marketing efforts mentioned on the communication mix;

- Sales Team – the specialists who will have a closer relationship with customers through the mentioned functions (acquisition, consultancy and support);

Despite not being formal LANA employees, it is necessary to acknowledge the importance of suppliers in the LANA model. The success of this project depends on the quality provided; therefore, it is a priority to establish a trustworthy database where suppliers are required to share important information (such as their passport/ID number, fiscal identification number, criminal record, CV, etc.) in order to be used as assurance.

Process

In order to be successful, LANA must be user-friendly and appealing or else it will not retain customers. Therefore, the process is illustrated in Figure 32.

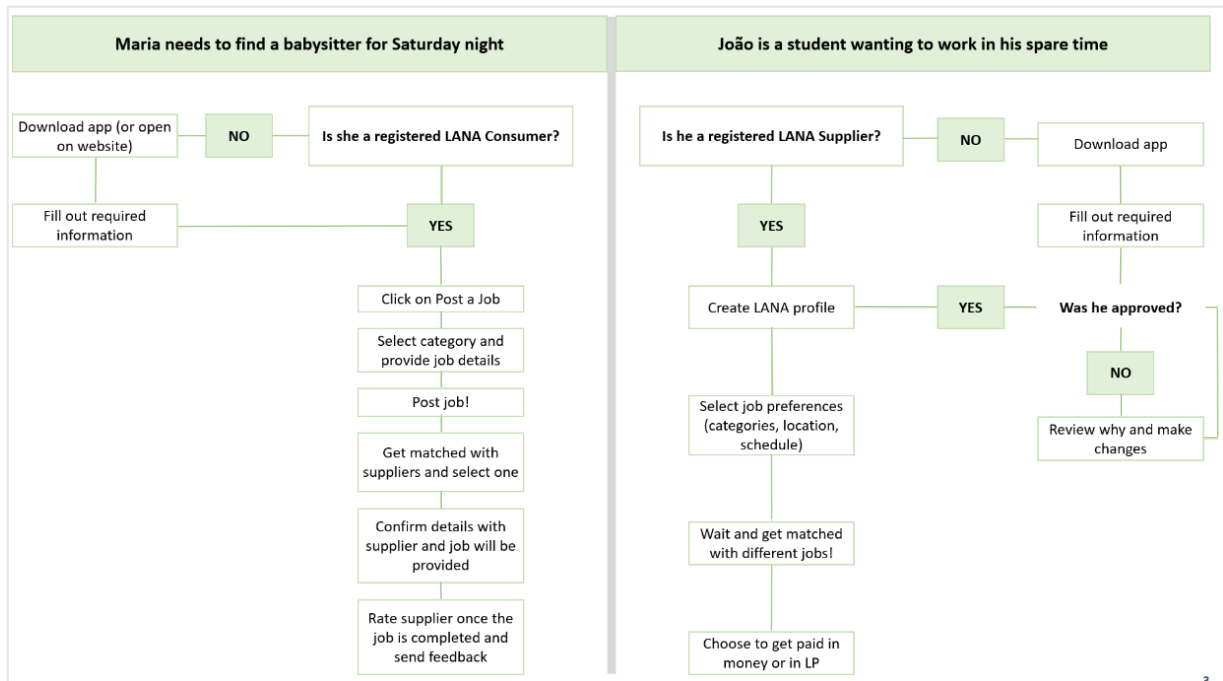*Figure 32- LANA user process;* Source: Own elaboration

<u>Sign in</u>

Initial page where users will have to enter their credentials in order to access the app. If they do not remember their password there is an available option to retrieve it. If they are not registered yet, there is an option to register.
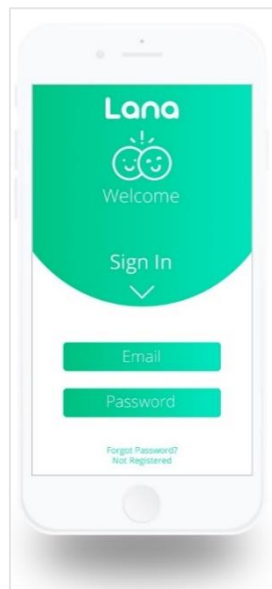
Figure 33- Initial page

Registration:
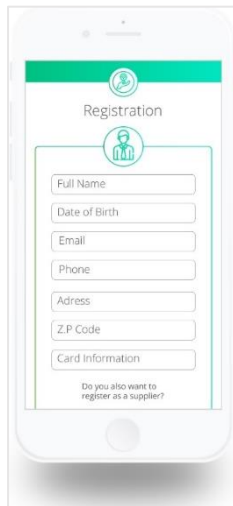
Figure 36- LANA registration (consumer)
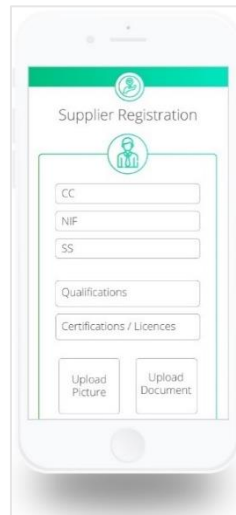
Figure 34- LANA registration (supplier)
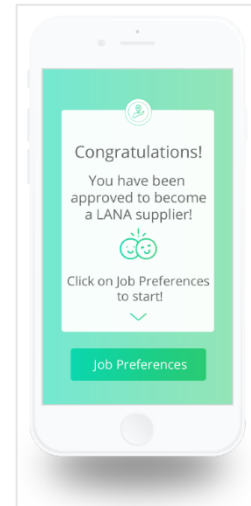
Figure 35- Supplier approval

To use the platform as a consumer, the registration process is not as thorough as the supplier process. The reason why the supplier registration requires more detailed information is to be able to guarantee control and reduce the risk of uncertainty.

There is also the Corporate registration that needs to be differentiated since it has its own specifications.
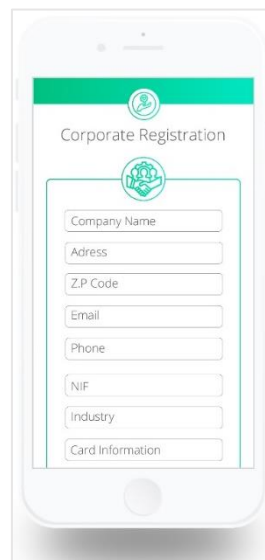
Figure 37- LANA registration (corporate)

Initial pages
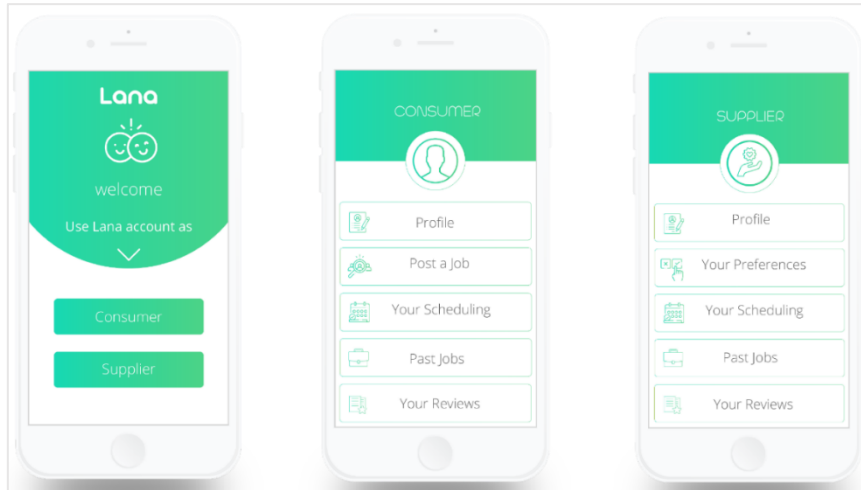
Figure 38- Initial pages

Users will choose to use the platform as a supplier or a consumer because there are differences in usage patterns for both. In these pages the users will be able to browse through the various options the platform offers, manage profile and preferences, post job opportunities, access calendar scheduling, go over reviews, etc.

Job posting
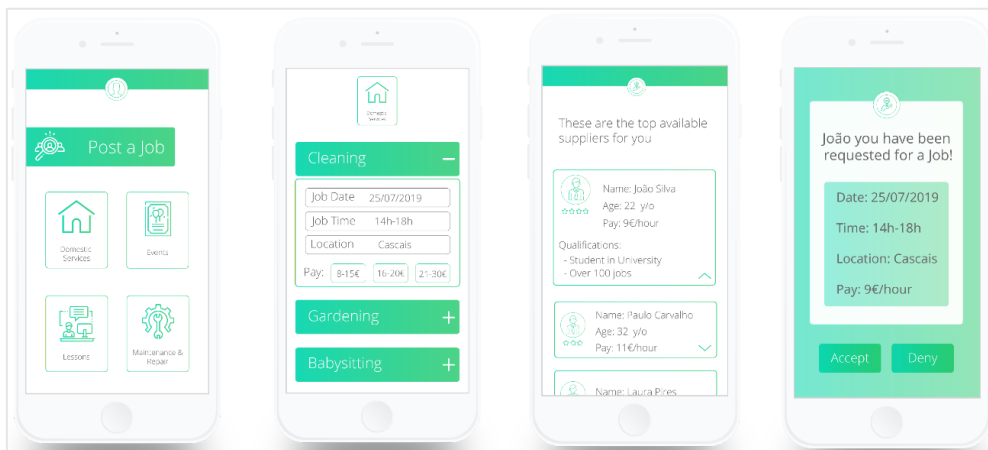
Figure 39- Job posting process

The most important part of the whole process. As stated before, the only way to attract and retain customers is if the job posting and hiring process is simple and user friendly. Therefore, the consumer chooses what job he/she needs and provides the details (time and date, place, maximum pay). The platform will automatically generate a list of three possible suppliers that best fit the information provided. This list will include basic information of each supplier (ratings, past

experiences, total tasks provided, price) and the consumer will then choose one of the options. Once the decision has been made, the supplier will receive a notification requesting his/her services and he/she is free to accept or deny the offer.

Physical Evidence

Given the nature of the business, the physical evidence to be considered is the actual platform (as a mobile app and website).

6.2. Organizational strategy

6.2.1. Capacity, logistics and operations

Location

Since the nature of the business does not require a physical location for consumers and suppliers to meet (services are provided where they are necessary), the size and location of the facilities needed are reduced. It is important to establish an office space for all the administrative staff to work together as a team. Therefore, and due to initial financial restraints, the solution is to work from a cowork space in Lisbon, such as Coworklisboa in LX Factory, LACS or RESVÉS. These spaces provide the necessary accommodations to help launch and develop the platform. In order to make this decision a more in-depth analysis is required, however the initial analysis showed that the best option would be to rent a space at LACS[5].

Once the business has grown and it keeps on developing, it will be important to have an own office that is also bigger in order to adapt to an increase in staff.

Operations & Capacity

In an initial phase, LANA will have to function on minimal costs and to do so it is necessary for job functions and responsibilities to cross over within the team. That is why a priority in the beginning will be to form a dynamic team capable of fast paced environment and flexible to change.

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[5] Utilities offered in Appendix 4

Human Resources
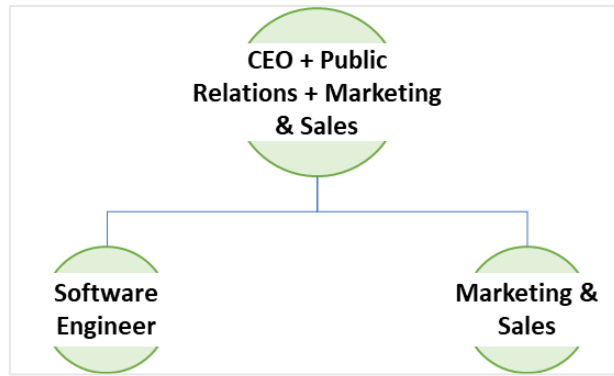
Figure 40- Initial organizational chart; Source: Own elaboration

As was already seen, the success of the business depends greatly on how the platform is developed and then managed. This means that the focus for this company's success is to build a strong team. Nonetheless, it is important to reference that the financial resources available limit the possibilities. For that reason, the team's composition will be as follows in the beginning:

Since the idea is to start off small, with approximately three to four people, it is important that the CEO be ready to work three different roles at once, and that both the software engineer and the marketing & sales specialist be available to do the same.

Over time, the business will develop, and it will be possible and necessary to grow and increase in numbers. The business's organizational chart will be:

Figure 41- Complete organizational chart; Source: Own elaboration

6.3. Implementation requirements

6.3.1. Legislation

Firstly, registration of the new company is required. This registration - type of company, brand, name request - can be realized online. The following documents are necessary:

Registration

Table 7- Legislation requirements

Legislation
- Commercial registry - Conservatória do Registo comercial
- Social insurance registration
- Declaration of activity initiation
- Certificate of Admissibility
- Social Capital Deposit
- Society Constitution Act

Currently, open a company costs 360€ which includes commercial registration and society associated publications, an amount paid at the time of company's constitution.

After the opening there are other monthly costs associated:

Table 8- Fiscal obligations

Fiscal
- IRC (21%);
- Derrama (up to 1,5%);
- IVA (23%, 13% or 6%) ;
- 23,5% rate over the employees' salaries

6.3.2. Company Foundation Requirements

New companies have to meet requirements, especially when trying to participate in financial support programs. The most common are:

Table 9- Overall requirements

Requirements
- Correctly established and registered
- License and legal requirements necessary to exert activity.
- Regularized Tax status and social security.
- Prepared accounting and accordingly to the law.

7. Financial Plan

7.1. Assumptions

Given the circumstances in terms of time, the months remaining in 2019 are considered as Year 0, and only in May 2020 will the business be totally functioning, therefore Year 1 is 2020.

The current analysis will present projections for the following 10 years (until 2029) for mainly one reason: being a technological start-up, the product's development over time and the market's reaction may highly influence the potential results. It is true that having a longer time period being evaluated may lead to inaccurate predictions, but it is important to do so because the goal is to evaluate the long-term performance of the company and not only the short-term.

When it comes to monetary values, the inflation rates were not considered for the presented calculations in order to simplify the evaluation process and given its small significance when it comes to the project's purpose and desired outcomes.

For the necessary investment, it was assumed that a business angel will invest in this project in exchange of a required rate of return of 25%. This is a fairly common scenario for a technological start-up as this. For that reason, it was not considered the necessity of having bank loans or credit lines in order to have enough financial resources. Besides the initially expected investment, the following needed financing will be supported by the positive cash flows of the project's activity. Taking into account the available interest rates at the moment, which are low, it is assumed that the positive cash flows will not be used for investing in financial products. A more in-depth analysis of the project's funding needs may determine that the best funding solutions come from a different source other than a business angel.

Regarding that investment's usage, there will be no relevant investment in capital expenditures. The main used physical assets will be the personal computers of the team's individuals but, given the risk scenario of a project like this and having other more important costs in the early stage of the project, those will be assumed as being their personal computers (instead of being the company acquiring and owning new ones). Other possible expenditures would be owning the office, which is not the case (since it will be rented and fully furnished) and other small items such as office supplies but given their small significance those were also not considered. For that reason, it was assumed that the CAPEX would correspond to zero and, similarly, there will be no amortizations and depreciations being used for these calculations.

The online platform will be developed "in-house" meaning that that the cost of development is included in the salary that is paid to both the Software Engineer and the Designer. There will be no need to resource to external services for this purpose.

There were also several assumptions that led to the calculation of the revenues and the costs for the project. Besides the market estimation that has already been detailed in Chapter 4, the other relevant assumptions are:

- The service distribution amongst the different categories is based on the total number of consumers and calculated as a percentage of the total (this percentage is based on survey results);

Table 10- Service distribution (assumptions); Source: Own elaboration

Service distribution	1st year	2nd year and constant
Domestic services	60%	70%
Tutoring	20%	30%
Handyman	40%	50%
Others	20%	30%
Overlap	*40%*	*80%*

- The service prices and hours are estimates based on market information;

Table 11- Service price and times (assumptions); Source: Own elaboration

	Service prices (/hour)	Service times (hours)
Domestic services	€ 12.00	2.00
Tutoring	€ 20.00	1.50
Handyman	€ 14.00	1.50
Others	€ 10.00	1.00

- The number of services per year is based on the survey results;

Table 12- Service frequencies (assumptions); Source: Own elaboration

Average # services per year per user	Years 1-2	Years 3-5	Year 5 and constant
Domestic services	12.00	18.00	24.00
Tutoring	24.00	30.00	60.00
Handyman	2.00	4.00	5.00
Others	12.00	15.00	15.00

- The corporate services were based on an average of real values of current companies;

Table 13- Corporate service assumptions; Source: Own elaboration

Events	
# of events per month	10
% in which need to hire people	60%
# of people per event	6
Event time (hours)	5
Price per hour	€ 11.00
Other services	
# of services per month	1
Average time per service (hours)	2
Price per hour	€ 9.00

- The external costs were all estimated based on market approximations;

Table 14- Costs of external services (assumptions); Source: Own elaboration

External Services	
Costs growth rate	1.00%
Office per month (co-working per person)	€ 220.00
Office rent after year 5	€ 2,500.00
Communications	€ 50.00
Accounting	€ 120.00
Promotional material for events	€ 50.00
Representation and Travel expenses	€ 150.00
Product Development (hosting, publishing fees and software expenses)	€ 600.00
Office material	€ 30.00

- The COGS were based on the service fee, the total revenues and the total number of new users.

Table 15- COGS (assumptions); Source: Own elaboration

COGS	
Supplier payment (x total revenue)	85%
Customer acquisition cost	€ 25.00
Cost of promotions and discounts (x total revenue)	3%

An important assumption to consider is the fact that the total volume of users is calculated based on predictions of future reach (expected % of total target market). This variable is ultimately what most influences the projections and is what was considered for the different scenarios.

7.2.   Comparative Analysis

In order to properly evaluate the project and its viability, it is important to be aware that things don't always go to plan, therefore it is essential to analyze several possibilities to be more prepared. In this case, the project's revenues were based on the volume (number of users) which, as explained previously, was an estimated percentage of the total pool of consumers. Table 16 illustrates the changes for each scenario.

Table 16- Scenario definition; Source: Own elaboration

Growth rate	Scenario 0	Scenario 1	Scenario 2
% of targeted users after 2 years	2%	3%	5%
% of targeted users after 3 years	3%	5%	8%
% of targeted users after 4 years	4%	7%	11%
% of targeted users after 5 years	5%	10%	15%
Constant growth rate after 5th year	1%	2%	2%

As can be clearly seen, the three scenarios are built to go from a more pessimistic estimate to a more optimistic one.

The results recorded are shown in Table 17.

Table 17- Scenario summary; Source: Own elaboration

	Scenario 0	Scenario 1	Scenario 2
NPV	€ 1,370,483	€ 7,686,303	€ 12,599,770
IRR	35%	92%	132%
Payback Period	6.90	4.53	3.56

As expected, the outcomes vary greatly amongst the scenarios. The reason for this is because of the importance that that total number of users has on the model. Besides that, the differences among scenarios is also a clear indicator of the disparity of the results. In Scenario 2 the estimate is for the initial values to be the same as those of the fifth year in Scenario 0.

A more detailed analysis of the scenarios can be seen below:

Revenues[6]

Projected Revenues
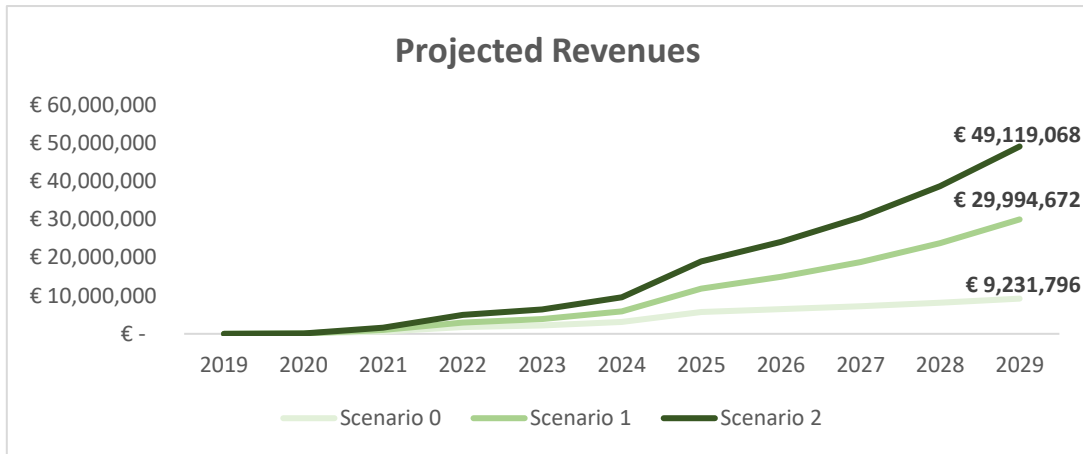
The revenues projected in each different scenario represent the expected outcomes of significant increase.

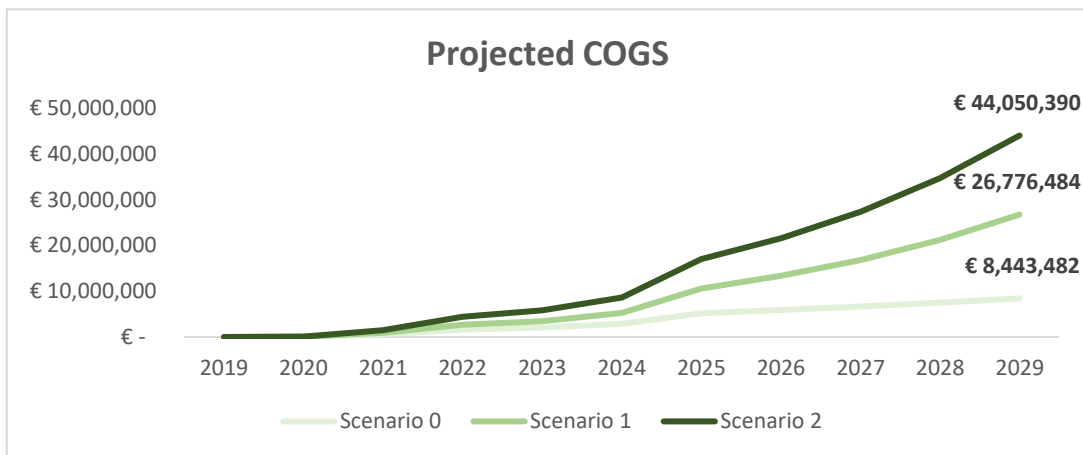*Figure 42- Scenario revenues;* Source: Own elaboration

Projected COGS

Figure 43- Scenario COGS; Source: Own elaboration

COGS[7]

Knowing that the COGS are influenced by the number of users as well as the revenues, it makes sense that the values also increase drastically.

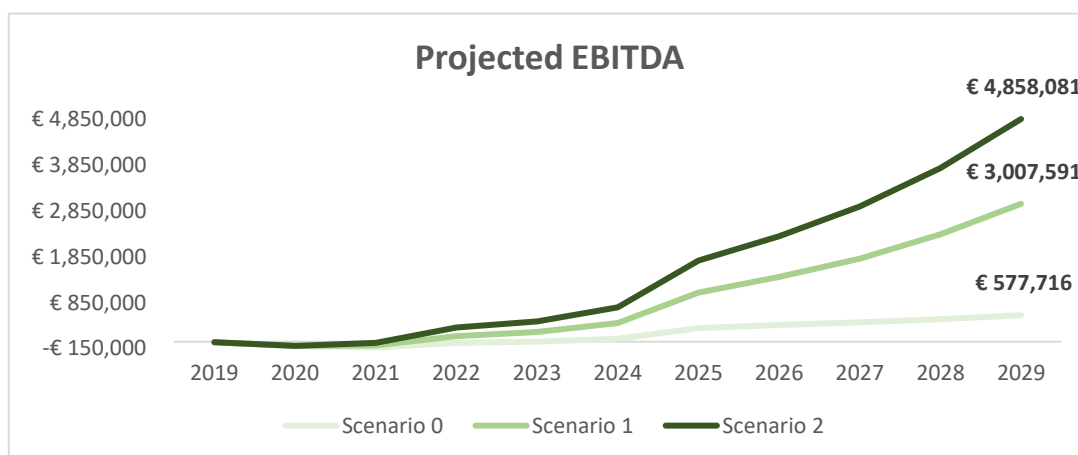[6] See Appendix 5.1
[7] See Appendix 5.2

EBITDA[8]

Figure 44- Scenario EBITDA; Source: Own elaboration

The difference in EBITDA across scenarios is in line with the variations observed above.

Net Income[9]
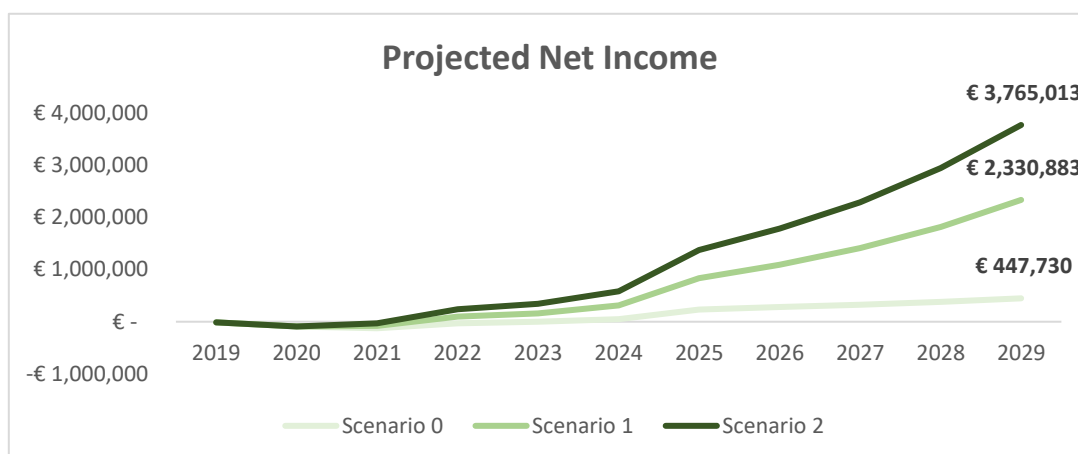
Figure 45- Scenario Net Income; Source: Own elaboration

The Net Income mirrors the trends observed in EBITDA because there are variations across scenarios affecting them

7.3. Financial Analysis

Given the comparative analysis conducted, it seems that the most reasonable scenario to follow is Scenario 0. The following financial analysis is based on the values from Scenario 0.[10]

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[8] See Appendix 5.3
[9] See Appendix 5.4
[10] Income statements for Scenarios 0, 1 and 2 can be found in Appendix 5.5

7.3.1. Income Statement

Given the estimated revenues coming from sales and the estimated costs, it is possible to analyze if the project's outcomes will result in positive or negative net incomes. It may be observed that the project will start having profit during the fourth year of activity and, on the following years, the net income is expected to increase, reaching more than 447,000 € after 10 years of the project's starting point.

It is relevant to note that the operational cash flows will correspond to the net income values since there will be no depreciations and interest expenses.

7.3.2. Economic Viability

For the current economic viability analysis[11], the main indicators were calculated based on the Operational Cash Flows and the required rate of return (by the investor).

The Net Present Value (NPV) is estimated to be 1,370,483€. Given that this is a very positive and high NPV, it means that it is economically viable to develop this project and that it will provide benefits for its stakeholders, since the current value of the estimated earnings will exceed the anticipated costs of this project.

The observed Internal Rate of Return (IRR), which is the rate of growth the project is expected to generate, is 35.02%, higher than the required rate of return (25%). This also supports that this project will be profitable and there are good reasons to develop it according to the proposed business plan.

The Payback Period, which means the time period required to recover the investment, is 6.9 years; meaning that if the investment occurs on January 2020, it will be recovered approximately in October/November 2026. This payback period is relatively high.

Having considered the main economic indicators, the decision is that this project seems to be worthwhile of investing given that these are the most pessimistic predictions.

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[11] See Appendix 5.6

7.4. Sensitivity Analysis

The sensitivity analysis measures the effects a variation in certain variables can produce. For this case, the following three variables were tested, the customer acquisition cost, the service prices, and the service frequencies.

Table 18- Scenario 0 sensitivity analysis; Source: Own elaboration

	-10%	-5%	**Scenario 0** 0%	5%	10%
NPV	1,853,313 €	2,000,114 €	**1,370,483 €**	2,293,716 €	2,440,516 €
IRR	47%	51%	**35%**	57%	59%
PP	6.23	6.12	**6.90**	5.81	5.61

Table 19- Scenario 1 sensitivity analysis; Source: Own elaboration

	-10%	-5%	**Scenario 1** 0%	5%	10%
NPV	7,295,889 €	7,738,935 €	**7,686,303 €**	8,625,028 €	9,068,074 €
IRR	94%	98%	**92%**	106%	111%
PP	4.40	4.27	**4.53**	4.06	3.97

Table 20- Scenario 2 sensitivity analysis; Source: Own elaboration

	-10%	-5%	**Scenario 2** 0%	5%	10%
NPV	12,619,044 €	13,347,722 €	**12,599,770 €**	14,805,079 €	15,533,758 €
IRR	139%	145%	**132%**	157%	163%
PP	3.46	3.40	**3.56**	3.30	3.26

A very interesting observation that can be made is that in all scenarios the project has better results if there is a 5% decrease in the mentioned variables. In fact, the projection is better in both Scenario 0 and Scenario 2 for any variation. Only in Scenario 1 is the NPV lower for a decrease in 10%. The information that can be taken out from this is that there should be changes in some of the assumptions regarding these three variables.

7.5. Funding Sources

As mentioned before, it is necessary to develop and evaluate a more in-depth analysis regarding the possible different funding sources for this project. For the purpose of this paper, a very preliminary analysis was considered. The possible sources are:

- Venture Capital/ Private Equity – It is common for start-up companies to rely on venture capital funds to raise capital. In return, they tend to offer a percentage of the business which varies depending on the growth objectives. These funding companies almost always take on minority and temporary participation (between 3 to 7 years) in the start-up's capital, whilst sharing the risk with the entrepreneur and getting involved with the business management. Once the established timeline for the participation is over, the venture capitalists usually sell their share back to the owner of the company or t any other interested party.

- Business Angels – According to APBA (Associação Portuguesa de Business Angels), the BA investment is realized on emerging opportunities by private investors who want to improve the financial capacity of Small and Medium-sized companies, but also improve their experience and business network. It is common for these investments to range between 25,000€ to 600,000€ and, as in venture capital, the investor gets a participation in the company (APBA, 2017).

- Crowdfunding – This is a funding source that has gained popularity over the past years. It relies on collaborative funding, where people can access a platform where the project is presented, and they can then make a contribution of any size.

- Self-financing – To guarantee that they maintain independence, it is possible for entrepreneurs to use their own resources to kickstart their business. This way no control over the project is lost, however, it does increase the risk factor.

- Friends and Family – A fairly similar concept to the self-financed, but in this case entrepreneurs rely on closer financial sources. The specifics on how this agreement is established varies from case to case, but it can work just as as a crowdfunding source, investor source or bank source. (Saldo Positivo Empresas, 2014)

- State Incentives – Different possibilities may be in place. Currently, Portugal 2020 presents several options for small and medium companies looking for funding sources.

For this project the assumption is made that the investment will come from a business angel in exchange of an expected return of 25%. However, and it is important to emphasize, this evaluation of the funding sources requires a more in-depth analysis that was not considered for this project.

8. Conclusion

As a response to the identified gaps in the market, a plan was made in order to develop a platform that easily and efficiently matches service providers with consumers. The proposed idea for LANA is the direct result of the analysis combining both primary and secondary research.

The overall evaluation concluded that Lisbon represents a high potential market due to the size of the region and other favorable characteristics.

When building the financial plan for later analysis, it was important, since the beginning, to consider scenarios that could affect the business performance. The differentiating factor across the scenarios was the projected reach of the platform. Three different scenarios were estimated, ranging from more conservative to more optimistic

In Scenario 0 the projected reach is of 5% of targeted consumers after five years and a constant growth of 1% from then on. Being the most conservative scenario, it is the one that presents the lowest NPV and IRR (approximately 1.5M€ and 35% respectively) and a relatively high payback period (6.9 years). Nonetheless, the outcome projected is very positive.

In Scenario 1 the projected reach is of 10% of targeted consumers after five years and a constant growth rate of 2% from then on. The values presented are far more positive and favorable with an NPV of approximately 7.7M€, 92% IRR and a payback period of 4.5 years.

In Scenario 2 the projected reach is of 15% of targeted consumers after five years and a constant growth rate of 2% from then on. Given that it is the most optimistic projections the values presented are extremely positive, with an NPV of approximately 12.6M€, 132% IRR and a payback period of 3.6 years.

The conclusion from the evaluation is that, even in the most conservative projections, the project is positive and worthwhile.

<u>Next steps</u>

In order for this project to be out in practice, it is important to guarantee the following two steps: 1- Not possessing the necessary skills to develop the platform personally, the priority goes towards finding a capable and competent software developer; and 2- It is necessary to further investigate the funding sources and available state incentives which will serve as the basis to kick-off the contacts with investors and understand which limitations the external parties would be present.

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Appendices

Appendix 1 – Survey

Appendix 1.1 – Survey questions

Marketing Master Thesis

The following survey is part of the thesis project for the Master's in Marketing from ISCTE Business School. It will take approximately 10 minutes. It is asked that you take your time to answer all questions honestly. All participations are completely anonymous.

*Obrigatório

Currently, it is very common to find freelancers in almost every industry, providing a very broad range of services. These services being referred to are anything that is mostly known as a one-off job. These include a variety of different possibilities such as: house cleaning, gardening, babysitting, electrician, plumbing and many other. The concept of one-off jobs is not limited to this list, but it helps understand the idea.

The following questions are aimed to measure your current habits as a consumer:

1. In the past year, what jobs/services have you used or considered using at some point?
Marcar tudo o que for aplicável.

- ☐ Domestic services (ex: house cleaning, cooking, babysitting)
- ☐ Gardening
- ☐ Electricians
- ☐ Plumbing
- ☐ Handyman (ex: paint-jobs, house repairs)
- ☐ Lessons (ex: tutoring, translations, classes)
- ☐ Events (ex: receptionist, security, waiter, entertainer)
- ☐ Driver (ex: valet parking, chauffeur)
- ☐ Outra: _____

2. Out of the jobs selected, which one do you consider to be the most common one used?
Marcar apenas uma oval.

- ◯ Domestic services (ex: house cleaning, cooking, babysitting)
- ◯ Gardening
- ◯ Electricians
- ◯ Plumbing
- ◯ Handyman (ex: paint-jobs, house repairs)
- ◯ Lessons (ex: tutoring, translations, classes)
- ◯ Events (ex: receptionist, security, waiter, entertainer)
- ◯ Driver (ex: valet parking, chauffeur)
- ◯ Other
- ◯ N/A

3. On average, how often do you need this one-off job taken care of?
Marcar apenas uma oval por linha.

	Never	1-2 a year	1-2 a quarter	1-2 a month	1-2 a week	>3 a week
Recurrence	◯	◯	◯	◯	◯	◯

1. Out of the jobs selected, which one do you consider to be the second most common one used?

Marcar apenas uma oval.

- ◯ Domestic services (ex: house cleaning, cooking, babysitting)
- ◯ Gardening
- ◯ Electricians
- ◯ Plumbing
- ◯ Handyman (ex: paint-jobs, house repairs)
- ◯ Lessons (ex: tutoring, translations, classes)
- ◯ Events (ex: receptionist, security, waiter, entertainer)
- ◯ Driver (ex: valet parking, chauffeur)
- ◯ Other
- ◯ N/A

2. On average, how often do you need this one-off job taken care of?

Marcar apenas uma oval por linha.

	Never	1-2 a year	1-2 a quarter	1-2 a month	1-2 a week	>3 a week
Recurrence	◯	◯	◯	◯	◯	◯

3. How important is it for you that, in these types of jobs/services, the person providing the service is specialized or licenced?

Marcar apenas uma oval.

	1	2	3	4	5	6	
Completely indifferent	◯	◯	◯	◯	◯	◯	Extremely important

4. How do you choose who to "hire" as your supplier?

Marcar tudo o que for aplicável.

- ☐ Friend referrals
- ☐ Specialized companies (many event organizers or companies that provide these one-off services)
- ☐ Online search engines (Google, Yahoo, Bing)
- ☐ Yellow pages
- ☐ Existing platforms (ex: Zaask, Task Rabbit, Wegho)
- ☐ Social media (Facebook, Instagram, Linkedin, Whatsapp groups)
- ☐ Outra: _____

5. From your past experience, how difficult is it to find a supplier?

Marcar apenas uma oval.

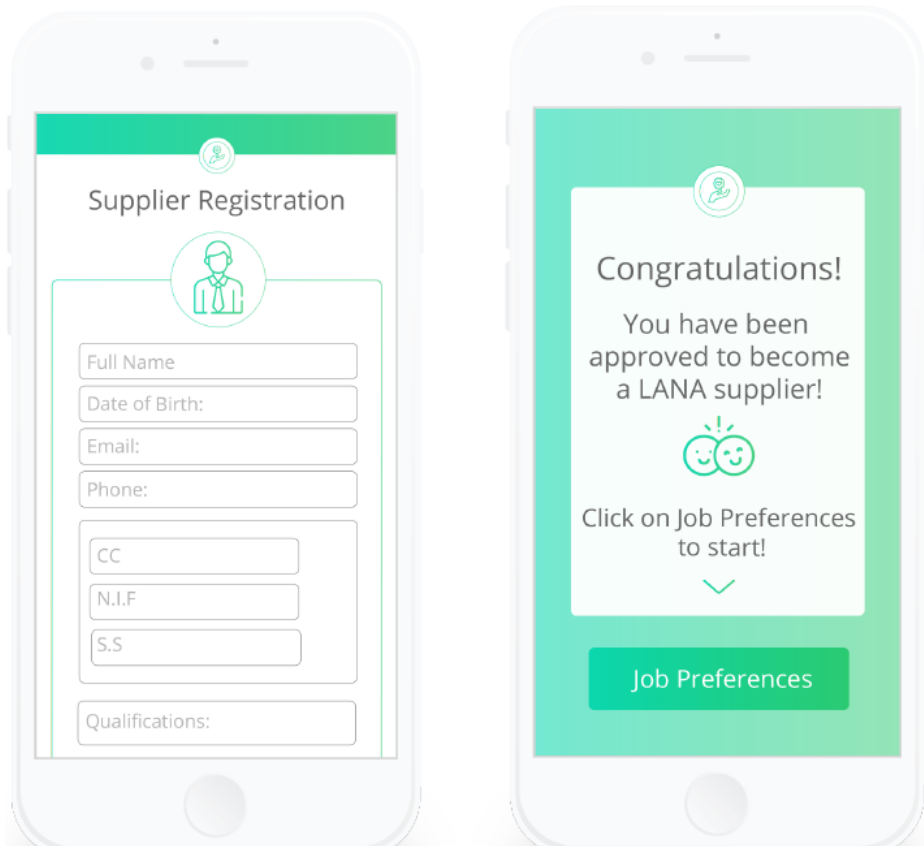|	1	2	3	4	5	6	
Extremely easy	◯	◯	◯	◯	◯	◯	Extremely difficult

The idea for this project is to create an online platform (app) named LANA that is essentially an e-marketplace connecting consumers with service providers in real time. The app will cater to the needs of both sides of the market; consumers wanting/needing a task taken care of and suppliers searching for job opportunities.
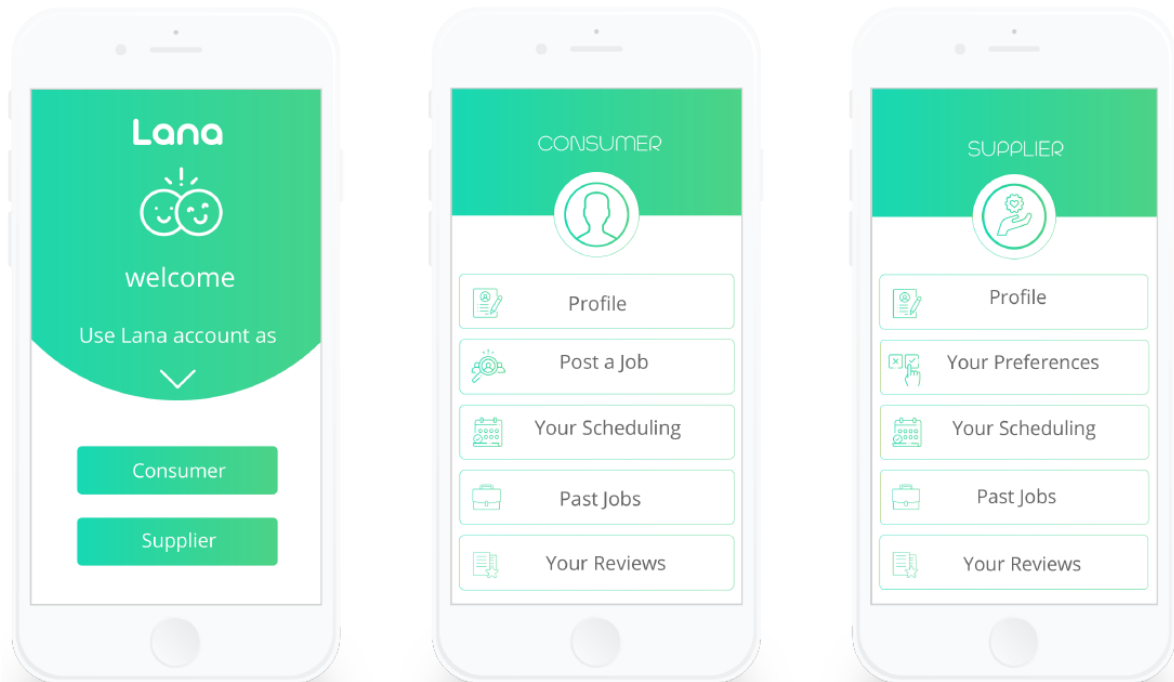
Consumers will select the service area they want and post the specific job opportunity providing the key information. The consumer will have a set of price ranges to choose how much they are willing to pay for the service. A list of suppliers will then be automatically generated according to ratings and preferences. The consumer can then select a supplier from the list and wait for the supplier to accept or deny the job.
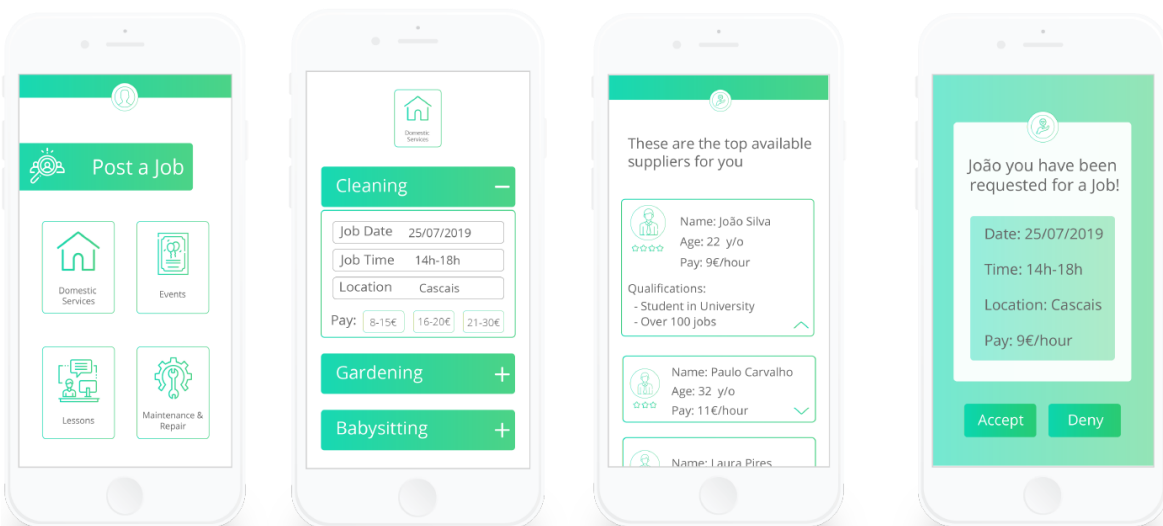
In order to guarantee quality and safety in all services provided, LANA Suppliers will have to be vetted and approved by specifying qualifications, contacts and legal documents.

The following questions are intended to better understand what is more appealing to the market:

1. LANA means "job" in basque. What do you think of it as the app's name?

Marcar apenas uma oval.

	1	2	3	4	5	6	
Extremely bad	◯	◯	◯	◯	◯	◯	Extremely good

2. Do you agree that this is a useful app?

Marcar apenas uma oval.

	1	2	3	4	5	6	
Strongly disagree	◯	◯	◯	◯	◯	◯	Strongly agree

1. As a consumer, what are your opinions on the following pricing models: *

Marcar apenas uma oval por linha.

	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree
Free download with annual subscriptions in order to use (~20€/year)	⬭	⬭	⬭	⬭	⬭	⬭
Free download with a "pay as you go" model (ex: pay 10€ in order to post 3 different jobs)	⬭	⬭	⬭	⬭	⬭	⬭
Free download with service fee automatically embedded within in each task price (ex: Uber)	⬭	⬭	⬭	⬭	⬭	⬭
One time payment to download the app (between 25€ - 80€) and all service payments are directly between consumer and supplier	⬭	⬭	⬭	⬭	⬭	⬭

2. How do you believe the price should be set for each service? *

Marcar apenas uma oval por linha.

	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree
App generates different ranges of possible prices and consumer decides which range they are willing to pay. App will then match with suppliers according to their preferences and ratings	⬭	⬭	⬭	⬭	⬭	⬭
Consumer freely decides what he/she wants to pay	⬭	⬭	⬭	⬭	⬭	⬭
Suppliers provide different budgets and consumers then choose	⬭	⬭	⬭	⬭	⬭	⬭
Price is automatically set by the app for every service of the same category (ex: all babysitting jobs are 8€/hour)	⬭	⬭	⬭	⬭	⬭	⬭
Negotiated and agreed upon within the app	⬭	⬭	⬭	⬭	⬭	⬭

1. **Imagine that, as a consumer, you posted a job opportunity and the app automatically matched you with a service supplier. Would you trust the person?**
   Marcar apenas uma oval.

	1	2	3	4	5	6	
Never	◯	◯	◯	◯	◯	◯	Definitely would

2. **What are the main concerns that come to mind?**
   Marcar tudo o que for aplicável.

   ☐ Fear of being scammed

   ☐ Fear of getting hurt

   ☐ Fear of being robbed

   ☐ Not knowing what the person's skills/qualifications really are

   ☐ Outra: _____

3. **Do you believe that, instead of automatically matching people, it is better to develop a list of possible suppliers with basic information?**
   Marcar apenas uma oval.

	1	2	3	4	5	6	
Strongly disagree	◯	◯	◯	◯	◯	◯	Strongly agree

4. **What information would you want to have in order to help you make your decision on who to hire?**
   Marcar tudo o que for aplicável.

   ☐ Qualifications

   ☐ Reviews

   ☐ Ratings

   ☐ Past experiences

   ☐ App awards

   ☐ Outra: _____

5. **Choose the initiatives that you believe will most likely maintain consumers loyal to the app**
   Marcar tudo o que for aplicável.

   ☐ Discounted packages (ex: pay for 5 "jobs" for a smaller price)

   ☐ Access to exclusive deals (ex: free service after 10 jobs with same supplier)

   ☐ Guaranteed link to preferred suppliers

   ☐ Scheduling tool

   ☐ Bundle services discount

   ☐ Outra: _____

1. **As a consumer, is there any other comment (suggestion, criticism, question) you would like to make regarding the LANA app?**

   _____

   _____

   _____

   _____

   _____

2. **Do you believe that you would also use this app as a supplier and not only as a consumer?**
   Marcar apenas uma oval.

   ( ) Yes

   ( ) No   _Passe para a pergunta 32._

3. **What jobs/services would you most likely provide?**
   Marcar tudo o que for aplicável.

   [ ] Domestic services (ex: house cleaning, cooking, babysitting)

   [ ] Gardening

   [ ] Electricians

   [ ] Plumbing

   [ ] Handyman (ex: paint-jobs, house repairs)

   [ ] Lessons (ex: tutoring, translations, classes)

   [ ] Events (ex: receptionist, security, waiter, entertainer)

   [ ] Driver (ex: valet parking, chauffeur)

   [ ] Outra: _____

4. **Out of the jobs selected, which one do you consider to be the most common one that you provide?**
   Marcar apenas uma oval.

   ( ) Domestic services (ex: house cleaning, cooking, babysitting)

   ( ) Gardening

   ( ) Electricians

   ( ) Plumbing

   ( ) Handyman (ex: paint-jobs, house repairs)

   ( ) Lessons (ex: tutoring, translations, classes)

   ( ) Events (ex: receptionist, security, waiter, entertainer)

   ( ) Driver (ex: valet parking, chauffeur)

   ( ) Other

   ( ) N/A

5. **On average, how often do you provide this kind of job?**
   Marcar apenas uma oval por linha.

	N/A	Never	1-2 a year	1-2 a quarter	1-2 a month	1-2 a week	>3 a week

1. **Out of the jobs selected, which one do you consider to be the second most common one that you provide?**
   Marcar apenas uma oval.

   - ⬭ Domestic services (ex: house cleaning, cooking, babysitting)
   - ⬭ Gardening
   - ⬭ Electricians
   - ⬭ Plumbing
   - ⬭ Handyman (ex: paint-jobs, house repairs)
   - ⬭ Lessons (ex: tutoring, translations, classes)
   - ⬭ Events (ex: receptionist, security, waiter, entertainer)
   - ⬭ Driver (ex: valet parking, chauffeur)
   - ⬭ Other
   - ⬭ N/A

2. **On average, how often do you provide this kind of job?**
   Marcar apenas uma oval por linha.

	N/A	Never	1-2 a year	1-2 a quarter	1-2 a month	1-2 a week	>3 a week
Recurrence	⬭	⬭	⬭	⬭	⬭	⬭	⬭

3. **How do you normally find job opportunities?**
   Marcar tudo o que for aplicável.

   - ☐ Friend referrals
   - ☐ Specialized companies (many event organizers or companies that consistently need these one-off services)
   - ☐ Online search engines (Google, Yahoo, Bing)
   - ☐ Social media (Facebook, Instagram, Linkedin, Whatsapp groups)
   - ☐ Direct requests from consumers
   - ☐ Outra: _____

4. **From your past experience, how difficult is it to find a job opportunity?**
   Marcar apenas uma oval.

	1	2	3	4	5	6	
Extremely easy	⬭	⬭	⬭	⬭	⬭	⬭	Extremely difficult

5. **Knowing how the app works, what do you believe are the main advantages LANA provides to suppliers?**
   Marcar tudo o que for aplicável.

   - ☐ Real time opportunities
   - ☐ Simplify bureaucracy
   - ☐ Larger pool of consumers
   - ☐ Automatic scheduling
   - ☐ Access to exclusive deals (ex: bonus after 10 jobs with same consumer)
   - ☐ Outra: _____

1. **Imagine that supplier ratings influence their access to different jobs and prices. Do you agree with this?**

   Marcar apenas uma oval.

	1	2	3	4	5	6	
Strongly disagree	◯	◯	◯	◯	◯	◯	Strongly agree

2. **Knowing that LANA's pricing is based on service fees embedded within the total price of the job, what do you believe is a fair service fee to be charged by the app?**

   Marcar tudo o que for aplicável.

   - ☐ < 5%
   - ☐ 5 - 10%
   - ☐ 10 - 15%
   - ☐ 15 - 20% (ex: Uber, TaskRabbit)
   - ☐ 20 - 25%
   - ☐ 25 - 30%
   - ☐ > 30%
   - ☐ I don't agree a service fee should be charged

3. **As a supplier, is there any other comment (suggestion, criticism, question) you would like to make regarding the LANA app?**

   _____

   _____

   _____

   _____

   _____

4. **Are you a manager in a company?**

   Marcar apenas uma oval.

   - ◯ Yes
   - ◯ No   *Passe para a pergunta 46.*

5. **Do you see yourself using LANA for your company?**

   Marcar apenas uma oval.

   - ◯ Yes
   - ◯ No   *Passe para a pergunta 43.*

Company Habits

1. Imagine there is a LANA Corporate profile for companies to use that has different benefits associated (ex: special discounts, higher priority, etc) as well as annual fee of approximately 100€. Do you agree that it is worth paying a fee in order to have these benefits?

Marcar apenas uma oval.

	1	2	3	4	5	6	
Strongly disagree	◯	◯	◯	◯	◯	◯	Strongly agree

2. In the past year, what jobs/services have you used or considered using at some point as a company?

Marcar tudo o que for aplicável.

- [ ] Domestic services (ex: house cleaning, cooking, babysitting)
- [ ] Gardening
- [ ] Electricians
- [ ] Plumbing
- [ ] Handyman (ex: paint-jobs, house repairs)
- [ ] Lessons (ex: tutoring, translations, classes)
- [ ] Events (ex: receptionist, security, waiter, entertainer)
- [ ] Driver (ex: valet parking, chauffeur)
- [ ] N/A
- [ ] Outra: _____

3. Out of the jobs selected, which one do you consider to be the most common one used?

Marcar apenas uma oval.

- ◯ Domestic services (ex: house cleaning, cooking, babysitting)
- ◯ Gardening
- ◯ Electricians
- ◯ Plumbing
- ◯ Handyman (ex: paint-jobs, house repairs)
- ◯ Lessons (ex: tutoring, translations, classes)
- ◯ Events (ex: receptionist, security, waiter, entertainer)
- ◯ Driver (ex: valet parking, chauffeur)
- ◯ Other
- ◯ N/A

4. On average, how often do you need this job taken care of?

Marcar apenas uma oval por linha.

	N/A	Never	1-2 a year	1-2 a quarter	1-2 a month	1-2 a week	>3 a week

95

1. Out of the jobs selected, which one do you consider to be the second most common one used?

Marcar apenas uma oval.

- ◯ Domestic services (ex: house cleaning, cooking, babysitting)
- ◯ Gardening
- ◯ Electricians
- ◯ Plumbing
- ◯ Handyman (ex: paint-jobs, house repairs)
- ◯ Lessons (ex: tutoring, translations, classes)
- ◯ Events (ex: receptionist, security, waiter, entertainer)
- ◯ Driver (ex: valet parking, chauffeur)
- ◯ Other
- ◯ N/A

2. On average, how often do you need this job taken care of?

Marcar apenas uma oval por linha.

	N/A	Never	1-2 a year	1-2 a quarter	1-2 a month	1-2 a week	>3 a week

1. How important is it for you that, in these types of jobs/services, the person providing the service is specialized or licenced?

Marcar apenas uma oval.

	1	2	3	4	5	6	
Completely indifferent	◯	◯	◯	◯	◯	◯	Extremely important

2. Currently, how do you choose who to "hire" as your supplier?

Marcar tudo o que for aplicável.

- ☐ Friend referrals
- ☐ Specialized companies (many event organizers or companies that provide these one-off services)
- ☐ Online search engines (Google, Yahoo, Bing)
- ☐ Yellow pages
- ☐ Existing platforms (ex: Zaask, Task Rabbit, Wegho)
- ☐ Social media (Facebook, Instagram, Linkedin, Whatsapp groups)
- ☐ Outra: _____

3. As a responsible party within a company, what do you believe is important to include in this LANA Corporate in order to attract companies?

_____

_____

_____

_____

Company Demographics

1. What industry is your company in?

Marcar apenas uma oval.

- ( ) Retail
- ( ) Healthcare
- ( ) Education
- ( ) Financial services / insurance
- ( ) Telecommunications
- ( ) Outra: _____

2. How many people are employed at your company?

Marcar apenas uma oval.

- ( ) < 20
- ( ) 21 - 50
- ( ) 51 - 150
- ( ) 151 - 300
- ( ) > 300

3. What was the annual revenue for your company last year?

Marcar apenas uma oval.

- ( ) < 500k€
- ( ) 500k€ - 2M€
- ( ) 2M€ - 5M€
- ( ) 5M€ - 10M€
- ( ) > 10M€

Demographics

4. What is your age?

Marcar apenas uma oval.

- ( ) < 18
- ( ) 18 - 24
- ( ) 25 - 30
- ( ) 31 - 40
- ( ) 41 - 50
- ( ) > 50

5. What is your gender?

Marcar apenas uma oval.

- ( ) Male
- ( ) Female

1. What is your level of education?

Marcar apenas uma oval.

◯ Less than high school diploma

◯ High school or equivalent

◯ Bachelor's degree

◯ Master's degree

◯ Doctorate

◯ Outra: _____

2. What is your employment status?

Marcar apenas uma oval.

◯ Student

◯ Unemployed

◯ Employed part-time (less than 40 hours a week)

◯ Employed (40+ hours a week)

◯ Self employed

◯ Retired

3. What is your country of residence?

Marcar apenas uma oval.

◯ Portugal

◯ Spain

◯ USA

◯ Canada

◯ Brasil

◯ Outra: _____

4. What is your marital status?

Marcar apenas uma oval.

◯ Single (never married)

◯ Married

◯ Domestic partnership

◯ Divorced

◯ Widowed

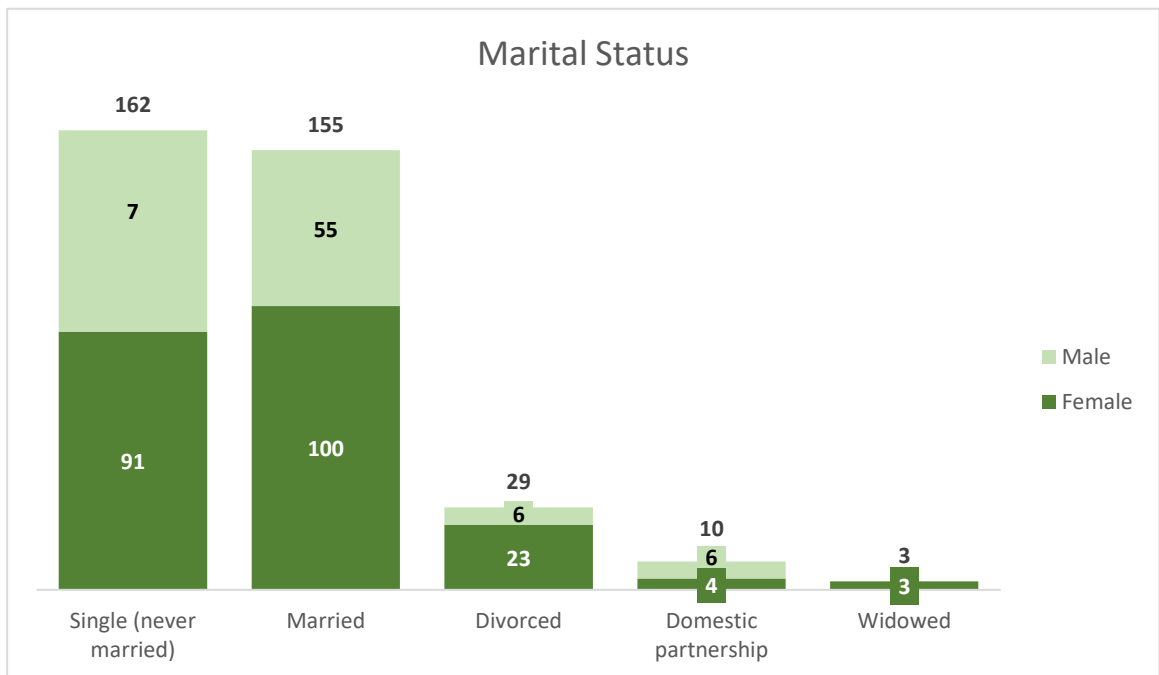**5. What is your monthly household income?**

Marcar apenas uma oval.

◯ < 1.000€

◯ 1.001€ - 2.000€

◯ 2.001€ - 3.000€

◯ 3.001€ - 4.000€

◯ 4.001€ - 5.000€

◯ > 5.000€

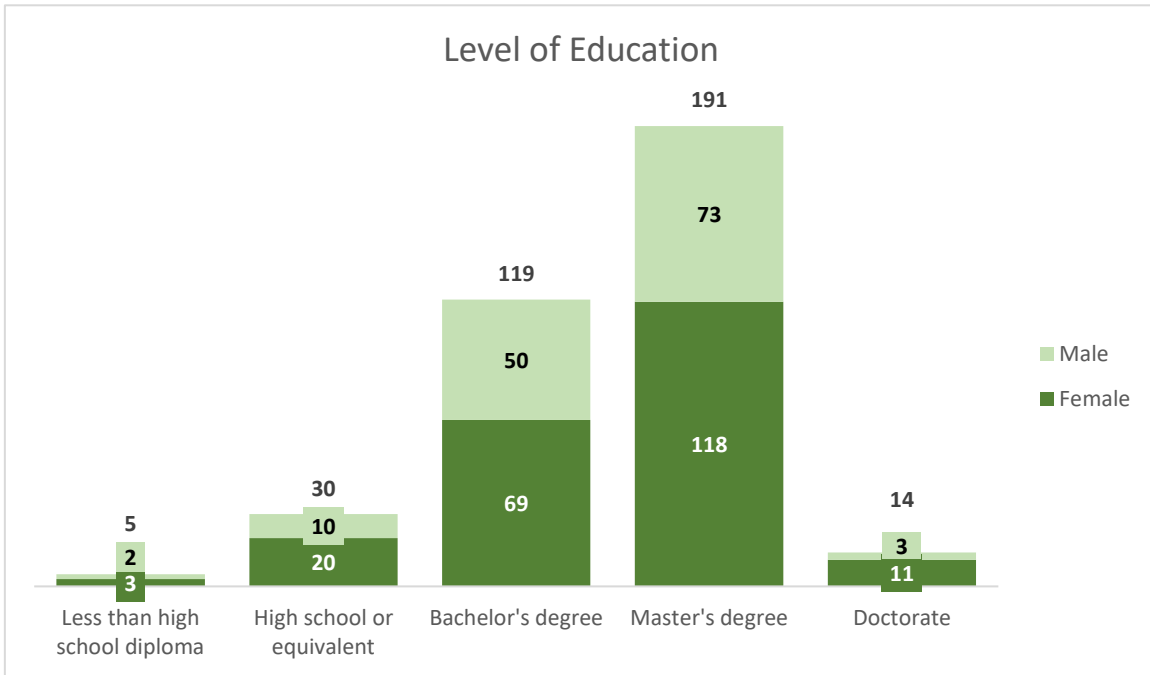Appendix 1.2 – Survey Demographics
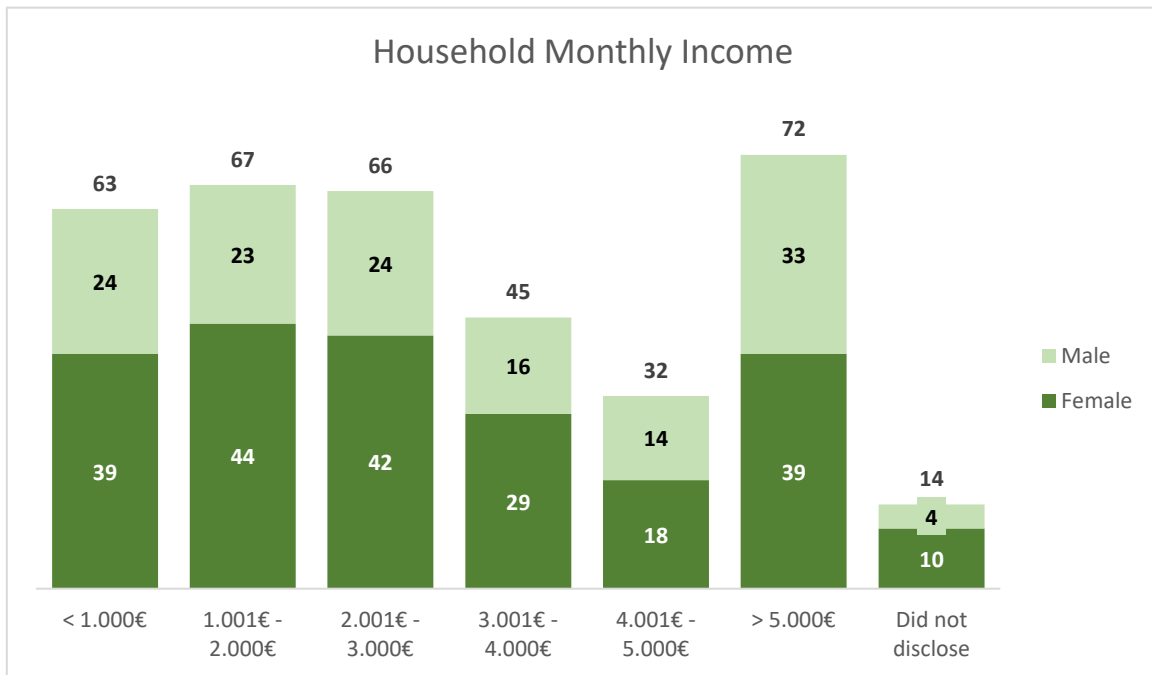
Appendix 1.2.1- Employment Status
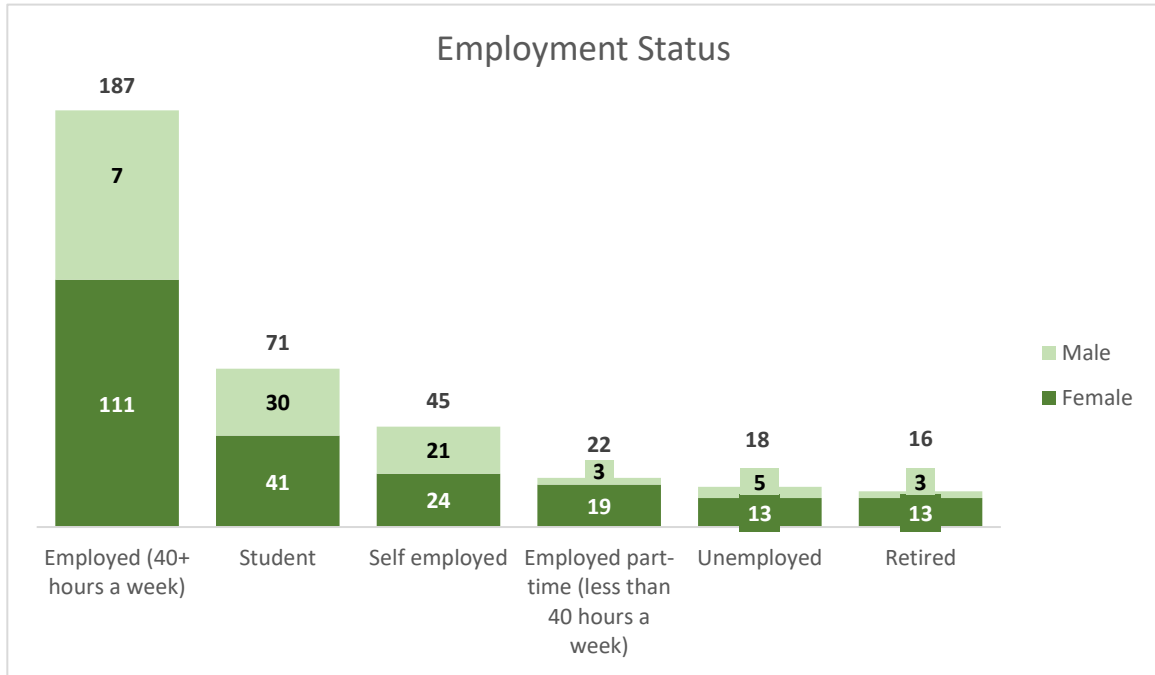
Appendix 1.2.2- Marital Status
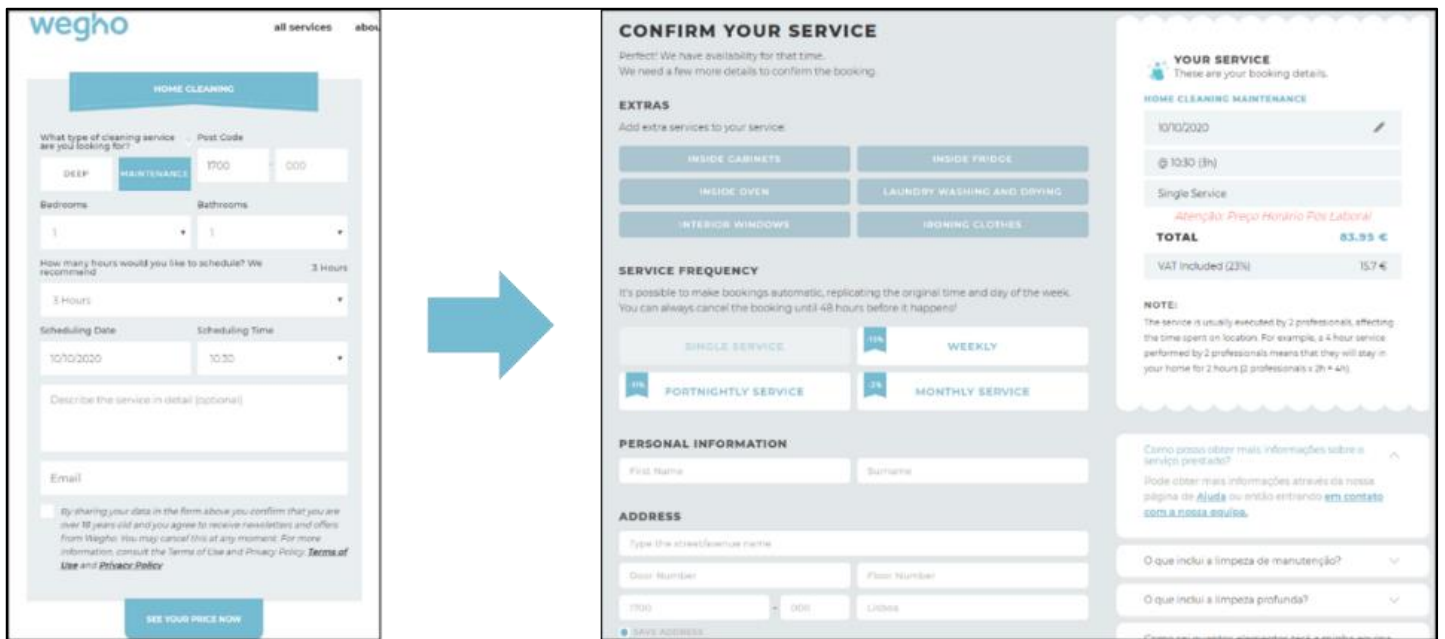
Appendix 1.2.3- Level of Education

Appendix 1.2.4- Distribution of Monthly Household Income

Appendix 2 - Competition

Appendix 2.1. – WEGHO

Appendix 2.2. - FAUSTUDO

Appendix 3 – Product Design

Appendix 3.1- LANA Colour scheme and Brand Image

Appendix 3.2 – LANA Design
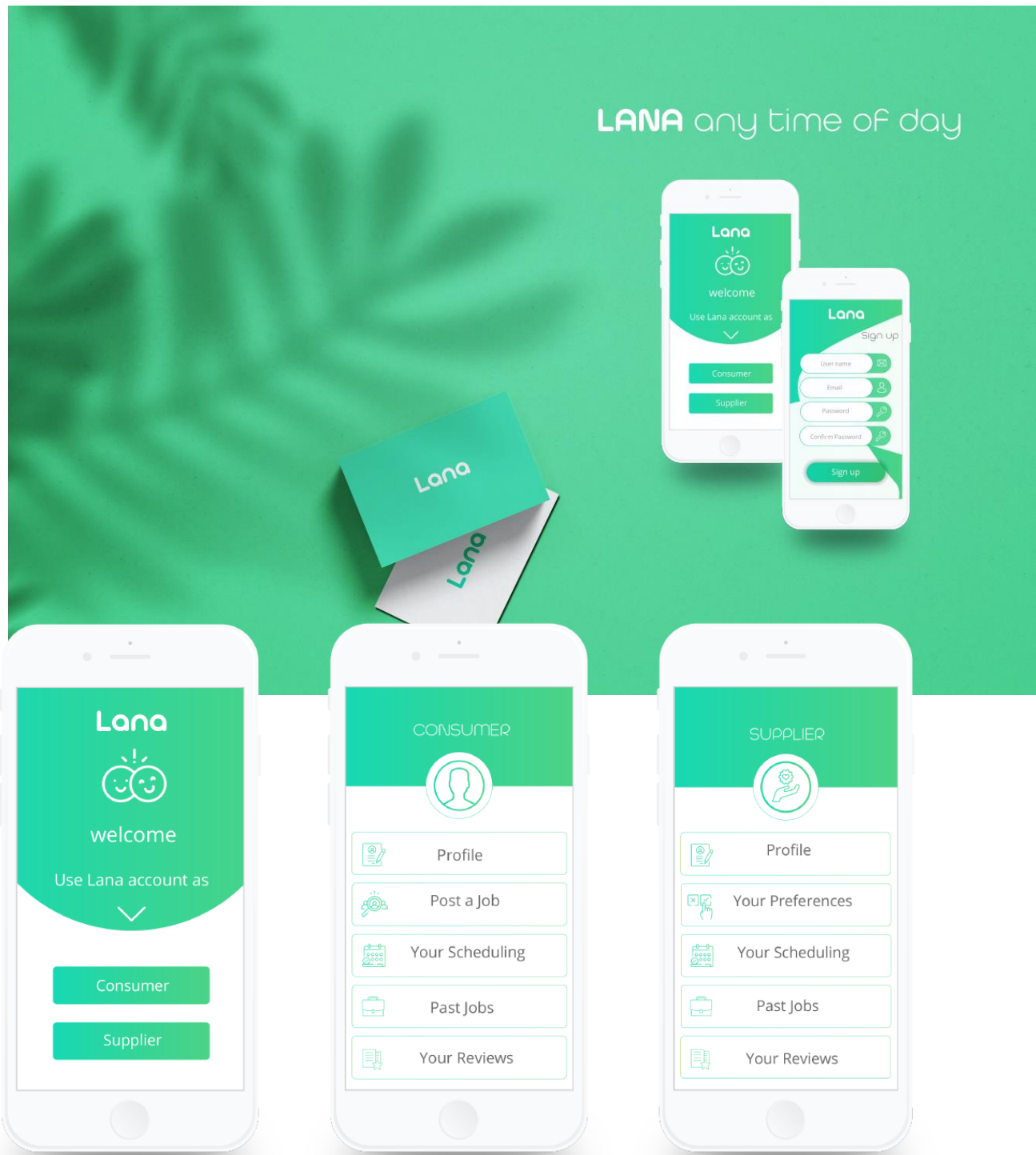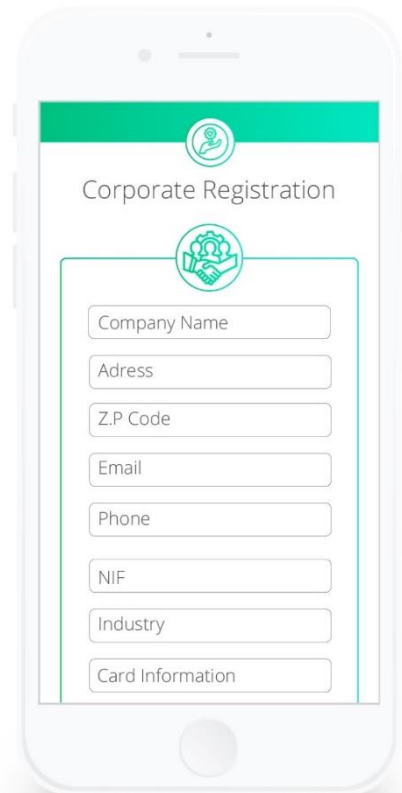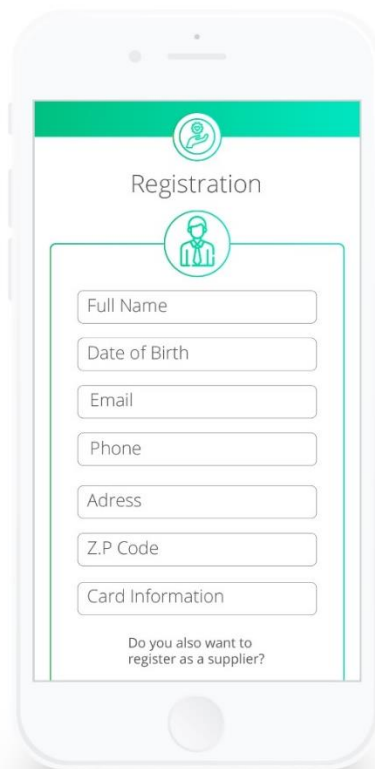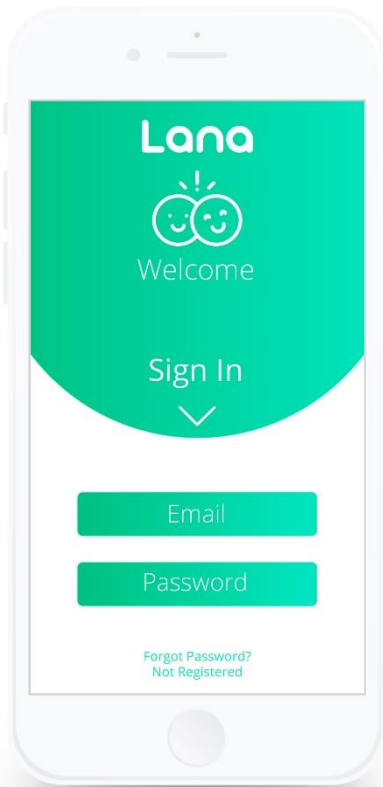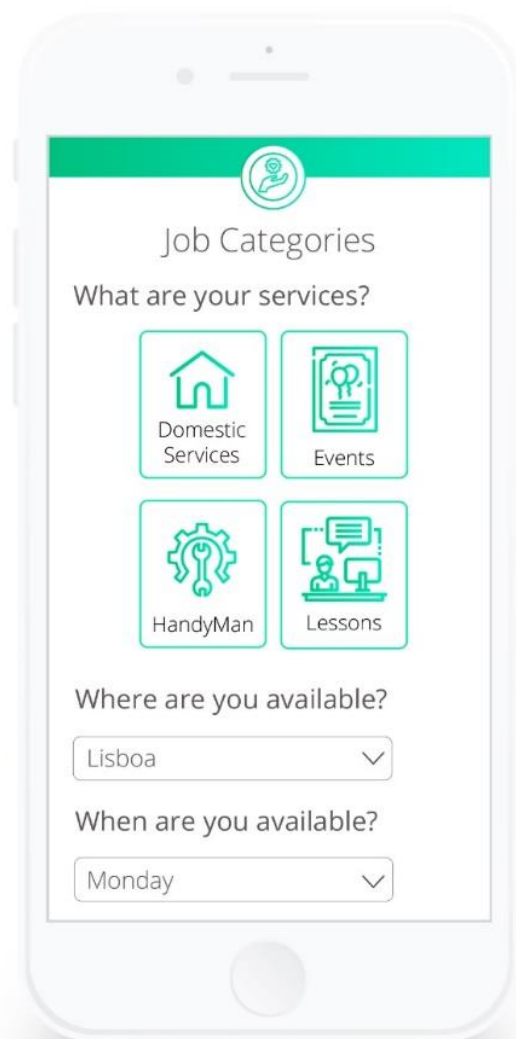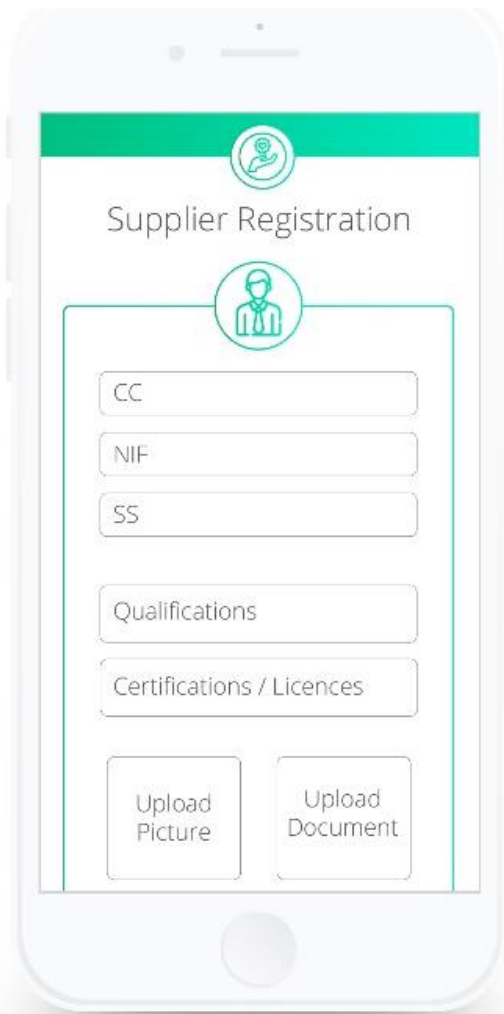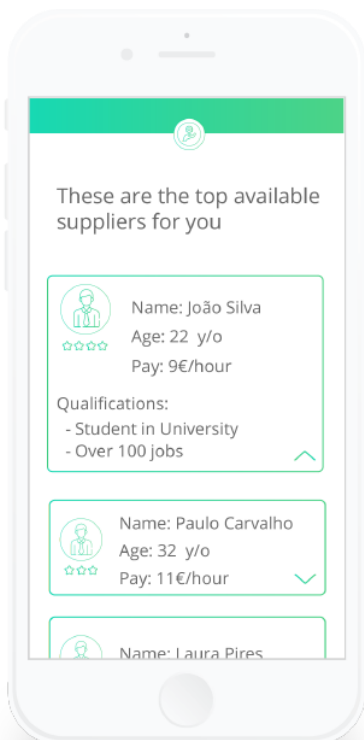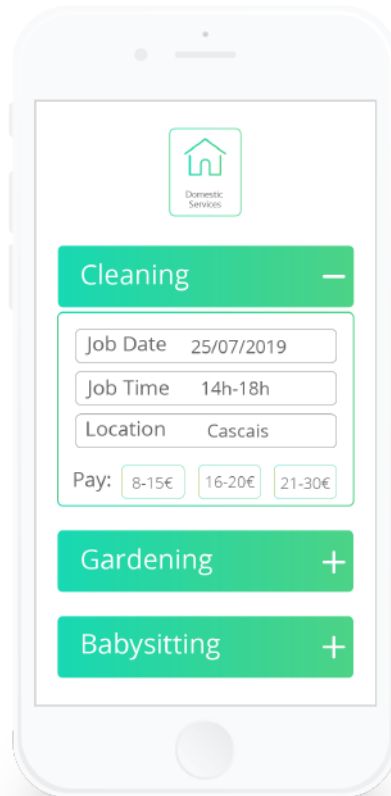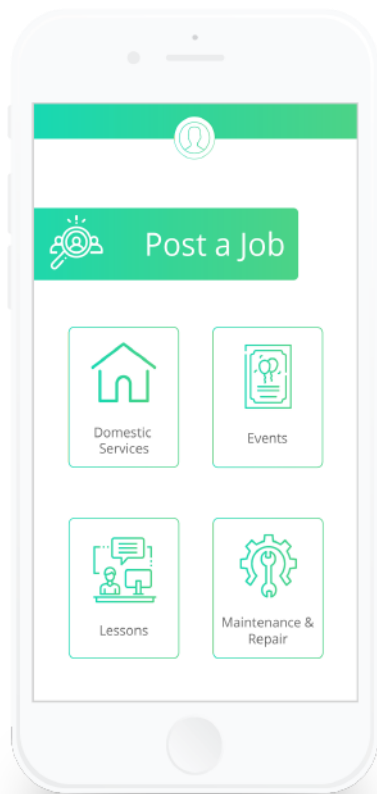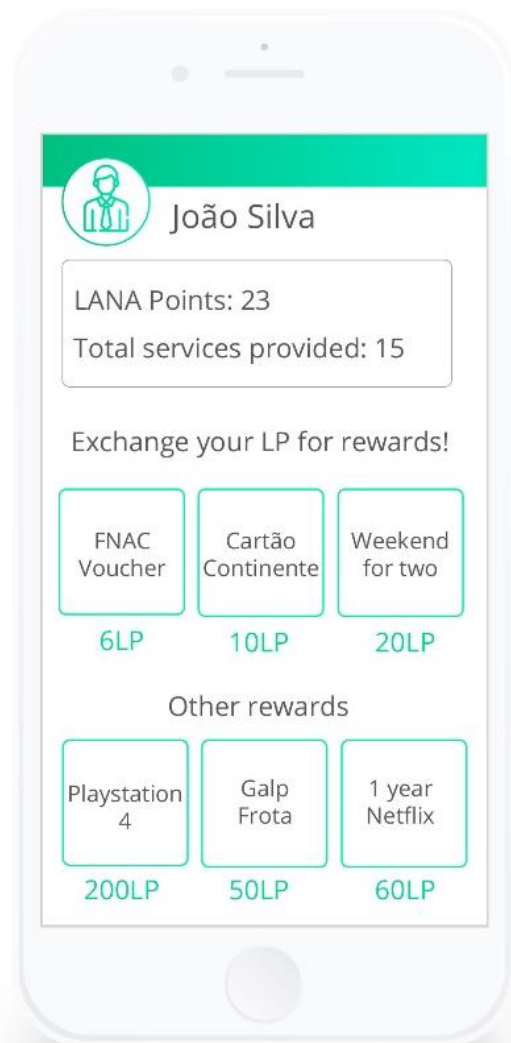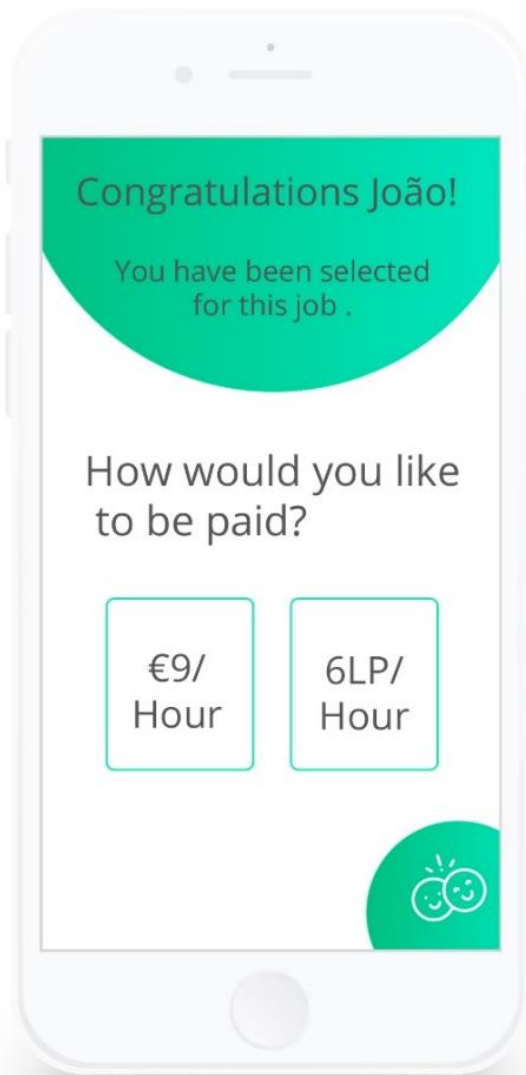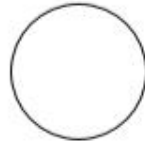
Appendix 4- Utilities offered by LACS

LACS

Private space

24/7 access

Super fast internet

Access to common areas

LACS Exclusive Events

Networking

B.C

24/7 security

Kitchen

Cleaning services

Water and Electricity

Changing rooms

PRIVATE STUDIOS

Appendix 5- Financial Analysis

Appendix 5.1- Scenario Revenues

Total revenues	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Scenario 0	€ -	€ 6,346	€ 85,590	€ 253,472	€ 319,261	€ 451,640	€ 820,173	€ 924,360	€ 1,041,650	€ 1,173,805	€ 1,323,018
Scenario 1	€ -	€ 10,253	€ 141,314	€ 420,779	€ 553,026	€ 849,531	€ 1,721,421	€ 2,173,853	€ 2,745,366	€ 3,468,436	€ 4,382,125
Scenario 2	€ -	€ 11,755	€ 224,386	€ 687,546	€ 898,867	€ 1,346,996	€ 2,682,270	€ 3,401,716	€ 4,314,069	€ 5,471,172	€ 6,938,395

Appendix 5.2-Scenario COGS

COGS	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Scenario 0	€ -	€ 54,168	€ 565,689	€ 1,639,445	€ 2,055,896	€ 2,893,991	€ 5,231,759	€ 5,897,431	€ 6,645,800	€ 7,489,479	€ 8,443,482
Scenario 1	€ -	€ 88,084	€ 946,433	€ 2,692,734	€ 3,478,559	€ 5,268,106	€ 10,596,662	€ 13,356,134	€ 16,834,616	€ 21,231,583	€ 26,776,484
Scenario 2	€ -	€ 99,550	€ 1,484,416	€ 4,455,285	€ 5,795,004	€ 8,623,166	€ 17,030,953	€ 21,598,614	€ 27,390,671	€ 34,736,877	€ 44,050,390

Appendix 5.3- Scenario EBITDA

EBITDA	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Scenario 0	-€ 13,307	-€ 92,795	-€ 125,130	-€ 27,911	€ 3,264	€ 65,802	€ 296,377	€ 365,597	€ 419,496	€ 493,619	€ 577,716
Scenario 1	-€ 13,307	-€ 89,872	-€ 78,188	€ 122,775	€ 208,668	€ 405,007	€ 1,071,114	€ 1,410,581	€ 1,814,419	€ 2,340,992	€ 3,007,591
Scenario 2	-€ 13,307	-€ 91,326	-€ 28,834	€ 306,991	€ 445,708	€ 751,189	€ 1,767,015	€ 2,299,761	€ 2,950,268	€ 3,790,951	€ 4,858,081

Appendix 5.4- Scenario Net Income

Net income	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Scenario 0	-€ 13,307	-€ 92,795	-€ 125,130	-€ 27,911	€ 2,530	€ 50,997	€ 229,692	€ 283,338	€ 325,110	€ 382,554	€ 447,730
Scenario 1	-€ 13,307	-€ 89,872	-€ 78,188	€ 95,150	€ 161,717	€ 313,881	€ 830,113	€ 1,093,200	€ 1,406,175	€ 1,814,269	€ 2,330,883
Scenario 2	-€ 13,307	-€ 91,326	-€ 28,834	€ 237,918	€ 345,423	€ 582,171	€ 1,369,437	€ 1,782,315	€ 2,286,458	€ 2,937,987	€ 3,765,013

Appendix 5.5 – Income Statements

Scenario 0

Income Statement	Y0 2019	Y1 2020	Y2 2021	Y3 2022	Y4 2023	Y5 2024	Y6 2025	Y7 2026	Y8 2027	Y9 2028	Y10 2029
Revenues	€ -	€ 53,916	€ 604,934	€ 1,779,780	€ 2,231,391	€ 3,147,986	€ 5,720,554	€ 6,448,276	€ 7,266,540	€ 8,188,950	€ 9,231,796
Domestice services	€ -	€ 10,032	€ 207,458	€ 686,957	€ 867,240	€ 1,227,825	€ 1,924,622	€ 2,168,712	€ 2,443,759	€ 2,753,689	€ 3,102,926
Tutoring	€ -	€ 8,360	€ 219,637	€ 612,294	€ 773,025	€ 1,095,565	€ 2,577,619	€ 2,904,525	€ 3,272,892	€ 3,687,976	€ 4,155,704
Handyman	€ -	€ 975	€ 21,533	€ 95,400	€ 120,428	€ 170,498	€ 250,602	€ 282,384	€ 318,198	€ 358,553	€ 404,027
Others	€ -	€ 1,393	€ 36,606	€ 102,049	€ 128,838	€ 182,594	€ 214,802	€ 242,044	€ 272,741	€ 307,331	€ 346,309
Corporate Membership fees	€ -	€ 630	€ 3,510	€ 6,870	€ 9,220	€ 13,530	€ 16,080	€ 18,110	€ 20,430	€ 23,000	€ 25,920
Corporate Services	€ -	€ 32,526	€ 116,190	€ 276,210	€ 332,640	€ 457,974	€ 736,830	€ 832,500	€ 938,520	€ 1,058,400	€ 1,196,910
Cost of Goods Sold	€ -	€ 54,168	€ 565,689	€ 1,639,445	€ 2,055,896	€ 2,893,991	€ 5,231,759	€ 5,897,431	€ 6,645,800	€ 7,489,479	€ 8,443,482
Domestice services	€ -	€ 8,527	€ 176,340	€ 583,914	€ 737,154	€ 1,043,651	€ 1,635,929	€ 1,843,405	€ 2,077,195	€ 2,340,636	€ 2,637,487
Tutoring	€ -	€ 7,106	€ 186,691	€ 520,450	€ 657,071	€ 931,230	€ 2,190,976	€ 2,468,847	€ 2,781,958	€ 3,134,780	€ 3,532,349
Handyman	€ -	€ 829	€ 18,303	€ 81,090	€ 102,364	€ 144,923	€ 213,012	€ 240,027	€ 270,468	€ 304,770	€ 343,423
Others	€ -	€ 1,184	€ 31,115	€ 86,742	€ 109,512	€ 155,205	€ 182,581	€ 205,737	€ 231,830	€ 261,232	€ 294,362
Corporate Services	€ -	€ 29,924	€ 106,895	€ 254,113	€ 306,029	€ 421,336	€ 677,884	€ 765,900	€ 863,438	€ 973,728	€ 1,101,157
Promotion, Incentives & Discounts	€ -	€ 3,235	€ 30,247	€ 88,989	€ 111,570	€ 157,399	€ 286,028	€ 322,414	€ 363,327	€ 409,448	€ 461,590
Customer Acquisition Costs	€ -	€ 3,363	€ 16,098	€ 24,148	€ 32,197	€ 40,246	€ 45,350	€ 51,102	€ 57,583	€ 64,886	€ 73,115
			-15708%	258%	25%	45%	92%	13%	13%	13%	13%
Gross Margin	€ -	-€ 251	€ 39,245	€ 140,335	€ 175,494	€ 253,995	€ 488,795	€ 550,844	€ 620,740	€ 699,471	€ 788,313
Gross Margin (%)	-	0%	6%	8%	8%	8%	9%	9%	9%	9%	9%
Payroll	10,267 €	67,262 €	133,693 €	137,442 €	141,302 €	145,279 €	149,375 €	153,594 €	157,939 €	162,415 €	167,025 €
External supplies and services	3,040 €	25,282 €	30,682 €	30,804 €	30,928 €	42,914 €	43,043 €	31,653 €	43,305 €	43,438 €	43,573 €
EBITDA	- 13,307 €	- 92,795 €	- 125,130 €	- 27,911 €	3,264 €	65,802 €	296,377 €	365,597 €	419,496 €	493,619 €	577,716 €
EBITDA margin (%)	-	-172%	-21%	-2%	0%	2%	5%	6%	6%	6%	6%
Corporate Income Tax (21%)	- €	- €	- €	- €	686 €	13,818 €	62,239 €	76,775 €	88,094 €	103,660 €	121,320 €
"Derrama Municipal" (1.5%)	- €	- €	- €	- €	49 €	987 €	4,446 €	5,484 €	6,292 €	7,404 €	8,666 €
Net Income	- 13,307 €	- 92,795 €	- 125,130 €	- 27,911 €	2,530 €	50,997 €	229,692 €	283,338 €	325,110 €	382,554 €	447,730 €

LANA Business Plan – E-marketplace for Service Providers

Scenario 1

Income Statement	Y0 2019	Y1 2020	Y2 2021	Y3 2022	Y4 2023	Y5 2024	Y6 2025	Y7 2026	Y8 2027	Y9 2028	Y10 2029
Revenues	€ -	€ 90,755	€ 1,032,621	€ 2,983,754	€ 3,859,457	€ 5,861,306	€ 11,860,194	€ 14,951,961	€ 18,850,279	€ 23,778,427	€ 29,994,672
Domestice services	€ -	€ 12,720	€ 310,923	€ 1,103,481	€ 1,486,980	€ 2,333,681	€ 4,110,983	€ 5,213,721	€ 6,612,259	€ 8,385,943	€ 10,635,403
Tutoring	€ -	€ 10,680	€ 328,135	€ 987,490	€ 1,329,075	€ 2,082,230	€ 5,505,781	€ 6,982,662	€ 8,855,704	€ 11,231,174	€ 14,243,844
Handyman	€ -	€ 1,281	€ 32,377	€ 153,558	€ 206,745	€ 324,056	€ 535,284	€ 678,870	€ 860,971	€ 1,091,920	€ 1,384,818
Others	€ -	€ 1,780	€ 54,689	€ 164,582	€ 221,513	€ 347,038	€ 458,815	€ 581,888	€ 737,975	€ 935,931	€ 1,186,987
Corporate Membership fees	€ -	€ 1,240	€ 8,560	€ 14,610	€ 18,660	€ 26,670	€ 32,440	€ 38,800	€ 46,370	€ 55,450	€ 66,280
Corporate Services	€ -	€ 63,054	€ 297,936	€ 560,034	€ 596,484	€ 747,630	€ 1,216,890	€ 1,456,020	€ 1,737,000	€ 2,078,010	€ 2,477,340
Cost of Goods Sold	€ -	€ 88,084	€ 946,433	€ 2,692,734	€ 3,478,559	€ 5,268,106	€ 10,596,662	€ 13,356,134	€ 16,834,616	€ 21,231,583	€ 26,776,484
Domestice services	€ -	€ 10,812	€ 264,285	€ 937,959	€ 1,263,933	€ 1,983,629	€ 3,494,336	€ 4,431,663	€ 5,620,420	€ 7,128,052	€ 9,040,093
Tutoring	€ -	€ 9,078	€ 278,915	€ 839,366	€ 1,129,714	€ 1,769,895	€ 4,679,914	€ 5,935,263	€ 7,527,348	€ 9,546,498	€ 12,107,267
Handyman	€ -	€ 1,089	€ 27,520	€ 130,524	€ 175,733	€ 275,448	€ 454,992	€ 577,039	€ 731,826	€ 928,132	€ 1,177,095
Others	€ -	€ 1,513	€ 46,486	€ 139,894	€ 188,286	€ 294,983	€ 389,993	€ 494,605	€ 627,279	€ 795,541	€ 1,008,939
Corporate Services	€ -	€ 58,010	€ 274,101	€ 515,231	€ 548,765	€ 687,820	€ 1,119,539	€ 1,339,538	€ 1,598,040	€ 1,911,769	€ 2,279,153
Promotion, Incentives & Discounts	€ -	€ 2,723	€ 30,979	€ 89,513	€ 115,784	€ 175,839	€ 355,806	€ 448,559	€ 565,508	€ 713,353	€ 899,840
Customer Acquisition Costs	€ -	€ 4,860	€ 24,148	€ 40,246	€ 56,344	€ 80,492	€ 102,083	€ 129,466	€ 164,194	€ 208,238	€ 264,096
			3127%	238%	31%	56%	113%	26%	26%	26%	26%
Gross Margin	€ -	€ 2,671	€ 86,187	€ 291,021	€ 380,898	€ 593,200	€ 1,263,532	€ 1,595,828	€ 2,015,664	€ 2,546,845	€ 3,218,188
Gross Margin (%)	-	3%	8%	10%	10%	10%	11%	11%	11%	11%	11%
Payroll	10,267 €	67,262 €	133,693 €	137,442 €	141,302 €	145,279 €	149,375 €	153,594 €	157,939 €	162,415 €	167,025 €
External supplies and services	3,040 €	25,282 €	30,682 €	30,804 €	30,928 €	42,914 €	43,043 €	31,653 €	43,305 €	43,438 €	43,573 €
Accounting	- €	1,440 €	1,454 €	1,469 €	1,484 €	1,498 €	1,513 €	1,529 €	1,544 €	1,559 €	1,575 €
Promotional material for events	- €	600 €	606 €	612 €	618 €	624 €	631 €	637 €	643 €	650 €	656 €
Rent	1,320 €	13,200 €	18,480 €	18,480 €	18,480 €	30,000 €	30,000 €	18,480 €	30,000 €	30,000 €	30,000 €
Representation and Travel expenses	- €	1,800 €	1,818 €	1,836 €	1,855 €	1,873 €	1,892 €	1,911 €	1,930 €	1,949 €	1,969 €
Product Development (hosting, publishing fees and software expenses)	1,200 €	7,272 €	7,345 €	7,418 €	7,492 €	7,567 €	7,643 €	7,719 €	7,797 €	7,875 €	7,953 €
Communication Agencies Services	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Communications	100 €	606 €	612 €	618 €	624 €	631 €	637 €	643 €	650 €	656 €	663 €
Litigations (registration)	360 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Office Material	60 €	364 €	367 €	371 €	375 €	720 €	727 €	734 €	742 €	749 €	757 €
Other operating costs	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
EBITDA	-	13,307 € -	89,872 € -	78,188 €	122,775 €	208,668 €	405,007 €	1,071,114 €	1,410,581 €	1,814,419 €	2,340,992 €	3,007,591 €
EBITDA margin (%)	-	-99%	-8%	4%	5%	7%	9%	9%	10%	10%	10%
Amortizations and Depreciations	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Earnings before Interest and taxes (EBIT)	-	13,307 € -	89,872 € -	78,188 €	122,775 €	208,668 €	405,007 €	1,071,114 €	1,410,581 €	1,814,419 €	2,340,992 €	3,007,591 €
Interest expense	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Earnings before taxes (EBT)	-	13,307 € -	89,872 € -	78,188 €	122,775 €	208,668 €	405,007 €	1,071,114 €	1,410,581 €	1,814,419 €	2,340,992 €	3,007,591 €
Corporate Income Tax (21%)	- €	- €	- €	25,783 €	43,820 €	85,052 €	224,934 €	296,222 €	381,028 €	491,608 €	631,594 €
"Derrama Municipal" (1.5%)	- €	- €	- €	1,842 €	3,130 €	6,075 €	16,067 €	21,159 €	27,216 €	35,115 €	45,114 €
Net Income	-	13,307 € -	89,872 € -	78,188 €	95,150 €	161,717 €	313,881 €	830,113 €	1,093,200 €	1,406,175 €	1,814,269 €	2,330,883 €

Scenario 2

Income Statement	Y0 2019	Y1 2020	Y2 2021	Y3 2022	Y4 2023	Y5 2024	Y6 2025	Y7 2026	Y8 2027	Y9 2028	Y10 2029
Revenues	€ -	€ 100,767	€ 1,619,957	€ 4,930,522	€ 6,412,942	€ 9,562,548	€ 18,990,386	€ 24,083,622	€ 30,542,184	€ 38,733,681	€ 49,119,068
Domestice services	€ -	€ 17,328	€ 516,534	1,792,814	2,356,200	3,561,506	6,166,475	7,820,581	9,918,388	12,578,914	15,953,105
Tutoring	€ -	€ 15,000	€ 549,092	1,599,784	2,102,925	3,177,795	8,258,672	10,473,993	13,283,556	16,846,760	21,365,766
Handyman	€ -	€ 1,645	€ 53,602	248,958	327,173	494,555	802,926	1,018,305	1,291,457	1,637,879	2,077,227
Others	€ -	€ 2,500	€ 91,515	266,631	350,488	529,632	688,223	872,833	1,106,963	1,403,897	1,780,480
Corporate Membership fees	€ -	€ 1,240	€ 10,910	21,230	28,540	41,900	53,150	67,420	85,510	108,430	137,510
Corporate Services	€ -	€ 63,054	€ 398,304	1,001,106	1,247,616	1,757,160	3,020,940	3,830,490	4,856,310	6,157,800	7,804,980
Cost of Goods Sold	€ -	€ 99,550	€ 1,484,416	€ 4,455,285	€ 5,795,004	€ 8,623,166	€ 17,030,953	€ 21,598,614	€ 27,390,671	€ 34,736,877	€ 44,050,390
Domestice services	€ -	€ 14,729	€ 439,054	1,523,892	2,002,770	3,027,280	5,241,504	6,647,494	8,430,630	10,692,077	13,560,139
Tutoring	€ -	€ 12,750	€ 466,728	1,359,816	1,787,486	2,701,126	7,019,871	8,902,894	11,291,022	14,319,746	18,160,901
Handyman	€ -	€ 1,398	€ 45,562	211,614	278,097	420,371	682,487	865,559	1,097,738	1,392,198	1,765,643
Others	€ -	€ 2,125	€ 77,788	226,636	297,914	450,188	584,989	741,908	940,919	1,193,312	1,513,408
Corporate Services	€ -	€ 58,010	€ 366,440	921,018	1,147,807	1,616,587	2,779,265	3,524,051	4,467,805	5,665,176	7,180,582
Promotion, Incentives & Discounts	€ -	€ 3,023	€ 48,599	147,916	192,388	286,876	569,712	722,509	916,266	1,162,010	1,473,572
Customer Acquisition Costs	€ -	€ 7,515	€ 40,246	64,394	88,541	120,738	153,125	194,199	246,292	312,357	396,145
				11035%	251%	30%	52%	109%	27%	27%	27%	27%
Gross Margin	€ -	€ 1,217	€ 135,541	€ 475,237	€ 617,938	€ 939,382	€ 1,959,433	€ 2,485,008	€ 3,151,512	€ 3,996,804	€ 5,068,678
Gross Margin (%)	-	1%	8%	10%	10%	10%	10%	10%	10%	10%	10%
Payroll	10,267 €	67,262 €	133,693 €	137,442 €	141,302 €	145,279 €	149,375 €	153,594 €	157,939 €	162,415 €	167,025 €
External supplies and services	3,040 €	25,282 €	30,682 €	30,804 €	30,928 €	42,914 €	43,043 €	31,653 €	43,305 €	43,438 €	43,573 €
Accounting	- €	1,440 €	1,454 €	1,469 €	1,484 €	1,498 €	1,513 €	1,529 €	1,544 €	1,559 €	1,575 €
Promotional material for events	- €	600 €	606 €	612 €	618 €	624 €	631 €	637 €	643 €	650 €	656 €
Rent	1,320 €	13,200 €	18,480 €	18,480 €	18,480 €	30,000 €	30,000 €	18,480 €	30,000 €	30,000 €	30,000 €
Representation and Travel expenses	- €	1,800 €	1,818 €	1,836 €	1,855 €	1,873 €	1,892 €	1,911 €	1,930 €	1,949 €	1,969 €
Product Development (hosting, publishing fees and software expenses)	1,200 €	7,272 €	7,345 €	7,418 €	7,492 €	7,567 €	7,643 €	7,719 €	7,797 €	7,875 €	7,953 €
Communication Agencies Services	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Communications	100 €	606 €	612 €	618 €	624 €	631 €	637 €	643 €	650 €	656 €	663 €
Litigations (registration)	360 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Office Material	60 €	364 €	367 €	371 €	375 €	720 €	727 €	734 €	742 €	749 €	757 €
Other operating costs	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
EBITDA	-	13,307 € -	91,326 € -	28,834 €	306,991 €	445,708 €	751,189 €	1,767,015 €	2,299,761 €	2,950,268 €	3,790,951 €	4,858,081 €
EBITDA margin (%)	-	-91%	-2%	6%	7%	8%	9%	10%	10%	10%	10%
Amortizations and Depreciations	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Earnings before Interest and taxes (EBIT)	-	13,307 € -	91,326 € -	28,834 €	306,991 €	445,708 €	751,189 €	1,767,015 €	2,299,761 €	2,950,268 €	3,790,951 €	4,858,081 €
Interest expense	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Earnings before taxes (EBT)	-	13,307 € -	91,326 € -	28,834 €	306,991 €	445,708 €	751,189 €	1,767,015 €	2,299,761 €	2,950,268 €	3,790,951 €	4,858,081 €
Corporate Income Tax (21%)	- €	- €	- €	64,468 €	93,599 €	157,750 €	371,073 €	482,950 €	619,556 €	796,100 €	1,020,197 €
"Derrama Municipal" (1.5%)	- €	- €	- €	4,605 €	6,686 €	11,268 €	26,505 €	34,496 €	44,254 €	56,864 €	72,871 €
Net Income	-	13,307 € -	91,326 € -	28,834 €	237,918 €	345,423 €	582,171 €	1,369,437 €	1,782,315 €	2,286,458 €	2,937,987 €	3,765,013 €

Appendix 5.6 – Economic viability

Scenario 0

	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Cashflow	-€ 13,307	-€ 92,795	-€ 125,130	-€ 27,911	€ 2,530	€ 50,997	€ 229,692	€ 283,338	€ 325,110	€ 382,554	€ 447,730
Accumulated CF	-€ 13,307	-€ 106,102	-€ 231,232	-€ 259,143	-€ 256,613	-€ 205,616	€ 24,076	€ 307,414	€ 632,524	€ 1,015,078	€ 1,462,808

IRR	35.02%
NPV	€ 1,370,483
Payback Period	6.9 Years