

Start up strategy thesis

Business, Strategy



These units aim to find a scalable and repeatable business model in markets where huge demand is predicted (Steve Blank, 2010). In case of not finding such a demand or not being able to supply - these companies burn all capital and close in a long run. Secondly vast majority of start-ups aim to go internationally. Otherwise business model is hardly scalable and it cannot attract capital in the future. Coddle general info Coddle is a data start-up company which owns a product applicative. Com. It is a website which seeks to provide life quality information for citizens.

People who seek to know more of their neighborhoods type their address and easily find information such as crime rate, pollution, average income, etc. Also it is really handy for people who search an apartment to rent. Data is linked to a website using free governmental sources. At the current moment company operates in Lithuania, Germany (Berlin), USA (New York, Confiscator, Chicago, LIKE (London). In upcoming one year they plan to cover all cities in USA and then go to Europe. One year ago they raised kick ERR capital for a product development.

Now they are searching 1 million ERR capital which will be used for marketing and expansion operations. Most investors provide capital for start-ups with well-crafted strategies and business plan. Unfortunately Coddle doesn't have a strategy and doesn't know what factors determine growth of a start-up. Determination of a growth strategy became an important matter which will help to distribute last capital, raise new one and show direction for a company. Bachelor thesis purpose Research problem: how start-up companies should grow in a client base and eased capital.

Aim of the thesis: To investigate what determines successful growth of a start-up company in areas of clients base and capital raised. Objectives of the thesis: Analyze internal and external environment of a Coddle start-up. Conduct an help to craft a strategy, raise capital and distribute current capital. Research methods: Qualitative research using semi formal interviews with industry experts. Secondary data analysis and literature review. Practical value of the thesis: Start-ups with well-crafted strategies manage to grow and raise capital. Coddle has a shortage of capital and no strategy.

This thesis will help them to set a right direction for a company, understand focus elements which enables growth and raise capital. Logical sequence of the thesis: 1 . Situational analysis. Internal and external analysis with a secondary data using PESTLE, 5 porter forces, market segmentation and attractiveness, competitors analysis, STOW. Defining crucial factors for company 's expansion 2. Qualitative research using semi-formal interviews. Interviewing people from successfully growing start-ups 3. Analysis primary and secondary data. Finding key factors which determine successful growth a start-up company 4.

Making conclusions and providing recommendations for the company

Situational analysis General information about company: I-JAB Coddle launched in 2012 is a start-up company which focus on providing neighborhood information for people worldwide. Concept is simple company has created a website which is like a search engine for addresses. Visitors enter a website, enter an address and click search. After few moments website presents neighborhood information linked to that address. It can

bear pollution, crime rate, average real estate prices, near bus-stops and much more. In addition to that company has developed " Life-

Quality" index which takes into account all available data sets and presents it in one numerical value. For example address 139-008 85 Drive, Queens, New York has a life quality index of 66/100. Data to the website is coming from open governmental data sources. Applicative. Com is in a beta phase and operates in cities: London, Berlin, Chicago, San Francisco, and New York. Company has ambitious plans to be present in every city worldwide. In order to reach their ambition company has raised kick euros of capital. Most of that capital went for product development but at the moment website slowly started building its own visitors base.

Company is investing to both: product and marketing. Also they are searching for a second investment which would be somewhere around 1 million euros and used for rapid business growth. Product itself is in introduction product life cycle phase. Figure 1 Organizational structure Of the company At the moment company has zero revenues and they are living out of raised capital. Business model start-up has planned is BIB. There is no way to monotone in BBC since a website is absolutely free. For BIB there are two options: 1 . Sell advertising place in a website for real estate companies relied 2.

Sell Life-Quality Index badge as API (application programming interface) integration for real estate websites or customized API with neighborhood data Cuddle has worldwide Website was launched in July and now it has approximately 6200 unique visitors. In upcoming year planned growth is 100

000 unique visitors. Coddle has 2 two BIB clients which have integrated Life-Quality badge to their websites. Badges were given for free in order to test a product and collect feedback. In the end of the year plan is to have at least 30 BIB partners which use our badge for free. In late 2015 plan s to charge 70\$ per month for badge integration.

Table 1 Size of the market Chicago New York San Francisco BBC (website visitors) 2, 35 million 7, 31 million 0, 73 million BIB 900 1 500 2400 List of small competitors: 1 . Bootlace. Com 2. Foundation. Com 3. Ravishes. Com The largest competitor is walkover. Com which is launched in 2007 and already for more than 7 years. They are operating in whole United States including cities where we are. They have more than 30, 000 BIB clients and 1 , 200, 000 site visitors each month. Concept of their business is similar to Coddle. They have a website With address search engine.

Visitors and check- p any address in USA and get neighborhood information plus walkabout index which is a summary of various place distances in one number (similar to Life-Quality index). BIB business model they are using is same as we planned - sell API integrations for real estate websites.

Management of the company Company s structure is small, communicationchain is short and they don't huge product portfolio.

Therefore management style CEO uses it quite simple and unstructured.

They have weekly meetings to check week ; s performance and set newgoalsfor an upcoming week. Company plans work for no more than 1 month to the future.

Sometimes CEO has unstructured individual meetings with employees to discuss on going assignments. Interns are being managed by a full time working person in a marketing field. Interns receive assignments from CEO and marketing person. Company does not use any theoretical methodology such as agile project management, lean or other start-up management techniques. Macro-environmental analysis Political factors. Open data movement which started in USA in 2007. Scientists Of LISA realized that government has collected a lot of various data of the country. Data is being collected simply monitoring governmental sector recesses.

This type of a data is a great way to improve overall human knowledge base and help to understand word's complexity. Scientists have encouraged governments to open free data portals where data would be available for everyone (Joel Curing, 2014). In USA it is be data. Gob and even cities have their own data websites like New York mentioned before. EX. as well is establishing large open data infrastructures. Only because of this trend Coddle had a chance to develop such a product. Economic factors. Our BIB product is for real estate industry therefore if industry is growing that means hey have better incentives to innovate current situation.

Real estate industry has 13% GAP of total USA GAP and they are steadily growing over the last five years. Even after real estate crisis in 2007 they kept growing. In addition to that key websites in USA real estate sector such as Zillion or Trivial invest several millions each year for neighborhood data. Data is being displayed in their websites and customers have better overview of a property. To compare with European real estate websites there

is a big difference. Most of the largest websites in Europe do not display any neighborhood information. They keep simple search engine for a property.

Secondly there is quite high competition in USA real estate websites market and company are willing to invest decent amount of resources for better display of neighborhoods and local areas. Our website visitor has synergy points with real estate sector as well. Most of applicative. Com website visitors are people who are searching to buy/rent a new property. They are actively searching local area information. Growing real estate industry means more renting or purchasing and more people seeking information which our website provides. Social factors.

Due to high rates of obesity (Ruhoff, 2014) in USA we have new emerging trend - healthy life style. It is already for several years and growing even more. Demand for health friendly or environmental friendly products has increased. We can see examples like a Greek Yogurt since 2010 dominated USA Yogurt market. It is a Yogurt which is considered to be healthier choice. It has less fats and more protein. Other sectors specializing in healthy life style has grown. Technological factors. Current IT technology allows us easily link data from governmental websites to our which makes all start-up possible.

Even annuity of a data is high but website can be well optimized and user friendly. Secondly to build a data crawlers (robot which scans websites and extracts data) has become much easier. One IT programmer can do it.

Governmental institutions do not provide all data therefore company has to search for a new ways to collect it. Internet has decent amount of independent catalogues like <http://move.Yellowpages.Com>. Internet crawler can

be cost effective solution for data extraction. Scrounging trend which started in 2006 has enabled companies to outsource difficult tasks for crowds.

For example such platforms like Amazon Turks can be used for data testing or processing. Also using scrounging methods are great way to collect data. There are even successful companies which use mainly crowd sourced data (data which is voluntarily entered by a user) -Googlemaps, tomato GAPS maps (Stuart Dredge, 2011). Environmental factors. In USA media is actively talking about pollution, crime and more topics related to neighborhood lifestyles. People have increased awareness that living environment is reflected in their quality of life. We have articles like "top 10 cities to live" or "best neighborhoods of New York".

At the current moment people have higher interested in their living environment especially demographics young families. Legal factors. Cuddle is registered in Lithuanian Republic therefore they are accountable to Lithuania law. So far company has no revenues and they don't need to pay income tax, but in the future they will face 15%. Since they are online business it is way much easier to overcome political barriers and change markets if it is needed. Also they don't need to pay value added tax because all product purchases are made online. Besides that company needs to pay tax for their employees which is 30% from their salaries.

Risk analysis Cross-cultural risk. Since Americans are native English speakers there is a quit high risk of miscommunication or misunderstanding.

Lithuanian can speak English but to communicate with American is harder. Also it is harder to compete from sales perspective. At the moment start-up

tried to find BIB clients via Cold Calls, Linked, emails. It is a challenge to effectively communicate a message for potential customer. Local company can do it much easier. Also American culture is an entrepreneurial and sales culture and most of business representatives are good in that (The Economist, 2009).

Company's odds are getting lower when you need to compete with better business in a better ecosystem. Commercial risks. Even the product is new in Europe but is not in ASSAI. They are 5 years ahead in usage of big data, especially in the real estate industry. Market itself has some strong players such as Walkover for more than 5 years. To outperform locals which already have a strong position makes a threat for Coddle's strategic expansion. Financial risks. Every time when start-up sells a badge, marginal costs are nearly to zero. Also online business doesn't have a lot of physical assets.

USA currency is really strong and has well established financial trading infrastructure with ER. There are not so many major financial risks besides one - raising a capital. Since Coddle is a start-up purely funded by a venture capital, there is a huge risk of not raising a capital. Now the company is trying to raise 1 million dollars and it is hard to predict what are the odds without trying. Country risk. No major country risks as well. USA is actively promoting online businesses and open data portals. Competitor analysis Table 2

Segment	Description
Segment A	large real estate websites
Segment B	Medium real estate companies
Segment C	Individual brokers
Segment D	accommodation websites

Total market size (Units and/or dollars) 14 million dollars 20 (0%) 20,000 (10%)

Segment C- Individual brokers Segment D accommodation websites Total market size (Units and/or dollars) 14 million dollars 20 (0%) 20,000 (10%)

180, 00 (90%) 15 (0%) Share Now Sought in Three Years 25% Largest
Competitor Today/Future Your Relative Share Walkover Coddle product is in
pure introductory stage there they have nearly 0 market share. Also from
the table we can judge that segment A and D might be not relevant but that
is not true. Due to product specific these are main segments where company
should focus. Reason is simple - every API integration with a large website is
linking their visitors to our website.