

Identity theft protection service business plan

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A Business Report

Executive Summary

In the United States, the media is awash with reports of criminal activities every time, be it murder or theft. Hardly is there anything on the increasing frequency at which white collar crimes are being committed. The incidence of white collar crimes has increased since the advent of information technological advances, like the internet and also the proliferation of social networking media. Identity theft seems to stand out as the most committed white collar crime. Identity theft is said to have occurred when personal information belonging to an individual is fraudulently used to purchase products and services by another person.

LEDT technology is gaining prominence and has actually experienced substantial growth over a short period of time. Until now, the technology has only been used by banks and transportation companies in the Asian continent.

This shows that SpendSafe can be a success story especially in this era of mobile smart phones and tablet computers. The future of SpendSafe is such that it will eventually be used by banks and credit card companies to conduct transactions thereby giving prominence to the brand. For now, there is no known competitor of this product so it is a novel application for mobile payments and monitoring financial transactions.

The inventors of SpendSafe are in the process of raising funds from potential investors to develop the product and market it. All these issues are addressed in this proposal.

Introduction and Background Data

The incidence of identity theft has been on the rise in recent times. Between 5% and 25% of households in the United States of America fall victims of this crime annually. The cost of these crimes, in recent years, is said to be in the order of hundreds of billions of dollars. The government has stepped up efforts to combat this crime, leading to legislation which makes it a criminal offence to steal another person's identity and penalties have been proscribed to punish offenders. Regulations have also been laid down concerning organizations that hold information pertaining to people's identities to protect it from fraudulent use. On the other side, individuals are also taking their destinies into their hands by taking precautionary measures when using their identity online, such as monitoring and even insurance. Most times, consumers are the targets of identity theft. moreover, investigating identity thefts and compensation by banks and other financial institutions take a huge toll on these organizations. If this accumulates over time, it can be costly for business.

Statement of the Problem

There are different services being offered to protect against identity theft. These companies charge a premium for their services, whereas there are clearly easier ways of protecting against identity theft. Such services include Debix, Citi Identity-Monitor and Experian who charge between \$10 and \$13 per month to help protect against identity theft and also monitor financial transactions.

we believe that if there is a system that can adequately monitor financial transactions at no cost at all to the customer, it will prove to be a success

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story and there would be no need to subscribe to these online services any longer. This we hope to achieve by creating SpendSafe.

SpendSafe is an application that was designed to work on mobile devices, tablet computers, laptop and desktop computers. It encrypts data for all kinds of payment methods. The initial aim of developing the SpendSafe program was to help consumers monitor their financial transactions on their credit cards so that they can keep track of it in order to prevent identity theft.

This program is so easy to use because it has successfully been integrated into the operating system of smart phones and tablet computers, aside the fact that it can run on traditional laptop and desktop computers. The SpendSafe application is available in the open software market of Android and other Tablet computers.

When using Smart Safe, the user places his or her thumb on the touch screen when a transaction is being conducted. This process authenticates the user's fingerprint. After authentication, the payment processor determines if the transaction is valid. Once validation is done, a digital receipt is sent to an online database that keeps records of the user's transactions. the database is also encrypted in layers with military grade encryption technology. It is not possible to access the credit card without the user authenticating the transaction with their fingerprint.

Recommendations

Profitability of SpendSafe will be derived from advertisement fees paid by banks and credit card companies. when users begin to utilize the application, these companies would have to pay a huge amount of money in

advertisement fee in order to have their brand associated with the product. therefore, most of the profit would be realized from advertisement and also the idea of referring customers to credit card companies or banks.

it is worthy of note that there are many applications are being developed every day, making the market a crowded one, and the chances of a new application succeeding a slim one. however, no matter how crowded the market is, we believe that if it offers invaluable service to the consumer, it will surely conquer the market and make top dollar.

the trial version has full functionality but only works for 7 days. customers are expected to purchase the full version of the software which license is a lifetime license. we believe that it will make a good impression on them.

The Google checkout Account would be used to collect the download charges. this is an advantage because Google does not charge any commission on the applications sold, so profit will be maximum.

however, there is a small fee being charges paid for using the Google checkout System. however, this small charge is insignificant and would not in a big way affect the total profit.

Some other costs would be incurred in developing the application, because the initial release of the software would be a beta version which is a test version. some minor changes may have to be made on the software to make it foolproof.

The mobile payment market is a relatively new market and is rapidly growing. This is unconnected with the fact that the smart phone market is

also rapidly growing.

in the last few years, the antivirus market for computers has recorded a 29% growth; this is also as a result of increased incidence of cyber attacks by computers. relating this to the mobile phone market, we expect a similar increase in demand for mobile security solutions.

at present, there is no competitor for this application. with the extent of growth in the market, we however expect that there would be competitors in the future. this is the reason why the product must be released to the market as soon as possible. LEDT technology has been growing rapidly in the Asian and European markets. We have the advantage that no such product of such has been introduced to the American market.

SpendSafe will conduct business as a corporation. the company will be incorporated in the State of Maryland with the name SpendSafe Inc. there are advantages to opening a business as a corporation. the first benefit is in the area of liability. a corporation exists as a separate entity from its owners. therefore, law suits and debts will be incurred by the company and not by the owners. in the area of taxation, corporations also get a lower tax regime. Also, the success of the product may lead to it being turned into a public company and shares and bonds issued to raise capital.

In setting up the company, different departments need to be set up. Already, there is a development team. However, other departments that need to be set up include the upper management sector.

Upper management will be in charge of looking after every department and all of the company's operations. every other department will be outsourced.

The way outsourcing works is that we look for companies that specialize in different industries and we get them to work for us. The ideal place for outsourcing would be in India.. We can outsource our accounting, customer service, and manufacturing departments. This way we can pay the different department's lower wages and maintain a higher profit margin.

Conclusion

The incidence of identity theft is increasing yearly. It is a terrifying experience to have one's identity stolen. Customers need to protect their identity and financial information to prevent it from being stolen. SpendSafe is set to provide this protection once it is launched. SpendSafe will serve the dual purpose of protecting against cyber attack and also help customers keep track of their spending so as to keep a good financial habit. people do not like to use payment systems without a certainty of reliability. If incidences of identity theft were to become common, the result could be a loss of this public good—that is, a loss of confidence not only in the directly affected parties, but in credit-based payment more generally. In the long run, SpendSafe will help consumers increase their credit score and help boost the US economy.

The developers and creators of SpendSafe Inc. are seeking funds to get a jump start into the market of mobile payments. The funds we are seeking are for the purpose of creating the infrastructure of the company to be the first company in the market with such a revolutionary product.

After developing the costs and time for the materials and personnel required for the startup, we came up with an estimate. SpendSafe is looking to raise

at least \$3 million from venture capital. The estimate includes the cost of office space and computer products such as servers, cables, and monitors. Also included in the estimate is the cost research and development to create updates after the release of the first beta version on the Android platform.

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