



## E-Receipt, Inc.

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E-Receipt, Inc.

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Before you read:

My senior capstone is a thorough business plan about a mock company that stores receipts digitally on your phone through the use of an app. The inspiration actually came from a silly idea when I was a little kid, when I always wondered why we would get receipts just to throw them out right away. We were learning in school not to waste paper and my father had an iPod touch that had apps for everything. It just seemed like a solution to a problem. While the app that I envisioned in my head when I was younger is not what it looks like in this company, the core business model is the same.

I wanted my capstone to be as original and true to myself as possible and I wanted to challenge myself to make a good product. My silly receipt company idea became a real business plan with multiple products, sales strategies, financial projections, and many hours of research. The name of the company is called E-Receipt. While the company is completely made up and I will never actually start this business, the process taught me many things that I will need to know before majoring in business next year.

## Executive Summary

E-Receipt is an electronically based receipt company that stores your receipts and analyzes data through the use of an app. E-Receipt makes a substantial environmental impact, as standard receipts cost the environment 10 million trees, 250 million gallons of oil, and 1 billion gallons of water every year. E-Receipt does most of the work for the consumer and makes returns for the consumers a lot easier. There are two main products that the company offers. The first is an option for an in-app purchase named E-Receipt+ that provides analytics on what the consumer purchases. The analytics will provide daily, weekly, monthly, and yearly spending, giving the consumer data on the types of products they are spending. The second product is advertising. E-Receipt has very specific data to the needs of the consumer and can make sure that advertisements get into the right hands. The goal is to create an app that will succeed in the market place with high accessibility, help the environment, and provide people with an efficient and simple way to store receipts with additional added features.

This business was founded by Derek Jordan in Philadelphia, PA. He is currently 18 years old and attends Science Leadership Academy. He currently has the sole rights to the company, E-Receipt, as it has not hit the market yet and has not taken on any investors. This company is in the beginning stages of design and market research. Jordan will be in college developing the business while learning more about business in school. The company will be launched in 2024.

E-Receipt provides a free app to consumers, but will not be selling accessibility. E-Receipt will make most of their money through advertising. E-Receipt has an incredible platform for information about what a consumer likes to buy. For example, if a consumer frequently buys from McDonalds, as stated on the receipt storage, then E-Receipt can provide fast food restaurants with that information so that they can have targeted advertising.

The advertisements will be previewed while the customer is using the app and not through a third party. E-Receipt values privacy and doesn't give these companies any of the consumers' information. E-Receipt keeps the information and provides the advertising to the types of consumers that make sense given their purchase history. All consumer identities are safe from other companies. This way, they receive only advertising for products they might buy and their privacy is valued.

The analytics section of the app will also provide the company money. E-Receipt will preview the data on what types of products a consumer is buying every year, their spending every year, and what they are buying daily, monthly, and yearly. E-Receipt will provide access to portions of these analytics for free, but the user will have to pay a low price of \$3.99 a month in order to see the full analytics. The company doesn't project that this will be the main source of income, but it will provide enough to make a significant difference in our profit margins.

The first plan for financing would be to obtain \$45,000 dollars. It costs about \$20,000 to hire someone to create an app of this complexity and \$10,000 for necessary market research

before launching the company. The company will also need \$15,000 for advertising and exposure while the company experiences losses in the beginning stages of the company. There is a possibility that there will be an investment or partnership opportunity down the road, but for now, the company will prepare for taking out a loan.

The software will link all purchases online to the app. By entering information onto the app, the company could automatically create digital receipts for all purchases on the app store, online, within an app, or even using a credit card at a store. For example, if a customer uses the Wawa app to purchase something, it will be uploaded from the Wawa app to E-Receipt and using the information, it will make a verifiable receipt to store digitally. The company also will have a way to take a picture of a physical receipt and have the software convert it into a digital receipt, just in case the consumer paid with cash and wanted the purchase to be recorded in the analytics section of the app.

The plan is to start this business after college, but gain connections and develop the business plan throughout the four years. The company will launch in 2024 when the app is developed and the company has gotten the \$45,000 loan. The company can not be self-funded because the owner will not have enough money to fund a business during college.

## Company Overview

Mobile apps do not typically fall within a category of industry, but is instead it's own industry, where different apps compete against one another for downloads. The app industry is directly linked to the electronics industry because apps need electronics to have a platform. Mobile apps will typically compete with other apps in its category. For example, a social media app almost exclusively competes with other social media apps.

E-Receipt will fit into this industry in an impactful way. There aren't any similar apps in the marketplace that would upload digital receipts via linking online payment methods. However, E-Receipt would receive some sort of competition in the marketplace. There are other digital receipt companies that will take a picture of a printed receipt and upload it through the usage of an app. Competitors in our industry include QuickBooks, Receipt Hog, and Genius Scan, among others.

There are many key differences between E-Receipt and these businesses. E-Receipt has the mission of not wasting paper on printing receipts during every transaction, without having to clog your email with digital confirmation receipts. Also, E-Receipt will automatically create a verifiable receipt using the transaction data on a consumer's iPhone, such as from Apple Pay, in-app purchases, and even credit card transactions. QuickBooks is the most similar company to E-Receipt, but that is meant for large scale businesses, rather than an individual consumer. Quickbooks also has an added component to the app that lets you scan physical receipts and have

similar features in being able to store digital receipts using credit card information, but that is the only digital service it offers. It does not offer the in-app purchases that E-Receipt does.

QuickBooks is similar in the way the app is structured, but it isn't a strong competitor due to the target customer being completely different.

Receipt Hog and Genius Scan are the other prominent competing businesses. These companies have the ability to scan receipts from the original physical copy. Receipt Hog has a model of paying the consumer for turning in receipts, but it is a misleading prospect. A customer has to redeem 1000 points in order to get \$5 and they only get 20 points for an \$100 order. Receipt hog knows that purchases and receipts are usually for small dollar amounts, so it takes a long time for a customer to redeem 1000 points, and by time, consumers have seen so many ads that Receipt Hog has made a profit. It is not a valuable proposition for the consumer.

Genius Scan is less proprietary in that the app only has the function of scanning receipts. It doesn't create the receipt digitally but instead just saves a photo of the receipt on the app. This serves as competition to E-Receipt, but with good marketing, the consumer will quickly realize that E-Receipt is a better functioning app than Genius Scan. Quickbooks has 215,000 users, Genius Scan has 20,000,000 users, and Receipt Hog didn't have any user data published. This is a big enough market to compete and thrive.

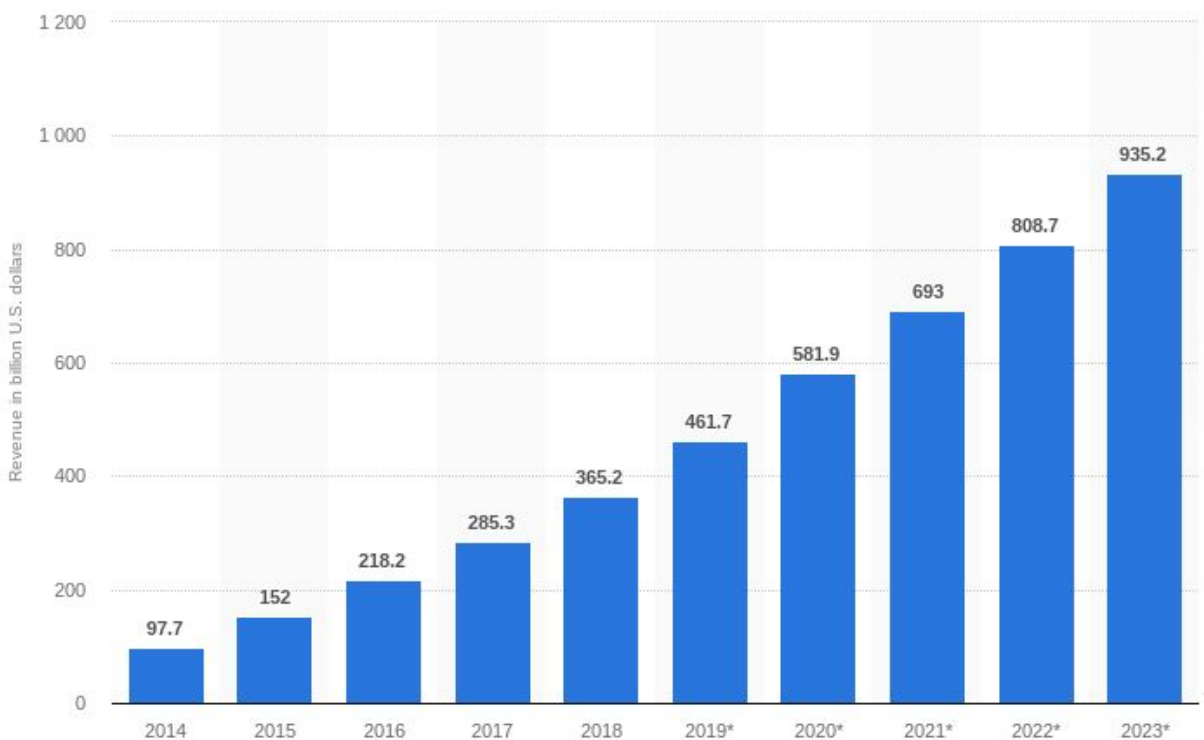
E-Receipt will be under the classification of an LLC for taxation reasons. LLC's require fewer recordkeeping and obligations than corporations, which provides more leeway to run the



business, which is still in the beginning stages. Companies that are LLC's also have more flexibility to have sole proprietors, which will be convenient for leadership reasons. Derek Jordan is the sole owner of the company as of right now, but is willing to take investment and partnership opportunities if the right offer is presented.

## Market Analysis

The app industry has been growing rapidly in recent years. In 2014, the app industry had a revenue of 97.7 billion dollars and the projected revenue for this year is 581.9 billion dollars. By the time E-Receipt launches in 2024, the app industry is projected to have a revenue of more than 935.2 billion dollars. Over the past four years, the app industry has increased at an annual rate of 74.15 billion dollars in revenue. E-Receipt does not compete with everyone in the app industry, but the total revenue of the app industry is important to understanding the potential market base of people that use smartphone applications.



The potential marketbase for the app is limitless. Almost everybody is given receipts and purchases things both in stores and online. The company believes there are many different

personalities that will be drawn to the app. The most obvious consumer is someone who is annoyed by paper or email receipts, or is disorganized overall and wants an easy place to store receipts electronically, but E-Receipt believes there are more target consumers. There are also people who are environmentalists and can't bear receiving paper receipts every time they swipe their credit card. There are many CVS customers that would agree with this. Another consumer might be a coupon collector or someone who shops for discounts. These are only some of the examples of why a consumer might purchase the app and the company believes there are many more reasons to be discovered. The company plans to spend \$10,000 dollars for market research to determine which age demographics best associate with these types of consumers. Through the use of market research and selective marketing, E-Receipt plans to obtain many of the customers of other receipt-app users, as well as generate new customers in the subset of industry.

The average number of people that make in-app purchases is 5%, which the company believes is a good and accurate measure for financial projections. The ability to cause that number to go up rests in the hands of the quality of the app and E-Receipt+. The company is confident that this number can be higher than average with the right exposure. Additionally, E-Receipt appeals to a subset of customers who do a lot of shopping and need to see what products they are spending their money on. These subset of customers that are already purchasing a lot of products may be less likely to think twice before making another purchase.

The pricing of E-Receipt+ has been determined to be \$3.99 per month or \$39.99 for a year. Many other apps with a premium service are charging a similar monthly payment. This

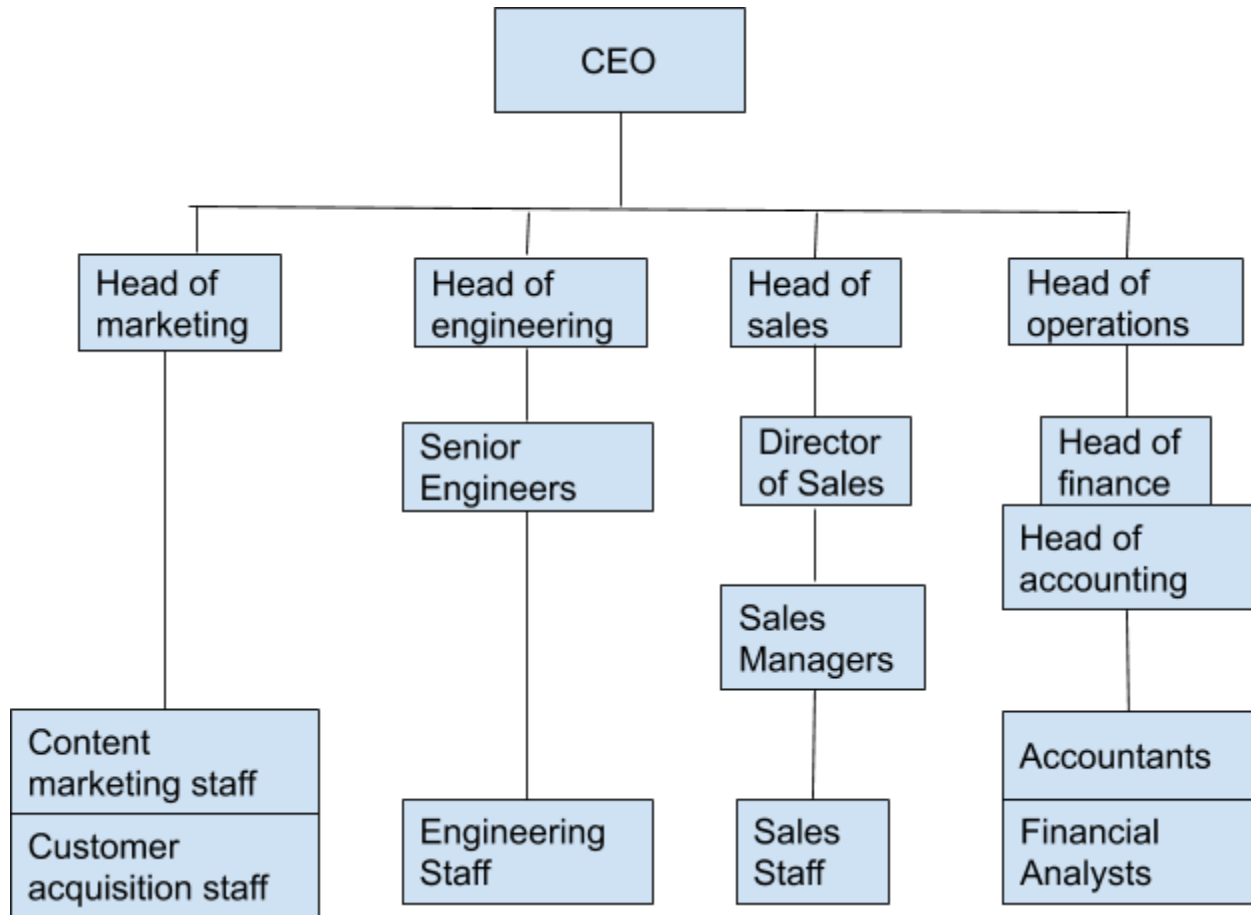
year, the company planned to do widespread polling of upwards of 50 people to determine a good price. This has proved difficult not being able to interview people and describe the company in person due to the coronavirus. Instead, the company interviewed ten people in depth and used the information to find a good price. Nine of the interviewees said they would download the app for free, while six said they would consider purchasing E-Receipt+ if they were impressed by the app. When interviewed about the price, all interviewees seemed to think that the price should not be more than \$5. More research online indicated that a common price for a monthly service like this would be around \$4. Preliminarily, the company has decided that the price of E-Receipt+ will be \$3.99 in all financial projections.

While E-Receipt+ is an important step towards profitability and expansion, the main source of revenue is advertising. Due to typical rates and competing with other apps for advertising, CPC rates will be \$0.25 and the CPM is \$4.99. CPC is the cost per click for the advertisement and the CPM is the cost per one-thousand impressions. Companies purchasing advertising on E-Receipt will be more inclined to purchase CPM advertising. CPM is typically better suited for effective advertisements, because it will then reach more consumers for a lower price than CPC. CPC is a safer choice for companies that want to ensure that they will only pay for people who actually click on the app, but it comes at a much higher price.

Competitors are charging almost identical rates for these advertisements as E-Receipt does. The average rate for CPC is \$0.27 and the CPM is \$5, which leaves E-Receipt in good standing in terms of quality and affordability among competitors. Other apps that use similar

focused advertising services are apps like Facebook and Instagram, that charge almost 150% more than the average. E-Receipt will be a quality and affordable advertising service that companies will be drawn to use.

## Business's Organization



Above is the business organizational chart created to suit the E-Receipt's eventual small business staff. Derek Jordan will assume the role of CEO. As the company becomes more profitable, different stages of hiring employees will be implemented. Hiring employees in different stages will operate from top to bottom. The first employees will be the heads of marketing, engineering, sales, and operations. Once affordable, the company then adds Senior Engineers, a Director of Sales, Head of Financing, and Head of Accounting. The last stage will come much later on in company development, adding more staff for day-to-day operation.

The average business takes three years to become profitable, but E-Receipt projects to be profitable in 17 months (projections shown in the Financial Plans and Projections section). One of the reasons the company will become profitable quickly is the lack of inventory and manufacturing costs. App development is the only upfront cost in this category. Research on app development indicates that a very complex app can cost upwards of \$100,000, but E-Receipt's app will only cost roughly \$20,000 due to simplicity of the design. E-Receipt is an investable company because it will become profitable in 17 months and there will be a quick return on investment. In addition, putting more money into advertising would only hurry the process and shorten the timeline.

The only staff expenses will be to pay the owner a small salary to get by before profitability. Jordan plans to move in with his parents for one year after college and will need only \$75 a month because he will have saved up money from working primarily during summers and also during the school year. After the first year, Jordan plans to find a few roommates and share rent and will only need \$500 a month. The projected year that profits will be enough to provide a substantial salary and hire the first stage of employees is the beginning of 2028.

## Products and Services

E-Receipt isn't a single product, but rather a company running through the mobile app. There are many ways that E-Receipt will make money through usage of the app. In this section, all of the products and services will be thoroughly explained.

### **The E-Receipt App:**

The base product, the E-Receipt app, serves as a fully functioning receipt storer and collector electronically, with other added features. The company plans to have three main sections of the app, which can be interchanged by swiping left and right on the screen. The middle screen, which is the home screen when entering the app, is where the user will find all of their most recent purchases and receipts. The user can choose to drag and drop these virtual receipts into organized folders, leave them unorganized, or choose to discard them. When scrolling, pop-up advertisements appear between every third receipt and a ten second video advertisement appears every two minutes. These advertisements may also contain discounts. All receipts are accessible through the search feature on this page. The search feature can access specific periods of time and can filter select types of products and companies.

The page on the left is where the user has access to the premium version of the app. The analytics have a wide variety of purposes. The premium service provides mostly analytics on



when, where, and what people are spending their money on. This will be organized into lists, charts, and graphs. The user of the app will be able to customize the form of the graph by the click of a button and they can choose which graph they would like to see and for what types of products. They can choose to see what they have been buying during any specified time period. They could check their monthly spending from specific stores or for specific products. In this way, no one needs to remember what days they went to the store or how much they spent. People can be more accurate with monthly spending and be more precise with their finances.

There will also be a rate of change function on E-Receipt+, which will notify the user of any bizarre or unordinary transactions. This can be used to notify the customer if they have been overspending compared to previous months, or in case of a more serious event, if their credit card information has been stolen. E-Receipt's premium service not only adds practical financial organization to people's lives, but can immediately notify them in the case of an emergency. If credit card information was truly stolen, the user of the app will have access to everything that they purchased via the digitally produced receipts. Then, they can easily identify which products were the result of the credit card scam.

The last thing that the consumer can do on this page is set goals for themselves. Using the app, someone could limit themselves to only spending a certain amount of money on a certain product, and the app will notify them when they have reached that max. Not only that, but the app will create a daily, weekly, or monthly spending plan to determine the best way to go about their spending to reach that goal. E-Receipt believes that the \$3.99 service is not only a return on

their original investment, but also a great addition to help people organize their finances and lives.

The third and final page on the right side of the app is the most simple one. It is simply a portal to upload pictures of a physical receipt. You can upload them via a camera feature or through an already taken photo in the user's camera roll. The app recommends that the user sign a physical receipt before taking a physical photograph. This will make the receipt verifiable, as anyone could upload a receipt without a signature from the internet. E-Receipt will make a digital receipt and also preserve the picture of the original receipt with the signature. This way, if the consumer needs the receipt for something, it is there, but it will still be counted in the analytics part of the app.

While the entire app was included in the *Products and Services* section of this business plan, it is not the specific product that will be making the company money. The free app is merely the platform that will provide reason for people to buy the premium service and for companies to purchase our advertising through the app.

### **Premium app service (E-Receipt+)**

While the functionality of this service was described in the section above, E-Receipt+ is one of the two ways that the company makes money. Access to all of the features previously described will be \$3.99 per month or \$39.99 per year. E-Receipt projects that 5% or more active

users will purchase E-Receipt+ monthly. E-Receipt will also offer the customer \$39.99 per year, which is an \$8 discount when compared to monthly purchasing.

E-Receipt+ is an important part of turning a profit, but E-Receipt doesn't expect many customers for E-Receipt+ in the earlier stages of the business. We expect this service to gain more revenue and traction as the app gains a reputation as a trustworthy and useful service. E-Receipt understands that most users will not go forward with an in-app purchase if they do not have trust in the company. There is also the factor that the premium is rendered useless unless there is a substantial amount of purchase data. The customer has no need for data analytics when there is no purchase history stored on the app. It might take some time for that to develop.

### **Advertising:**

Advertising will be one of the other main sources of revenue. Advertising will appear while scrolling through receipts on the primary page. There will be photographic advertisements along with online coupons or discounts. However, every two minutes using the app, there will be a ten second advertisement that the user will be required to watch in order to continue viewing the app. The required video advertisements will go away with the purchase of E-Receipt+. The person will still have access to discounts.

Advertising is a focal point of the business and E-Receipt projects that it will be a strong point of revenue. Since companies are always showing advertisements guessing what the

consumer likes with internet cookies, the consumer information that advertisers want. E-Receipt has information about prior purchases of the owners of the app, which will lead to more focused and better advertising. The companies will be able to purchase advertisements for customers that buy products that suit their business and E-Receipt will distribute the ads without exposing the identity of the buyer. That way, E-Receipt will insure privacy to the customers while also giving them good advertising.

### **Patent:**

E-Receipt does not have a patent for this business. At some point, it is possible that the business will apply for a design or utility patent, but not likely. To apply it costs \$8000 and E-Receipt probably would not receive a patent because there are already businesses that can store receipts. None of these businesses do the same type of storage that E-Receipt does, but a patent for E-Receipt would have to be very specific and it become easy for another company to maneuver around it. The plan would be to come out of gate strong once E-Receipt launches the app, trying to gain popularity quickly. This will set the place for E-Receipt in the industry before a bigger company would copy it.

### **Sourcing and Fulfillment:**

One of the strongest aspects of this business is the lack of inventory. Nothing needs to be processed overseas or manufactured at costly rates. There is no additional manufacturing in the

business besides software engineering as the app grows, which can be done by the engineers that would've been hired by that point in expansion. Since this app is inexpensive to make and there is no cost of sourcing, there will be a very quick turn on investment as profitability will be achieved faster than most other startups.

## Marketing and Sales Plan

### **Positioning:**

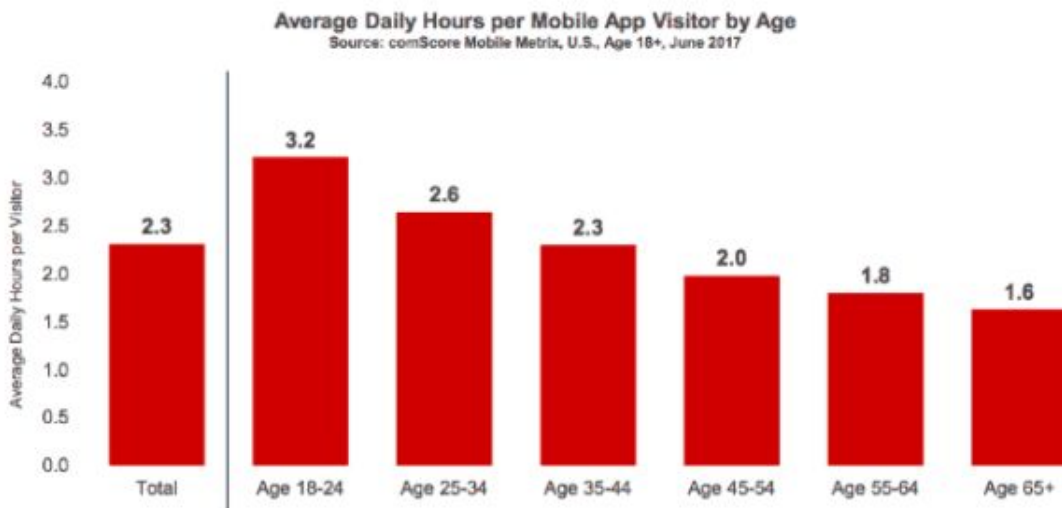
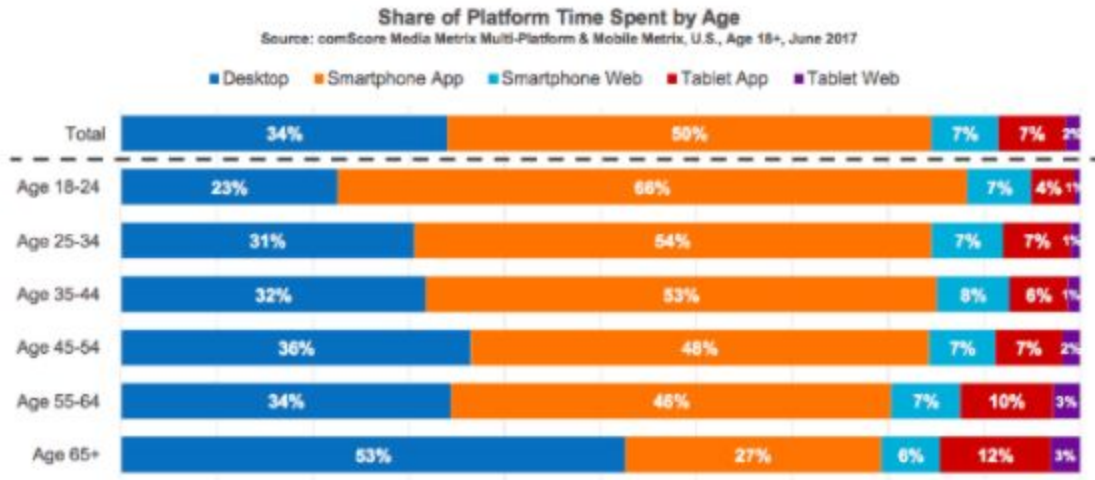
While the majority of competitors in the realm of E-Receipt seem like a scam, E-Receipt markets itself as a genuine quality business that is hoping to organize lives and help the environment. Any business that collects information about someone and stores it digitally has room for corruption and misuse of company resources. In order to prove that the company is valid, E-Receipt will need to be direct about its message. The company will put the environmental benefits as a forefront in advertising the app. In addition, the company could provide partnerships with environmental organizations that disapprove of the current system of receipts, which are wasteful and unnecessary.

Many businesses choose between two roads when positioning themselves moving forward. They can choose between a free or inexpensive service that is accessible or a pricier service that promises great quality. While E-Receipt doesn't create a physical product, the app provides both quality and accessibility. While the app is free and full of advertisements, there is an option to purchase a premium version of the app. The user can simply choose which they can afford. Someone who wants the free and still functional app can simply download for free, while the company will make money from the advertisements. However, someone who wants quality

can buy the E-Receipt+. Either way, the company gets money from every download, so widespread and effective advertising is crucial.

**Promotion:**

Advertising, exposure, and promotion are essential to businesses like E-Receipt, because a lot of exposure is necessary since the average price paid per user isn't very high. The volume and name recognition need to be a top priority, which is why it needs to be marketed to the correct audience.



Both of the graphs above describe the usage of apps per age group. The graphs prove that more time is spent on mobile apps by younger audiences. However, while the younger age groups spend more time on apps, even the older generations are spending hours on mobile apps per day. 35-44 year olds spend 2.3 hours on social media, which is only 50 minutes less per day than people ages 18-24. As the app industry grows in the upcoming years and people get older who grew up using apps, E-Receipt expects even more hours spent on social media among all age groups.



While 18-24 year olds spend more time on social media, they are not the group that E-Receipt believes will be most likely to buy the app. Many 18-24 year olds are in college and most in this group are not getting an annual salary that allows for a lot of expenditures. Many younger people of that age are not going to download something to analyze their yearly spendings and organize their receipts. They aren't in a place yet where they need an app like E-Receipt to organize and record their payments. The structure and purpose of the app better suits people who are still working, struggling with organizing their money, tired of physical receipts, or simply want to help the environment. E-Receipt believes that this falls between the large age group of 25-54 year olds.

Obviously, there is an easy way to confirm this evaluation with market research, but this has been temporarily postponed due to limited access to people to interview during the coronavirus. Since the company likely won't be launched until 2024, full market evaluations will be more effective later anyway in order to get a better idea of the market when the company launches. E-Receipt believes there is a perfect solution to this minor issue of planning the business operations without specified market research.

The Facebook mobile app is a great place to enter advertising for the E-Receipt app. 84% of all people between ages 30-49 and 72% of all people between ages 50-64 are on Facebook. With the extreme diversity and popularity of middle aged consumers on Facebook, it is a perfect match as a platform for advertising. In addition to the platform being a good fit, E-Receipt will

exclusively send advertisements to Facebook's mobile app, so that only people who are also using mobile apps will see it. What makes Facebook a great fit for E-Receipt's situations is their advertising platform. Facebook has an online advertisement feature where a company can enter demographics of who it would like to see the advertisements. After more specific market research, E-Receipt can simply enter the demographics that will promote the most efficient download turnout. The Facebook model of advertising is similar to E-Receipt, except it does not have the purchase data that E-Receipt does. Facebook and similar companies have access to demographics of their customers, which is good for targeted advertising, but not quite as specified as E-Receipt's service.



Above is the logo that has been decided for E-Receipt. The receipt icon is straightforward about what the business is about while the leaf at the bottom displays the environmental mission of the company as well. This logo will be displayed in the app-store, in addition to all other formal packaging and branding of the product. Fortunately, the logo is all of the packaging that an app really needs, unlike many other businesses with a physical product. The logo will be the most important feature by which people remember the app.

## **Sales force and selling strategy:**

Sales to consumers, in this business, is done primarily digitally. There isn't very much money involved in accumulating one customer, so there doesn't need to be a sales team doing cold calls or doing sales meetings. Most of the sales force will exist digitally, through mobile advertisements on social media apps like Facebook. The marketing department will handle most of the publicity efforts of the company, such as creating and testing advertisements that will be effective for downloading apps.

While the majority of sales is done digitally, E-Receipt plans to have a small number of salespeople available for meetings with different companies. For example, these companies may want to purchase the app for tracking small-scale business transactions or for employees that might need their purchases throughout the day tracked. The company could also use the small group of people in sales to travel around and convince businesses to advertise new products on E-Receipt, rather than competing companies. The sales staff will be well trained to handle meeting with environmental groups and other company partnerships or sponsorships.

E-Receipt does not envision creating a separate service that would keep spending, data, and receipts for large companies. There would have to be a second app, due to the complexity of the added features, and other apps are already doing it. The only way it could be added is later on in the process when the company has enough name recognition to compete with other companies in that realm. At the moment, it isn't something that E-Receipt thinks will prove beneficial to the

business. The only core product that E-Receipt needs to sell to other companies is the advertising services.

The sales plan when selling our advertising services to bigger companies consist of two main talking points. The first talking point is that E-Receipt's quality of service is higher than other companies. As explained before, E-Receipt will do a better job of putting advertisements into the right hands. The second talking point is that advertisements on E-Receipt will receive the same exposure as bigger companies. Obviously Facebook, Instagram, and Google have more viewers in total, but that doesn't mean that the company gets a better return on their investment. As described earlier in the business plan, E-Receipt provides advertising on a per-click or a per-mille policy. The company pays them based on how many people click on the advertisement or for every one thousand people that see it. The number of people viewing the advertisements are however many the company is willing to pay for. These CPM's and CPC's are identical platforms to almost all other apps that provide advertising. The E-Receipt advertising plan is the same cost, same exposure, but just better.

## Financial Plan and Projections

### **Projected Income and Other Financial Projections:**

This section will provide a lot of the projected dollar value per customer, as well as explanations for the financial analysis in the cash flow forecasts below. E-Receipt projects that a customer could spend an average of anywhere in between 1-2 minutes on the app every day. E-Receipt plans to display four pop-up ads every minute and a video advertisement every two minutes. For every one thousand advertisements displayed via CPM, the company makes \$4.99.

In order to make that \$4.99, users will have to spend 222 minutes on the app, which would require a range of 111 - 222 active users on the app.

The other model of in-app advertising payment is CPC, which would be based on the amount of clicks of the ad. E-Receipt offers both of these services to companies and they can choose whichever better suits their business. However, the CPC rates are \$.25 per click, meaning that in order to make that \$4.99, there would need to be 20 clicks. Assuming that an average of 2% of people click on the page, 1000 people would need to view the advertisement. 4.5 advertisements are displayed per minute, which would also total to 222 minutes on the app per \$4.99. This comparison proves that the CPC and CPM rates are comparable when it comes to calculating revenue. The company will make \$0.0225 in advertising per minute spent on the app.

E-Receipt projects that anywhere up to 10% of all active users will buy the E-Receipt+ service at some point, but it will most likely be around 5% of customers, as it is the average in-app purchase rate globally. If 5% of all people make the purchase, then the company will make \$.25 per active user every month. Additionally, if active E-Receipt users spend in between 30-60 minutes on the app per month, then the company will make anywhere between \$.925 and \$1.60 per customer every month.

30 minutes per month -- Customer =  $(30 * \$0.0225) + \$0.25 = \$0.925$

**\*\*projection\*\*** 45 minutes per month -- Customer =  $(45 * \$0.0225) + \$0.25 = \$1.2625$

60 minutes per month -- Customer =  $(60 * \$0.0225) + \$0.25 = \$1.60$

The costs of the app will be market research, app development, and advertising. For the purposes of evaluating income and potential costs, the app development and market research will be included in costs. The market research for the app will cost \$10,000, which is ideally done before E-Receipt goes into business. The app development is \$20,000. These funds will either need to be self funded, funded by investors, or funded as a loan, because these expenses are a one time expense. In all forecasts and charts below, the company will assume a 10 year loan in the amount of \$45,000 to pay the market research and app development, as well initial debt in the first year. The payment for advertising will be a monthly payment of \$1000 to start, which will result in 139,082 ads per month. The creation of the advertisements will need to be funded down the road, but at the beginning stages, the owner of the company will do it himself.

Over the next three years, the company is projected to make \$26,842 in profits. The first 17 months aren't profitable. There is an income tax on all in-app purchases as well as Apple taking 30% of that money as a vendor payment. The company also needs to pay \$500 dollars per month for loan payment, \$1000 dollars per month for advertising, and provide a small salary for the owner. The company will make more every year, as the amount of people with the app and viewing advertisements grows.

### **Cash Flow Forecasts:**

Market research will inform the company of the amount of customers that will be acquired with advertising. The company projects that advertising click through rate will be higher than the average because E-Receipt is a good product that should be in high demand. However, for the purpose of making accurate cash flow forecasts, the company will use the global averages. The average amount of people who click through a mobile advertisement is 0.58%. Multiplying this by the 139,082 ads in the first month, this means that the company will acquire 806.6756 active customers in the first month.

Based on the majority of mobile app data, the company projects that 75% of all people who download it will delete the app after using it only once, which means that there will be 201.6689 new customers in the first month. After one month, 50% of all customers from the previous month will delete the app, which leaves 12.5% will keep the app after one month. The company will add 100.83445 customers each month after the first month. Each customer is projected to be worth \$1.2625, giving the company in \$254.60 gross revenue in the first month. As most startup businesses do, E-Receipt plans to take a loss in the beginning stages. Using a \$45,000 loan over ten years, the company will never be in additional debt, but will lose money until May of 2025, which is 17 months after initially going into business.

[Year One Cash Flow Forecasts](#)

[Year Two Cash Flow Forecasts](#)

[Year Three Cash Flow Forecasts](#)



By January 1st of 2027, the company will have \$26,843 in the bank. 2027 is the year that the company will start raising the advertising outreach and possibly hiring an employee or two in the first stage of expansion. While the process is slow, the forecasts of January, 2024 - December 2026 show the way that the company makes more money every month. All forms of payment are included and the predictions for growth of the company are very trustworthy. Statistics on app usage are all based on global averages and the company accounts for every source of payment.

### **Balance Statements:**

The balance sheet shown below balances the assets and liabilities shown in the three cash forecasts. Under *Owner's Equity* and *Retained Earnings* are the profits made each year. As you can see, the company is significantly trending upwards and the company will be in a great position to expand. The first year has significantly higher cash assets as the next year, but simply because 2024 includes the cash from the \$45,000 loan. The balance sheet explains where all of the money went and how it was spent. There were some categories of payment specific to E-Receipt that didn't have a category and were listed in the *Other* section. To see the specific payment method, check out the cash forecasts for the first three years above.

## Balance Statements for first three years

### E-Receipt

### Balance Sheet

Date:

Assets	2026	2025	2024
<b>2 Current Assets</b>			
Cash	44,974	28,084	56,495
Accounts receivable			
Inventory			
Prepaid expenses			
Short-term investments			
<b>Total current assets</b>	<b>44,974</b>	<b>28,084</b>	<b>56,495</b>
<b>2 Fixed (Long-Term) Assets</b>			
Long-term investments			
Property, plant, and equipment (Less accumulated depreciation)			
Intangible assets			
<b>Total fixed assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Assets</b>			
Deferred income tax			
Other			
<b>Total Other Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Assets</b>	<b>44,974</b>	<b>28,084</b>	<b>56,495</b>

### Liabilities and Owner's Equity

<b>2 Current Liabilities</b>			
Accounts payable			
Short-term loans	6,000	6,000	6,000
Income taxes payable	530	326	140
Accrued salaries and wages	6,000	6,000	900
Unearned revenue			
Current portion of long-term debt			
<b>Total current liabilities</b>	<b>12,530</b>	<b>12,326</b>	<b>7,040</b>
<b>2 Long-Term Liabilities</b>			
Long-term debt			
Deferred income tax			
Other	14,565	13,575	42,675
<b>Total long-term liabilities</b>	<b>14,565</b>	<b>13,575</b>	<b>42,675</b>
<b>2 Owner's Equity</b>			
Owner's investment			
Retained earnings	17,879	2,183	6,780
Other			
<b>Total owner's equity</b>	<b>17,879</b>	<b>2,183</b>	<b>6,780</b>
<b>Total Liabilities and Owner's Equity</b>	<b>44,974</b>	<b>28,084</b>	<b>56,495</b>

### Common Financial Ratios

Debt Ratio (Total Liabilities / Total Assets)	0.60	0.92	0.88
Current Ratio (Current Assets / Current Liabilities)	3.59	2.28	8.02
Working Capital (Current Assets - Current Liabilities)	32,444	15,759	49,455
Assets-to-Equity Ratio (Total Assets / Owner's Equity)	2.52	12.86	8.33
Debt-to-Equity Ratio (Total Liabilities / Owner's Equity)	1.52	11.86	7.33

While the process starts in 2024 and that's far down the road, E-Receipt provides a great investment opportunity. The best thing about E-Receipt as an investment opportunity is that the company will make money and make money fast, guaranteeing a return on investment. Additionally, there is a personal guarantee that the CEO and Owner of this company will work tirelessly to make this a successful company. There is a huge upset and very little risk for an investor.

### **Funding:**

As stated in the many projections and data analyses, the company will be taking out a \$45,000 dollar loan repaid over 10 years. The company will pay \$500 a month or \$6000 a year. This is all the funding that the company needs to be profitable by 17 months, but more cash upfront would only hurry the process by creating more advertising opportunities. As stated previously, the company is open to any investment opportunities to achieve profitability as soon as possible.

Another opportunity down the road will be in 2027. The company will need funding at about that time to hire an employee. Previous profits will be used to accelerate future profitability via advertising but the company will need to hire an employee or two for marketing

and app maintenance. The company will always be open to a good investment opportunity, but the ideal funding for the company comes before launch in 2023 and in 2027.

[End of Business Plan]