MOTRAVEL

BUSINESS PLAN
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EXECUTIVE SUMMARY

At MoTravel, we seek to revolutionize the way cell phone users travel in large cities. The Apple iPhone® has already changed the way consumers see their phones; the cell is no longer merely a communication tool, but a mobile information hub, serving up e-mail, web sites, and entertainment to any location with reception. But the task is now left to third-party developers to create the software and internet infrastructure to take the mobile phone to the next level, where it will become an invaluable component of daily life. Though other companies, like Urban Spoon and Google (with their Android platform), have already begun the process of developing the smartphone into a ubiquitous necessity, no company has yet designed an application allowing for seamless use of the phone as a travel guide.

iJourney, a groundbreaking application for the iPhone, will augment a traveler or city dweller’s mobility, spontaneity, and freedom by leaps and bounds. The iPhone has made Global Position System (GPS) units omnipresent, but few software applications take full advantage of being able to pinpoint a user’s location in moments. As it stands, if a consumer wishes to find a particular type of attraction near their present location, the best they can do is clumsily scroll through assorted search results on a GPS-based map program or perform a Google search including the name of their current city or location. In either case, it can be extremely difficult to find attractions near one’s current location and in line with a particular set of interests. iJourney addresses these concerns, making the process as simple as shaking the phone like a magic 8-ball.

iJourney’s operation is straightforward. A user simply launches the application, selects his or her interests, and shakes the phone. A list of three nearby results matching the user’s search criteria appears, including information on price, distance, and user ratings. The user can then select a location and choose to see a map, call the destination, or get more information. If the search results are not satisfactory, the user can continue shaking the phone until satisfied with the suggested destination. By developing an advanced database of destinations in major cities and collecting user reviews, our algorithm matches a user’s tastes with those of other users, and intelligently chooses destinations based on those criteria.

The iJourney’s revenue model is similar to that of Google’s sponsored searches. The first result for any given search will always be a sponsored destination that an advertiser has paid to have placed first. Every time a sponsored destination is selected, the advertiser is charged a small fixed fee. Because the application will be free and the iPhone market is already massive, market penetration will be straightforward. With a large customer base, even small fees for sponsored results will rapidly result in substantial revenue.

Though a small number of other companies, including Urban Spoon, have created similar mobile phone applications, their revenue models are not as sophisticated and software not as universally applicable as iJourney. Urban Spoon, the most sophisticated and well-funded competitor, caters exclusively to restaurants and does not employ sponsored links. Because we include destination categories ranging from museums to free attractions, our service has a much broader appeal.
We expect, due to the cost-free nature of our application and the large market of iPhone users, that the iJourney will rapidly accrue a substantial user base of more than 500,000 within six months. With an online advertising push a year after our launch and expansion to Research in Motion’s Blackberry and Google’s Android platforms within two years, we expect to increase our market share over the following two years by a factor of ten.

iJourney stands to completely change the way consumers view their phones, plan their lives, and travel in large cities. With a large and expanding potential market, few competitors, and low start-up cost, MoTravel stands to become an enormously profitable enterprise.

**BACKGROUND AND PURPOSE OF VENTURE**

MoTravel is a company created to bring urban life fully into the information age. Becoming habituated to one’s immediate surroundings is part of normal city life. Most people who live in large urban areas, like New York or Boston, have a set group of locations that they frequent, and rarely breach the boundaries they’ve set for themselves. The paralysis induced by the limitless choices of the city as a whole is difficult to stomach, and most individuals would rather remain comfortably in their routine than be forced to venture out and make decisions, take chances, and get lost.

iJourney will change the way people see large cities. Information paralysis, though rationally absurd, is a powerful force affecting human nature. Too many choices can often lead to no choice at all, for fear of choosing poorly. As a result, tools that simply list possibilities or present numerous options fare poorly unless the user has a particular locale in mind and needs information or directions. But a utility that will take the decision-making out of the process while still producing a favorable result for the user can solve the problem of information paralysis.

This is the iJourney vision. Tools, like Pandora, that make choices so users don’t have to have recently become immensely successfully. The set-it-and-forget-it nature of such applications is immensely appealing to the time-strained urban traveler, and is the prime appeal of iJourney; it makes life easier, by solving the problem of choice in a world with too many options.

**MANAGEMENT TEAM**

MoTravel is currently a small operation, but we anticipate rapid growth. Our CEO, Ben Preskill, has considerable experience with mobile application design and programming, and has been involved with another internet-related start-up company. He will manage the operations of MoTravel until we reach a size necessitating an executive with more industry experience. Taylor Neiman, our CTO, is in charge of technical production and management. He will lead our team of programmers in continuing to develop the company’s software. Finances are handled by Hannah Troisi, our CFO; she is responsible for administrating the company’s revenue streams.
Finally, marketing and online operations are handled by Heidi Linder, our Vice President of Marketing and Sales.

Though our management team consists of highly professional, effective, and intelligent individuals, our collective lack of experience will necessitate hiring outside management. A director of marketing with industry experience will be fundamental to the course of our operations, as will an executive officer with internet technology experience. Though highly capable on our own, we are intimately aware of our team’s weaknesses and plan on correcting them as soon as possible.

**DESCRIPTION OF MARKET**

Initially, iJourney is best suited for large metropolitan areas in the United States. The target audience is anyone who lives in or visits a major metropolitan city and needs to find an activity to do or an interesting destination. Due to the advanced nature of the application, iJourney will be limited to users with advanced smart phones. For simplicity, the iJourney will first be available on the Apple iPhone, but eventually the iJourney will be expanded to all major smart phones, such as RIM’s Blackberry series or smart phones running the Google Android OS. Eventually, iJourney will expand to other major metropolitan cities outside of the United States as well as cities with smaller populations.

**PRODUCTS AND SERVICES**

iJourney, being a cell phone application and, in particular, an iPhone application is fairly straightforward in scope. There are two primary components: software downloadable directly to the iPhone and an internet gateway interface. In addition to the front-end needed for users to operate the site, a major database underlies the iJourney technology, containing information on destinations in major cities.

**IPHONE APPLICATION**

The iJourney iPhone application is the heart of the product. Though users without iPhones will be able to access the full functionality of the service from their laptop or hotel room by manually entering location information, the primary appeal of the service is the seamless mobility offered by the iPhone’s integrated Global Positioning System (GPS) transceiver and mobile internet access.

The premise of iJourney is straightforward. A user selects from a list of destination categories, including restaurants, museums, bars, coffee shops, famous locations, free activities, and many more. A user can select as many or as few as she’d like. After setting the criteria, the user simply shakes the iPhone, much like a “magic 8-ball”, and a list of three possible results appears, with information on distance, cost, and genre.
When presented with the list, a user can select one option and be given directions, an option to call the destination, and more detailed information, or the user can shake the phone again, producing a new list of results. Operation of the application is no more complicated than shaking an iPhone, but the technology is underwritten by a sophisticated algorithm that ideally meets a user’s criteria.

**AVAILABILITY**

The iJourney application will be available for free download directly from the Apple iTunes Application Store. Eventually, the application will also be available for download directly from our website as well. Though the iTunes store has a vetting process to ensure only high-quality applications are listed among the offerings, major commercial software products rarely have issues with obtaining access to the store. Because the technology is in place for extremely straightforward downloads, the iTunes store has remarkably changed software distribution; by allowing users to transfer applications directly to their phones, Apple has ensured that mobile application installation is completely painless.

**HARDWARE**

The iJourney requires a smart phone with a built in GPS and a built in accelerometer to access its full functionality. The iPhone comes with these features on all models currently sold, so no hardware modifications are needed. Although other phones have not yet integrated GPS systems as a standard add-on, by the time we expect to expand to other platforms (like RIM’s Blackberry), these features should be far more ubiquitous.

**PROPRIETARY SOFTWARE**

Our proprietary software includes the iJourney application, our mirror website with the iJourney, and the search algorithms on our servers that send the results to the user’s phone. The mirror website will primarily serve as a gateway to accessing the iJourney database from a PC, as opposed to a phone. If nothing else, it will allow users without an iPhone to try the iJourney service.

The software on the phone will be coded fully in-house and will use algorithms developed by our company. These will shortly be patent pending, aiding in our ability to ensure a monopoly on the use of our technology.

**USER INTERFACE**

The iJourney, once downloaded, appears as a small thumbnail on the screen of the user’s phone, along with other downloaded applications. Once the user selects the iJourney icon, a new interface appears as the program launches. Various destination categories appear, and the user
begins to select the categories that the user would like to search. There is also a select all and unselect all option. As a destination category is selected, it becomes highlighted, showing the user that they have selected that option to search. Search categories include, but are not limited to: Museums, Restaurants, Walking Tours, Outdoor, Family/Kids, Shopping, Free, Premium, Favorites, Purchased, and more.

The iJourney uses the phone’s built-in GPS to determine where the user located, and communicates this information to our servers as the user selects which destination categories to search. The user then shakes his phone, in a similar manner to a “magic 8-ball” toy, as previously mentioned. This activates the program and our software searches for results based on the destination categories previously selected. Our servers then send the results to the user’s phone.

The first three results are listed on the phone’s screen after a brief search period. Time is of the essence, and so this list has no initial graphics in order to return the results quickly to the user, in less than 3 seconds, even with low signal strength. The results can be organized by criteria that can be set by the user and remembered by iJourney. These criteria include walking distance, relevance, cost, community feedback, and more.

The user can select one of the results, and information on that destination will appear. This information includes distance, operating hours, a phone number, reviews, and more general information. The user can hit the send button and call the destination directly if they so desire. Furthermore, the user can then select the map button at the bottom of the screen to pull up a Google map with markers for the three destination results and another marker for where the user is currently located. Selecting one of the location markers will instantly highlight the quickest path to that destination. The user can hit the back button to return to the previous screen. There is also a start over button to go directly back to the main interface at any time. Also at any time, the user can simply shake their phone again to search the same destination criteria if they would like to see another set of results. If the user likes the destination they traveled to, they can also save the destination tag by tapping add to favorites for easy retrieval in the future.

**REVENUE**

iJourney has two primary means of generating revenue, one based on advertisement and another based on sponsorship. The first is simple; in the list of three results that appears every time a user shakes the iPhone, the first will always be a sponsored link. The user will be informed that it is sponsored and the link will be highlighted to make it more appealing to click. The sponsored link will still be matched to a user’s search criteria, but with slightly less constraint, due to the needs of advertising. In addition to making available the name of a business, sponsored links will make it extremely easy for users near sponsored establishments to find their way to them.

Advertising with sponsored links is extremely low-risk for businesses. They only pay when a user actually selects the sponsored link, not when it comes up in search results. When a user selects a sponsored link and seeks directions, there’s a very strong chance that she will end
up patronizing the establishment. Because the business is only charged $0.05 and because they are only charged when the link is clicked, advertising this way is very cost-effective.

In addition to links, there will be sponsored categories. These might be along the lines of “Frommer’s Travel Guide Destinations”; selecting that category will pull destination information and suggestions based on Frommer’s travel guides. This is good advertising for the company, in terms of name impressions, useful to the user, and the delivery method will generate revenue. There will be a different sponsored category every week, and the previous category will no longer be accessible after it’s week’s tenure is up. During this time, use of the category is free. However, after the week of free access is up, a user can still use a sponsored category by paying a small $1 fee to permanently install the category in their list of options. This way, sponsored categories can be thought of as specialized premium content. Because companies, like Frommer’s, receive a fee every time a user buys their sponsored categories, it will also encourage further development of database and category selection.

WEB APPLICATION

The iJourney web application serves more as a supplementary component than a separate pillar among MoTravel’s products. Because not all users have iPhones, but some would still benefit from the use of iJourney, access to the database through a fundamentally identical interface to that of the iPhone will be available online. Besides the inability to shake a laptop, the only difference will be that users will need to enter their location manually, as most computers are not equipped with GPS.

The web site will be a source of supplemental revenue, due the ease of online advertising, as well as a tool to recruit users to iJourney. It will present a concise, attractive marketing pitch to users who visit the front page and will allow users to test-drive the software even before installing it on their phones. Additionally, the servers that run the website will be also responsible for handling online interactions with the mobile iJourney software.

INTERFACE

The online interface will have a sleek, Web 2.0 aesthetic, with subtle internet advertising, a marketing-centered navigation, and will provide users with the ability to communicate with other iJourney users, download the software, test-drive it online, and to search for locations from the comfort of their personal computer. Because of the simplicity of the web site and its relatively infrequent need for change, it should be extremely inexpensive to operate.

DATABASE

The heart of the iJourney software is its location and destination database, accompanied by our proprietary algorithms. The database will be compiled using proprietary scraping programs, which search the internet for information and reviews pertaining to destinations in a
number of major U.S. cities. The programs are designed to exclusively collect free content, most of which is already compiled in small open-source databases online. Not all data will be able to be collected for free, so we also anticipate buying destination information from cataloguing companies.

The information will be kept on our main server farm and served, after processing with our sorting algorithm, onto iPhones and personal computers. Users and businesses will be able to enter information and reviews on businesses not yet in the database, ensuring that the list of known destinations is ever-expanding. Indeed, as we grow larger, many businesses will list themselves on the database, as it will serve as a form of free advertising.

DEFENSIBILITY AND INTELLECTUAL PROPERTY

As iJourney is primarily a new way of serving extant information, as opposed to a technological leap, we are only able to patent a limited amount of our technology. We have devised an algorithm for finding entries from the database that suit a user’s needs, which we expect to have a provisional patent on shortly. Furthermore, we expect to patent our scraping software, to ensure that our novel technique for compiling a database is not immediately copied.

DISTRIBUTION AND MARKETING

Online blogs and word of mouth will be the most common way for new users to discover iJourney. As a result, the growth of our product is initially exponential and will eventually taper off at an estimated 6 million users by our projections.

Our marketing strategies focuses around three key elements.

- Focus on frequent travelers and large metropolitan areas.
- Emphasize the options and convenience of iJourney.
- Use social marketing to advertise iJourney.

We plan to use a social marketing strategy, which will involve a number of different promotions.

1. Internet Blogs: We will release press statements to small, specific Internet blogs that deal with travel, food, and/or iPhone applications. We will also list ourselves on Internet databases of phone applications.
2. Videos: In addition to the press releases we will also post video walk-throughs and demos of iJourney on blogs and videosites such as Youtube.
3. Social Networks: We will advertise on social networks specific to travel, food, and large cities. By being frequently mentioned on such sites, we will reach our desired demographic.
4. TV Commercials: We also plan to launch a major advertisement campaign in 2010 costing approximately $500,000 a month and advertising on three channels CNN, Comedy Central, and the Travel Channel. With an average cost of $6,850 per commercial we will have 13 spots on CNN, 20 on Comedy Central, and 40 on the travel channel all of which are during primetime.

Sophisticated functionality and ease of use will be the key aspects of our marketing strategy. Our customers could easily take the time, go to a computer, and look up all the malls in the area, but with our product, they could easily and quickly search for any range of activities available to them from their phone.

**COMPETITION AND RISKS**

No other application serves a purpose as general or as functional as iJourney. The only competitor that addresses the same information paralysis issues as iJourney is Urban Spoon, a web site and iPhone application that allows users to find nearby restaurants with particular types of cuisine. Urban Spoon is also free and uses a similar system of limited choice; users shake the phone and one restaurant is suggested. A user can simply keep shaking until a suitable restaurant is suggested. However, because Urban Spoon is designed exclusively around the concept of food-related information, it has marketed itself into a niche that does not allow obvious expansion opportunity. Moreover, because the iJourney uses a much broader comb to select potential destinations, the Urban Spoon and the iJourney serve distinct needs and could be used by the same iPhone users.

Aside from Urban Spoon, no other application offers similar destination-finding features. The key to iJourney’s effectiveness arises not just in its ability to direct users without a specific destination initially in mind, but also from its ability to limit information available to the user to small, easily comprehensible selections.

**FINANCIAL INFORMATION**

Based upon current iPhone application download statistics, it is reasonable to expect iJourney will be downloaded by 500,000 users in the first six months after its launch, one million in the second year of its existence as the application begins to cover most United States cities, 2.5 million in the third year of its existence as the application extends its database to foreign cities and is launched on other mobile phone platforms, and 6 million users in the fourth year of its existence. Assuming that a user will shake the device an average of 20 times per month, that 1/10th of the time the user will pick the top, sponsored destination (a low estimate given that a sponsored link is one of three randomly chosen destinations), and given that the sponsored destination will pay 5 cents per click in the first year of its existence, MoTravel expects a total revenue of $25,000 in the first year, $200,000 in the second year (at a per click price of 10
cents), $1,875,000 in the third year (at a per click price of 15 cents) and $14,400,00 in the fourth year (at a per click price of 20 cents). This revenue will cover the startup and operating costs.

Startup expenses include a $2,000,000 advertisement campaign, $13,500 worth of computer equipment, and $100,000 in legal fees. With 9 employees (the founding four members with an additional 4 software engineers and an administrative assistant) paid a yearly salary of $50,000, the monthly salary expense will be $37,000. Other monthly operating expenses include an Amazon web hosting fee of $2,368, Montclair Business Park 1,000 sq. ft. office space rent of $8,400 and tax accounting fees of $20,000. Cashflow calculations show that MoTravel's expenses will exceed its revenue by $105,000 the first year, $1,934,000 the second year, and $1,846,000 the third year, but in the fourth year its revenue will exceed its expenses by $14,282,000. Thus, we are asking for a loan of $2.5 million to cover our costs for the first three years.

SALES AND MARKETING BUDGET

The Director of Sales and Marketing will use social marketing techniques to initially advertise iJourney via blogs, social networking sites and word of mouth. Six months after its launch, MoTravel will purchase four months of prime TV ads, on CNN, Comedy Central and the Travel Channel, to market iJourney. Social marketing involves no direct financial cost to the company except for the time of the employee who must post on these sites. Prime-time TV ads will comprise the entirety of the Marketing budget. The minimum number of Prime-time TV ads aired per month will be 73. At an average cost of $6,849 per spot, the cost per month will average $500,000 for a four month total of $2,000,000.

FUTURE PLANS

After compiling the initial destination database and programming the software for the iPhone platform, we anticipate our product to have growth in two areas: the breadth of the database and the incorporation of more cell phone platforms. At its launch, iJourney will only cover the ten largest major metropolitan areas of the United States. An obvious area of expansion is to increase the database to cover other U.S. Cities and eventually expand overseas. In order to make expansion of the database more autonomous, our database developers will create a way for the owners of any new destination (such as a new art gallery in San Francisco) to upload their information into the database via the internet as well as providing a way for users to delete nonexistent/closed destinations. We expect the database to cover most United State cities within 6 months of its launch and to expand its coverage to major cities overseas within a year and a half of its launch.

iJourney's other area of growth involves expanding the customer base. Assuming three years down the road, that most phones will incorporate a GPS, as popularized by the iPhone today, our customer base will be increased by adapting our software to be compatible with
Blackberry and Android phone platforms. We expect expansion to other databases to happen within a year of launching iJourney on the iPhone. Other future plans for our product include creating premium search channels that allow the user to upload their own or others' pre-chosen sets of destinations as well as creating software that can link a variety of destinations together to make customizable walking tours, taking into account the time, location and interests of the user.

Our anticipated business expansion will require no increase in the number of employees. Our software engineers will switch to creating software for other phone platforms, one at a time, after finishing the iPhone package, but we will one developer will remain to trouble shoot the existing software.

**CONCLUSION**

The MoTravel iJourney stands to provide an entirely new level of functionality to mobile phones. Though the technology has been in place for more than a year, no other company has come close to creating an easy-to-use solution for travel and destination-finding. iJourney will allow users to take the frustrating decisions out of traveling in major cities, and will offer straightforward opportunities to experience new locales to travelers and city-dwellers alive. Its simplicity and straightforward path to obtaining a large user base put the iJourney in a unique position to capitalize on new technology. We are confident that our product can rapidly become a mobile necessity.