

kidz tech

...Less Tech, More PLAY...



global
enterprise
experience
2014

Group 63

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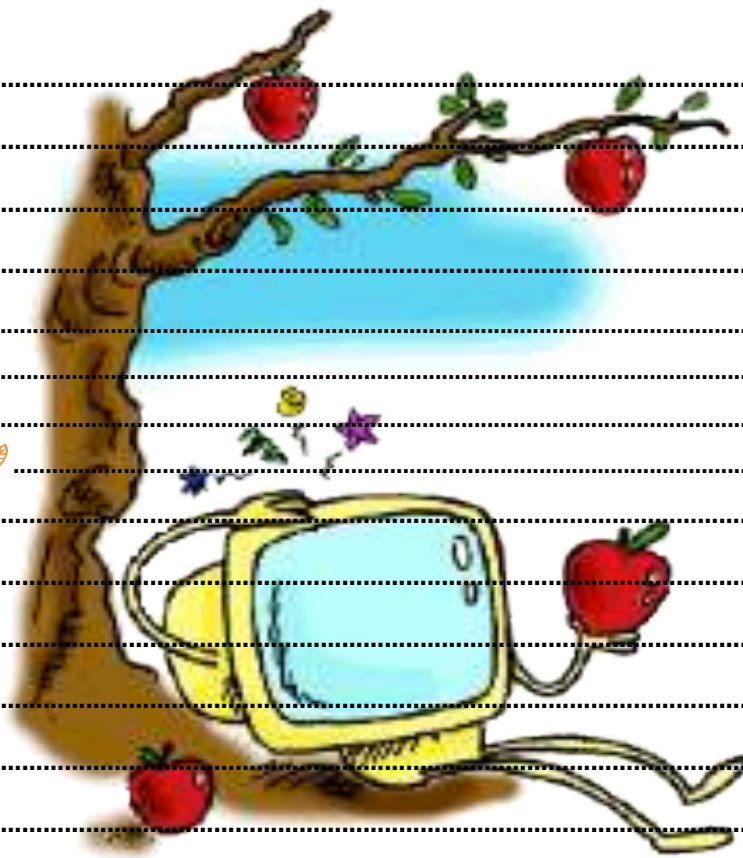
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Executive Summary

Kidz Tech is a gaming application that will add an innovative twist to the role health and technology play in children’s lives today. With this product we will create a movement in which children have the ability to channel energy spent on technology into a game that subconsciously increases the children’s want to play outdoors, make friends and gain the benefits physically and psychologically from a balanced lifestyle. It aims to influence the ever-increasing reliance that children in many developed countries have on technological devices to give a sustainable physical and mental health.

Kidz Tech is compatible for multiple platforms such as Android, iPhone, iPad, any other smartphone and tablets. Games make up 18% of the total apps available worldwide, enabling Kidz Tech’s initial attraction to be its game-like features. Upon sign up the child is able to create his/her own avatar, while gaining and logging as many points as possible from the intensive point system from time spent playing outdoors. Points enable their character to become smarter, more physically fit and skillful. This app will ensure that children get regular exercise, while building their social skills.

Another important purpose of Kidz Tech is to allow the close monitoring of parents and teachers, with the time spent on the App and outdoor activities. These stakeholders will also feature within our target market by providing a beneficial, user-friendly app children can play.

Kidz Tech will not charge for initial download in order to get the product into a successful market, instead further charges will incur for in app features and year subscription of the app once market interest is established.

Kidz Tech will begin with a pilot test in Hong Kong China and California USA with two groups of about 30 children aged 6 to 11 who studied in primary schools or lived in a small community. Once it is fully developed and established, Kidz Tech sales will increase over time to expand through most developed countries in the world, particularly areas in the USA, Canada, Australia, New Zealand and parts of Europe and Asia.



Kidz Tech – How It Works?

Kidz Tech encourages children to be active and develop a habit of playing outdoors. The app will have voice commands and voice recognition for children with special needs. Once an account is set up, an avatar can be created by children using the animated user interface. This avatar can be grown stronger and healthier through the outdoor activity logging system. In the activity logging system, the suggested types of activities such as playing basketball, football or even running can be logged. Scheduling a group game or an activity is also possible in the app and accordingly, reminders will be sent. Based on the given data, the points will be calculated and used to upgrade the avatar's health and super powers. Each level will have its own exciting in-app features to keep the children engaged. Based on the market demand, each feature will be released in respective levels for a nominal charge.

As the points increase, the avatar can be given powers to talk, sing, dance, mimic, run, and play games and so on. It grows faster with group activity loggings to encourage the building of social skills. Eventually, the avatar can create its own backdrop such as a basketball court for a basketball game inspired avatar. Children will receive rewards when certain levels are attained, including interactive mini-games and videos. The health of the avatar will degrade when there is no input for more than three days, so the children must develop a long-term habit of doing outdoor activities.

Kidz Tech can provide detailed progress reports to monitor each child's progress. According to individual needs, parents and schools can then provide suitable activities to the children and also use the app as an incentive to encourage their children. A goal of obtaining a certain amount of points can be set and children, for example, could be allowed to buy new toys or treated with snacks. With the assistance of parents and school, the effectiveness of Kidz Tech will be greatly enhanced.

The avatar creation includes choosing every detail of the avatar enabling children to create avatars reflecting their own/inspired personalities, such as:

1. Face shapes including eye shape, eyebrow shape and directions, lips shape, ear shape, nose shape.
2. Dressing style
3. Skin Tone
4. Hair options
5. Instrument, sporting equipment
6. Accessories (e.g. shoes, jewelry.)
7. There will be ready-made avatars available also.



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The children can also create a group and invite other avatars of their friends to group outdoor games or play dates in the app. They can also share the experience of the games through uploads of pictures, videos and stories. They can interact with friends on the server with the ability to play games. With the social aspect, the app would be popular among groups of children. To address safety issues, only added friends will have access to the posted pictures or any gaming activity of the children.

Pilot Launch

Kidz Tech will be tested in Hong Kong-China and California USA. Hong Kong and California are both heavily populated areas and feature highly in extreme technology usage among all ages, making them ideal locations to test the app. During the initial stages, Kidz Tech will be tested within primary schools, particularly those that are dominated by the use of technological devices for lessons. It can be promoted among parents, teachers as well as communities. Having two pilot programs from different countries ensures the full extent of Kidz Tech is tested; particularly areas in which language and culture differ, thus allowing for testing to be deemed successful. It is an important aspect of Kidz Tech to allow the child to choose his/her cultural background, language and religion. This will differentiate it from other games and apps similar in the market.

Starting out in a developed country ensures Kidz Tech will reach its target market quickly, speeding up the process of integrating technology and lifestyle changes in youth. Those in developed countries will see the benefits of limiting use to technological devices, which allow more time spent actively outdoors, making new friends and leading a more balanced lifestyle.

Over time, once Kidz Tech has been fully developed in Hong Kong and California, expansion to other developed countries around the world will occur. New Zealand, Canada, Australia, some parts of Europe and Asia can be the targets where the use of technology is prevalent and increasing.



Market Analysis

1. Target Market

Kidz Tech targets youth who need to maintain a better balance between the use of technological devices and the health and well-being. Demographics of the target market include children aged between 6-11 years as well as parents up to 55 years for this app.

Kidz Tech will be target the following segments of society:

- ✓ Children with access and addiction to technological devices such as smartphones, tablets etc.
- ✓ Children who love outdoor games, active socially and love rewards after accomplishing tasks
- ✓ Parents who want to increase the physical activities of their physically inactive children
- ✓ Parents who believe that their children are shy and lack social skills due to relying on technology
- ✓ Schools and educational institutions that want to promote physical education with a touch of technology.

Kidz Tech is aimed at middle-income and higher-income families. The family structure of the customer is the classic model family consisting of a husband, wife and children as well as single mothers and fathers. The buying capacities of the customers are also taken into consideration. The psychographics of the target market exhibit the customers' preference to balance the work-life. It also shows that the customers have a desire towards regular

virtual presence through their smart devices and they are regular users of Facebook and other social networking sites.

Finally, the geographic segmentation justifies the launch of Kidz Tech in developed and emerging economies, as technological advancements are prevalent in the world.

2. Competitor Analysis

The main competitors for our product will be the game developing and distributing companies such as Soul and Vibe Interactive Inc. They are the leading developers of the innovative games for kids, and they also have multiple platform support for the clients. Competing features of these rival apps that pose potential challenges to Kidz Tech include the group chats and invitations within the game, 3D features with engaging aesthetics and also a movement activity tracker of the players.

3. Competitive Advantage

At an in-depth research, there is not direct competition for Kidz Tech in the current market so it has a solid potential in the markets of developed and emerging economies.

At the first look, Kidz Tech will fascinate the children with its unique features. Through the progress of avatars' transformations, the children believe in pertaining rewards for sheer hard work. It is not realistic for many children in developed countries to just quit cold turkey on technology and games. Instead, Kidz Tech brings in the use of technology to take them away from their device, actively teaching them to lead a healthier lifestyle, join a sport team or activity of their interest and increase social skills.

4. Partnerships and Alliances

Kidz Tech will endeavor to gain relationships and partnerships with local schools and community groups. These groups can purchase Kidz Tech with free access to higher versions as a package if they choose, to allow children to play the game during times like their computer classes. This ensures a fair and effective logging of points within the system under the guidance of a teacher. This could also feature as a safe means of competition between classmates on a basis that health and joy benefit simultaneously.

Technology

The technological advancements are exponentially increasing on a second-to-second basis and what is developed today will be obsolete tomorrow. Thus, Kidz Tech will be developed with the latest gaming engine framework to keep the incorporation of updates and changes at ease.

The app will be compatible with the most of the major mobile and tablet platforms - Android and iOS. Consequent versions of the app will be released on the app stores based on the target market responses and demands.

The development and maintenance of the app will be outsourced to a gaming app development firm based in Asian market such as India. The contract with the vendor will be drafted to make sure that each stage of the app can be closely monitored and the features are implemented with high quality and precision. The quality assurance of the



app will be given due consideration and rigorous user acceptance test will be carried out to provide the declared value proposition of Kidz Tech.

Marketing Strategy

Social media marketing and campaign will be the launch pad for Kidz Tech.

Firstly, an intriguing teaser video of Kidz Tech will be posted in one of the world's largest search engines, YouTube. The teaser will highlight the benefits brought by the app, such as a healthy lifestyle, the intriguing mini-games and avatars.



Initially, to make the app teaser go viral, Facebook will be used to reach both children and adults of current tech generations. Users can view the app teaser, give feedback and share the app. Invitation sending to their friends and families to play Kidz Tech can be made through Facebook. This will create enough buzz around Kidz Tech to hit our target market at its core.

Secondly, for Android and iOS markets, any app to be ranked top, it must get retrieved in the first attempt of search in Google Play Store and Apple Store respectively. To maintain the ranking and competitiveness of Kidz Tech, push notifications will be used for consequent versions of Kidz Tech in app stores.

Pricing Strategy

In the gaming industry, the availability of high quality and attractive apps for children is huge. At the same time, owners of free apps such as Clash of the Clans, Flappy Bird etc., make billions of dollars per annum. Thus, the app will be a free download for the first version to attract people and build the clientele. After the establishment of customer base, new exciting in-app features such as new skins and gestures for avatars, background graphics and mini-games will be charged between fifty cents to two dollars. Annual subscription fee, advertisements and sponsor fees will also contribute to the revenue.

Value Proposition

Innovation Value

The main value proposition of Kidz Tech is an innovative value as it inspires the children to indulge in social and physical activities without forgoing their tech habits. It paves pathways for a healthy lifestyle through technology. Avatar creation enables children to conceive their own personality and work towards transforming them both in virtual world and in real world.

Social Value






Technology is isolating individuals and allowing people to hide their true self behind computers and mobiles. Thus, obesity rates have skyrocketed; psychological problems like depression are becoming more prevalent among children. Thus, Kidz Tech serves as a fitness-inspiring app, helping children to build social relationships and encourage outdoor group sports. Kidz Tech is also highly engaging. Children are able to share with each other their goals and points, more open to competition and push themselves to do a little more every day.

Financial Value

Kidz Tech is financially valuable for both parents and teachers involved. Parents are able to download Kidz Tech free initially until they require or their children want further engagement and features from upgrades at an acceptable price. After the free version of Kidz Tech has been launched, schools will be the next target market.

Teachers are able to buy a license to use Kidz Tech in teaching. This entitles them to the free version and access to further upgrades. Anyway, it is affordable for the majority of the developed world.

STEEP Analysis

	Opportunities	Threats
Social Factors 	<ul style="list-style-type: none"> Children's reliance on gadgets in developed countries is prominent, making it easy for the new product to be known by the society Game apps are popular among children, effectively attracting them and their parents to download and purchasing in-app features 	<ul style="list-style-type: none"> The rise in aging population globally lessens the demand for games and apps. Because Kidz Tech is initially free to download, in-app features may not be purchased for every downloader Kidz Tech may be less attractive to girls
Technological Factors 	<ul style="list-style-type: none"> The convenience and secure payment options for in-app features through app stores Access to WiFi is hassle-free in many advanced countries, making Kidz Tech easy to download Able to connect with friends when playing Kidz Tech is simple (e.g. using Facebook) 	<ul style="list-style-type: none"> Developing an app can be costly although a concrete idea is formed Failures on the server of the app will delay the operation seriously, raising the cost of maintenance and losing customers' confidence
Economic Factors 	<ul style="list-style-type: none"> The initial free download of Kidz Tech will aid in gaining interest of our target market The prices of new in-app features are also reasonable and economical for low to medium income families, making Kidz Tech affordable to maintain 	<ul style="list-style-type: none"> 30% of the profits are shared by the app store companies (i.e. iOS or Android) Since the payment is made by credit card, service charges may arise Loss may be incurred due to exchange rate changes while the app is marketed over many countries
Environmental Factors 	<ul style="list-style-type: none"> The gaming process are paper-free and all in an online platform When children go outdoor frequently, electricity usage at home can be lessened and families can be benefitted 	<ul style="list-style-type: none"> The outdoor activities depend much to the weather of the area and children cannot go outside when bad weather comes
Political Factors 	<ul style="list-style-type: none"> Governments potentially willing to help children quit the addiction to technology. Help may be offered to implement Kidz Tech in schools and youth groups Governments may consider buying the copyright of Kidz Tech and make it a free app compulsory to install for students 	<ul style="list-style-type: none"> Governments have no control on the distribution of Kidz Tech (controlled by the app store), difficult to help us promote and give free upgrades of the app Sharing personal information online for Kidz Tech may be restrained by some governments' laws

Financials

For easy comparison to different countries, the figures below are calculated in USD, which is usually considered as a global currency. To finance our execution of the business plan, we need \$40000 from various investors. Under our estimated budget, we will be able to pay back the money in three years' time.

Initial Development Cost

Design = \$6000, Server Side = \$12000, App Coding = \$12000



Project Management = \$5000

Miscellaneous (hosting fees for a year, debugging, unforeseen delays) = \$5000

Source for capital

- It will be primarily from four Fs i.e., Founder, Family, Friends, and Funds from venture capitalists who share our objectives in creating a healthier young generation through a profitable business. Funds will also be raised from loans from banks and financial institutions. Finally, once the business grows, some profits earned will become investments for future developments of Kidz Tech.

Revenues

- We are going to have increasing in-app purchases for later updates. The initial plan of new features includes avatar outlooks (costs \$0.5 each), avatar gestures (costs \$0.5 each), background graphics (costs \$1 each) and mini-games (costs \$2 each).
- The yearly subscription charge of the app will be \$1 per account.
- It is expected that there will be a high demand of advertisements to be posted in this app. Also, sponsors will be recommended in the app. They are probably from sporting goods companies, sports venues and training courses providers.

Expenses

- Google Play requires a one-time registration fee of \$25 and Apple App Store requires an annual fee of \$99. They will receive 30% of our sales from the in-app purchases selling on their platforms as transaction fees.
- To improve the app and attract more customers, programmers will be hired to update the app periodically and design new features as well as in-app purchases.
- For application maintenance, it is normally about 15-20% of the original development costs. We forecast that the fee will be gradually increased each year, starting from 15%.
- \$16000 per year will be used to promote the app by placing advertisements on app stores and websites including Facebook and YouTube.

<i>Five Year Forecast budget</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Sales from in-app purchases	\$40,000	\$48,000	\$57,600	\$69,120	\$82,944
App subscription		\$25,000	\$30,000	\$36,000	\$43,200
Revenue from ads	\$10,000	\$13,000	\$16,900	\$21,970	\$28,561
Total revenue	\$50,000	\$86,000	\$104,500	\$127,090	\$154,705
Expenses					
Initial development cost	\$40,000				
Transaction fee	\$19,500	\$21,900	\$26,280	\$31,536	\$37,843
Registration fee	\$124	\$99	\$99	\$99	\$99
R&D investment	\$15,000	\$16,000	\$17,000	\$18,000	\$19,000
Maintenance fee	\$6,000	\$6,500	\$7,000	\$7,500	\$8,000
Promotional fee	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
Total expenses	\$96,624	\$60,499	\$66,379	\$73,135	\$80,942
Profit	-\$46,624	\$25,501	\$38,121	\$53,955	\$73,763

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