SOUNDBIT
news that speaks to you

Business Plan

John Pulvera
jpulvera@stanford.edu

Lauren Ottinger
ottinger@stanford.edu

Eugenia O’Kelly
eokelly@stanford.edu

Benjamin Custer
bcuster@stanford.edu

Tre’vell Anderson
trevella@stanford.edu
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EXECUTIVE SUMMARY

Problem
Busy people on the go seek personalized, bite-sized news in audio format.

Solution
Soundbit delivers personalized, bite-sized news that speaks to you for busy people on the go. Soundbit is a mobile application that uses Text to Speech (TTS) technology to read news headlines. Soundbit’s sleek and simple UI is hands-free so users can listen to the news while they cook, clean, exercise and commute.

Soundbit allows users to “like” articles, subject areas or publications. Our personalization algorithm adapts to users’ interests to provide the most stimulating and pertinent content. Our community of users allows users to curate custom channels. The curation of content allows users to access relevant information quickly and easily.

Business Model
Our revenue model operates similarly to that of Spotify. Spotify generates revenue from users and third party advertisers. It plays audio advertisements in the free version and caps hours of music per month that users can listen to music. Once a user upgrades to the premium model and pays a monthly subscription fee (of approximately $10), he or she can listen to unlimited music, ad free. We will generate revenue from third party advertisers through audio ads as well as consumer behavior surveys embedded within the app. We will also generate revenue from our end users through a freemium subscription model.

Similar to our competitors and players in adjacent markets, mobile advertising—specifically, audio advertisements—have demonstrated to be successful modes of monetization. Many users, however, prefer to answer brief demographic or behavioral surveys up front in order to proceed through content without interruption. We will be AB testing the two options to see which is a better path to pursue third party revenue.

Value Proposition
Our competitive advantage is that by “scraping” news bits under fair use, we will minimize licensing content costs and editorial costs, which are sinking the competition.

Our value add is that we read headlines and bite-sized pieces of news to users so they can maximize time and knowledge. We create a community of channels that individuals can
customize and others on the platform can follow. Users can build their own channels, follow someone else’s or listen to Soundbit’s automatic channels.

For all segments of our market, we allow faster access to news headlines and bits of news. Users can follow the news that those they admire read, or curate news channels/feeds that reflect their specific news needs. This community allows for individual expression as well as easier access to pertinent stories.

MARKET OPPORTUNITY

Market Overview
Students and early professionals today grew up in a world rife with media options. For these users, it is second nature to program their own media and even to see themselves as “co-creators” of their media environment. In 2013, time spent with digital media among U.S. adults surpassed time spent with TV for the first time. This shift is attributable to mobile, which continues to grow significantly faster than usage of other media.

Total time spent with media daily in 2014 has been estimated at 12 hours and 14 minutes. Since 2010, mobile has grown from 3.7 percent of digital media consumption to 23.3 percent in 2014, a move representing 24 minutes a day in 2010 to nearly three hours a day this year. Digital media as a category of its own has grown from 29.6 percent to 47.1 percent over the same period while radio and print media consumption have declined, estimated at about an hour and 45 minutes daily in 2014 (2013 Worldwide Ad Spending Forecast, eMarketer).

In 2014, smartphone use exceeded 50 percent of the U.S. population, reaching 164 million individuals. This number is expected to grow to 220 million smartphone users by 2018, or 67 percent of the U.S. population. 2014 tablet use exceeds 46 percent of the U.S. population at 147.2 million individuals, a number that is expected to grow rapidly in the coming years.

Market Segments
Students: According to Nielsen, since October 2013 smartphone ownership among students and recent grads has grown drastically, as 70 percent of teens (13-17) and 79 percent of young adults (18-24) own smartphones. This is a rapidly growing market segment of individuals growing up accustomed to accessing all of their media content on mobile devices.
Students are generally busy with classes, homework, social life and extracurricular activities. But there are certain periods during the day—i.e. walking/biking between classes, gaps between obligations, cleaning, cooking, doing laundry and getting ready in the morning—in which listening to personalized news would be convenient. Soundbit can help students find articles that relate to classes or keep them up to date on news outside of the scope of their courses. The audio feature allows them to consume the news while doing other things, and the brevity of headlines allows them to get the most out of short increments of time.

Professionals: As of January 2014, 58 percent of American adults have a smartphone, 42 percent own a tablet computer and 32 percent own an e-reader. According to an article in Harvard Business Review in early 2013, 68 percent of consumers’ smartphone use happens at home and users’ most common activity is what researchers call “me time,” or seeking relaxation or entertainment. Another four percent is dedicated to seeking news or information. All together, this accounts for 911 minutes per month.

Professionals often need up-to-date information on business and global events that affect their work, their meetings and generally keep them informed. These time-constrained individuals want headlines across topics so they can have a well-rounded view of relevant information that can be delivered while they are getting ready, working out or between meetings. This will likely be our largest segment.

Commuters: For the commuter market segment, we are focused on reaching people with commutes of an hour or less. For those seeking breadth during their morning or evening commute, Soundbit offers a hands-free way to gain access to information across topics and sources and maximize otherwise wasted periods of the day.

Advertisers
Audio advertising is a strong and stable advertising segment. Advertisers use mobile ads on the radio as well as services such as Spotify, Pandora, Newsbeat and many other products that compete in our market and adjacent markets.

The radio advertising market is estimated at about $14 billion. Mobile advertising in 2014 was approximately $17.7 billion, up 83 percent from 2013. The mobile advertising market is expected to grow to more than $54 billion by 2018.

Audio ads play audio commercials between headlines. Soundbit will also display a visual ad to go with the audio if desired by the advertiser. If not, the logo will be displayed
during the advertisement. Soundbit should be attractive to advertisers because our core demographic includes users 18-35 with excess spending capacity. They are students, professionals and others with smartphones seeking access to information. Soundbit is also testing short behavioral and demographic surveys upon opening the app, which some users much prefer to content interruption. For these users, advertisers can also pay to create custom surveys to test brand awareness and recognition factors among the desirable 18-25 demographic.

THE SOLUTION

Core Technology
Soundbit uses RSS feeds to retrieve information updates from websites and blogs. We use Facebook for accounts and authentication and in the future for personalization. The iOS’s AVFoundation framework is used to provide Text to Speech technology that reads the content we pull in.

Soundbit has a custom personalization system to provide users with relevant news. This is linked with a “like” feature and allows users to save articles for later. The “secret sauce” for our product is the personalization algorithm. We are in the process of building an algorithm to perfect automated news selection. This will create a barrier to entry and competition within our specific market.

Our user interface is simple. Inspired by the easy-to-use and addictive Tinder UI, the app allows you to quickly swipe right and left to go to the previous or next story. Users can “like” an article for the personalization algorithm or to save it for later, and users can pause each story simply by clicking anywhere on the screen. We are attempting to make this as easy to use and hands-free as possible.

Content
Our content is curated from RSS feeds. This means we can scrape and use content from any source with an RSS feed. Our content is sorted into six content areas with a separate section for top trending stories. These content areas include: technology, business, science, sports, politics and world. Our content operates under the terms of fair use.

We use only snippets of information from RSS feeds that are pulled easily and contain less than 140 words from the original article. We present an image, the headline and a
snippet from the article. This model produces substantial cost savings because our fair use system allows us to operate without investing in content.

Community
The community portion of our app is a critical part of what we intend to develop over the course of the next six months. Much like the Spotify community, we want to make it easy for users to curate custom channels that others can follow. Each “playlist” of content areas, authors, columns or specific outlets creates a perspective and will allow our users to curate custom experiences for themselves and to share with others.

The “like” feature will allow us to surface the most popular and relevant content across topic areas. It also saves each headline to a feed that is a history of the most relevant stories to you. Users can opt to make this feed public so others can have access. This allows consumers to follow the news to which those with similar interests are listening.

COMPETITION / THREATS & MITIGANTS_____________________

Key Market Segments
We compete in four key market segments: audio news readers (our direct market); podcast/radio aggregators; content aggregators/personalized content platforms; and news outlets with mobile apps. Listed are the key competitors in each segment.

● Audio News Readers: Newsbeat
● Podcast/Radio Aggregators: Swell, TuneIn, Stitcher
● Content Aggregators/Personalized Content: Pulse, Flipboard, Circa, Twitter, Pocket

Top Competitors
Newsbeat: Launched earlier in 2014, Newsbeat is Soundbit’s most direct competitor. Newsbeat provides 90-second news summaries of print and online articles. Some of the audio is recordings and the rest is provided through TTS technology. Newsbeat is free, though it comes at the cost of ads. Their audio advertisements play every 10 minutes or so. Newsbeat targets the 16-29 demographic and streams up to 7,000 stories per day.

Swell: Swell launched in 2013 and operates as an aggregator of podcasts. It’s planned revenue model is advertising and subscription for premium features, much like other industry players. They recently raised a $5.4 million Series A round led by DFJ. Swell
reports that upon first use, users on average listen to more than 30 minutes of content and returning users usually listen for more than 110 minutes per week and more than 40 minutes per day.

Stitcher: Stitcher, founded in 2008, is an online, personalized, mobile radio service. As of August 2012, Stitcher had 650,000 users with rapidly growing installs. It gleams more than 30 percent of new users from Facebook and has raised $21.7 million in funding.

TuneIn: Launched in 2003, TuneIn is an aggregator of podcasts, radio and sports news. TuneIn has raised more than $50 million to date, most recently raising $25 million in Private Equity in 2013. TuneIn boasts more than 50 million users, having acquired 30 million active users by 2011 and 40 million by 2012. Users listen to 58,000 stations from all over the world. TuneIn adds 200 new streams, podcasts or on-demand channels every day. TuneIn sells display advertising alongside its apps and holds three products. The app broadcasts more than 100,000 radio stations and four million podcasts.

**Differentiating Factors**

Soundbit is different from its competitors in three important ways:

- **Fair Use:** SoundBit uses only bite-sized news snippets. We pull content from RSS tickers and present a headline and a small amount of information within the bounds of fair use. We estimated that we can operate a competitive service at a fraction of the price of the existing competitors, making Soundbit a better long-term investment in a media space with proven market traction.
- **Bite-Sized News:** Our app targets busy people who want a large breadth of content, and our app allows for quick consumption of a range of topics. The bite-sized aspect allows you to snack on bits of news while you workout, cook, commute, etc.
- **Curated Content/Community:** The ability to “like” stories for later or see stories that other people have “liked” allows users to save time sorting through content to find relevant articles. People in the community can create custom channels, or you can just follow the “liked” stories of those in your field or those whom you admire.

**BUSINESS MODEL**

**Revenue Streams**

Much like other businesses and products in our market and adjacent markets, we are taking a dual revenue model: ad revenue from third parties as well as subscription fees from users for premium features and to remove ad content.
For our third party purchasers, we are testing two different models: traditional audio advertisements and behavioral surveys served to our user base.

- **Traditional Audio Ads:** Advertisers can purchase 15-second audio advertisements that appear in the app every three to five minutes. They can target based on content areas of interest and location or purchase ads that can be heard across the whole platform.

- **Surveys:** Quick, three-to-five question behavioral surveys about demographics and behaviors of our customers are worth a lot to advertisers and it has been shown that end users prefer completing short surveys to audio interruptions via advertisements. We can make surveys for advertisers or other clients who want the data. We can also offer basic surveys on the platform and sell the data from Soundbit-created surveys. For the premium subscription model there are two key components.

- For those who would like to opt out of both of the aforementioned revenue models, they can upgrade to a monthly premium subscription. Much like Spotify, this will allow users to remove ads. This subscription fee should be equal or slightly more than the ARPU/ACPU.

- Down the line, premium subscription could allow users to purchase and download full articles that they wish to read. If you hit a paywall, this can allow you to gain access to a single story rather than needing to pay for everything behind the paywall. This subscription will likely cost significantly more than the subscription fee as it will cover access to premium content that will affect Soundbit’s bottom line.

**Cost Structure:**

Operating within the bounds of fair use means we do not have to license or pay for our content, making our cost structure leaner than that of our competitors. Our key costs are for developers, servers and potential marketing campaigns to generate initial users. We do not plan to lease office space in the next six months, so we will be paying purely salary and infrastructure costs until our user base and team outgrow this method of operations.

**Cost Breakdown:**

- **Business Developer/Sales (Ben, Eugenia):** $60,000 each in annual compensation with 10 percent set aside for benefits. This totals $66,000 for the next six months.

- **Backend Developer and 2 iOS developers:** $100,000 each in annual compensation with the same set aside for benefits. This totals another $110,000 for the next six months.

- **Infrastructure Costs:** Domain registration of $60 per year. Servers/database (heroku) is $75 monthly, or $450 for the next six months.
SALES / MARKETING STRATEGY

Marketing Campaign
Our initial marketing strategy involves being as cost-efficient as possible. To that end we will build a social media presence on Facebook and Twitter, build a viral video campaign to raise awareness, and have a referral/share feature located prominently and surfaced during first use.

Social Media Presence
● On Facebook we will be posting at least once a day at the outset and picking three to five daily posts as our number of followers increases. We will post interesting news stories that are trending, but more importantly we will highlight articles that create need for our product. We want to surface content about snacking on news, multitasking with news, etc. to generate desire among consumers.
● On Twitter we will share similar articles to those we post to Facebook. We will follow news outlets, thought leaders and competitors. We will position some posts to mimic our competitors and others to position against our competitors to engage their followers.

Viral Video Campaign
We want to create short, funny, engaging videos that can easily go viral to get our name out there. These videos should raise awareness of our name and generate curiosity more than offer extensive information about the product. The majority of these brief clips will follow the basic storyline of demonstrating what one person can miss (or embarrassing accidents that can happen) with his face buried in his phone as opposed to someone listening to Soundbit and being engaged with his surroundings.

Media Coverage
Media outlets such as TechCrunch and VentureBeat have shown openness and willingness to cover companies in this space. We are leveraging our connections to journalists in this space. We have a leg up on contacting journalists at publications for whom members of the founding team have worked. We anticipate we will be able to generate buzz.

We want technology and startup outlets covering our app and we want to push all of our differentiating factors. We want to be clear that we are bite-sized news and convey that value proposition.
MILESTONES

Where We Are Now:
We have working TTS software that has been welcomed in user testing. We have also developed an algorithm to sort content. On the marketing side, we have drafted storyboards for our viral video campaign. We have gathered a number of articles about snacking on news to post to our social media platforms.

We have completed an initial round of user testing with more than two dozen participants to make sure our app fills a market need. We are in the middle of a second round of user testing on a fuller set of features as well as the initial app design.

Next Six Months:
Over the next six months, we will focus on two critical areas: content and personalization. From the content side we want to make sure we are pulling in and scraping from as many sources as is possible. We also have to make sure we have an algorithm to tag the stories appropriately so we can sort them in a meaningful way.

From a personalization perspective, we will build out this algorithm so that Soundbit will passively learn what users like based on the content they skip through and the content they “like” for later. While these two features will be our major focus, we will also integrate voice control for the app.

Next 12 Months:
Over the course of the next year, we want to put a big emphasis on building out the social and community components of Soundbit. This community is a crucial differentiating aspect from our competitors. It also is key in allowing users to more quickly navigate to relevant content. We will build out the ability to custom curate channels and the ability to follow other users and feeds. We will also iterate on user feedback we receive throughout the process.
TEAM

John Pulvera: John is a senior studying Computer Science and focusing on Human-Computer Interaction at Stanford University. He has interned at Cisco Systems and NovoEd and has held part-time jobs with Stanford’s Virtual Human Interaction Lab and HOPES, the Huntington Outreach Project for Education at Stanford.

Lauren Ottinger: Lauren has a B.A. from Stanford University in Science, Technology & Society with a focus in Management Science & Engineering. She is a member of Stanford’s cterminal masters program in Communication, graduating in 2014. She completed the Mayfield Fellows Program, a fellowship on entrepreneurial leadership, this past fall through the Stanford Technology Ventures Program. Lauren has worked with startups ranging from 2-70 people, including NatureBox, Shopkick, and TimeGrab, housed in Plug and Play Tech Center.

Eugenia O’Kelly: Eugenia is a member of Stanford’s undergraduate class of 2014, having studied software design and the effect of technologies on users at Stanford’s d.school and through the STS curriculum. Eugenia began as a technical entrepreneur in 2007 and has since won awards for such. She started Sirius Games LLC, an educational gaming corporation, in 2007 before closing the company in order to attend college. She has worked as a founding member of entrepreneurial ventures at UCSF, including Next Mission and Ask UCSF. She is currently working at ArtCorgi within 500 Startups.

Benjamin Custer: Ben is a member of Stanford’s M.A. in Communication Class of 2014. Since last fall, Ben has served as associate editor for The Dish Daily, a tech news startup covering business, technology and entrepreneurship. He graduated magna cum laude from Texas A&M University-Texarkana with a B.S. in Mass Communications. While at A&M, Ben worked as a copy editor/page designer at the Texarkana Gazette. He also served as a monthly feature columnist and semimonthly sports columnist.

Tre’vell Anderson: Tre’vell is a member of Stanford’s M.A. in Communication Class of 2014. While at Stanford, he has served as Editor-in-Chief of The Dish Daily, a tech news startup covering business, technology and entrepreneurship. He graduated Phi Beta Kappa from Morehouse College with a degree in sociology, where he served as Managing Editor of The Maroon Tiger, his school newspaper. He has also written for the Peninsula Press, Palo Alto Weekly, Mused Magazine Online and Atlanta Magazine, among others.
**Staffing Plans**

We will need to grow our team quickly but also ensure that only the best engineers that fit our culture stay on our team. Since we are a mobile-first app, we are targeting engineers who can help improve our iOS app. We will need iOS engineers and backend engineers. Backend engineers would need to be capable of building out efficient, scalable infrastructure for our app.

In the future, if we were to look into building an Android or web app, we would need to hire Android engineers and frontend engineers. We will not expand our business-side staff until our user base is large enough to warrant specifically dedicated customer service and sales representatives.

**FINANCIAL PROJECTIONS**

Projected Financials

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*ARPU is averaged across those our competitors report. Spotify ranges from $60-120 for free vs. premium users. Pandora has an ARPU between $6-7, which is the lowest in the industry. In 5-10 years, Soundbit ARPU should sit around at least $30 ARPU.*
## Financing Needs (6 months)

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## PROTOTYPE IMAGES

![Prototype Images](image_url)