

PROJECTORIES

PROJECT MANAGEMENT WEB APPLICATION



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Executive Summary

Projectories provides project management tools delivered via the internet for use by small businesses and small consulting firms. These tools enable effective organization and prioritization of projects and their deliverables. It stands out as unique in its ease of use and functional approach in enabling small organizations to do their work more effectively. The software will be designed logically so that learning to use it is fairly intuitive for the average person, maintaining a focus on navigability and effective operation for the end user.

Industry Analysis

Projectories falls within the "Software as a Service" (SaaS) industry. Essentially this means that instead of having software installed locally on computers or servers, the software is accessed over the internet for a monthly subscription fee. This is much cheaper for the organizations that use this type of software because they don't have to own the whole system and upgrades can be applied by the service provider. Computerworld reports that SaaS will account for 30% of all new software by 2010 and says the major reasons for this are¹:

*1. **The cost of entry is low.** Customers can test the product with just one department if they wish. The risk is very low if it fails, and the company doesn't have to involve its busy IT staff to install anything.*

*2. **It is the vendor's job to fix problems.** If the vendor's software is broken, the vendor won't be getting money from any customer for long. The vendor is motivated to fix the problem.*

*3. **The vendor works for the buyer.** Customers don't have to rely on their IT departments to install an application. Everything is running securely at the vendor's location with updates and upgrades applied from the vendor's end.*

*4. **Less-risky investment.** Instead of spending \$60,000 all at once, for example, customers pay for the software monthly. The monetary risk is lower and less scary.*

*5. **Vendors must provide a secure data environment or they're out of a job.** Most vendors understand that data must be backed up religiously, and security is the top priority. IT staff are typically pulled in many*

¹ Adapted from: Finch, Curt. *The Benefits of the Software-as-a-Service Model*. Computerworld, 2 Jan. 2006. Available online at <http://computerworld.com/managementtopics/management/story/0,10801,107276,00.html>.

directions and can't be as focused on one technology. Customers can assume their data security is probably safer when it's hosted."

Potential Demand

The SaaS market in its entirety is fairly large, at \$4.2 billion in 2004 and \$5.5 billion projected for 2005 (a 29.9% increase). Standard and Poor's is projecting SaaS to be the most rapidly growing sector of IT services spending through 2009, with an annual growth rate of more than 20%, expanding by approximately \$1.3 billion per year². Forecasted spending is outlined below expected to reach \$10.7 billion by 2009. As Bill Gates³ recently recognized the profound nature of the SaaS or "on-demand" model of software: "This affects everyone who uses software...it's a broad sea change."

Competitive Landscape

Project management tools (as they are known today) got their start in Information Technology as managers realized they needed to control costs and have better accountability with tasks and project deliverables. Now these tools are beginning to also be applied to areas outside of IT, across the whole organization, creating a potential demand for SaaS project management in a large number of departments at many companies.

From doing an analysis of various services available over the web, Projectories has found the following to be potential competitors in the Project Portfolio Management arena:

Product:	URL:	Service offered:	Notable clients:
Arena Solutions	http://www.arenasolutions.com/	web-based PPM for small start-ups	Invisalign, IDEO
Primavera	http://www.primavera.com/	web-based PPM for large organizations	AFLAC, EDS, Siemens
eProject	http://www.eproject.com/	web-based PPM	Honeywell, Nestle, GE, etc.
Intuit QuickBase	http://www.quickbase.com/p/home.asp	web-based PPM	Fleet Bank
37 Signals: Basecamp	http://www.37signals.com/	web-based PPM	Over 250k users
Enterplicity	http://www.teaminteractions.com/	web-based PPM	Xerox, Kia
Ace Project	http://www.aceproject.com/index.htm	web-based PPM	AT&T, E-trade, Lexmark
Project.net	http://www.project.net/index.jsp	web-based PPM- enterprise	Amazon, Chevron
iRadeon NetOffice	http://www.iradeon.com/	web-based PPM- open source	N/A
dotProject	http://www.dotproject.net/	web-based PPM- open source	N/A
Microsoft Project	http://www.microsoft.com/office/project/	Offline project management	MANY

While this is a sizable list of existing competitors, it is important to note that almost all of these are focused on enterprise-sized organizations and their increasingly robust demands. The most notable competitors that have a focus on ease-of-use and smaller organizations are 37 Signals Basecamp and Arena Solutions with Basecamp being the only bona-fide "Web Application". Basecamp can run up to \$100 per month with only 1 Gigabyte of storage which Projectories will offer in its \$9.99 per month plan [see Pricing Structure in Appendix]. Arena Solutions on the other hand costs a minimum of \$80 per month, per user, which could very quickly amount to a significant expense. The demands of small businesses and consulting firms are greatly different from those of Fortune 500, global corporations. There is a distinct niche to be filled by

² Crane, Stephanie S. *Industry Surveys- Computers: Commercial Services*. Standard & Poor's, 18 Aug. 2005.

³ Frost, Dan. *Software Shifts Gear: Upstarts try to outrun high-tech 'dinosaurs' as on-demand subscriptions gain ground*. San Francisco Chronicle, 25 Dec. 2005. Available via ProQuest [Accessed 18 Feb. 2006].

Projectories combining both ease of use and an affordable pricing structure to meet the needs of small organizations.

Company & Service Description

The service provided by Projectories will be project management tools delivered via the internet. Projectories will be different from any other project management tools being offered because it will be designed from a usability perspective and be completely customizable to the customer's needs. The advent of "AJAX"⁴ technology allows Web Applications to do things that users never imagined their web browsers were capable of. This allows the creation of Web Applications which function like normal programs instead of a series of pages that need to be loaded for every action a user takes. By exploiting the team's 17 years of web-programming experience, this new technology will be leveraged to create a product that is so powerful and simple to use that customers would scarcely be able to imagine going back to the higher-priced, more complicated software that competes with Projectories.

Each account will include basic modules such as to-do lists, notes, a real-time chat-box and reminders that can be delivered via email, cell phone text-message, or instant-messenger. Beyond the basics, each customer will be able to plug in any number of modules that fit their need. Traditional project-management tools such as task lists, Gantt Charts, and Work Breakdown Structures as well as many modules targeted at specific industries will be created over time. This flexibility will allow customers to have everything they need without cluttering the interface with features that don't apply to their needs.

A proof-of-concept prototype was created, and it showed that the team was in fact capable of building bleeding-edge Web Applications and that the usability is greatly increased by AJAX technology. Even in its early stages, the system is so powerful that the team currently uses the prototype as the primary project management tool to manage the process of developing the remainder of the application.

Sophisticated project management techniques such as the principles of Earliest Start, Earliest Finish, Latest Start, and Latest Finish⁵ will be integrated into the design of all of the modules in the system. There has been years of published research in the field of project management, and it is a philosophy of Projectories that this knowledge can be applied in the design of the system to allow more success for its users. By integrating this research into the creation of the system, it alleviates the burden on the users to do this research themselves, and therefore lowers the learning-curve for the application even further. From automatic Sarbanes-Oxley compliance to automatically locating bottlenecks, an intelligent system will increase user productivity dramatically.

By using open source software, startup costs have been kept extremely low, following the principle touted by IKEA founder Ingvar Kamprad that, "It is not large incomes that makes you rich. It is small costs." The low development costs along with the powerful free exposure that can be garnered from Motive Force LLC's other sites (over 200,000 monthly page hits) will lead to a very early break-even point [see appendix].

Target Market

Projectories will target small businesses and consulting firms with less than 150 employees. The goal is to provide a low-cost, highly effective solution to enable these small organizations to do their work better.

⁴ Asynchronous JavaScript and XML (AJAX) allows web applications to change or reload individual items on a page without refreshing the whole page as in traditional sites. E.g.: This is what is used for GMail's unique features.

⁵ "Critical Path Method." Net MBA: Business Knowledge Center. Available from: <http://www.netmba.com/operations/project/cpm/> [Accessed 27 Feb. 2006].

Since the service is delivered over the internet, Projectories is not geographically bound in establishing its customer base. Based on the 2002 economic census⁶, there are several key NAICS codes that encompass primary customers of Projectories (see table below).

From these numbers alone, there would be 542,688 possible companies to target, so we will further restrict this by size (less than 150 employees). We estimate that there are easily 250,000 organizations that could use this product, and when factoring in the hundreds of thousands of “mom and pop” shops as well, there could be quite a large potential demand.

NAICS	Description	Establishments	Receipts (\$1,000)	Annual payroll (\$1,000)	Paid employees
5416	Management, scientific, & technical consulting services	116,159	105,451,814	42,824,709	738,675
541611	Admin management & general management consulting services	48,377	53,708,440	22,879,138	352,805
541613	Marketing consulting services	18,887	14,329,430	4,604,510	94,635
541618	Other management consulting services	4,733	1,650,147	592,695	13,594
561	Administrative & support services	331,921	381,268,304	194,207,071	8,410,033
5611	Office administrative services	22,611	32,080,759	14,577,949	366,019

Marketing Plan & Tactics

In order to effectively reach our target market, a number of marketing tactics will be employed to gain market share. The first of which is targeting some of the publications that these small organizations frequently read, including:

- Project Magazine <http://www.projectmagazine.com/>
- Chief Project Officer <http://www.chiefprojectofficer.com/index.php>
- Project Management Institute http://www.pmi.org/info/PIR_PublicationsOverview.asp?nav=0602
- Gantthead <http://www.gantthead.com/>
- Entrepreneur Magazine <http://www.entrepreneur.com/mag/>
- Fast Company <http://www.fastcompany.com/homepage/index.html>
- Inc. 500 <http://www.inc.com/magazine/>
- Business 2.0 <http://money.cnn.com/magazines/business2/>

The second part of the marketing strategy will be a web-based campaign to encourage a no-risk trial of the service. By encouraging product-reviewers and bloggers to review the application, and by adding links to Projectories from the Motive Force sites which generate over 200,000 monthly hits, a significant initial user base will be built.

Finally, Projectories will leverage partnerships with small business associations to locate organizations interested in purchasing the service. This will build a network of relationships for both sales and product improvement purposes. By maintaining a customer focus, the product can only get better.

Entrepreneurial Team

Sean Colombo- President and Lead Developer

Sean is both the lead entrepreneur and head of the development team for coding Projectories. He is a fourth-year Computer Science major and Entrepreneurship minor at the

⁶ Economic Census, 2002. “Summary Statistics by NAICS.” Available from: <http://www.census.gov/econ/census02/data/us/US000.HTM> [Accessed 18 Feb. 2006].

Rochester Institute of Technology (RIT). He has built several large applications and created Motive Force LLC which now brings in over 200,000 hits per month.

Geoff Brown- Developer

Geoff is a fourth-year Software Engineering major at RIT working directly with Sean to create Projectories. Through past internships, he has gained a considerable amount of real-world experience designing and implementing software systems. Combined with Sean, the development team has over 17 years of experience in web-programming.

Dennis Homack- Graphic Designer

As graphic designer (fourth year, RIT), Dennis is responsible for all of the images and logo work done for Projectories. This will include advertisements, promotional materials and presentation templates for marketing Projectories externally. Further, Dennis works with the software developers to maintain a consistent feel and brand image throughout the entire website.

Ben Harris- Marketing Consultant

As marketing consultant, Ben – fourth year Marketing major at RIT -- will be responsible for the market research to determine what groups of customers the site will target. Furthermore, he will be involved in determining the needs of these customers.

Additional Team Concerns –

Through its involvement in the High Technology Incubator (HTI), the team has many mentor-figures from the HTI. In addition, several Professors from RIT's College of Business offer guidance to the team.

Assessment of Risk

There are several major concerns in the SaaS industry right now. The first of which is security⁷. This is more applicable to service providers who store sensitive customer information such as credit card numbers. A major part of this is maintaining reliability and maximum up-time⁸. Some recent outages by major SaaS providers such as SalesForce.com have raised concerns about the reliability of using SaaS for mission critical services.

Another critical issue is cost- as companies begin to use more and more SaaS applications, these monthly subscription fees add up very quickly. Projectories will be priced at the low end of the spectrum to address these concerns⁹. Making sure the customer is getting the best value for their dollars will be of foremost importance as the market rapidly expands.

Financial Statements (Pro Forma)

Please note that there are no "wild guess" numbers. The estimates for numbers of users were based on our most similar competitor (37 Signals LLC, similar in the product as well as the size of the team and limited budget). The estimates for what percentage of users will be signed up for each plan are based off of the data for 37 Signals obtained in an interview with that competitor's CEO, Jason Fried.

[See Appendix]

⁷ Fisher, Dennis and Roberts, Paul F. *Security May Dog Software as a Service*. Eweek, 5 Feb. 2006. Available from <http://www.eweek.com/article2/0,1895,1918663,00.asp> [Accessed 18 Feb. 2006].

⁸ Cowley, Stacey. *Software as a Service Interrupted*. InfoWorld, 2 Jan. 2006. From ProQuest [Accessed 18 Feb 2006].

⁹ Schwartz, Ephraim. *Death by a Thousand Cuts?* InfoWorld, 30 Jan. 2006. From ProQuest [Accessed 18 Feb. 2006].

Appendix

Charts & Graphs of Pro Forma Financial Statements

Startup Costs	
Certificate of Organization	\$ 125.00
Hosting and Domain Registration	\$ 139.07
Office Supplies (already purchased)	\$ 86.83
Advertising (10% of estimated sales)	\$ 862.20
	\$ 1,213.10

Pricing Structure*						
	Space (Gb)	Monthly fee	Estimated share of users	Fee*(% of users)	Gb/user	
Free Plan	0.10	\$ -	90.00%	\$ -	0.090	
Personal Plan	1.00	\$ 9.99	5.00%	\$ 0.50	0.050	
Family Plan	2.00	\$ 14.99	1.25%	\$ 0.19	0.025	
Basic Plan	4.00	\$ 24.99	1.25%	\$ 0.31	0.050	
Plus Plan	8.00	\$ 49.99	1.25%	\$ 0.62	0.100	
Premium Plan	16.00	\$ 99.99	1.25%	\$ 1.25	0.200	
			Revenue per user-month	\$ 2.87	0.52	

*Only features needed for calculations are included

Estimated Revenues					
	3 months	6 months	Year 1	Year 2	
Estimated Users**	1,000	4,500	15,000	25,000	
Elapsed user-months	3,000	16,500	106,500	300,000	
Revenue per user-month	\$ 2.87	\$ 2.87	\$ 2.87	\$ 2.87	
Total Revenue	\$ 8,622	\$ 47,421	\$ 306,081	\$ 862,200	

** Estimated users benchmarked against another SaaS Project Management company (named 37 Signals) with four employees and a similar target market.

Estimated Costs					
	Startup	3 months	6 months	Year 1	Year 2
Startup		\$ 1,213	\$ 1,213	\$ 1,213	
Other (see above)	\$ 211.83				
Advertising***	\$ 862.20	\$ 4,742	\$ 30,608	\$ 86,220	\$ 86,220
Hosting****	\$ 139.07	\$ 417	\$ 2,294	\$ 14,809	\$ 41,715
Administrative*****		\$ 992	\$ 7,253	\$ 41,199	\$ 111,153
Total Costs	\$ 1,213	\$ 7,364	\$ 41,369	\$ 143,441	\$ 239,088

***At 10% of estimated sales for next period.
 **** Hosting calculated at 0.65 gigs per user per month from Pricing Structure estimates and a current rate of \$0.27 per hosted gigabyte per month at DreamHost (dreamhost.com)
 ***** Includes wages, occupancy, and 15% for fringes.

Projected Income						
			3 months	6 months	Year 1	Year 2
Revenues			\$ 8,622	\$ 47,421	\$ 306,081	\$ 862,200
Less Costs			\$ 7,364	\$ 41,369	\$ 143,441	\$ 239,088
Net Income			\$ 1,258	\$ 6,052	\$ 162,640	\$ 623,112
Break-even point in first 3 months						

