# BUSINESS PLAN

**Recess**

# Table of Contents

Business Plan

# Executive Summary

- As adults, we reminisce about the joy of playing outdoors with our neighborhood friends, competing in local sports programs such as the YMCA, Boys and Girls Clubs of America, and other team oriented sports leagues. Our childhoods' were device-free and dominated by outdoor exercise and activity; a stark contrast to today's phone addiction, obesity and isolation norms.

- The latter of which provide the motivation for an exciting new app, Recess. Recess aims to reunite us with our childhood recreational activities and bring our communities together to enjoy activity by bridging recreation with modern technology.

- To combat the shockingly low exercise levels amongst American adults — a study by the Department of Health and Human services shows that less than 5% of American adults participate in at least 30 minutes of physical activity each day — Recess allows users to set up or join recreational activities in their area that can vary from basketball, kickball, ultimate Frisbee, a work out group, and any other activity you can imagine.

- Recess is for local users who are looking for an outlet for recreation. As a child this outlet would be coordinated by groups such as the YMCA or Boys and Girls Club, but funding continues to decrease year after year, and as adults we do not have access to a similar medium. At all times, Recess will facilitate connections, conversations, and commonalities, creating the world's first recreation social network.

- Recess derives revenue from ad revenue (ads can be highly targeted due to the nature of the app and the demographic and health data received from users), premium subscription fees, and tournament / event listings.

- Recess is currently in beta. The aim is to launch quickly - initially targeting colleges in the United States - and gather user feedback, product behavior analytics and marketing insights to support a broad launch to the key target market of people between the ages of 15-55.

- To acquire users, Recess will launch an aggressive integrated marketing strategy featuring social media advertising, referral incentives, earned press, event strategies, partnerships and influential endorsements.

- Behind Recess is a duo of astute business professionals with a passion for recreation and a personal motivation to get Americans to put down their phones and enjoy real world interactions and bonding over fitness, recreation, and fun.

- Funding is required to help fund the ongoing development of the app and acquire customers through marketing efforts. $250,000 is sought.

# Business Opportunity and Vision

Recess allows users seeking recreational activities in their community that may be unconventional and difficult to set up without a large group of participants. It also allows users to try out new sports they may not have had the ability or means to try, due to not having the proper equipment, as well as, allow users to utilize any sports equipment they own that is collecting dust in their garage. Our mission is to unify the community by creating a platform where users can partake in recreational activities anywhere in the world, to take over our parks that are going unused, to play as we did at Recess. We envision the reinvention of social media to encourage people to meet up and to join in recreational activities together.

## Mission Statement

Our mission is to create an outlet of recreation that users can utilize to interact with each users in the community.

Some options to choose / refine:

Our mission is to close the gap between our community members by connecting avid sports and recreation fans to new locations, new activities and new friendships.

Our mission is to facilitate community interaction and connection through sports and fitness by providing a smartphone app that uses online applications to foster offline recreation.

Our mission is to combine the best sports and recreation activities of the past with the best mobile technology and social networking trends of the present to bring our communities closer and keep our members moving.

## Vision Statement

A world where users who want to play have someone to play with

Some options to choose / refine:

To help our members get active, get inspired and get off their devices whenever they want, wherever they want, with whomever they want.

To connect communities through accessible sporting and fitness get togethers.

To ensure the future of impromptu sport games and recreation activities isn't lost, but improved, in today's connected age.

# Business Milestones

Recess has set the following demanding objectives, to guide their operations, and to measure their success:

3 Months:

- Complete app MVP design and build.
- Fundraising via crowdsourcing and angel investors.
- Contract marketing agency to launch marketing strategy.

6 Months:

- Hire executive team to finalize strategy, process, and implementation steps.
- Roll out beta version to college campuses across the nation and execute on college marketing strategy.

12 Months

- Garner over 10,000 downloads every month.
- First full app release (respond to feedback, fix bugs) and launch nationwide.
- Integrate with Apple Health, Fitbit and other key exercise tracking software.
- Drive playground invitations, listings, and connections to ensure user retention.
- Monetize aggregated data and build first ad platform.
- Open forum/community/social network within app to facilitate meet up for recreational activities outside app.
- Have at least 100 engagements every week ("meet ups")

# The Recess App

The Recess app is design-led, customer-focused, and will feature a significant investment in UX and UI. The following features have been identified as critical to reaching critical mass and commercial success:

1. Geo-location Searches, Maps, and Listings: The Recess app requires local connections. A user must be able to look for nearby events, activities, and games to join. Accurate location, map, and directions will create a seamless user experience.

2. Recommendations: Smart apps use the data gathered to serve suggestions and make personalized recommendations. Recess will use insights from previous searches, clicks, and check-ins to encourage more and more app use. In addition to recreation suggestions, the app can also use phone contacts and sign on profile addresses to suggest friends.

3. Invites: Word of mouth and referral traffic (potentially incentivized) will be critical to reaching our user targets. While using the app (and in notifications and email nurture streams), users will be able to invite their existing non-Recess user friends to join them in the app and join them for fitness and sports. For existing friends or connections, invites will be used to create regular events and activities.

4.  Open API: Recess will have rich demographics, health and well-being, exercise and location data which can be shared, integrated, and monetized. To do this, we'll need a strong API.

5.  Security Features: Like any app, Recess could be misused. Therefore, it is critical there are smart security features in place. For example, we'll consider allowing women-only event listing, children permission and protective measures, trust scores, user vetting and buddy systems.

# SWOT Analysis

| Strengths | Weaknesses |
|---|---|
| - Detailed vision of app development and a simple roadmap execution.<br>- Large potential for user growth.<br>- Open API allows integration with many websites and applications.<br>- App solves a real and researched problem.<br>- Strong leadership team.<br>- Modernized work environment and purpose-driven workforce. | - Limited capital.<br>- Untested revenue stream.<br>- Limited recruitment appeal.<br>- Requirement to grow users, listings and interactions. |
| **Opportunities** | **Threats** |
| - Multiple potential revenue streams (ads, listings, PTs and more)<br>- Broad target market equals large addressable market<br>- Multiple opportunities for partnerships with city leagues, gyms, wellness centers, senior centers, college events, music festivals etc<br>- First mover advantage. | - Other well established tech and social media platforms launching their own solution.<br>- Other fitness companies launching their own solution.<br>- Potential difficulty in facilitating app activity.<br>- Virtual reality exercise and recreation executions.<br>- No space for another social media app.<br>- There's 5 million other apps. It may be difficult to penetrate the market. |

# Market Research

## Sport and Recreation Insights

1. There's an increase in health-consciousness

Across the United States, increasing awareness of the need for exercise, weight control, good nutrition, and healthy lifestyle choices among adults and children is having a positive effect on fitness and recreational sports centers. According to data from the International Health, Racquet and Sportsclub Association, the number of health club memberships in the United States increased to 60.9 million members in 2017.[1]

2. Low budget fitness options are enjoying soaring popularity

The emergence of the budget-conscious gym member has also considerably changed the industry's landscape. A growing preference for easily accessible, smaller gyms with fewer amenities compared with larger industry operators means that free outdoor recreation opportunities will also be popular. This trend doesn't impact potential users of Recess that are comfortable with large, more expensive gyms because variety is still an important fitness principle for the body and the mind.

3. Employers are increasingly viewing exercise as a vital component of employee health

Studies indicate that fitness can boost worker productivity. Accordingly, many employers are placing greater emphasis on employee well-being - often in the form of health subsidies. However, we see an opportunity in corporate companies using the app to manage their well-being activity sessions and promoting overall health. We envision HR and People & Culture teams facilitating group recreation and sport during and after business hours to foster a strong company culture.

4. Time poor consumers demand new exercise options

Leisure time availability also influences demand, with time-poor consumers finding it difficult to incorporate industry services into their routine. When you factor in travel time, parking, showers and more, gym going is time consuming. That's why 30-minute group fitness classes have increased in popularity. Recess and its potential for bite-sized exercise (short pickup basketball, power walks, squash etc.) can exploit this trend and solve real problems for busy professionals.

If work hours decline, people will find more ways to work on their fitness. The link between leisure time and demand relates to health and fitness awareness, as people view fitness as a valuable way to use their spare time.

---

[1] (2019) IBISWorld. Gym, Health & Fitness Clubs Industry in the US - Market Research Report

Business Plan

5. Childhood obesity

Another growing market for the fitness industry is children and adolescents. Individuals under the age of 18 account for 7.8% of the gym and health club industry's revenue and have steadily increased as a share of the market over the past five years. This growth has developed partly because of the rising incidence of childhood obesity. Currently, childhood obesity affects about 13.7 million children and teens, or about 18.5%, according to the CDC. Childhood obesity has nearly tripled over the past 30 years, having grown from 6.0% in 1980.[2] As public health programs, such as former First Lady Michelle Obama's Let's Move initiative, have strived to raise awareness of the dangers of childhood obesity, demand for industry services for children and adolescents has increased. It will be interesting to explore how this could work for Recess (notwithstanding the consent and safety challenges).

# Smartphone Application Insights

1. Smartphone proliferation

According to Pew Research, 77.0% of adults have smartphones, up from only 55.0% in 2014. As a result, industry revenue is expected to have grown strongly at an annualized rate of 7.9%, including 9.9% growth in 2019, to $18.7 billion.[3]

2. Smartphone application competition

In 2019, entertainment apps (including social media apps) are expected to account for 29.8% of apps offered on smartphones.

Lifestyle apps are similar to entertainment apps in the wide scope of activities and human interests they attempt to satisfy. This category covers fitness and shopping while also features dating apps such as Tinder and Bumble. In all, Lifestyle applications are expected to comprise 21.7% of developed smartphone apps.[4]

Accordingly, there will be stiff competition for Recess. We need a strong product, expert marketing, and quick execution on both fronts.

# Customer Profile

Recess is trying to appeal to a male and female audience, generally between the ages of 15-55, who are:

- Fitness-conscious and motivated to exercise
- Time poor students, business professionals of families;

---

[2] (2019) IBISWorld. Gym, Health & Fitness Clubs Industry in the US - Market Research Report

[3] (2019) Pew Research Centre. Internet & Technology. Mobile Fact Sheet. Accessed at https://www.pewresearch.org/internet/fact-sheet/mobile/

[4] (2019) IBISWorld. Gym, Health & Fitness Clubs Industry in the US - Market Research Report

- Digital natives and app savvy;
- Outgoing, extroverted and inspired by group fitness;
- Involved in team sports or were at High School; and
- Traditional in their views of outdoor education and play (the anti-device mindset)

More specifically, we believe this audience are:

- Ages: 15-55
- Income: Students, parents or business professionals earning $50,000 per year or more.
- Sex: 55% male, 45% female
- Education: High School Degree or higher

# Marketing Plan

The key marketing objectives of the business are to increase awareness of the brand, app downloads, meetups hosted, and meetups attended. Community and social network apps rely on momentum generated by referrals and word of mouth, therefore, the marketing efforts will be focused on promoting referrals and making it easy for our users to do so.

## Brand Story

The best example of an appropriate brand story and part of the inspiration behind the app was the story Twitter led their IPO with. "During the NBA lockout, Oklahoma City Thunder player Kevin Durant was looking to get some exercise and he turned to Twitter. Durant tweeted and as a result connected with college student George Overbey and joined a flag football game at Oklahoma State University that night.
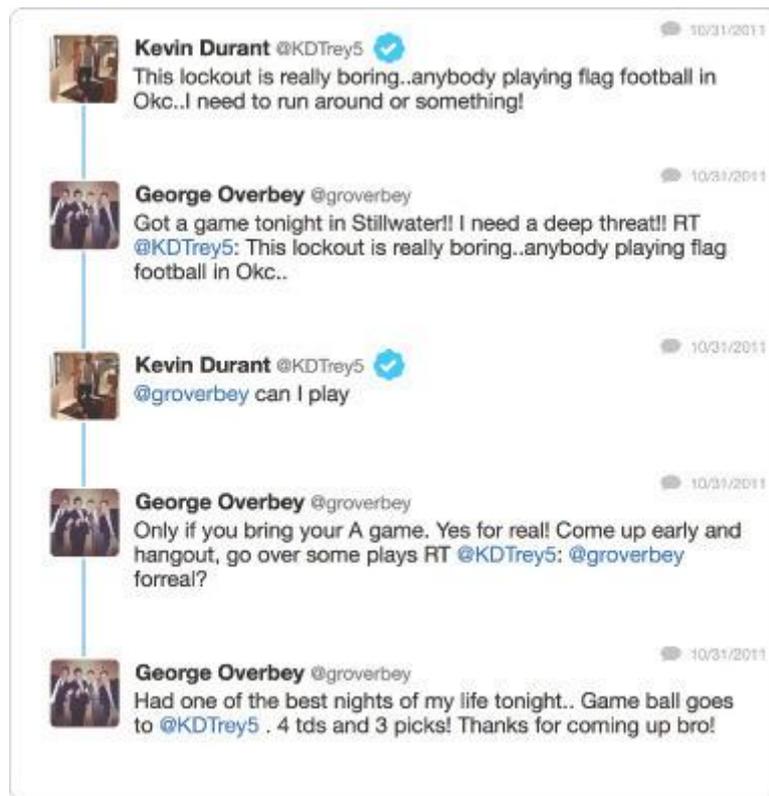
The Durant example is exactly what Recess does. But it's for everyone, not celebrities, not simply students, not just men. We want to challenge screen addiction, flip the script on gaming and bring nostalgia back to those who remember leisure time being outdoors and social. Our brand story will speak to that tension and that aim.

# Website

The website only needs to be a few pages with the main aim of promoting the download buttons of the App Store and Google Play Store. Some marketing copy will explain how the app works, we'll include a page for safety and one for 'Upcoming Meetups' but all other functionality will be hosted on the app.

We will run some ads to the website because we believe some people will start their search for local activities, recreation, and sports games on a browser (rather than the app store), but we'll need to be savvy with our search budgets to ensure that we're not attracting search traffic on the wrong keywords (global sports events, sports teams and clubs, paid fitness boot camps).

# App Store Optimization

App Store Optimization is the process of ensuring strong rankings when App Store users (Google and Apple) search for related apps. e.g. health and fitness, sports, recreation and social media.

App Store Optimization has just two elements - set out below:

On-metadata factors are those elements of the product page or listing that can be modified within App Store Connect or Google Play Console in order to improve app store keywords rankings, explore visibility and conversion rate to download, one of the most crucial KPIs.

These elements, that are under your control are:

- URL / Package,
- Developer name (only Google Play),
- App Name / Title,
- Description,
- Short description,
- Subtitle,
- Promo text and
- Keywords field (only Apple)

Off-metadata factors are those external factors that are not under the control of the developer. These include metrics like volume of installs, download speeds, install speeds, ratings and reviews. We'll need to make sure we're soliciting these from our advocates and promoters.

# Social Media

While we're technically competing with other social networks, we'll still need to use it as a marketing channel. Facebook, Twitter, Instagram and Snapchat accounts are essential to exploit the most common (current) virtual target audience meeting grounds and generate interest in the Recess app. In addition to organic posts about interesting meetups and member profiles, we'll use a paid social media strategy to leverage a lower cost per click and cost per lead.

# Influencers/ Community Leaders

Influencers and sponsored posts are a core part of our outreach and customer acquisition strategy. When we launch we're just one app in a cluttered marketplace, but if we launch with a team of influencers who each have their own audience of followers to exert influence over, we can stand out from the crowd. Similar to the Kevin Durant story above, we'll use celebrity athletes as 'ring ins' for local basketball teams, we'll create 'Undercover Athlete' type content where a big name goes undercover to hijack a local game at the park and we'll use a big name athlete to create a listing and surprise attendees who turn up to play. The type of content will resonate well and help us reach more of the market quicker and is likely to get picked up by mainstream media and trade publications in tech and fitness. Both micro and macro influencers will be used.

# Public Relations

The brand story (i.e. challenging the overwhelming screen time obsession), the use of sponsored athletes, the tech disruption piece and the nostalgia of youth sport will resonate with media all over the world. We'll accordingly look to engage in media pitches, key media personnel outreach, and thought leadership to earn media mentions. Here are a few topics and techniques we'll use in our PR strategy:

Topics
- The childhood obesity epidemic;
- The link between leaving high school sport and loneliness / depression;
- Sport and friendships: A story about the strongest relationships fostered by recreation; and
- Community leaders taking back parks that are going unused

Techniques
- Data stories: Using aggregated app data to explain how active our users are and what the most common sport meetups are;
- Customer stories: Newsworthy stories about couples meeting using the app, sports teams forming using the app and employers using the app for workplace wellbeing;
- Founder pitches; and
- Thought leadership and the challenge to device addiction, obesity, and loneliness.

Media Targets:
- TechCrunch, Mashable, Shape, Men's Health, The Players Tribune
- WSJ, NY Times, Hustle, Morning Brew, Wired, Bloomberg, Forbes

# Competitive Scenario

## Social Media Platforms

The Kevin Durant story above is both a prime example of the potential of this app and also a cautionary tale about the market share of the established social media companies that we're hoping to command. The invitation to a pickup basketball game, the request for a running companion, and a sports club hosting an amateur sports tournament are all conversations that can be had on other platforms. Moreover, they're conversations that some consumers would not be prepared to join another social network to have.

Thus, in our competitive positioning, we need to make it crystal clear that we're connecting strangers as well as friends. We are weeding out all the unnecessary posts about lame political views, Facebook rants, and unnecessary daily posts to get to the fun and activity. You're not limited to a game of football or squash with a Facebook friend or Twitter connection, the entire user base is a possible teammate, opponent, or friend in recreation.

# Health Clubs and On-demand Health Apps

Any business offering recreation (such as a franchise gym or at home workout app) is a competitor of ours. If potential users prefer to get their workout in a gym environment (especially if the health club has squash courts and basketball courts etc.) rather than spending that same leisure time outside or in our app, we're losing potential meetups and momentum.

We believe there's a place for both. A gym membership is an important part of health and wellbeing and offers motivation and functional training. But so too does outdoor recreation and group activity. Accordingly, we need to position Recess as complementary to a gym membership and great way of adding variety to exercise plans while also creating friendships. Additionally, we hope to one-day partner with gyms and be able to integrate gym class schedules into the app, to make it your go to spot for fitness and recreation.

# Specific Apps

### MeetUp

**Description:** Meetup connects people with things in common. From sports hobbies, development opportunities and activities, Meetup pitches themselves as the ultimate community app. Meetup boasts 35 million members. Of those members, 5,416,543 belong to the primary Sport and Recreation Group which has 5,129 individual secondary groups.

Similarities: The basic user experience of the two apps is the same. A user joins, looks for interesting sports, and registers for them. At the same time, users can host events, becoming the organiser of sport and recreation activities. The two apps use similar geo-location tagging and local recommendation engines.

Differences: Recess has a razor sharp focus on sports and recreation, offers vastly different and advanced social networking features and measures in place to eliminate fake profiles and fake events which are rife on Meetup. Moreover, Recess also encourage walk ups, rather than the painful Meetup registration process and poor experience of unregistered attendees.

### Playin

Description: A mobile app connecting people looking for sports/ games to play in their localities, neighborhoods, towns, cities and state. We believe that sports is one of the most recommended stress busting techniques. In fact the same has been stated by healthcare professionals all over the world. We also provide Sports infrastructure as per your needs.

Similarities: The app has the same functionality of the Recess app.

Differences: The app is only located in India. Without the in-market or on-market presence, they will struggle to acquire users, achieve critical mass, scale their invite and referral network to the point where the unit economics of their app work and the brand establishes credibility. North American app users are far more patriotic to apps than many other regions. Accordingly, a

strong local presence supported by reputable local influencers (micro and macro) is a compelling advantage.

# Team

Behind Recess is an experienced team of committed entrepreneurs

**Ali Amini, CEO**
Ali Amini is the Chief Executive Officer and Creator of Recess Mobile Application. Ali has over 7 years of experience in the tech space and has worked for fortune 500 companies. Ali graduated from California State University Channel Islands in which he received his Bachelor of Science degree in Business Administration. Ali actively participates within his community doing this such as beach clean ups, setting up recreational activities for the community, and other community service related tasks. Ali's goal for Recess is to give a platform where the community can come together and have fun.

**Sasan Amini, President and COO**
A fitness enthusiast who has always encouraged recreational activity among his friends and family of all ages, Sasan really cares for you physical and mental well-being. As a UCLA graduate with a Bachelor's of Science in Psychobiology, he understands the adverse affects of stress, anxiety, and depression to the body and how well physical activity combats this. With future aspirations to go to medical school and to continue to spread well-being among his community, he hopes that Recess will be the stepping stone that leads you into a better version of yourself.

# Financial Forecasts

## Financial Statements

| Assumptions | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| Sales Growth Rate (Monthly) | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Expense Growth Rate Yearly (Beginning of Year) | | 1.05 | 1.05 | 1.05 | 1.05 |
| Payroll Growth Rate | | 1.08 | 1.08 | 1.08 | 1.08 |
| Marketing (Percentage of Revenue) | 30.00% | 29.00% | 28.00% | 27.00% | 26.00% |

| Start-up Costs | Amount |
|---|---|
| **Non-Current Assets:** | |

| | |
|---|---|
| App Capital Costs | |
| | |
| | |
| **Current Assets:** | |
| Cash | |
| | |
| | |
| | |
| **Expenses:** | |
| Shared Office Space | $15,000 |
| Legal Expenses Initial | $5,000 |
| Marketing Budget | $125,000 |
| Travel | $15,000 |
| Entertainment Fees | $5,000 |
| Insurances | $15,000 |
| Registration & Licenses | $10,000 |
| Software Subscriptions | $5,000 |
| Server Setup | $15,000 |
| Development | $73,655 |
| | |
| **Start-up Assets** | **$0** |
| **Start-up Expenses** | **$283,655** |
| **Total** | **$283,655** |

| Profit and Loss | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Revenue** | $574,500 | $1,011,750 | $1,542,625 | $2,438,938 | $3,908,406 |
| | | | | | |
| **Start Up Expenses** | | | | | |
| Shared Office Space | $15,000 | | | | |
| Legal Expenses Initial | $5,000 | | | | |
| Marketing Budget | $125,000 | | | | |
| Travel | $15,000 | | | | |
| Entertainment Fees | $5,000 | | | | |
| Insurances | $15,000 | | | | |
| Registration & Licenses | $10,000 | | | | |
| Software Subscriptions | $5,000 | | | | |
| Server Setup | $15,000 | | | | |
| Development | $73,655 | | | | |
| | | | | | |
| **Operating Expenses:** | | | | | |
| Registration & Licenses | $10,000 | $10,500 | $11,025 | $11,576 | $12,155 |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| Maintenance, Operationsand Accessories | $5,000 | $5,250 | $5,513 | $5,788 | $6,078 |
| Server Hosting | $20,000 | $21,000 | $22,050 | $23,153 | $24,310 |
| Insurance | $15,000 | $15,750 | $16,538 | $17,364 | $18,233 |
| Payroll | $505,000 | $505,000 | $730,000 | $1,115,000 | $1,450,000 |
| Marketing Expenses | $172,350 | $293,408 | $431,935 | $658,513 | $1,016,186 |
| | | | | | |
| **Total Operating Expenses** | $1,011,005 | $850,908 | $1,217,060 | $1,831,394 | $2,526,961 |
| | | | | | |
| **EBITDA** | -$436,505 | $160,843 | $325,565 | $607,543 | $1,381,445 |
| | | | | | |
| **Net Income / (Loss)** | **-$436,505** | **$160,843** | **$325,565** | **$607,543** | **$1,381,445** |
| | | | | | |
| **Net Income/Revenue** | **-75.98%** | **15.90%** | **21.10%** | **24.91%** | **35.35%** |

| Revenue Details | Daily Active Users | ARPU | Year 1 Volume | Year 2 Volume | Year 3 Volume | Year 4 Volume | Year 5 Volume |
|---|---|---|---|---|---|---|---|
| Ad Revenue | | | 25,000 | 37,500 | 56,250 | 84,375 | 126,563 |
| Listing Revenue | 500.00 | $99.00 | 49,500 | 74,250 | 111,375 | 167,063 | 250,594 |
| User Revenue | 100,000 | $5.00 | 500,000 | 750,000 | 1,125,000 | 1,687,500 | 2,531,250 |
| Enterprise Revenue | | | | 150,000 | 250,000 | 500,000 | 1,000,000 |
| **Total Revenue** | | | **$574,500** | **$1,011,750** | **$1,542,625** | **$2,438,938** | **$3,908,406** |

Business Plan