Checkmate

Your Money, Your Move, Checkmate.

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2019-2020 Business Plan

Lynbrook High School

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Executive Summary

70% of Americans say they are struggling financially. With the current economic climate, young adults have less room for financial mistakes than previous generations, meaning it is important more now than ever before that consumers budget their finances wisely. Checkmate aims to alleviate these concerning statistics through our innovative app.

As the technology sector has seen significant innovation in recent years, new methods of financing have been embraced. With personal financial apps like Mint gaining significant popularity, Checkmate sees the potential of this market but understands programs like this are either not available in the VE world or can be significantly improved upon.

Checkmate offers financial help through our subscription-based app. Users input their subscriptions and regular monthly expenses and the app provides them with suggestions on how to budget in a more financially savvy manner. Checkmate Premium then utilizes an algorithm designed by the Checkmate IT department that suggests stocks and other investments where users can use the money that the app has helped them save.

Checkmate is currently financed filed as an LLC (a Limited Liability Corporation) and kicked-started its campaign with $150,000 in donations from angel investors, which covered the one-time-only initial start-up cost of $14,140. Checkmate hopes to take this initial investment and expand upon it to make a more financially prosperous future for both our consumers and our company.

Sincerely,

CEO Jane Hoeflinger

About the Business

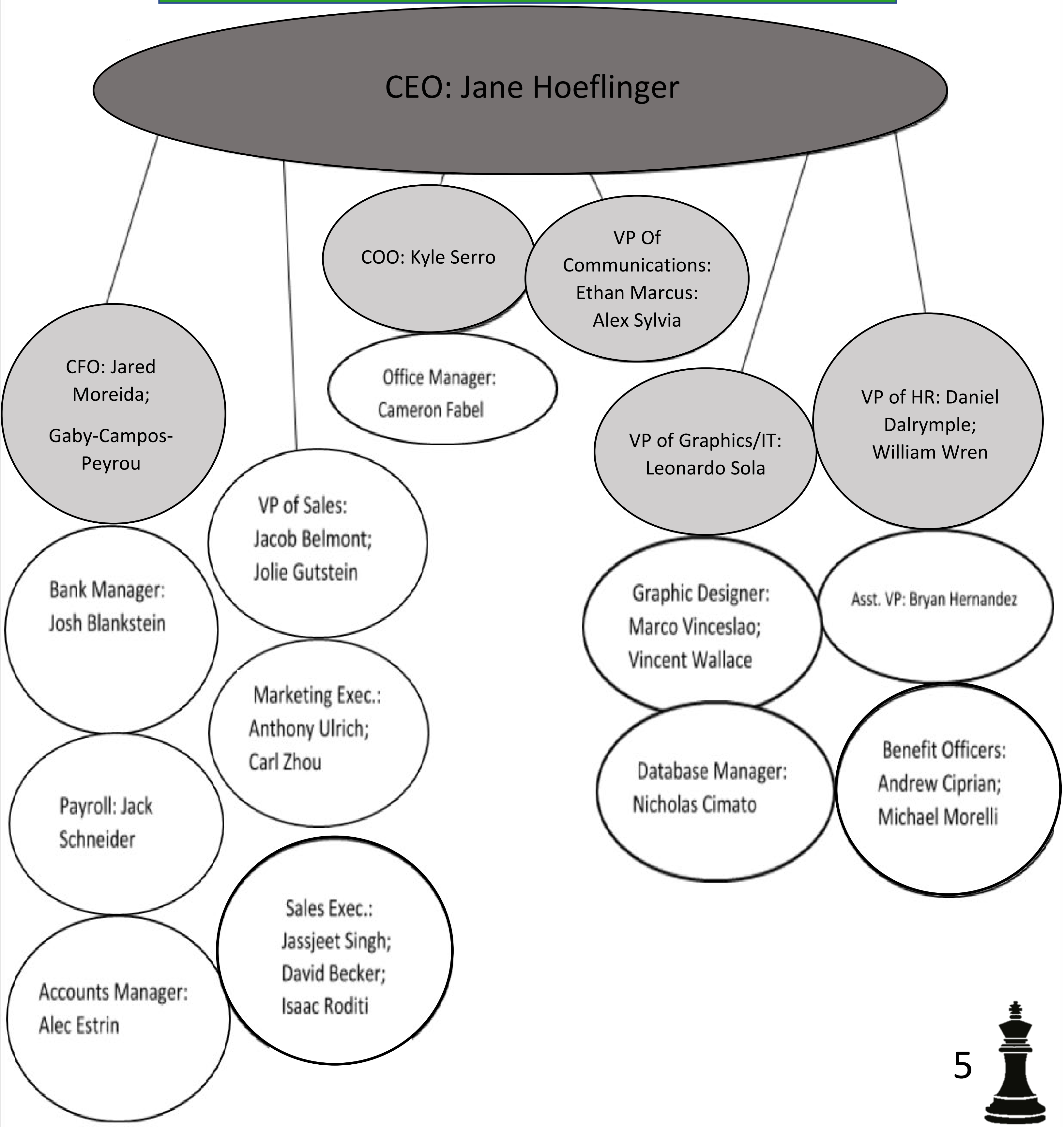
Company Overview

Through our application, Checkmate will keep users' subscriptions in check, as well as protect consumers against identity theft and fraud. In the real world, users input their scheduled subscriptions and regular purchases and the app alerts them to where they are losing and/or gaining money. Essentially, the app helps consumer's budget more effectively. Checkmate Premium then utilizes an algorithm designed by the Checkmate IT department that suggests stocks and other investments where users can use the money that the app has helped them save.

Mission Statement

Checkmate strives to assist individuals in the pursuit of insightful and efficient utilization of their finances. More specifically, Checkmate aims to keep users' finances in check.

Organization



Swot Analysis

Strengths: Checkmate is a financial assistant app that accesses your personal finances and aids the consumer in their financial decisions. What sets us apart from other finance apps is our subscription tracker that looks at your subscriptions and tracks your usage in order to determine its necessity. We also make your finances easily accessible, easily understandable, and overall convenient. We protect you from fraud by making it possible to freeze your card by the click of a button. Most importantly we implement programs that make up for the consumer's financial illiteracy while educates them to avoid it in the future. Provided that Checkmate is not a physical product our profit margin is high because there is no manufacturer.

Weaknesses: One of our weaknesses at Checkmate is that our success relies on the economy. The cyclical aspect of the economy means that our revenue streams will be cyclical as well. This is imminent because Checkmate has a direct relationship with the economy. Another weakness Checkmate has is the irony of its purpose. Part of Checkmate's mission statement is that our app will "save you money", however, the app costs money to purchase and keep maintained. Many consumers who are in need of our app simply cannot afford to purchase and maintain the app and those that can find the necessity minuscule. Lastly, dealing with personal money comes with lots of liabilities. There will be many hackers trying to take people's money from our app. All of our weaknesses are currently trying to be solved from within.

Opportunity: Nearly 100 million people in the United States have lived near poverty during their lives. Checkmate is a startup business has earned sustainable revenue in our first two months and has earned the reputation for saving money, investing in better companies, and making all-around better financial decisions. We could help people save money in cutting subscriptions, putting money into a savings account, and also giving you suggestions on how you should spend your money. If awareness of our app is out to the public, and hypothetically 33 percent of people near poverty purchase our app, we could be a billion-dollar company.

Threats: Our competition includes those companies that strive for similar goals as us. Overall, we are the more dominant and innovative company, but we will always compete with others to satisfy the consumer. An economic crash throughout our nation is a possibility that we must be prepared for but is not in our control. A major challenge in the real world of finances is the inconsistent cash flow. Finance is heavily impacted by the number and value of sales. If a quarter is slow then the cash flow may not be optimal to continue the company. Checkmate has seen this firsthand, specifically when it comes to overseas calls and difficult work hours. The time-zone difference is not optimal for sales calls, especially if a potential client overseas will make or break your company. Not to mention the competition of fellow VE companies looking to make a name for themselves. This industry is brutal with a "first come first serve" mentality. Checkmate, a small name business is one of those businesses that is a victim of the "first come first serve" mentality yet against all odds, we are still making sales, we had still earned top 25% in the elevator pitch competition, and we are an ever-growing company.

Business Rational

Customer Empathy

Currently, 63% of Americans are financially illiterate, meaning, they lack the basic skills needed to reconcile their bank accounts and plan for the future. With this in mind, Checkmate has found a combatant to the financial struggles that burden millions of Americans: our app. Our product is targeted towards anyone of any age who needs assistance in managing their money. With our application, consumers can plan, budget, and forecast their finances in one convenient location.

Problem Statement

Millennials start adulthood with less room for financial mistakes than other generations, however, financial literacy rates have continued to decline, posing a major threat to the future of America. But financial struggles burden more than just America's younger generations: according to research commissioned by Ladder and conducted by OnePoll, the average American adult spends $1,497 per month on nonessential items. Nevertheless, financial strain is still a major stressor for many Americans. Poor budgeting is one of the most common causes of financial problems. Consumers who are spending more than they are earning are setting themselves up for money trouble. Many even start using credit cards and loans to offset their high expenses, digging themselves deeper into debt. Fortunately, Checkmate offers a more practical solution: a money managing application. Checkmate helps consumers save their money as well as spend it to minimize consumes' financial troubles and maximize their paychecks.

Solution Statement

Checkmate realizes a solution to an individual's financial crisis is necessary and offers that solution in the form of its application. Checkmate provides consumers with a new approach to budget planning. Checkmate will track users' spending—specifically subscriptions and regular purchases—in order to keep their finances in check. The program will help its users brainstorm ways to cut their expenses to help them save money for everyday purposes and Checkmate Premium even has the capability to help users financially plan for retirement. Managing money can be challenging enough, but when you're unorganized, an even bigger problem is created. Staying organized with business budgeting software is what Checkmate advocates in order to provide our customers with the financial and operational information they need to make smarter money-making strategies. At Checkmate, we will keep users' finances in check.

Company Goals

Year 1: During year one, our primary aim is to make sales and increase website traffic. Increased sales and website traffic will result in increased customer loyalty. By having a consistent plan to ramp up marketing content, the company will have relevant and engaging content ready and will build a good reputation.

Year 2: By year two we will use the money made in year one to upgrade our app. Essentially, we will be reinvesting our funds into our own company. A bonus "saving feature" will be added to Checkmate Premium. Premium members will be able to input a product they hope to save up for in the future and Checkmate will provide insight on where they can cut costs and will place the money saved in a fund for the product. This will be released in December and be heavily advertised during the holiday season; however, it will remain a feature indefinitely. Additionally, we will partner with larger companies to promote our app. During year one, our advertisements were primarily done via Instagram and Twitter, but we plan to grow in year two by advertising via Snapchat, Facebook, newspapers, and by sponsorships with celebrities.

Year 3: By this point, our app will have significantly increased in popularity. We will advertise in large scale events (ex: the super bowl). We will use our earnings to expand our employee base to not only benefit the economy, but also to have more heads working on our app to increase innovation. The quality of our app is extremely important to us. We will frequently attend finance conferences to grow our knowledge.

Year 4: Checkmate will host educational events to prepare youths for a more financially prosperous future. At Checkmate, we care about our customers and would like to give back in any way possible. With this in mind, a more financially conscious future population will also mean more Checkmate users.

External Environment

Competitive Analysis

Finance Industry: The finance industry has been a staple in our economy since the beginning of time. As of February of 2018, the stock market's net worth was 30 trillion dollars in the United States. Lots of jobs have been created in the finance department and this department has been very consistent in making money in the past decade and longer. Checkmate will be coming into an industry that we know we could make lots of sales and improve in the future to come.

Subscription: The use of subscriptions in your everyday life can add up and end up wasting a lot of money per month. The average amount people spend on subscriptions per month is $237.33. That comes up to nearly $1,900.00 per year on services that require you to spend money per month. Using Checkmate will regulate the amount you spend per month and every year. We will help you spend your money more wisely and we will help you save more money while at it.

App use: 63% of people that have smartphones use at least one financial app to help them save money. Robinhood, an app that helps you with your finances, has made a net worth of $7.6 billion from their most recent update in 2019. This shows that Checkmate could make money on the app because we have more options available than just saving money but also helping you spend money more wisely and help you make money from the stock market as well.

Current Economic Conditions

Employment Level: 5.6

Interest Rates: 1.7

Inflation Rate: The current inflation rate (2018 to 2019) is now 1.71% 1

GDP: As of 2018 the GDP was 20494.1

GNP: 5,410-,316.000; Jun 2019

Trade Information:

September exports to Italy ($2.3 billion) were the highest on record.

September real dollar imports of petroleum ($27.6 billion) were the lowest on record since the series began in 1994

September imports of industrial supplies and materials ($41.9 billion) were the lowest since September 2017 ($41.0 billion).

Exchange Rates:

- The Pound-Euro exchange rate was quoted at €1.16383 on 12/11/2019

- The Pound-Dollar exchange rate was quoted at $1.28392 on 12/11/2019

In the United States, as of 2018, the GDP was 20494.1. Currently, the U.S. unemployment rate is at four percent and the inflation rate is at 5.6. As of the first quarter in 2019, current-dollar GDP amounts of 5.6%. The global market capitalization of cryptocurrency has exploded in recent years, increasing by 4,000% in 2017. Right now, the market cap sits at over $200 billion and is steadily increasing 10. The massive growth of cryptocurrency in both value and popularity shows Checkmate is entering the industry at an opportune time to allow for maximum marketplace success.

Industrial Analysis:
Real World Vs. Virtual

Real World:

As of 2018, the finance industry has a net worth of over $200 billion, as well as almost $18 trillion in assets. The finance market is a competitive one, and not all companies are prepared. With all the rising and decreasing interest rates, it is difficult to judge when profits will be in reach. A real-world problem that faces us today would be the ever-growing amount of insurance and finance companies. To name a few: Progressive, GEICO, USAA, Liberty Mutual, and there are many more. These are the top companies in the United States and there are even more worldwide.

VR Competition:

Invest: is an app for your phone that creates a mock stock market and teaches kids to invest better. However, we believe this company is not actually a competition for Checkmate, but rather it will drive future users toward our app. We find this so because Invest engages younger users to get involved in the stock market which ultimately creates a larger pool of possible users to download our financial app.

Monenti: Monenti is a company similar to us because it helps you invest your finances; however, we edge this company because we also provide financial protection, unlike Monenti. This competitor also would not affect users using our company because we are subscription-based which would in the long term helps us gain more revenue. However, we acknowledge that if a consumer does not want to be long term attached to a company they may choose Monenti over our company, a risk that we are willing to take because we believe the potential profits from getting subscriptions will prove to be more beneficial over the customers we are losing.

In sum: Our market for VEI is responsible for investing finances and is very interesting because we have our own unique niche in the VEI community. We are also superior when compared to our competitors because we are the only company that provides both protection of your finances and lets you control and keep track of your subscription, while also still being able to give a consumer financial advice like our competitors. Our profits are an accumulation of single purchases, of our regular and premium packages on top of our monthly subscription. A subscription to Checkmate allows a purchaser to set a monthly income rather than only a one time purchase compared to our competitors like Monetti. We also anticipate our product would have a great deal of demand for it because of the increased social standards set around wealth. Everyone is obsessed with the idea of getting rich quick and our app is a piece of the puzzle to do that. In summation, our product Checkmate will prove to be a successful company considering all the indicators given to us by the current market of VEI.

Target Market and Market Segmentation

Checkmate's target market is consumers who are currently making an income or need assistance with the financial aspect of their lives. Consumers who struggle with financial incompetence are our main target market, but this app can and should be implemented before consumers get to that extreme. More specifically, we approach the demographics of consumers ages 15-65 years old. From the ages of 55-65, we can assist this age group with their finances in terms of planning for retirement. Our app will ensure that their money is being handled efficiently and that it is spent properly to keep users on track for a timely retirement. For the ages of 45-54, consumers may need assistance in tracking their spending and delegating their finances efficiently. At this age, consumers may need to pay for college tuition for their children and might need to diversify the use of their finances so they could save enough money to prevent the need for loans, things Checkmate can help them do. At the ages 35-44, consumers may need assistance in managing their spending, while possibly considering purchasing a new house or car. At this age, many Americans have established a long-term income and might need help regulating spending. For ages 25-34, consumers may begin independent lifestyles. This means that these consumers may need assistance in sorting their finances and ensuring that they save money to purchase a car, a home, clothing, or even basic groceries. Current millennials have less room for financial mistakes due to the current economic climate of America, meaning a financial help app can greatly benefit this age group specifically. In the ages 15-24, consumers may begin obtaining jobs, so they may need assistance organizing money and tracking where it goes. The use of Checkmate for this age group specifically will set the basis for a financially prosperous future.

Marketing Mix

Products: The first and most simple subscription, Checkmate Standard, is priced at $300 (in virtual enterprise currency) per month and Checkmate Premium version is offered for $500 per month. In Checkmate Premium, we take the funds saved from our other processes and recommend stocks and investments that consumers should invest in. With this, we not only help our users save money, but we help them use it as well.

Price: Checkmate's pricing was determined with regards to the quality of the financial management function as well as the expenses and upkeep of the app in order to maximize profits. Due to the versatility of the app as well as the economy of the Virtual Enterprise world, Checkmate's subscription price per year is high. However, Checkmate brings much more to the table than its competitors, justifying this high initial price point. In order to increase sales and market towards consumers that are on a budget, Checkmate looks to decrease its price point in the future as the expenses towards its functions decrease.

Standard- $300 per year subscription

Premium- $500 per year subscription

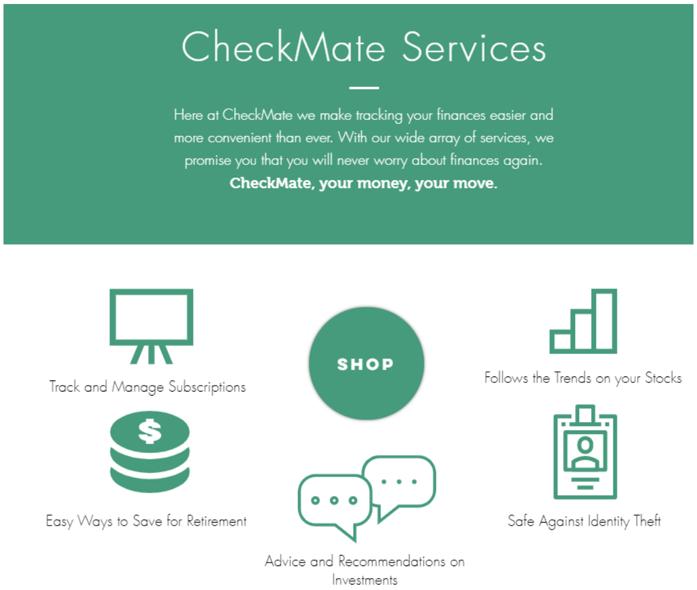
Placement: 70% of our sales come from consumers reaching the website where you can buy our service 30% of our sales, so far, have come from our trade with other companies.

Social Media Placement: With a great percentage of people using the app Instagram we have created a business Instagram which can keep you up to date with the latest deals and stocks

Promotion: Our advertising and promotional strategies primarily involve our social media and our website. Americans devote more than 10 hours of their day to their screens. One billion people use Instagram and 80% of its users are outside of the United States, this means we would reach an international audience. We have the chance to receive international coverage and also a greater amount of US customers.

Our success is reflected as we have received more than $81,000 from customers purchasing our financial plans. There have been over 56 regular subscriptions purchased and over 130 premium subscriptions purchased.

Positioning: Checkmate appeals to any individual because everything revolves around money. This company strikes the market in a positive way because it benefits many people who have economic problems and do not know how to fix it. The name Checkmate comes from the game of chess. In chess, checkmating the opponent wins the game. For us, chess is an analogy for life; Checkmate provides consumers with the resources necessary to help them "win life."



Business Risks

Risks:

Risk #1: One thing we are very dependent on is the economy. When people have a lot of money, they will be more inclined to use this app, but if people are struggling to gain an income and do not have the money that needs to be managed, then our idea loses its value.

Solution #1: We would like to show people that our idea can help them fix their financial issues and help them out of their tough times.

Risk #2: Another risk we have is that people will not see the necessity of our product. The high cost of the product is undeniable, and some may be hesitant to pay money to a service to perform a task they believe they can do on their own.

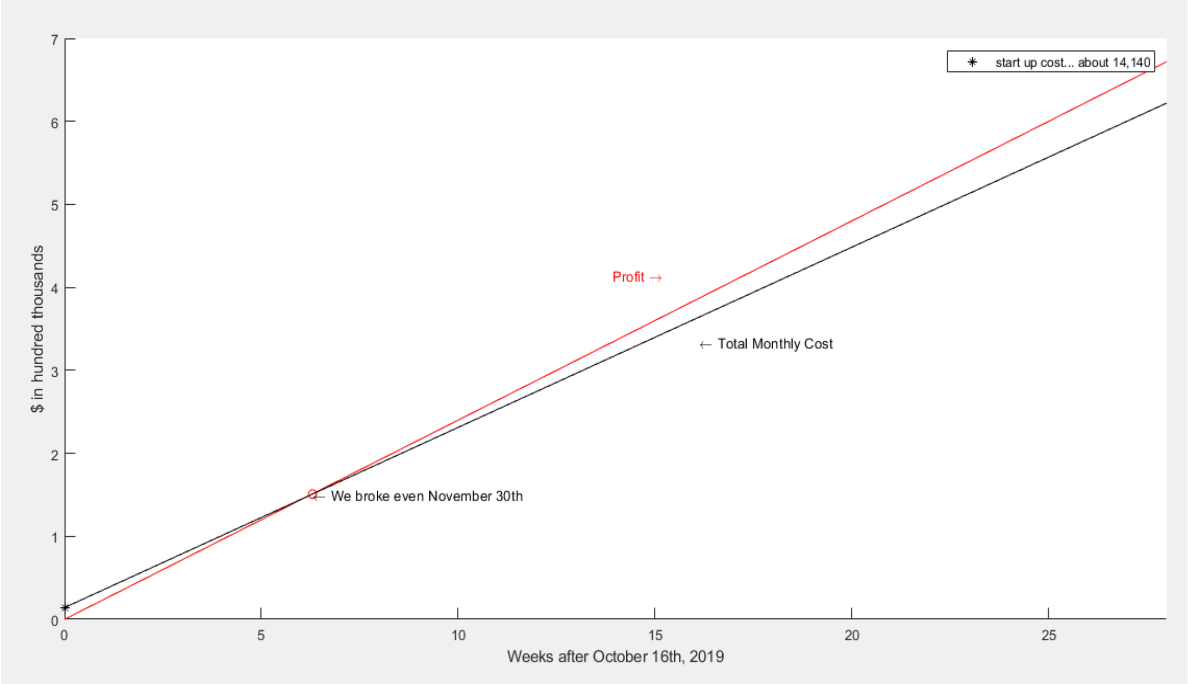
Solution #2: However, we believe this is a misconception and many of the features of the app cannot be easily replicated. This is made explicitly clear through our marketing and advertisements.

Risk #3: Checkmate is advertised as an application that can fix people's finances. This suggests that consumers' finances will eventually reach a point where they are "fixed," erasing the purpose of the app. If the service acts as it is supposed to and improves consumers' finances to such a great degree, what will keep them subscribed to the app? We risk the potential of losing customers by helping them and doing what our app is intended to do.

Solution #3: We promote the idea that Checkmate is a lifestyle change and not a temporary fix to pull people out of financial troubles momentarily. We urge users not to abandon their newfound financial proficiency once their goals are met. As an incentive, those who have used the app for five years and have surpassed their reasonable financial goals will be awarded Checkmate Premium for the Checkmate Standard price. This will maintain the number of "financially stable" users.

Financial Planning

Break-even Analysis



Following starting sales on October 16th we have sold 72 subscriptions of Checkmate Standard subscriptions and 308 Checkmate Premium as of November 16th. Each regular subscription has a cost of $300 and each premium subscription costs 500 dollars. Our total revenue over the last month was just over $96,000. Using this as a basis for our profit projections, we project that we will reach a minimum of $384,000 in the next four months. To start up Checkmate— thanks to various donations including three from angel investors— it only costed $14,140 for our startup cost. In addition to the startup cost, each month, we will spend $80,000 on rent, utilities, promotions, insurance, supplies etc. With all these costs, we project a total profit of around $15,000-$20,000 per month as of now, and plan on growing this number monthly.

Summary Profit & Loss Statement

Checkmate Detailed Profit Lost Summary as of 11/27		Checkmate Projected Detailed Profit Lost Summary as of 4/30	
Total Revenue	192,227.86	Projected Total Revenue	972,797.51
Total Cost of Goods Sold	0	Total Cost of Goods Sold	0
Total Gross Profit	20,180.66	Projected Gross Profit	364,332.31
Gross Margin (%)	9.8	Projected Gross Margin (%)	37
Expenses		Projected Expenses	
Salaries	152,000	Salaries	532,000
Rent	18,900	Rent	66150
Utilities	947.20	Utilities	3,315.20
Insurance	1,190	Insurance	4,165
Advertising	2,000	Advertisng	7,000
Supplies	Donated	Supplies	Donated
Total Operating Expenses	173,237.20	Total Operating Expenses	612,630.20
Net Income	18,990.66	Projected Net Income	360,162.31

At the close of the first fiscal year, which will end on 4/30/2020, Checkmate projects it will attain $784,300 in revenue. This projection is based on the current average monthly income rate of the company and takes into account sales tax. Given the fact that Checkmate offers a digital product-- and consequently is not burdened by high manufacturing costs-- it is expected to see a 73.64% gross margin. However, between rent, utilities, and adequate salaries, the projected expenses will total $205,930.20, leaving Checkmate with a net income of $577,569.70

Balance Sheet

Checkmate
Balance Sheet
12/12/2019

Assets		
Current Assets		
Cash	202,458	
Investments in stocks	-	
Accounts receivable	10,000	
Supplies	200	
Total Current Assets	212,658	
Fixed Assets		
Computers	2,000	
Less: accumulated depreciation	400	
Furniture and fixtures	0	
Less: accumulated depreciation	0	
Office equipment	100	
Less: accumulated depreciation	25	
Total Fixed Assets	1,675	
Total Assets		214,333
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	0	
Sales tax payable	7.000%	
Salaries payable	89,375	
Payroll tax payable	6,837	
401(k) payable	0	
Other payable	0	
Corporate tax payable	6,000	
Total Current Liabilities	102,212	
Long Term Liabilities		
Loan payable	20,000	
Total Liabilities		122,212
Stockholders' Equity		
Paid-in capital		
Common stock, $10 par value, * # shares issued	0	
Additional paid-in-capital		
In excess of par value	0	
Retained earnings	0	
Total Stockholders' Equity	0	
Total Liabilities and Stockholders' Equity		0

Sales Projections

	Goal	Units	Actual
Jan	350,000	900	…..
Feb	90,000	200	…….
Mar	100,000	250	…….
Apr	580,000	950	…...
May	70,000	150	…...
Jun	45,000	75	…...
Jul	…..	…..	…..
Aug	…...	…..	…...
Sep	…...	…..	…..
Oct	70,000	140	64,588
Nov	70,000	131	65,000
Dec	70,000	150	…..
Year	1,365,000	2,896	129,588

Financial Write-Up

Monthly Income Statement: The monthly income statement's purpose is to outline Checkmate's financial activity and progress each month. The statement categorizes our sales from that month from trade agreements to contractual sales agreements. In addition, the monthly income statement tracks our monetary payments to maintain our day to day operations, our rent, and our monthly payroll. We have 26 employees and must pay taxes, utilities, rent, and insurance costing us $80,000 per month. We aim to hit at least $100,000 per month to ensure we stay in the green. Checkmate plans to invest $5,000 in market research and customer acquisition in the months of April and May as well as $10,000 for legal expenses and licensing opportunities.

Startup Budget: We received three $50,000 investments from three angel investors, and this one-time payment aided in getting us off the ground. We also had a one-time cost of $14,140 in order to start up. This low cost was instrumental for us as we were able to make profit early on. Due to this we had all the beginning costs kept low, which allowed us to focus on making our company run smoothly.

Firm Balances

Account summary

Account	Account no	Balance
Checkmate (Budget Checking)	610353543	$102,071.57
Checkmate (Savings account)	930023528	$100,215.79

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Appendix

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