ADA UNIVERSITY

SCHOOL OF BUSINESS

MASTER OF BUSINESS ADMINISTRATION

Tahira Taghiyeva (ttaghiyeva2020@ada.edu.az)

Business Plan for "APPoint": Mobile booking application for the beauty and health industry in Azerbaijan.

Baku, May 15th, 2022

Table of Contents

1. EXECUTIVE SUMMARY

Beauty and wellness are the energy behind most people nowadays. The activities that include beauty and wellness give people a chance to be confident about their bodies and health. Nowadays there is increased demand for beauty and wellness services such as beauty salons, barbershops, wellness and spa centers, and so on. There are plenty of such centers in Baku, Azerbaijan, and also plenty of people who use these services. However, the process of using these services has some complexities. Firstly, as a result of increased customer numbers, nowadays beauty and wellness centers work on an appointment basis. In other words, people need to make an appointment beforehand to be able to use services on time. Most people are suffering in making the appointment, so they call the beauty salon and wait on the ring for a response from the salon employee. Afterward, they negotiate about the available time slots which take time. Sometimes they even cannot find an available time slot. In such cases, customers could switch to another beauty salon to find the available time to use that service and look for a suitable time and place. This process is time-consuming for both the salon side and customer side. It is also not comfortable to talk to a salon for several minutes. Another option is writing to the salon's social media pages about the available time slots. This process lasts more than phone calls. Some beauty salons or spa/wellness centers respond to their message even after a week which in turn bothers customers. Additionally, there are some other issues other than taking appointments. One of them is waiting in the beauty salon for a service. In other words, even though customers already booked an exact hour to use the service, as a result of long queues in beauty salons they sometimes cannot start at the exact time, and services are provided with some delay.

Besides the above-mentioned issues, the problem covers not only customers but beauty salons, and wellness centers as well. Most beauty salons and spa/wellness centers are suffering

from managing their appointments with customers. Most of them are doing this process manually so they create some paper or excel file where they note and store their appointments. When customers call and ask for an available time slot, they become confused and it takes a long time to find that date and check whether it is available for free or not. Also, two or more customers may book the same time slot which creates a conflict in the schedule. To solve this problem some beauty salons nowadays either hire additional workers to deal with such issues or try to build their appointment system which is costly enough.

APPoint is a mobile app solution that streamlines this long process to make it more effective and efficient for both customers and beauty/wellness centers who need to manage their appointments. For beauty and wellness centers APPoint is an online booking application where they can manage their bookings, and show the visual illustration of their services and prices as well. For customers, it is a tool for booking an appointment easily without any conflict which gives convenience and time efficiency. Also, it prevents longer waiting times in beauty salons. A process that once took several hours or even days is now shortened to just a few simple clicks.

2. INTRODUCTION

To reveal the above-mentioned problems and investigate the customer needs in this sphere we have conducted a survey among 60 participants. The aim of this survey is to gain an insight into the customers' opinions about the current situation in the beauty and health industry in Azerbaijan, more specifically the booking process for beauty and health centers. 94.9% of respondents were between 15-55 years and more than 75% were female. The results of a survey show that most of the respondents use the services in beauty and health centers at least once a month. And they tend to book their appointment beforehand via phone calls. It is clear from the

survey results that the second biggest proportion of respondents tends to book an appointment through beauty centers' social media pages. According to the results of a survey, most of the participants find mobile phones suitable for booking an appointment and customers are willing to see all beauty and health centers in one application. In general, the results of a survey that is conducted among customers reveal that there is a high potential that the idea of creating a mobile booking app would be beneficial for customers and make sure that this product is going to be marketable.

Since the customers of beauty and health centers are not an only target of APPoint, we also conducted a survey among beauty and health centers as well. The aim of this survey is to find out whether our product and services will be beneficial for our potential partners or not. Considering that the other group of end users is going to be the beauty and health centers it is important to gain an insight into their opinion on this idea as well. We have done primary market research by conducting a survey among 14 beauty and health centers to learn about their opinion on such a booking management system. We have asked several questions regarding their current method of writing down their appointments, more specifically to find out their willingness to join such a mobile app.

Booking management channels

■ In paper notes ■ In excel ■ Booking management system
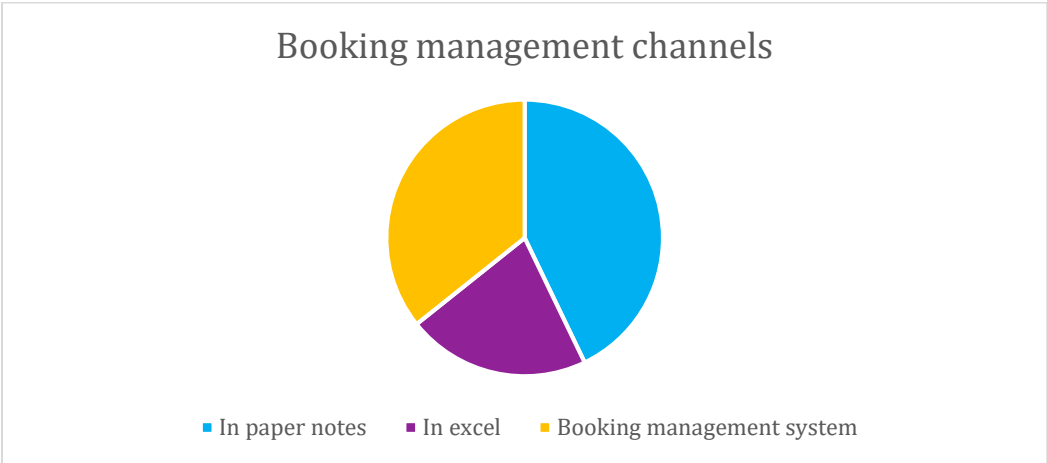
The above-mentioned pie chart illustrates the beauty and health centers' response to the question about their booking management channels. It is clear from the chart that the biggest proportion of centers is writing down their appointments either in paper notes or in the excel sheets. Only a little proportion has their booking management system. We have also asked questions regarding beauty centers' willingness to join our app. According to the responses of beauty and health centers, it is clear that all of them are willing to join our app for gaining more customers and the biggest proportion of respondents are willing to join the app to be able to manage their appointments smoothly. More details about the survey and its responses are shown in the appendix part of this paper.

3. COMPANY DESCRIPTION

APPoint is a multi-sided platform business that connects beauty and health centers with their customers by playing an intermediation role.

3.1 Mission

APPoint is a mobile app marketplace that allows beauty and wellness centers to manage their appointments, show their services to customers, and gain a huge customer base. From customers' point of view, this app allows them to find suitable centers and available time slots and compare prices on different services in different beauty/wellness centers. Easing the process of booking is the main mission of this mobile app. Allowing beauty salons to reach a huge number of customers, gaining new customers and the most important which is increasing customer service is the mission of APPoint from salons' point of view.

3.2 Core values

APPoint builds a connection between beauty and wellness centers that want to manage their bookings smoothly and customers who want to save time/effort and focus on more important things in life. The convenience that is addressed to the problem of time and effort efficiency and performance that is addressed to smooth booking management are the core values of this mobile app. Functionality, user experience, booking management, and convenience are the core/secret sauce of APPoint.

3.3 Goals and objectives

APPoint has an objective to earn a substantial profit while providing the opportunity for beauty and wellness centers, hairstylists, make-up artists, and other workers of salons to generate additional income. The company's overall goal is to become the largest booking app in the marketplace and this goal will be accomplished by exceeding the following objectives over its first three operational years:

It is clear that the primary objective is the formation of the mobile application. The development process of a mobile application will last approximately 6-7 months. During this development process, the goal of our company will be to talk to beauty and wellness centers and attract them to our app. Primarily our goal is to attract a minimum of 30 to 50 beauty salons and barbershops to our platform. This is just a starting number in order to be able to present our minimum viable product to the market.

Our second goal during these years is to test our minimum viable product. Our goal is to test our minimum viable product for the first operational year. During these months our aim is to gain customer feedback. We will introduce our MVP with limited features in order not to

overestimate our potential. By doing this we will be able to decrease our costs for the first year. In other words, it is always better to test the prototype with minimum features in order to test whether the concept proves itself or not. It is more costly changing the features than to add new features afterward. That is the main logic behind our minimum viable product. So, during these years we will gain feedback from both beauty/wellness centers and end-users who are using our app. We will consider their interests and add features accordingly.

The third goal of our company is to increase our customer portfolio and gain as many customers as possible till the 3rd operational year. To become the largest booking app and gain a substantial market share it is essential to have a huge customer portfolio. First and foremost, we are targeting to attract at least 10% of the most well-known beauty and wellness centers in Baku which is approximately 300 salons. After accomplishing this goal, we are aiming to spread across different parts of Baku by attracting small and medium-sized beauty centers to the app. Gradually, our objective is to spread across the whole of Azerbaijan by targeting the large cities.

While completing our target of attracting beauty and wellness centers, our other objective is to attract fitness, yoga, and other health centers to our app.

After gaining a larger market share and having a huge customer base, our objective is to add an advertising space to the app starting from the second operational year. This will help our customers which are beauty salons, barbershops, wellness and spa centers, individual hairstylists, nail masters, and make-up artists, to promote their work. The advertising space will trigger their sales, making them more popular among our end users. This feature will benefit us in a way that we will be able to charge additional fees for the customers who want their ads to appear in that

space. Besides those benefits, we are also going to accept partnership offers from different companies such as beauty products, etc.

When all the above-mentioned goals become accomplished, our other objective is to implement data selling starting from the third operational year. By data selling, we mean selling available data on customer preferences to third parties such as beauty brands, beauty salons, and so on. Data selling will allow us to double our revenue. We will sell our stored data about end users' preferences to the beauty salons so that they will be able to define which services are the most preferable, who are their customers and how often they use which services, and so on. The results of a study by Chen et al. (2017:433) show that mobile app developers can learn customer preferences with the help of big data analysis. We are also going to take advantage of this chance. That data is useful for beauty brands as well. Furthermore, beauty brands such as hair shampoo, and makeup brands will be able to buy data from us to optimize their sales process. We are going to implement this service according to the laws and regulations in Azerbaijan, so that confidentiality will be followed. There are several laws on data protection in Azerbaijani legislation. We are going to talk about details in the legal framework section of this plan. We will be dealing with data selling activities based on the above-mentioned frameworks.

Generating more revenue and making the maximum amount of profit by maximizing sales through financing online social media advertisements and sponsorships for important events the in future and using social media and websites to spread favorable word of mouth will be one of the main objectives of our company from the very beginning.

3.4 Description of product

There are two separate apps in the marketplace which serve the same purpose. One is "APPoint" for individuals and another is "APPoint Partner" for Beauty and Wellness centers.

"APPoint Partner" for Beauty and Wellness centers:

APPoint Partner is a mobile application where beauty centers, barbershops, wellness and spa centers, individual hairstylists, makeup artists, nail masters, and others can manage their appointments smoothly. Our service package will cover beauty salons, barbershops, fitness and spa centers, cosmetological clinics, health centers, and individual masters (hairstylists, makeup artists, and nail masters who work from their homes).

Services section: In this section of the app our customers will be able to give information about their services. Here they will be able to show the visual illustration of their services, in other words, they can share the images of the services such as nail art, haircut, makeup, and so on. There is a section where customers can show the prices and duration of each service so that their customers are aware to schedule their appointments accordingly.

Schedule section: In this section of the app there will be shown all appointments of our clients. Here, beauty centers can see days of week and hours which are already booked and the ones which are available for free. By clicking on the available time slot they can add a new appointment and by dragging down the arrow they can set the duration of that appointment. It also helps beauty centers to avoid time conflicts in their schedule, so that they can clearly see their schedule in our app.

"APPoint" for individuals:

APPoint for individuals is an app where individuals who are the customers of our partner beauty and wellness centers can manage their appointments easily. This app allows individuals to look for services, choose a suitable time slot and make their booking online and fast.

Beauty and wellness center categories section: In this section end users of our app will be able to choose the category: beauty center, barbershop, wellness, and spa centers, and cosmetological clinics. Afterward, they will see the window listing all centers where they can choose and enter one. After choosing the exact center customers will see the window showing the masters, services, and available time slots. So, our user can see the description, prices, and duration of each service, masters of that service, and available time slots and then book the most suitable one accordingly. After booking end users can cancel or change the appointment as well.

New-comers section: In this section, our newly joined partners will be shown to end-users. This section benefits partners to be known to end-users. Individuals using our app will be aware of newcomers and it will attract them to try new centers with the special discounts offered by partners.

Order again section: In our app, we will provide end-users with an order again function. This feature eases the process of booking in a way that, if one user has booked before in that beauty center, they can book the same service again with just simple clicks. This will increase customer satisfaction with our app and improve the user experience.
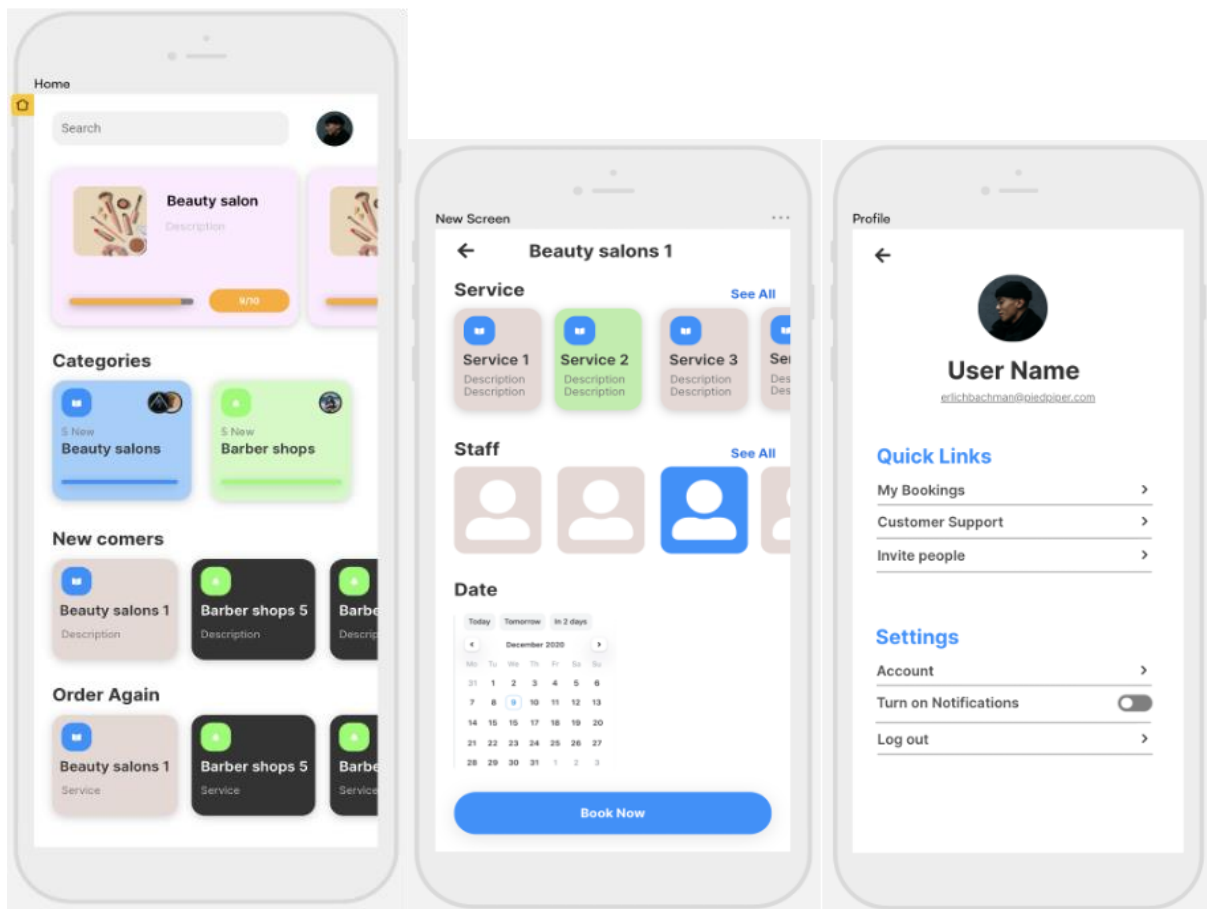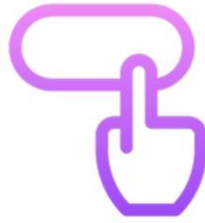
Booking process steps:

In order to book an appointment in the APPoint user will need to go through these simple

steps:

Step 1: Users should open the app on their IOS or Android phones. On the home page of the app, they will be able to see the categories section. Here we have different categories such as beauty salons, barbershops, health centers, cosmetological clinics, and so on. Users will choose the appropriate category.

Step 2: After choosing a category there will appear a list of beauty and health centers that are partnering with us. Users can scroll down and find the exact center where they want to get the service and choose that center.

Step 3: After choosing and entering the center there will appear a screen showing list of services, a list of masters, and available time slots in the calendar. Here users will be able to choose the service and even which master they want. After choosing them they can pick a suitable time slot and book an appointment there by clicking the "book now" button.

Those are the simple steps to making an appointment. Besides these, there will be a newcomers section where users will be able to see newly joined partners to our app. Also, there will be order again section where users will be able to book for the same service as they did before. It will help them book an appointment even faster than the first time. We are going to add a "nearby" feature as well. This feature will help people explore new centers around them. So that, when one is in a hurry and cannot find a time slot in their favorite beauty or health centers, they can explore new ones around them and go there without wasting time.

3.5 Location

Initially, we are targeting to set our operation in Baku, Azerbaijan. As a first stage, we are going to work with the beauty and wellness centers that are located in the center of Baku city. Afterward, we are going to spread across the other regions of Baku and Azerbaijan.

4. LEGAL FRAMEWORK

Legal and ethical considerations are important factors in app development as well. Security, privacy, and trust are important factors to make sure that users feel confident with our business. In APPoint, all privacy and security of users will be preserved according to the regulatory frameworks of the Republic of Azerbaijan. Data will be secured and necessary legal bindings will ensure that all information received will be used for the improvement of user experience in APPoint. The following federal laws must be taken into consideration during the app building process. "About personal information" which was signed on the 11th of May 2010 by the president of the Republic of Azerbaijan. There are also some rules on the corporate data such as "Rules for transfer of personal data collected and processed in corporate information systems to third parties on a paid basis" (March 2, 2011) by the Cabinet of Ministers of Azerbaijan. APPoint will make sure that users are aware of its privacy policy and only share the information that they are confident with. The privacy policy of APPoint will be demonstrated clearly and transparent so that users can understand what is being asked of them.

APPoint's organizational structure will consist of partners that will form a Limited Liability Company (LLC). APPoint is going to operate as a separate legal entity which will give its partners safeguards on their liabilities. It means that its partners will not be personally liable for the financial losses or debts of a business. According to the Civil Code of the Republic of Azerbaijan participants of a limited liability company are not liable for its obligations and bear the risk to the extent of their initial investment in the company in case of any losses related to the company's activities. This is considered the main advantage of limited liability companies. That is why we have chosen this type of ownership in APPoint.

APPoint is going to register its logo and name as a registered trademark through the Intellectual Property Agency of the Republic of Azerbaijan. This will guarantee that brand originality will belong to APPoint only. After making sure that we fill the requirements that are mentioned in the decision of the Cabinet of Ministers of the Republic of Azerbaijan on the criteria determining the startup, we are also going to apply for a startup certificate for the Small and Medium-sized business development agency of the Republic of Azerbaijan. In accordance with the changes made in the Tax Code of the Republic of Azerbaijan in 2021, micro and small business entities that have received a startup certificate are exempted from income tax for a period of 3 years from the date of receipt of the certificate (Tax code, § 102.1.31). This is considered one of the opportunities that government provides to the startups in Azerbaijan and APPoint is going to take advantage of this opportunity. We are also going to adhere to international laws and regulations to be ready for the scale up when we start going beyond Azerbaijan.

5. MARKET ANALYSIS

5.1 Current market

Traditionally, companies in the beauty and wellness industry manage their appointments manually. Nowadays, the introduction of digital technologies triggers companies to implement a digital transformation. Digital transformation has several benefits to companies in terms of increasing the profitability of the business. Also, it is important for the customer services industry since it brings convenience and effectiveness to customers. That is why digitally transformed companies are more successful in customer satisfaction criteria and improved customer services. Nowadays there are plenty of companies in the beauty and wellness industry that suffer in terms of digitalization. If we look at the companies in this industry, we can see that only a few of them are able to transform digitally. Some of those digitized companies still suffer from poor user

experiences, lack of knowledge in this area, and so on. If we look deep into the booking management system in this industry, we come up with a result that there is a small number of beauty salons, wellness centers, etc that have their booking system management tools. Some of them created their own and others still cannot. In the digital era, it is essential to create a platform where beauty and wellness centers and their customers meet and fulfill their needs. Creating a digital process and slowly popularizing a new model will allow companies in this industry to control their operations smoothly.

According to Kepios analysis, internet users in Azerbaijan increased by 65 thousand which is approximately 0.8% between 2021 and 2022 (Digital 2022). This data gives an insight that there is an opportunity in the beauty and health industry to digitalize.

5.2 Beachhead market

Our beachhead customers are well-known beauty and wellness centers which are located in the city center of Baku. The reason for choosing this segment as a beachhead customer is that in the initial stage of the development of our app, we need customers who are well funded. Considering this fact, we need to target a well-funded segment in order to be able to build the app. Having those centers in our app will also help us to increase brand awareness and will prove the reliability of our app among the end-users. In other words, once people see that their favorite, well-known and prestigious beauty and wellness centers are partnering with our app, they will rely on the app and tend to use it more frequently. It is clear that for those centers to partner with us there needs to be a compelling reason. First and foremost, for beauty centers, barbershops, and health and wellness centers there are several benefits of our app. The most important benefits are that they will be able to manage their appointments smoothly and the visibility of their centers will be

increased as a result of advertisements and so on. Secondly, for end-users, there are plenty of benefits. One of them is time efficiency. It means that before using the app customers were waiting in line for a long time for their service in beauty centers. But this booking app will help them to book a time slot beforehand and decrease the waiting time in beauty centers. End users also will be able to get an insight about the services in our app based on our rating system. Another advantage that our app gives to customers is the ability to see the price list and visuals of the beauty salon from the app.

5.3 Competitors

Currently, there are 3 potential competitors to our mobile app in the market. 2 of them are mobile apps (Yazl app and Fresha app) and 1 is a booking website (Saloon. az).

Comparison with "Saloon.az"

"Saloon.az" is a website where beauty and health centers and their customers are able to manage their bookings. The site is available only for the web version and there is no mobile app version of this product which is in turn a huge disadvantage for them. A comparison of APPoint with "Saloon.az" is based on two criteria. One of them is about being a mobile-friendly product and the other is about an all-in-one approach. From the below given comparative chart, it is clear that APPoint is located at the high end of this chart. Saloon.az is a useful website for booking appointments but it lacks convenience. In other words, the website is not mobile-friendly, so using this website on mobile is not as comfortable as its web version. Also, it is good to mention that, nowadays mobile phones are everywhere and people tend to use mobile phones for their important tasks more than they use laptops or PCs where they can enter the web version of Saloon.az. Another important point in Saloon.az is that their website is not user-friendly on the web version

either. Since our app is going to be designed for mobile phones it is considered as a mobile-friendly app and improved user experience is going to be the priority in our APPoint app. Other criteria in comparison are about the all-in-one approach. All in one approach means that there are plenty of beauty salons and wellness/health centers that are gathered in one marketplace. Both "Saloon.az" and APPoint considered this approach. It means that, in both booking management systems all beauty salons are gathered together in order to ease the end users' work. An all-in-one app criteria both companies are located at the high end of the comparison chart. To sum up, although "Saloon.az" has an advantage in all-in-one criteria, in these 2 criteria APPoint has a comparative advantage so that we are located at the high end of both mobile-friendly and all-in-one criteria.
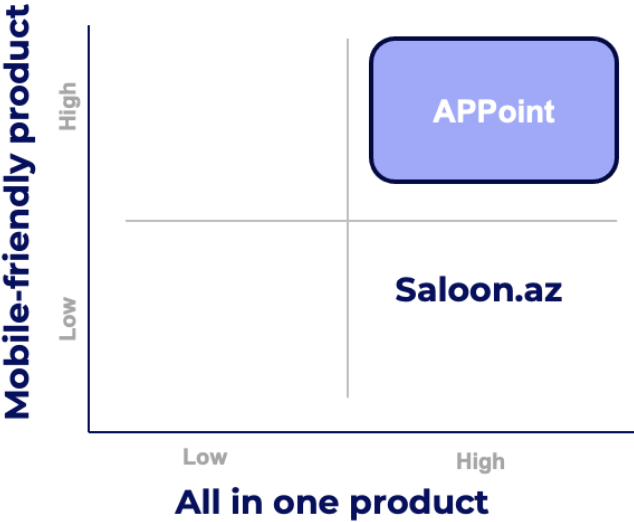
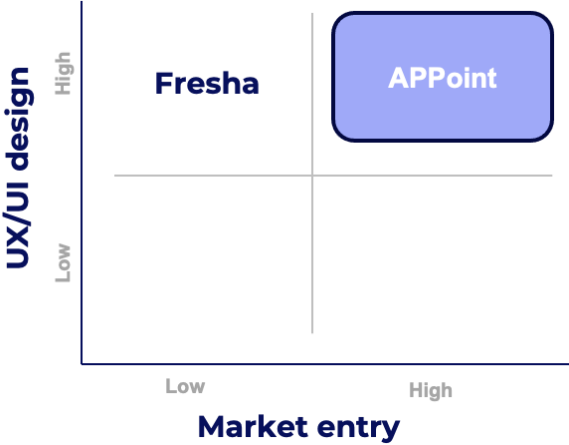*Comparison with "Fresha"*

"Fresha" is a foreign mobile app marketplace where beauty and health centers and their customers can manage their appointments smoothly. They entered the Azerbaijani market as a franchise. The app has similar features to APPoint such as price comparison, choice of masters, service description, and so on. A comparison of APPoint with Fresha is based on 2 criteria. One

of them is based on barriers in the local market and the other one is UX/UI design. According to a study conducted by Xiao-Liang et al. (2013:53), the design and physical appearance of a mobile application has a positive impact on people's perception of the quality of its services. In turn, this perception will have an impact on the adoption of mobile word-of-mouth which is the biggest trigger in the marketing strategy as well (Xiao-Liang et al., 2013:47). That is why we choose UX/UI design as a comparison criteria. First and foremost, Fresha App has an excellent UX/UI design that is convenient to use both for customers and beauty centers. Both of these apps have better UX/UI design which means that both APPoint and Fresha are located on the high end of a competitive chart in the UX/UI criteria. Another criterion for the competitive analysis of these two apps is local market barriers and costs. Setting up a startup in Azerbaijan is not so complicated. The government is supporting innovations and new business ventures with several programs. There is an "ASAN Startup program" that is established to support entrepreneurs in Azerbaijan with world-class programming and mentorship. This program has been offered at no cost to founders of business ideas. There are plenty of such programs nowadays in Azerbaijan that support new ventures. Government support motivates APPoint to enter the market. Regulation on franchising in Azerbaijan is not so tough as well. However, there are several obstacles to franchising in Azerbaijan. According to a report by Business Group Consulting (Baku, 2014), first and foremost, there are problems with the transparency of the local economy such as the implementation of uniform rules on customs in practice and so on. Secondly, there are challenges in protecting intellectual property rights such as legal difficulties in copyrights and so on. Last but not least, increasing tax incentives would attract foreign direct investments but there are some problems in this area as well. To sum up, Fresha as a franchise company could have such difficulties while running the business in Azerbaijan. Also, it will take more time to rely on Fresha

for customers. That is another reason why Fresha has only 2-3 beauty salons in its portfolio. So, it is clear from this analysis that in local market barriers criteria APPoint is located in the higher end while Fresha is in the lower end.

Comparison with "Yazl"

"Yazl" is a mobile app marketplace where restaurants and beauty centers can manage their bookings. It is similar to APPoint in terms of booking management. Besides the beauty salons and barbershops, there is also a restaurants and bars section in the Yazl app which means that end users can book reservations not only in beauty salons but also in some restaurants. A comparison of APPoint with Yazl is based on 2 criteria as well. One of them is specialization in one area and UX/UI and the other is about registration. As it is mentioned above, Yazl contains both restaurants and a beauty center section in it. It may seem good at first glance but it causes some difficulties from the user's side. It is always good to start with one specific industry and specialize there rather than mixing more industries in one marketplace from the beginning of a business. For example, Yazl wanted to enter both the beauty/health industry and hospitality industry at the same time. This creates some complexities in the app. When a user enters this app, they can mix the restaurants

20

with beauty centers so it takes some time for the user to identify whether it is a restaurant or a beauty center. It decreases the performance of apps in terms of convenience for users. Also, the UX/UI design of Yazl is not successful. Compared to Yazl, APPoint is specialized in one specific industry which is the beauty and health industry. APPoint is focusing on expanding the market size, and adding more customers to the portfolio in the beginning. Expanding into different industries is the furthest step in the life cycle of APPoint. Also, the objective of APPoint is to use effective UX/UI design which means that APPoint places the customer's convenience in the first step since UX/UI is the major factor for customer satisfaction. From this comparison, it is clear that APPoint is located at the high end of the competitive chart in industry criteria and Yazl is located at the lower end.

Another criterion for comparison is the registration section. Yazl requires registration in their app before booking. It means that unless users do not register for the app, they cannot make an appointment. The registration prolongs the process of booking which is not convenient for customers. Compared with Yazl, APPoint does not require registration from users. Users can easily download the app, enter it and book their appointment without any registration step which eases the process of booking and saves time. Considering these facts, it is clear that APPoint will be located at the high end and Yazl will be at the lower end of the registration criteria of the competitive chart.
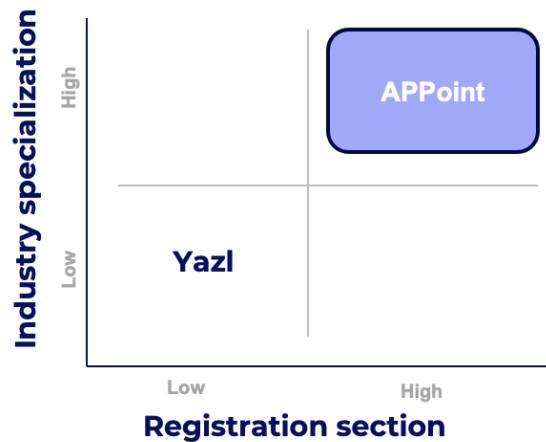
Comparison of APPoint with all competitors

After comparing different solid features of APPoint with other similar apps it is good to mention the advantage of APPoint over all of those apps. The comparison is based on 2 criteria. One of them is UX/UI design and the other is customer portfolio. Here we have chosen those criteria in which APPoint has a comparative advantage over all of its competitors' customer portfolios shows the number of beauty and health centers that are partnering with apps. All of those apps are located on the high end of the competitive chart. Yazl and Salon.az are now partnering with a large number of beauty centers. Some of them are famous ones but the most well-known health and beauty centers are still not partnering with any of them. APPoint is targeting to attract those beauty and health centers by providing a number of benefits. Since there are still a lot of beauty and health centers that are not partnering yet, APPoint has an opportunity to increase its customer portfolio as more as other competitors. That is the reason why all apps are considered at the higher end. APPoint also has a comparative advantage over its competitors in UX/UI design. Since our target is maximized customer satisfaction, we are focusing on better improved UX/UI

22

design. That is why APPoint is located at the higher end. Coming to competitors, the poor UX/UI design that they have now decreased the chance that people using their website/app. That is why they are at the lower end.
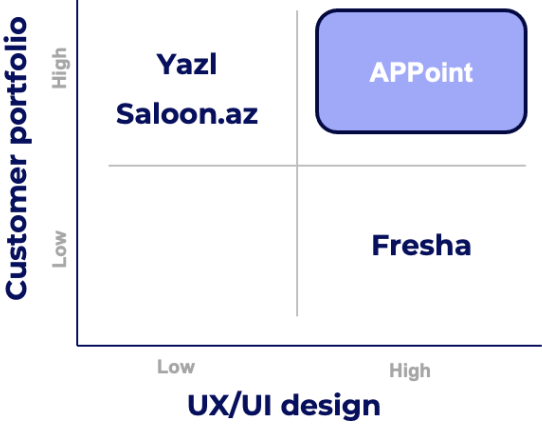
5.4 SWOT analysis

While analyzing the market for a potential business, it is good to make a SWOT analysis of a company to better understand the market opportunities and potential threats to the company. It is useful for finding out ways to deal with those issues.

STRENGTHS
-Customer centric mindset
-24/7 customer support available
-Low fee for sellers and free for buyers
-Lots of loyalty
-Strong relationship with suppliers
-UX/UI design

WEAKNESS
-Not available offline
-Competitive market
-Low brand recognition
-Reliance on external funding

S.W.O.T

OPPORTUNITIES
-Industry growth
-Digitalization
-Customer demand
-Government support in growing local start-ups

THREATS
-Competition
-Partner choices may differ

Strengths:

Customer-centric mindset: APPoint's priority objective is to increase customer satisfaction since the aim of this app is addressed to solving convenience problems of people. As it is the booking app that tries to maximize the time and effort efficiency of its customers, its primary focus is on the user experience of the app. That is the main reason why APPoint is investing too much in UX/UI design, gaining customer feedback, and so on. That is the way that shows how customer-centric APPoint is. APPoint is also going to give some privileges to its early customers. So, for early testers of the app APPoint is going to offer special discounts. Besides this, there will be a loyalty program in which loyal users of APPoint will be provided with several discounts on services, coupons, and promo codes. All these privileges demonstrate APPoint's customer-centric mind.

24/7 customer support available: Another strength of APPoint over its competitors is that here we have a 24/7 customer support feature which is not available in any of our competitors. This feature

will help people to deal with the issues arising while creating an appointment in our app. This feature is considered as beneficial because when users face some difficulties in the booking process, they waste a lot of time and effort which bothers them. Also, it may end up with switching to another app and making appointments there which is not a good sign for a company. That is why, when there is 24/7 online support, it can help users to stay in our app and make their bookings without any conflict.

Low fee for sellers and free for buyers: Both "APPoint" and "APPoint partner" are going to be available free in AppStore and PlayMarket. End users will be able to use all features of the app free of charge. Customers who are considered as buyers of the services of the beauty and health centers will be able to book any service for free. However, for beauty and health centers that are sellers of services, to partner with us they will need to pay some fees. But those fees are low in comparison with other booking management systems. These fees are applicable only for joining our app but using the features of the app is free of charge for beauty and health centers as well.

Lots of loyalty because of our loyalty program: Customer-centric view of APPoint allows it to implement some loyalty programs. Loyalty programs consist of providing discounts and some privileges for loyal customers. The program covers both service providers which are beauty and health centers, and end-users who are the customers of beauty and health centers.

A strong relationship with suppliers: Suppliers are the heart of our business. Without them, all operations of a business seem meaningless. Thus, APPoint is thriving in a strong relationship with its suppliers.

UX/UI design: As mentioned in our competitive analysis APPoint has a comparative advantage over its competitors in its UX/UI design. Attractive banners make users engaged in the app.

APPoint tries to make the design as simple as possible to make it comfortable and easy to navigate. We are using an efficient internal search engine so that users can easily search for a beauty center and even for a specific service and find it so fast.

Data analytics: As a result of improved data analytics within the app users will be able to see personalized content. Based on the search and booking history of users our app is going to provide content that can be useful for users. For example, if a user searched for a haircut service several times, it is sure that that specific user is interested in the service. Thus, content related to that service is suggested for the user.

Weaknesses:

Not available offline: One of the weaknesses of APPoint is that it is not available offline. In other words, in order to be able to book an appointment users need an internet connection. This is a weakness for all booking apps as well since this kind of app cannot be used offline.

Competitive market: There is already an established market with high competition. Although the number of competitors is low, it is sufficient enough to take measures in order to prevent competitors from growing faster than APPoint and gaining a huge number of customer base.

Low brand recognition in comparison with competitors: APPoint is going to be a freshly introduced app to the marketplace. It is clear that in the early stages of a mobile app's lifecycle it is going to be known by a small number of people. To gain a larger user base APPoint needs to implement several marketing and promotion activities in order to build brand awareness and recognition.

Reliance on external funding to implement expansion strategy: In the early years of existence APPoint will be going to be funded by its founders, their family, and friends. Afterward, APPoint is going to look for angel investors to meet its costs. Since 8 months from the beginning is going to be the application development stage, we are not going to earn revenue during that period. But to build a compatible app we need to attract some partners, and pay some wages to sales agents and other employees till launching the app. It is obvious that we will need external funding in this stage which will last about 1,5- 2 years. This is considered a weak side of APPoint but could be improved after gaining a substantial amount of revenue.

Opportunities:

Industry growth: The industry is due for an expansion of the beauty and health industry nowadays. The number of beauty and health centers is increasing day by day as a result of increased demand among customers. Besides this, there is a positive trend in the mobile app industry in Azerbaijan, meaning that the number of different mobile apps is increasing. All those facts are considered an opportunity for creating a mobile app for the beauty and health industry.

Digitalization: Nowadays companies are shifting to digitalization. Lots of industries as well as beauty and health industries are shifting to more digitized customer services. Consumers are moving to online products. This is another trigger for APPoint.

Customer demand: There is increased demand among customers for beauty and health centers as their numbers are growing. Customers of those centers are tending to make their appointments easily, without any conflict. APPoint meets customer demand of making appointments smooth and easy with simple steps.

Government support in growing local start-ups: Azerbaijan is a great place for building a startup business. There are plenty of government programs supporting local startups in Azerbaijan. The most well-known example of such a program is the "500 ASAN Startup Program". So, since there is government support and increased opportunity for startups in Azerbaijan, it could be considered a great opportunity for APPoint as well.

Threats:

Competition: More booking apps are emerging in the market which makes the competition tough. It creates a threat for APPoint in attracting the beauty and health centers to the app.

Partner choices may differ: Benefits of APPoint are increasing for the customers who are loyal to one specific salon. Those privileges to the loyal customers could demotivate other partners about working with APPoint and they could easily switch to competitor apps with a small trigger in prices. This could be thought of as a potential threat to our app.

6. ORGANIZATION AND MANAGEMENT

6.1 Key partners

Our key partners are beauty centers, barbershops, health centers, wellness and spa centers, cosmetological clinics, and fitness and sports centers. Those are the main partners that we are going to gain a larger share of the revenue from. Besides those centers, we are also going to work with individual make-up artists, hairdressers, sports coaches, cosmetologists, and other beauty and health-related workers that work aside from the salons.

6.2 Team members (management and support team)

APPoint will initially operate with a limited number of staff, mostly being run by its founding members. Gradually the company is going to recruit new staff members on an at-need basis when its operations will reach new levels and the company grows. Founders of the company will use their inner network to hire the first staff members. They are going to look for professionals that are highly skilled and better in their fields. The following table represents APPoint's plan for personnel and staff considering their position, salary, and the time duration that they work with APPoint. The staff planning schedule of APPoint is shown in the below table. We have defined the number of employees we need and their salaries according to the current market trends in Azerbaijan. We have shown salaries on a yearly basis. These numbers will be included as a salary expense in our Profit and Loss statement and will be explained in detail in the funding strategy.

6.3 Staffing plan

STAFFING PLAN	Start from	Year 1	Year 2	Year 3	Year 4	Year 5
Engineering		**1**	**2**	**2**	**2**	**2**
IT support team	*Month 9*	1	2	2	2	2
Marketing		**2**	**3**	**4**	**4**	**4**
Marketing manager	*Month 9*	1	1	1	1	1
Marketing specialist	*Month 9*	1	2	3	3	3
Sales		**4**	**6**	**6**	**5**	**4**
Sales manager	*Month1*	1	1	1	1	1
Sales agent	*Month 1*	3	5	5	4	3
General & Administrative		**2**	**2**	**2**	**2**	**2**

CEO	Month 9	1	1	1	1	1
Finance manager	Month 9	1	1	1	1	1
TOTAL STAFF		9	13	14	13	12

Total employee expenses		Year 1	Year 2	Year 3	Year 4	Year 5
Engineering	AZN/per year	2400	19200	19200	19200	19200
IT support team	9600	2400	19200	19200	19200	19200
Marketing		5400	31200	40800	40800	40800
Marketing manager	12000	3000	12000	12000	12000	12000
Marketing specialist	9600	2400	19200	28800	28800	28800
Sales		29400	42600	42600	36000	29400
Sales manager	9600	9600	9600	9600	9600	9600
Sales agent	6600	19800	33000	33000	26400	19800
General & Administrative		7200	28800	28800	28800	28800
CEO	16800	4200	16800	16800	16800	16800
Finance manager	12000	3000	12000	12000	12000	12000
TOTAL EXPENSE (AZN)		44400	121800	131400	124800	118200

In this figure we have mentioned the staff we need to operate APPoint. The first part of this figure illustrates the number of employees per year. Months are also mentioned in the first column which indicates the number of months when these employees start their work. For example, for the IT support team, we have decided that they will start working from the 9th month. Showing months is helpful for calculating the annual revenues. In the second part of this figure,

we have indicated the annual salary of each employee. For calculating annual salary expenses, we just multiply per year salaries by the number of employees and find the annual salary expense.

The organizational structure of APPoint will consist of two parts: management and support team. The following hierarchy shows how the company will be structured across each area of operations. We have 4 departments in the beginning: Development & IT Support, Sales, Marketing and Finance.

Management team:

APPoint's management responsibility is divided among several executive board members who will each manage a particular department where their knowledge and experience are used in a most beneficial manner to the growth of the company. The management team will consist of a chief executive officer (CEO) who is responsible for the overall strategy of the company and its operations, a marketing manager who will be responsible for the effective marketing activities, the sales manager who will be responsible for the sales team and their activities, finance manager who is in charge of all finance and accounting related activities, reports and financial statements.

Support team:

Our support team consists of employees that are complying with the management team.

-IT engineering support team that is in charge of support and maintenance of the app: As APPoint grows and its customer base increases, it is obvious that we will need support in maintenance procedures. That is why we will hire a support team for the support functions. This function is directly related to the CEO and reports only to the CEO related to their activities.

-Sales agents: In order to negotiate with beauty and health centers we need sales agents. Their responsibility is to attract new customers to our app. They will be doing this by going to the beauty and health centers and talking to them directly face-to-face. That is why they are considered the main player in our company.

-Marketing experts: We will hire some marketing experts as our app grows. Marketing experts will be responsible for launching effective marketing campaigns, branding, and other marketing-related operations.

-Finance and accounting manager: Since in the early years we will have a low volume of operations one finance worker will be enough for us to deal with financial and accounting activities. Afterward, as APPoint will grow we are going to hire additional employees accordingly.

7. MARKETING PLAN

7.1 Market segmentation & target market

APPoint has created a plan to attract active beauty and health centers. As the app expands to the advertiser market several new techniques will be added. Initially APPoint has allocated a

small budget for the marketing activities. As the company grows, we are going to increase the budget in order to expand marketing activities to reach more customers. Generally, APPoint is going to use digital marketing and word-of-mouth marketing. Since APPoint is a digital product providing a number of benefits to its customers, digital marketing is considered the most important marketing channel. More specifically, we are targeting to use social media as a marketing tool in our marketing strategy. Before moving deep into marketing techniques, it is good to clarify our marketing segmentation and target market:

Market segmentation analysis: Generally, we have defined 3 marketing segments: 2 for APPoint and 1 for APPoint Partner.

-APPoint: APPoint has 2 market segments. Females between 15-55 ages and males between 15-55 ages who use the internet and smartphones on a daily basis. According to the data from the State Statistical Committee of Azerbaijan, 58.6% of the total population in Azerbaijan falls into the 15-55 age group. If we consider the data from Digital 2021 about Azerbaijan that 81.1% of the population uses the internet and 61.2% of them use mobile phones for internet connection, we could derive that the total market size for the first segment is 335.670 end users and for second segment 334.330 end users. The application of services for end-users is aimed at booking special service which is provided by specific employees of the beauty and health centers. For both of these segments, the benefits of apps are the same. First and foremost, APPoint promises time efficiency to its users. In other words, spending less effort on booking and less waiting time in centers provides convenience for its users. Secondly, the ability to see price list a visual representation of services will help people in getting insight into the provided services and its quality based on the customer feedback in the app. Lead customers of these segments are influencers, celebrities and word of mouth. Coming to the partners and players, we have defined that professional make-up

artists, hairdressers, models, trainers, software companies, marketing companies, and sales managers are the main players in our company. For APPoint Partner our target customers are the beauty and health centers in Baku city. The market size is larger than 3000 beauty and health centers.

7.2 Marketing activities

Generally, a marketing strategy should involve activities to acquire more customers and gain a larger market share. It is obvious that acquiring customers has some costs associated with it. APPoint is going to use some tactics to acquire early customers to the app. These tactics will work for both beauty and health centers and for the end-users that are going to book through APPoint. One of these tactics is a free trial. We are going to offer a free trial for beauty and health centers to test our app. If they like the app and get benefits from it they can pay a fee afterward and join our app. Another strategy will be offering discounts for the yearly subscription. This strategy will work for beauty and health centers that join our app earlier. This strategy will motivate beauty and health centers to join our app as quickly as possible in order to take advantage of the opportunity of getting a discount. By doing this APPoint will ensure that those centers will partner with the app yearly. These two tactics were designed to acquire partners to work with us. We also have some tactics to acquire end-users such as customers of beauty and health centers that are going to book through our app. One of them is offering discounts for some services in beauty and health centers. APPoint is going to meet the costs associated with this strategy. In other words, APPoint is going to pay the service fee to beauty and health centers from its own budget and offer those services with a discount to end-users. As a result, customers will be able to use the same services at lower prices, and beauty centers will be paid a full amount by APPoint at the same time. It is obvious that implementing this strategy will be expensive for APPoint but in the end, we will

be able to attract customers to our app and motivate them to book their appointments through APPoint. Another offer will be referrals and invites. Customers of beauty and health centers will be able to gain credits by referring and inviting their friends to APPoint. They will be able to use those credits to have discounts on services. Last but not least, we also thought of a tactic that will work for both beauty and health centers and end-users of APPoint. It is going to be a loyalty system. We will be offering discounts and special offers for our loyal customers. By doing this we will be able to demonstrate how we value our customers and partners.

All of these tactics will be costly in the first operational year. Gradually the COCA (Cost of Customer acquisition) will be reduced. To reduce COCA we have defined three methods: Since direct sales are expensive, we are going to focus on the web presence and social media. Afterward, we will build a website where partners can register there and automatically join our app. The second method is focusing on word-of-mouth marketing. This is considered the most effective method among marketing strategies and it is the biggest driver of reducing COCA. And the last method is focusing on our target beachhead market.

Overall, we have allocated a 10.000 AZN budget for early promotion and marketing expenses for the first 2 years. Across the years marketing expenses will change as it is shown in the figure:

	Year 1	Year 2	Year 3
Traditional marketing	3000	4000	5000
Promotional discount	4500	10000	2000
Social media marketing	2000	3000	3500
Influencer marketing		5000	

TOTAL	9500	22000	10500

We are assuming that the cost of customer acquisition will be more in the first and second years till promoting our app and increase brand awareness. Afterward, we are assuming that COCA will reduce gradually. Considering the assumptions on the early number of customers and end-users we come up with a result that in the first year we will spend about 4.500 AZN for acquiring customers through promotional discounts. The inputs for building assumptions are based on the survey results of beauty and health centers. There we asked questions regarding the beauty and health centers' willingness to pay for our services, as well as the average prices in their centers in order to define the prices for the purpose of calculation expenses of implementing promotional discount.

Average service prices

- 10/20 AZN
- 30/50 AZN
- 70/100 AZN
- 100/200 AZN
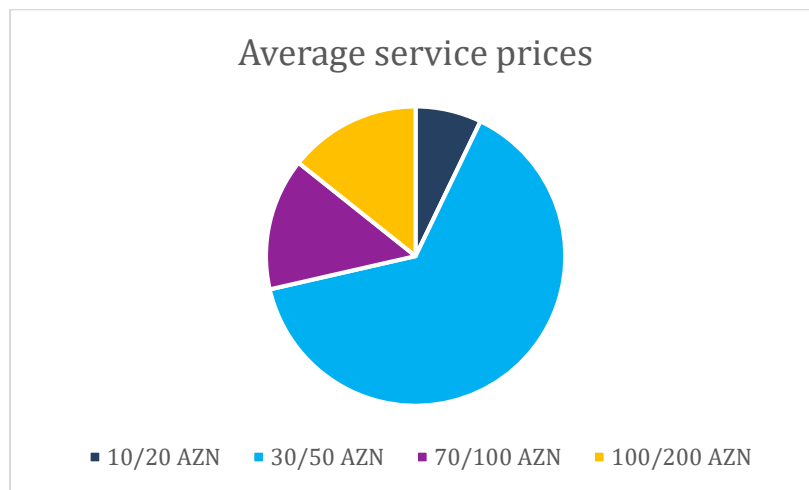
The details of the all questions and results of the survey are shown in the appendix part of this paper. The calculation of the promotional discount is made on the following assumptions:

-We assume that in the first year we will have 30-50 partners in our app.

-Also, we think that when we launch the app approximately 50 users will book appointments in the early months.

-Average price of frequently provided services in beauty salons is 30 AZN.

-We are going to offer a 10% discount for services in the beauty and health centers for early testers.

Considering above mentioned assumptions we come up with a result that our cost of customer acquisition on promotional discounts will be equal to 30 partners*(30AZN*10%)*50 users= 4500 AZN for year 1. This number will increase to 10.000AZN in the second year and will fall to 2.000 AZN in the third year respectively and it will decrease over the useful life of an app. We have allocated a budget of 3.000 AZN so that this number is going to be the cost of customer acquisition through traditional marketing activities and this amount will increase as the app grows.

Besides the traditional marketing efforts, we are going to use social media actively in our marketing strategy. Since APPoint is a digital product, it will reach more customers through digital channels such as social media easily. In Azerbaijan, the number of social media users increased drastically in 2022. According to Kepios analysis in the "Data reportal" platform the number of social media users increased by approximately 20comparedng to 2021 (Digital 2022). Our target is placing advertisement on social media channels such as Instagram and Facebook. Looking separately to each platform we can see that the ad reach of Facebook in Azerbaijan is 19.2% of the local internet users whereas the ad reach of Instagram in Azerbaijan is 48.7atin the beginning of 2022 according to Meta's advertising tools (Digital 2022). These data give us insight about the social media usage of our target customers. According to business tools of those channels the optimal combination of advertising options is setting 1.000 AZN per month ads. By doing this we will be able to reach more customers according to our target plan. Considering that we will use 2
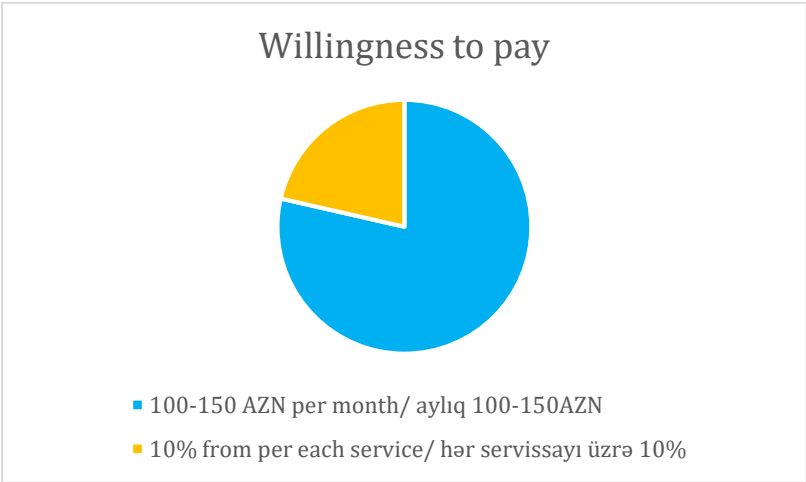
channels we will have a 2.000 AZN budget for social media marketing in the first year. With the help of algorithms in those social media channels APPoint will be able to reach more customers after setting ads afterward we will allocate more budget to social media marketing as it is shown in the figure. This is considered as cost of customer acquisition through social media.

Last but not least we are also going to use influencer marketing. This is considered as a new channel of advertising products or services. Influencer marketing is an effective tool to promote word-of-mouth marketing as well. According to the study by Hudders et al. (2020:112) because of their high potential to reach large audiences nowadays companies are using influencers and bloggers as a new marketing communication tool. Involving influencers in marketing activities spreads positive word-of-mouth (Lin, Bruning, and Swarna, 2018). That is why we are going to use this strategy in the second year since we will have limited features in the first year. We assume that it will be enough to use influencer marketing for one year. Also, it is good to mention that we are going to use influencer marketing in an ethical manner as it is shown in the study by Jans et al. (2021:162). Authors mentioned here that businesses should use influencer marketing in an ethical manner by stimulating influencers to follow applicable regulations and guidelines (Jans et al., 2021:167). We are going to target beauty bloggers. The reason is that since our services will cover the customers of the beauty and wellness centers it will be more beneficial and effective to set campaigns on beauty influencers' pages. We will analyze the engagement rates of each influencer with the help of digital marketing analytics tools and will decide which influencer to choose accordingly. Tools such as "Semrush", and "HypeAuditor" are helpful in finding appropriate influencers by providing relevant infographics of their social media pages. Here we can see the total engagement rates, and growth rates of their pages so that we could have an idea about the effectiveness of our advertisements on their pages. As a result, the total allocated budget for the

marketing plan is illustrated in the figure above. We will partner with the influencer marketing agencies in Azerbaijan such as "FCB Art Group", "M.O.S.T. Agency" and "Blogstar Agency" to find the appropriate influencers and create marketing campaigns that matches with our budget.

7.3 Pricing strategy

The pricing strategy of APPoint is different from its competitors. We are going to charge a fixed price of 100 AZN per center in the early years of existence. The reason is that we are trying to acquire as many customers as possible to build a strong customer base. Also, this strategy is beneficial for beauty and health centers that have larger turnover. Instead of paying larger amounts as a commission fee they will pay a small amount per month and use our services. The survey results from the beauty and health centers help us to define the which pricing strategy could be best that works for both APPoint and beauty and health center.

Willingness to pay

- 100-150 AZN per month/ aylıq 100-150AZN
- 10% from per each service/ hər servissayı üzrə 10%

As it is shown in the above chart, most of the potential partners of APPoint are willing to pay fixed amount rather than commission per booking. These results support our strategy about fixing prices. We are going to implement a fixed menu pricing strategy afterwards, starting from the third operational year. Fixed menu pricing consists of predefined prices based on the size of

the beauty and health center. It means that, based on several factors such as number of employees, volume of bookings, number of provided services, we are going to charge different prices. So, the beauty and health centers that have larger volumes will pay more in order to remain in APPoint. We are going to implement this strategy after gaining a larger market share in order to increase profit. As a booking management system, we promise beauty and health centers larger customer base. It means that by joining APPoint beauty and health centers will be able to increase their customer portfolio. Because of the special discounts offered by APPoint to end users, customers will be willing to book their appointment through our app, which is a compelling reason for beauty and health centers to be in our app to acquire more customers.

8. FINANCIAL PROJECTIONS

The following sections will explain detailed the APPoint's financial forecast over the next 3 operational years.

8.1 Cost calculation

Cost structure of APPoint consists of fixed and variable costs. We have fixed costs such as salaries of workers, rent, and server costs that do not vary over the useful life of a product. We also have some variable costs that are directly related to the services that we provide. These costs include maintenance costs, costs associated with the marketing and sales activities and so on. We are assuming that APPoint has 8 years of lifetime value.

The model on cost structure of APPoint has is built and defined with consideration of the following assumptions:

Assumption 1: First and foremost, we are going to gain revenue from our app starting from the last quarter of the first operational year. Building and developing mobile apps lasts about 8-9 months. That is why we are assuming that 9 months will be spent in the development stage and starting from the 10th month we will be able to make sales. It is obvious that till that month we will incur some expenses in developing the app. To have a ready to use app we need to start negotiating with beauty and health centers as well till the app is ready to launch. It is clear that we will have some expenses for such activities as well which means that we will operate with loss in the first year.

Assumption 2: We are going to partner with a software company to build our app. Ordinary software companies in the market today are building such mobile apps for approximately 20.000-30.000 AZN. We are going to partner with "CRBN Tech" and according to the offer made by them we will need 30.000 AZN to build a mobile app. This amount is going to count as an expense for building an app and will be shown in the cash flow statement of APPoint in the Year 1. This will be shown as cash outflow in the first operational year and will have no effect on the cash flow of the next years since we will have this expense only once at the beginning. This is considered as development expense and all development related expenses will be included in the capex of APPoint till launching the app. After launching the app expenses related to maintenance and support will be included in the operating expenses. In the profit and loss statement of APPoint we are going to record 30.000AZN as an amortization of intangible assets over its useful life. Amortization will start after launching the app.

Assumption 3: We will have some costs that are directly associated with the sales. These costs include subscription and hosting costs, software license and patent fees and support costs. Since these costs are directly related with the sales process, we consider them as a cost of sales and subtract them from our revenue in order to find the gross profit in the profit and loss statement of

APPoint. We have other expenses that are not directly related to the sales but are considered as important to operate a business. These expenses include salaries of workers, rent, administrative expenses, sales and marketing expenses, software support, tech supply and are considered as operating expenses. Among those expenses, software support will be included in the OPEX after launching the app. Before launching the app, we were considering this as capital expenditure. These expenses are subtracted from gross profit in the profit and loss statement in order to find the net profit of APPoint across years.

Assumption 4: In order to do the cost calculation and define the net sales and revenue we need to have a detailed sales plan. Since we will be able to launch the app in the last quarter of the first year, we are assuming that in that period we will have less sales and more costs. We assume that we will be able to partner with 40 beauty and health centers in year 1. The number of partnering centers will double in the second operational year as a result of marketing and sales efforts of our team. We assume that at the end of year 2 we will have 200 partnering beauty and health centers. After gaining a larger market share and being known among the end users and beauty centers, we assume that our sales will increase drastically and we will have 500 beauty and health centers in our portfolio by the end of year 3. We assume that the third operational year will be the year that we reach the maximum number of sales and after that year our sales will increase but less in volume. All these assumptions were made after tracking the progress of our competitors based on the increase in their portfolio records.

Starting from the second operational year we are planning to have advertising space in the app that beauty and health centers will be able to promote their center there by paying additional fees. We are assuming that in the beginning we will have 5 beauty centers using this feature. This number will increase to 45 at the end of year 3.

Last but not least, the final component in the sales plan of APPoint is data selling which is going to be implemented from the third operational year. Since this service is the most expensive in our app, we assume that there will be less companies using this feature. We assume that the maximum number of companies that use this service will be 5. In other words, as of the end of the third operational year 5 companies will buy consumer data from APPoint.

Assumption 5: To define the amount of revenue that APPoint will make we need to define prices as well. Differ from our competitors we are not going to get the percentage on each booking made in an app from the beauty and health centers. Instead, we are going to charge a fixed amount monthly. This will give an incentive to beauty and health centers to partner with us. Regardless of the volume of their appointments they will pay only a small amount to APPoint in order to remain in the app. Starting amount will be 100 AZN per center. For advertising space, the price is going to be 400 AZN per center. And finally for the data selling service the price is going to be 5000 AZN per company.

8.2 Profit and Loss Statement

In order to build a profit and loss statement for the APPoint we defined major operating and capital expenses. APPoint's operational expenses include salary, rent, administrative expenses, software support expenses, sales and marketing expenses. All these costs are illustrated in the figure. The costs are calculated based on the current situation in the Azerbaijani market.

	Year 1	Year 2	Year 3
Revenue	16.000	181.400	687.400
CGS	3.200	23.600	90.800

Direct material costs	3.200	23.600	90.800
Direct labor costs	0	0	0
Other costs	0	0	0
Gross profit	**12.800**	**157.800**	**596.600**
Gross profit margin	80%	87%	87%
Salary	44.000	121.800	131.400
Rent	6.000	6.000	12.000
Administration expenses	6.600	2.400	6.600
Sales and marketing exp	9.500	22.000	10.500
Software support	500	500	3.600
Other operating expenses	0	0	0
OPEX	66.600	152.700	164.100
OPEX margin	416%	84%	24%
Earnings before interest,tax, depreciation and amortisation/ EBİTDA	**-53.800**	**5.100**	**432.500**
EBİTDA margin	-336%	3%	63%
Amortisation of an intangible asset	1.563	3.750	3.750
Non operating P-L	0	0	0
Earnings before intereest and tax/ EBİT	**-55.363**	**1.350**	**428.750**
İnterest expenses			
Earnings before tax/ EBT	**-55.363**	**1.350**	**428.750**

Tax expenses	0	0	0
Net profit	**-55.363**	**1.350**	**428.750**
Net Ptofit margin	-346%	1%	62%
Dividend	0	0	0
Retained earnings	**-55.363**	**1.350**	**428.750**

8.3 Cash flow statement

In this figure we are introducing cash flow statements of APPoint over 3 operational years. In the first year we are starting our operations with zero cash on hand. Since we will be able to make sales starting from the last quarter of the first year, we will have less revenue and more costs in Year 1. The numbers in the cash flow is coming from the profit and loss statement of APPoint. As we mentioned in the funding request part of this plan, we are going to get 100.000 AZN investment in the first year to cover our costs. Finally, after deducting the major capital expenditure which is 30.000 AZN used to build a mobile app, we will be left with 16.200 AZN cash on hand. This process will continue in the next years as well and our operating cash will increase across the years.

Cash Flow			
	Year 1	Year 2	Year 3
Beginning Cash	0	16200	143.900
Gross Margin	12.800	120.400	546.600
Expenses	-66.600	-108.800	-194.200
Investment	100000	116100	0
Capital Expense	-30000	0	0

Change in Cash	16.200	127.700	352.400
Ending Balance	16200	143.900	496.300

8.4 Funding request

There are mainly two sources of funding for this app project. First and foremost, in the concept development and pre-seed stage family and friends are considered to be the ones who will finance our costs. Secondly, after development of the app and passing the pre-seed stage successfully we are going to search for angel investors to invest in our app in its seed stage. For this app we have defined three stages of development. First and the costliest stage in our funding strategy is the process of creating and developing the app. In other words, building a minimum viable product for testing our concept is the first stage in the life cycle of APPoint. Development stage of a mobile application is going to last for approximately 8-9 months. In this stage we are not able to make sales as the product is not ready therefore, we will be operating with the loss. The initial stage of app development and building a minimum viable product will cost nearly ₼30.000. In order to proceed for the next steps and launch the minimum viable product to the market we need to attract at least 30-50 beauty and health centers to our application. During the process of app development, we are going to start negotiations with our potential customers and will attract them before launching the app. To attract customers to our mobile app we will need ₼14.500 across 2 years (4.500 AZN for Year 1 and 10.000 AZN for Year 2), as it is mentioned in the cost of customer acquisition part of a marketing strategy. All those stages are considered as pre-seed stages of app development.

Afterwards, the second phase of funding strategy will start. This phase will start after launching the app to the market which is approximately the last quarter of the first operational year. This stage is considered as a seed stage in the development process. In this phase we have

three main activities. One of them is increasing the functionality after testing a MVP. Based on the feedback of customers we are going to add some new features. Another activity is about adding advertising space to the app. And finally, the last activity is increasing the customer portfolio. For all these activities to be implemented we need approximately ₼140.100 (Including marketing and sales activities). The funds will be used in developing the features, expenses of maintenance, sales costs and so on. This phase is going to continue till the third operational year when our app will grow to the substantial level.

Last but not least, the last phase in our funding strategy is aimed at increasing the data analytics and implementation of data selling. In this phase we are not going to look for an investment, since we assume that in that year, we will be able to meet the costs associated with this activity.

The investment of funds is diversified for the four main areas: product engineering and development, marketing, sales, general and administrative:

Area	For Year 1 and Year 2	Comments
Product Engineering and Development	40.000 AZN	30.000 AZN - Development of MVP in the first year. 10.000 AZN – Improving existing features and developing new features
Marketing	68.100 AZN	9.500+ 22.000 AZN-Advertising expenses of app including promotional discount (from marketing expense table) 5.400+31.200 AZN-Marketing staff salaries (from staffing table)

Sales	72.000 AZN	Expansion of sales team/salaries (29.400 AZN For Year 1 and 42.600 AZN for Year 2, from staffing table) Their expenses while one-to-one meeting with customers.
General and Administrative	36.000 AZN	To cover general and administrative expenses for the year 1 and 2 (from staffing table)

As shown in the figure, product engineering and development are the most important parts where we need more funding. While considering the costs of software engineers and mobile app developers as well we will invest ₼40.000. ₼30.000 of this investment is going to be spent in development of MVP in the first year and the rest, which is ₼10.000 will be used for improving existing features and developing new features in the app.

Another area of investment is marketing. Here we consider the salaries of marketing staff and advertising expenses of the app. Overall we need will invest ₼68.100 in marketing of APPoint. We have defined salaries according to staffing plans and are going to talk about the other expenses in the following parts of financial projections.

Third area is about sales where we are going to invest funds. Sales is the most important part of our operations since our revenue comes from it. We are going to hire sales agents to promote our app and make sales to beauty and health centers. Approximately ₼72.000 is going to be invested in the expansion of sales team. Here we include salaries of sales persons, sales managers and the other expenses that are related to the sales process. For example, expenses of a sales agent while meeting face-to-face with beauty and health centers such as transport fees.

And finally, last but not least, the last part of our funds is going to be invested in general and administrative areas. We assume here ₼36.000 of investment. This investment is done in order

to cover the general and administrative expenses for the first year. To sum up, we need total ₼216.100 across 2 operational years.

8.5 Revenue streams

The business model of APPoint depends on two types. One of them is revenue stream and the other is advertising. We will be mainly recurring revenue from monthly payments made by beauty and health centers. For the first operational year we are going to use this business model to gain revenue from customers. After getting known by customers and users we are going to expand our revenue channels as it is mentioned in the above parts. From the second operational year we are going to switch to advertising as well in order to double our revenue. We are going to charge extra fees for the beauty and health centers that want their ads to appear in the advertising panel of our app. This feature will give extra benefit for beauty and health centers in gaining customers and increasing their revenues. Last but not least from the third operational year we are going to implement data selling to third parties. This will include providing our partners with data about customer preferences. This service will provide a number of benefits to our partners and other related companies as well. To sum up, our business model is considered as a multi sided platform business model.

8.6 Breakeven analysis

Revenue/Cost analysis
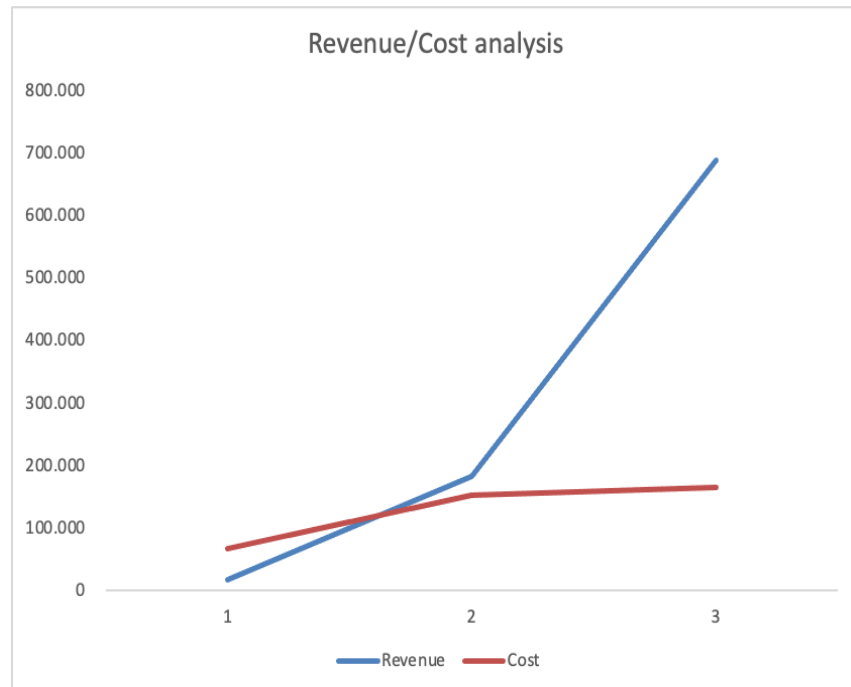
In the above-mentioned chart, we could easily see the relationship between the revenue and costs of APPoint. As it is shown, In the first year of operations APPoint is going to have more costs than revenue. The reason here is that as it was mentioned several times before, we will not have sales till the last quarter of the first year, since in this stage we are going to build an app. We can see that between Year 1 and Year 2 our revenue and costs become equal in the amount. And after that point our revenue exceeds costs. This point is considered a breakeven point in the financial model of APPoint. After breakeven both costs and revenues increase but the significance is different. So, after that point revenue increases more than costs.

9. APPENDIX

Figure 1: Survey results from customers:

What is your age? (Yaşınız?)
59 responses
- 15-35
- 35-55
- 55+
33.9%
61%

How you would prefer booking your appointment?(Rezervasiya/görüşlərinizi necə təyin etməyi üstün tutardınız?)
59 responses
- Via booking system/ Rezervasiya sistemi vasitəsilə
- Via phone call/ Telefon zəngi ilə
- Via website/ vebsayt vasitəsilə
- Via social media pages/ Sosial media səhifələri vasitəsilə
62.7%
16.9%
16.9%

What is your gender?/ (Cinsiniz?)
59 responses
- Male (kişi)
- Female (qadın)
76.3%
23.7%

Would it be easy to book your appointment via mobile app? (Rezervasiyalarınızı mobil tətbiq vasitəsilə etmək daha rahat olardı mı?)
59 responses
- yes/ bəli
- no/ xeyr
86.4%
13.6%

How frequently you go to beauty and barbershop/health centers? (Gözəllik salonu, bərbər və ya sağlamlıq mərkəzlərinə hansı aralıqla gedirsiniz?)
59 responses
- Once a week/ Həftədə 1 dəfə
- Once a month/ Ayda 1 dəfə
- More than twice a month/ Ayda 2 dəfədən çox
- Once a year/ İldə 1 dəfə
22%
62.7%
10.2%

Would you like to see all beauty/health centers in one app? (Bütün gözəllik və sağlamlıq mərkəzlərini vahid mobil tətbiqdə görmək istərdiniz mi?)
58 responses
- yes/ bəli
- no/ xeyr
86.2%
13.8%

Do you book an appointment beforehand? / (Əvvəlcədən rezervasiya təyin edirsiniz?)
59 responses
- yes/ bəli
- no/ xeyr
88.1%
11.9%

Figure 2: Survey results from beauty and health centers.

How do you manage your appoinments? (Rezervasiyalarınızı necə idarə edirsiniz?)
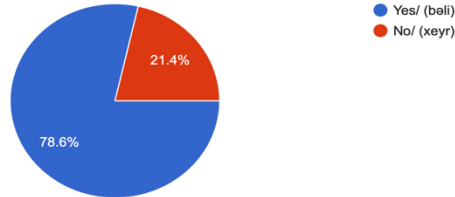14 responses

- In paper notes/ (kağızda qeyd edərək)
- In excel/ (excel vasitəsi ilə)
- Booking management system/ (rezervasiya idarəsi üzrə sistem)

35.7% 21.4% 42.9%
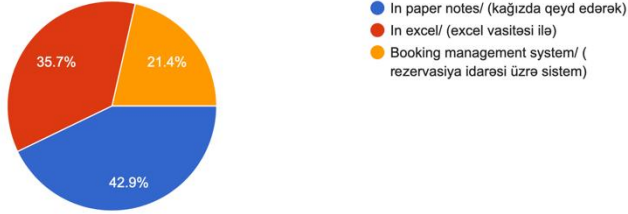
How often you face with time conflict with your customers? (Müştərilərlə vaxt uyğunsuzluğu tez-tez yaşayırsınız?)
14 responses

- Very often/ (tez-tez belə hallar baş verir)
- Sometimes/ (bəzən)
- Never happened/ (belə hal baş vermeyib)

57.1% 7.1% 35.7%

Would it be easier to manage appointments via mobile app?/ (Rezervasiyalarınızı mobil tətbiq vasitəsilə idarə etmək rahat olardı mı?)
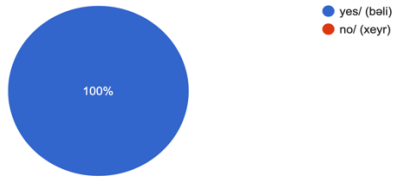14 responses

- Yes/ (bəli)
- No/ (xeyr)

21.4% 78.6%

Would you join to app that provides booking management services? (Rezervasiya xidməti verən mobil tətbiqə qoşulardınız mı?)
14 responses

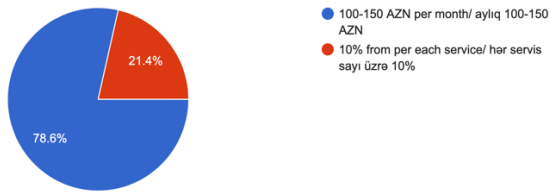- yes/ (bəli)
- no/ (xeyr)

35.7% 64.3%
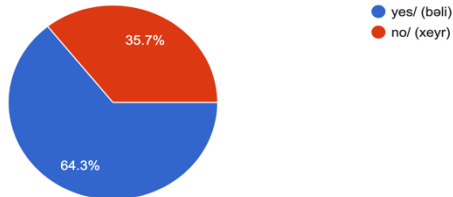
Would you join to the app that allows you increase customers? (Müştəri sayınızı artıqmağa imkan yaradan bir mobil tətbiqə qoşulardınız mı?)

14 responses

- yes/ (bəli)
- no/ (xeyr)

100%

What is the amount you are willing to pay for joining a mobile booking app? (Mobil rezervasiya sisteminə qoşulmaq üçün ödəmək istədiyiniz məbləğ nə qədər olardı?)

14 responses

- 100-150 AZN per month/ aylıq 100-150 AZN
- 10% from per each service/ hər servis sayı üzrə 10%

21.4%
78.6%

What is the average service price in your center?(Mərkəzinizdəki xidmətlərin orta qiyməti nə qədərdir?)

14 responses

- 10/20 AZN
- 30/50 AZN
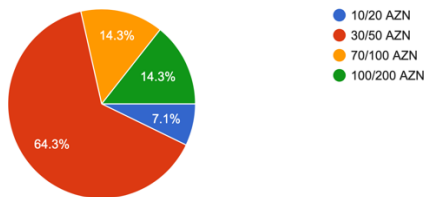- 70/100 AZN
- 100/200 AZN

14.3%
14.3%
7.1%
64.3%

Figure 3: Sales plan by months

Revenue through channels	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	TOTAL
Year 1									3.000	3.500	4.500	5.000	16.000
APPoint Partner									3.000	3.500	4.500	5.000	16.000
Advertising space													-
Data selling													-
Year 2	4.000	4.500	5.800	9.000	10.000	12.000	15.000	19.000	23.000	25.600	26.500	27.000	181.400
APPoint Partner	4.000	4.500	5.800	7.000	8.000	10.000	13.000	15.000	19.000	21.600	22.500	23.000	153.400
Advertising space				2.000	2.000	2.000	2.000	4.000	4.000	4.000	4.000	4.000	28.000
Data selling													-

Year 3	28.800	31.800	36.800	42.000	50.000	52.500	64.000	64.500	65.000	84.000	84.000	84.000	687.400
APPoint Partner	22.000	25.000	30.000	32.000	35.000	37.500	47.000	47.500	48.000	60.000	60.000	60.000	504.000
Advertising space	6.800	6.800	6.800	10.000	10.000	10.000	12.000	12.000	12.000	14.000	14.000	14.000	128.400
Data selling					5.000	5.000	5.000	5.000	5.000	10.000	10.000	10.000	55.000

Figure 4: Cost of sales for Year 1

Year 1	September	October	November	December	TOTAL
CGS (Cost of Sales)	600	700	900	1.000	3.200
Subscription & hosting costs	150	175	225	250	800

Support costs	300	350	450	500	1.600
Software license and patent fee	150	175	225	250	800

10. REFERENCES

1.Cabinet of Ministers in Republic of Azerbaijan (2021) *Criteria for determining the startup*

https://e-qanun.az/framework/46782

2. Cabinet of Ministers in Republic of Azerbaijan (2011). *Rules for the transfer of personal data collected and processed in corporate information systems to third parties on a paid basis*

https://e-qanun.az/framework/21385

3. Chen, Q., Zhang, M., & Zhao, X. (2017). *Analysing customer behaviour in mobile app usage*. Industrial Management & Data Systems, 117(2), 425-438.

4. Civil code, Azerbaijan, §87-97 (2005).

https://e-qanun.az/framework/46944

5. De Jans, Steffi, Dieneke V.S., Marijke D.V., and Hudders L. 2020. *"#Sponsored! How the Recognition of Sponsoring on Instagram Posts Affects Adolescents' Brand Evaluations through Source Evaluations."* Computers in Human Behavior 109.

6. Kemp, S. (2021, February 11). *Digital in Azerbaijan: All the statistics you need in 2021* - DataReportal – global digital insights. Retrieved May 11, 2022, from https://datareportal.com/reports/digital-2021-azerbaijan

7. Kemp, S. (2022, February 15). *Digital 2022: Azerbaijan* - DataReportal – Global Digital Insights. Retrieved May 11, 2022, from https://datareportal.com/reports/digital-2022-azerbaijan

8. Lilley, C., Kürtz, K. O., Soller, H., & Stüer, C. (2022). *Crafting the optimal model for the IT architecture organization.* https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/tech-forward/crafting-the-optimal-model-for-the-it-architecture-organization

9. Lin, H.-C., P. F. Bruning, and H. Swarna. (2018). *Using online opinion leaders to promote the hedonic and utilitarian value of products and services.* Business Horizons 61 (3):431–42.

10. Ministry of digital development and transport of the Republic of Azerbaijan (2010). *Act on the personal data*

https://mincom.gov.az/upload/files/6997474c82ad77e1b5433ecb1681b831.pdf

11. State statistical committee of the Republic of Azerbaijan (2021) *Azerbaijani population*

https://www.stat.gov.az/source/demoqraphy/ap/

12. Tax code, Azerbaijan, § 102.1.31 (2000).

https://e-qanun.az/framework/46948

13. Xiao-Liang, S., Wang, N., Sun, Y., & Li, X. (2013). *Unleash the power of mobile word-of-mouth.* Online Information Review, 37(1), 42-60. http://dx.doi.org.ada.idm.oclc.org/10.1108/14684521311311621

14. Ye, Guoquan, Liselot Hudders, Steffi De Jans, and Marijke De Veirman. 2021. *"The Value of Influencer Marketing for Business: A Bibliometric Analysis and Managerial Implications."* Journal of Advertising 50(2):160–78.

15. https://www.semrush.com

16. https://hypeauditor.com