SURF ALERT

"Never miss a wave or waste a minute of sleep!"

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I. Executive summary:

Surf Alert innovates the way surfers check the surf conditions through an app with the most accurate data reports. Surfers hate to wake up to bad surf conditions and find no waves. So we have created an app that wakes you only when the conditions are to your standards. This means that you never have to miss another minute of sleep or good surf again. We will be using data from a government funded research buoy site and integrate it into our app for "easy to read" surf forecasts. The surfing industry has grown exponentially within the last 20 years. There are now over 13 million surfers in the US with almost 3.2 million living in CA. This market is massive and untapped with many opportunities. It will cost a total of $20,200 to create the app and continually update it. After 3 years we project that we will make a $50,000 profit and then continue to grow thereafter. We are evaluating our company at $250,000 and proposing a $37,500 investment for a %15 stake in our company.

II. Mission Statement:

Innovate the way surfers check the surf conditions through the most accurate reports to a never miss a wave or waste a minute of sleep!

III. Value Proposition:

Because surfers hate to wake up to bad surf conditions we have created an app that wakes you only when the conditions are to your standards. This means that you never have to miss another minute of sleep or good surf again through the most accurate swell data.

IV. Market Plan/Analysis:

A. Product description:

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Surf Alert is an app that enables users to get live streaming surf forecasts and swell models that enable surfers to get the most accurate conditions. There are also standout features such as an alarm that enables users to set certain conditions and it will only wake u up if those conditions are met.

B. Promotion:

Our biggest form of promotion will be through word of mouth for the start. Once we have established a basis, we plan to advertise on facebook and through other social media sites such as instagram, snapchat and twitter. We will launch the app in Santa Barbara then grow throughout California. We will be spending $1,000 a month on advertisements on local magazines and websites such as surfline and 17ft (A Santa Barbara local surf site). In order to have funds to start we will be running a kickstarter campaign where people can donate as much as they want. We will include incentives such as for every $5 they will get the app first and a free year subscription. Pledging $10 they will get the benefits of pledging the $5 and a bumper sticker. We will also be creating a short video portraying what our app can do and so they get a feel of what to expect.

C. Pricing:

We plan to implement subscription based pricing structure. The app will be available for free for free for the beginning to gain some customers and offer an upgrade to premium. The free version will contain only the staples of our app and the very basics. That will include only a selective amount of spots and include the wave height. The premium, will cost around $2.99per year, and will allow the user to have access to the whole app which gives them options to track all the conditions that affect the wave, while allowing the user to follow as many surf spots as they wish

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and include an alert system based on the user's personal parameter. To make this app we need to partner with an app developer and a software engineer. The price for this could range from a $8,000 to $20,000.

Competitive analysis:

Market: The surfing industry has grown exponentially in the last 20 years. There are now over 17 million surfers in the US with almost 3.2 million living in CA. This market is massive and there are many opportunities. The surfing market is also very competitive with many big brands such as Surfline, Hurley, and Nike. There are, however, very few in the technological side of the surfing industry with only a few apps on the market. The apps that are provided by these big surf brands have limited features and tend to be inaccurate. Also, none of our competitors include a feature to set an alarm when the waves are good. This is an opportunity for an app such as ours to grow and prosper.

SWOT analysis:

Strengths: We have a vast knowledge of the surfing industry. We know what is aesthetically pleasing to surfers since we are our target market. We also know what database we will use for swell data that is very reliable. No other app does this

Weaknesses: App development costs a lot, No experience

Opportunities: Many people in SB would use our app because they are tired of waking up in the morning to bad waves. Hard to read swell models and charts.

Threats: People could just decide to look at buoys instead of sites or apps.

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Target Market:

- Surfers age 12 and up to 45, ages up to 45 are likely to embrace technology

- Can range from all types of surfers: longboarders, short, or even spongers.

- Median age of surfer in CA is 34 years old, median income $75,000, 62% are college educated, 67%are employed

Barriers to entry:

In order to have this app be feasible we need to develop the app which could range from $8,000 to 40,000. We need developers and software programmers. Anyone can enter this market. They would just need to find a database to get the swell info.

Keys to Success:

The keys to success are:

1. Consistent swell forecasts.
2. Simple and easy to read data
3. Functionality.
4. Keeping people interactive.

Survey:

I. National Profile Survey

The results of the survey indicate that respondents are adults in their early 30s who are educated and earn a high income. We find that most surfers are male (90%), avg. 34 years old, educated (62% have a Bachelor's degree or above), and employed full-time earning $75,000 per year. The respondents to the Surf-First Survey are more affluent and have higher education and income levels than either the 2000 U.S. National Recreation Survey or National Census results.

Demographic profile of surfers in the US

Subject	median age	education	household income	employment
Surfers (surf-first survey)	34	62%	75,000$	67%
Surfers (NSRE)	16-24	32%	50-74,000$	-
US citizens (National Census)	37	28%	52,175$	-

Surfers in the U.S. are experienced and avid athletes who make expenditures in coastal communities each time they surf. Survey responses indicate that the average surfer has 16 years of experience and surfs early in the morning for 2.5 hours per session and average 108 times per year. On each visit, expenditures will average $66 on items such as food, gas, rental equipment,

lodging, and/or merchandise. The 3,916 respondents went surfing a total of 557,310 times in the past year and assuming a mean expenditure of $66 during each visit, generated an economic impact6 of $36,782,460. This represents a very small population of surfers relative to the total number of surfers in the U.S. (Wiley et al., 2006). Based on Leeworthy and Wiley's (2001) estimate of about 76 million annual surf visits and using $25 as a conservative value from Hanemann et al. (2004) and $66 found in our survey, we estimate a range for the annual economic impact from U.S. surfers that could be from $2 billion/year to $5 billion/year.

years surfing	16
surfboards owned	4
arrival time	8:15am
duration(hours)	1:30
distance traveled (one way)	10 miles
annual visits	108
total visits in sample (n=3916)	557,310
average expenditure per visit	66$
economic impact	36 million

Team:

Dakota Crowley:(CEO)

Mr. Crowley has had 15 years of surfing experience and has a vast knowledge of the surfing industry. He has been a marketing intern for Crossfit Pacific Coast, creating and running all their ads and programs. He is currently a senior at San Marcos High School and is a part of the Entrepreneurship Academy. He has taken courses such as Finance, Marketing, Entrepreneurship, and Business development. These classes have given him a good foundation in order to run and start a business.

Paul Robitaille (CMO)

Paul Robitaille has been surfing since he was a little kid and has grown up around people who have done the same. This accounts for his knowledge about the industry and how he can relate to the needs of surfers. This is how he will be able to contribute to reaching the demographics of our target market. He has been part of the Entrepreneurship Academy for three years and has taken high level marketing, finance and economic classes. These courses have prepared him and advanced his knowledge in the business field.

Tore Harlan (COO)

Tore was born in 1997 in Santa Barbara. He has been been surfing for half of his life and loved every second of it. He has been in the Entrepreneurship Academy since it started and it has given him the knowledge and experience to start and run a company. With this experience surfing, he came across the same problem as his colleagues.

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J.R. Manar (CFO)

J.R. Manar and is a senior at San Marcos High School in the Entrepreneurship Academy. He has taken numerous business classes and has a lot of business experience working in J.R.'s family's restaurants since he was 12 years old. J.R. has been surfing for 5 years and is very knowledgable about the industry.

Distribution:

Surf Alert is an app, that will be sold on the Apple Store. Once established we will develop and launch an app available for Android. The app will be available for free with limited features and customers will be able to upgrade to a premium version for $2.99. The Apple Store has a one time developer fee of $100 a year and then receive a 30% cut off every purchase.

Sales:

Distribution sales are dependent on new business, therefore the sales strategy for Surf Alert is based on new, consistent upgrades to premium, with a high emphasis on customer service and relations.   Because we are a new App, we understand that we will have to prove our worth to our customers with consistent surf forecasts and alerts in order to earn their respect and business. Through government funded buoy research data Surf Alert will be able to give hourly up to date information providing our customers with the most reliable data.

Surf Alert will offer two versions of the App, one being a free version with limited features and a premium one that will have all the features unlocked. Customers would be using our service depending on how much they surf, avid surfers will be using it on a daily basis while others could be using it 2 to 3 times a week. The majority sales will be coming from users who

try out and like the app while the other sales will be from people who know others that live by the app.

Sales Forecast:

Our predictions about the future sales of the product are based on how we predict the amount of user download the app then how many people buy in app purchases. We do not have exact numbers on the costs of everything included in the app however it will most likely follow the same trend and growth as people who download the app. This being the case it will probably be very few amount sales in the first year because it will be a challenge to get our foot in the door the first year. On the other hand though once an app starts to gain a little traction the growth can be increased monumentally. This being said so will our sales, the numbers will be very small in the first year including the major costs just creating the app. But the costs after the initial start-up cost will be very minimal and are margins will increase drastically.

There are about 3.2 million surfers in California with half of them being avid surfers (1.6 million) who check the waves each day. The first year after we have made the app with all of its features we will capture 1.5% of the 1.6 million, that is $288,000 in revenue the first year (24,000x12). The second year we are hoping to grow 5% to capture 6.5%, making $1,248,000 in revenue. Then the third year we will grow another 5% to obtain 11.5% of the market and get $2,208,000 in revenue.

Financial plan Overview:

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Our App will be running off a database from a government research facility which is free information. Since our App depends on outside data it will cost a little bit extra to create the logic to get the information translated to our App. The extra cost will also come from architecting all the information into a user friendly way to view it. From our estimates to hire someone to create a high quality app that runs off a database will cost $22,500. Once we have made revenue and gotten traction we will update the app fixing bugs, making it look and run better, and adding more features.

Pricing: $.99 Monthly Subscription fee

Expenses:

Link to Financials:

https://docs.google.com/spreadsheets/d/1K4hOK0RdtIjdA5xLjtnTANoNRq2r-KdwmyclrDCv1Os/edit?usp=sharing

	A	B JAN	C FEB	D MAR	E APR	F MAY	G JUN	H JUL	I AUG	J SEP	K OCT	L NOV	M DEC	N TOTALS
1	Your Company's Financial Model	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS
2	2016													
3														
4	Non-recurring Expenses													
5	Build a Prototype	20,000	1,000	0	0	500	0	0	500	0	0	500	0	22,500
6	Create a Website	0	0	0	0	0	0	0	0	0	0	0	0	0
7														
8	Fixed Expenses													
9	Marketing	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$6,000
10	App Maintenance	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$2,400
11	Your Survival Pay Check	$50	$50	$50	$50	$50	$50	$50	$50	$50	$50	$50	$50	$600
12	Sub-Total	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$9,000
13														
14	Variable Expenses													
15	Number of Units Built	1	0	0	0	0	0	0	0	0	0	0	0	$1
16	Cost per Unit Built	$22,500	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$22,500
17	Number of Units Sold	3	6	15	60	150	235	500	1000	1500	2500	3000	4000	$4,000
18	Sub-Total	$22,500	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$22,500
19	Fixed plus Variable Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$31,500
20	Total Revenue	$100	$500	$1,000	$4,000	$8,000	$12,000	$17,000	$22,000	$43,000	$65,000	$65,000	$50,400	$288,000

Sources and Use of Funds:

Funding is a huge part of getting this app up and running. It is going to cost $22,500 to just get the app developed on top of the 100 dollars paid annually to Apple to keep it in the Apple Store. Not only do we have to develop the app but we must patent the idea as well. The pricing of this will depend on the number and types of patents we need. Because the App has such unique features, we will be making a promo kickstarter video to not only spread the word about our app and get people involved, but also raise money to actually get it going. This has been very effective for past users on kickstarter and we hope to have the same luck. It will be from these donations and the help of family and friends that we will be able to fund the app.

Proposed Offering:

Over the last decade the surf industry has seen an exponential increase. As of 2010 there was an estimated 13 million surfers in America and this number is still growing. Each year there is an estimated $6.3 billion dollars spent on surfing items such as boards, wetsuits, sunglasses, and surf-related clothing and accessories. There are however, no surfing apps in the surfing market that can accurately forecast and notify the user when the waves are good, or allow the user to set their perfect conditions. With our Surf Alert app this will change the game and give surfers the most out of their iphone.

Ownership Structure:

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We will have a 4 way partnership Limited Liability Company (LLC) with 35% equity to Dakota Crowley (CEO), 25% to Tore (COO), 20% to J.R. (CFO), and 20% to Paul(CMO).

Special Considerations:

Since our Company is focused on the ocean we also want to spread ocean awareness. Each year our ocean is becoming more polluted by us with more than 250 tons of trash being thrown in the ocean each year. All this pollution not only affects us but also all the marine life that live in it. Hundreds of thousands sea mammals are killed in the ocean by pollution each year which has a huge effect on ecosystems and on our health. We will incorporate a banner ad for the Surfrider Foundation whose goal is to bring awareness and protect our oceans locally and globally. Also 5% of all our profits will be donated to this foundation. We will also have a fact of the day about the ocean that will be at the bottom of the app screen.

Exit Plan:

Our goal is to eventually sell our company to surfline or to another surf company. We are not planning to keep the company or to continue to grow it once we have a good offer of around $3 million.