



MOBILE O2O PLATFORM

BY

DANDAN SONG

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (INTERNATIONAL PROGRAM)

SOUTHEAST ASIA UNIVERSITY

ACADEMIC YEAR 2022

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Abstract

This research is qualitative research. The objective is startup business. This research presents a comprehensive analysis of the O2O mobile platform in terms of strategic analysis, marketing, human resources, financial analysis, and risk analysis. From the perspective of environment and other macro analysis, the industry and environmental platform, competitive environment and its own conditions are analyzed, and finally the SWOT analysis model is used to determine the "centralization" strategic direction and "differentiation" model platform marketing. This is an important business plan to explore the mobile Internet era, mobile O2O application profitability and business models.

Key Word : Mobile O2O ; Business Plan ; Profit Model ; Operating Model

Acknowledgements

At the early stage of finalizing this thesis, I have always been optimistic about the new industry of mobile platform O2O, and I am very interested in the new industry, so I set the topic of the selected course as "Mobile Platform O2O Business Plan". After deciding on the topic, I started to consult relevant books and materials, and combined with reading a lot of cutting-edge information. During this period of time, I firstly determined the general framework of the paper, conceived the theoretical issues and classic cases involved in the paper, got a certain grasp of the main arguments and thesis, and also analyzed some problems in the O2O marketing model. Of course, during this period, we also encountered bottlenecks in our thinking and found that we lacked the accumulation and precipitation of knowledge, so we experienced great challenges.

Due to my own academic training is not enough, for the analysis and understanding of the theory I still have a lot of incomplete place I am grateful to all the teachers, friends, and family who have supported and helped me during this time. Special thanks to Dr. Puttithorn Jirayus, Director of our Graduate School, Dr. Napaporn Khantanapha, Head of MBA Department Assoc. Department Assoc. Prof. Dr. Chairit Thongrawd, and my supervisor, Assistant Professor Dr. Chairit Thongrawd. Finally, I would like to express my sincere gratitude to all the teachers who have reviewed this thesis during their busy schedules!

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Section 1

Executive Summary

section 1: Executive Summary. Each part of this thesis is briefly described in terms of research content and research methodology.

section 2: Industry Analysis. Analysis of the platform industry structure, success factors and other industry behaviors.

section 3: Company description. The overall project background is introduced, the overall project idea and the project functional modules are introduced, and the company's legal status and legal issues are analyzed.

section 4: Market Analysis. Analysis of platform purchaser behavior as well as competitors.

section 5: The Economics of Business. Identify market positioning through market segmentation analysis; identify the appropriate marketing and strategic mix for the project through analysis.

section 6: Marketing Plan. Marketing plan, pricing strategy, sales process and promotional activities are analyzed.

section 7: Design and Development Plan. Analysis of development status and tasks, etc.

section 8: Operations and Production Plan. Analysis of operational plans, business models, procedures, business locations, facilities and equipment, and operational strategies and plans.

Section 9: Management team and company structure. An analysis of the management team and the company structure.

Section 10: Overall Schedule section. Analysis of the inclusion of venture capital and leased facilities, etc.

Section 11: Financial Analysis. By budgeting for software development, hardware investment, and personnel requirements; financial indicators such as payback period, net present value, and internal rate of return are comprehensively evaluated.

Section 2

Industry Analysis

2.1 Industry size, growth rate and sales forecast

With the popularity of the Internet and the rise of e-commerce, the online shopping environment is becoming more and more sophisticated, with government regulation, logistics and payment environment becoming more and more mature, people's habits of quiet shopping have changed. More and more people are getting used to buying products online, while shopping networks are slowly and continuously shifting to seniors[1] .

As of June 2022, the national e-commerce transaction value reached 14.52 trillion yuan, up 23.3% year-on-year according to 2021. Among them, B2B transactions reached \$14.5 trillion, an increase of 14.26% year-on-year in 2021. The size of the retail network reached \$876.2 billion, up 32.6% year-on-year in 2021. Chinese Internet users spent \$894 million, with 37.25 million new users. The Internet penetration rate was 56.2%, an increase of about 5% from the end of 2021. Among them, net user purchases reached US\$ 277 million, while the influence of the e-commerce industry on traditional selling channels is increasing in 2021 with the continuous development of the industry. On the one hand, traditional businesses are facing many problems with increasing competition, high production costs and homogenization of competing industries making it difficult to satisfy an increasing number of customers[2] . On the other hand, traditional companies facing the e-commerce market continue to erode and change consumer habits. Traditional companies such as Suning Electric, Jingdong, Daphne, Boyo Home Textiles, Adidas, Nike, Anta, etc., such as Daphne, Feile, Mercury Home Textiles, Seven Wolves, Lolai Home Textiles, Wang Laogui, Hongxing Erke, etc., have strong comprehensive strength and are replaced by senior "contacts", trying to share the power of low-cost convenience. However, many traditional manufacturers suffered setbacks at the end of the year, from "minor injuries" to "serious injuries", appeared in the local area. Traditional companies face many problems in e-marketing methods, such as: how to avoid counterfeit goods online; how to avoid the impact

of online price drops and commercial channels; so far, traditional e-commerce companies have few success stories[3] . All indications are that e-commerce is not feasible. the emergence of O2O mobile platforms gives hope to traditional companies to use online resources, being gradually recognized and gaining favor and recognition.

According to the definition in the Baidu Encyclopedia of Electronic Commerce, electronic commerce refers to electronic transactions and related services on the Internet, Intranet and value-added networks (van), i.e.: electronic and traditional networks in business activities. Broad e-commerce and the use of electronic tools in business activities. In a narrow sense, the Internet is mainly used for commercial activities. There are two distinctive features of e-commerce, one is the use of the Internet and the other is the conduct of business[3] . Currently, e-commerce models mainly include business-to-business (B2B) model, business consumer-to-consumer (B2C) model, business-to-government (B2G) model, consumer-to-consumer model and new consumer-focused model (C2B2)[4] . The development of e-commerce is divided into five main phases.

Phase I: e-mail phase.

Phase 2: Information dissemination phase.

Phase III: E-commerce phase.

Phase IV: the full e-commerce phase, where software hits the Internet and extends the e-commerce chain.

Stage 5: Wisdom stage, with active, interactive and other multi-angle deep communication with users.

From 1990 to 1993, e-commerce in China started; from 1993 to 1997, the State Council established the leading information system in the country. from 1998 to 2000, Internet e-commerce developed, and the first online transactions - Internet, B2C and other business models appeared at this stage; from 2000 years to 2009, in order to stabilize this period, e-commerce has gradually entered traditional B2B enterprises and entered a period of sustainable development and stability[5] . At present, online e-commerce has entered a mature stage, receiving unprecedented attention and national strategies have been strengthened.

This industry is huge and growing very fast, integrating the current mainstream social media, e-commerce and mobile terminals, helping enterprises to open up online and offline multi-channels through tools such as pan-points and QR codes, and providing integrated solutions for consumers and businesses in the six stages of pre-purchase, in transit, in-store, decision making, purchase and after-sales. The pre-purchase stage provides functions such as searching relevant product information in enterprise circle or interest group, finding relevant product promotion or special sale information, nearby store information, product evaluation and rating, product price, store inventory, relevant product recommendation, reservation, etc.[6] .

2.2 Industry Structure

In transit stage users may have decided to buy, they can choose to place an order online or may go to a physical store, the system integrates map navigation function and provides coupon management function. Mobile check-in points, recommending relevant information based on the geographical location of the check-in.

In-store purchase stage: Users can use mobile terminals to check prices, find product shelves, recommend related products, scan QR codes, use points coupons, make electronic payments, etc., and wait for store personnel to pick goods. After purchase, users can share their shopping experience, product usage experience, and interact with the company.[7] .

The above functions help enterprises to conduct accurate marketing, introduce online users, improve the conversion rate of customer orders, increase brand viscosity, enhance brand influence, more timely understanding of product defects for improvement and innovation, and enhance services. It provides consumers with rich, comprehensive and timely information on business offers and discounts, participation in corporate activities, full interaction with companies, and more benefits and convenience.

2.3 Industry Trends (Industry Environment)

Political Factors

1, the state has introduced various measures to coordinate planning, accelerate network upgrades, and coordinate the coordinated development of 3G, WLAN, LTE networks. The basic network support for the development of mobile Internet is provided[8] .

2. Relevant documents have been issued to regulate network development and information security. Relevant measures have been introduced to the problems of chaos, deception, rumors and indiscriminate charges that exist on the Internet. Insist on constant control. Telecom operating companies are required to develop relevant systems and strict self-discipline. And take a variety of special activities to clean up and rectify the various undesirable phenomena in the network. For the benign development of mobile O2O, escort[9] .

3. Strengthen the regulation of mobile network environment. Build a fair competitive environment and protect the legitimate rights and interests of users.

4, the "12th Five-Year Plan" information industry, Internet and broadband development plan pointed out that to accelerate the construction of mobile networks, while ensuring reasonable tariffs, accelerate and healthy development of mobile terminals and mobile applications, mobile e-commerce, mobile payments and other business areas. At the same time also introduced policies and regulations related to the security of the mobile Internet network environment[10] .

Economic Factors

1. China has become the second largest economy in the world, and the economic development has spurred the development of mobile Internet. The mobile users are showing rapid growth. According to the telecom industry operations released by the Ministry of Industry and Information Technology in January 2014, the total number of domestic mobile Internet users exceeded the 800 million mark, reaching 838 million, and mobile Internet access reached 133 million GB, an increase of 46.9% compared to the same period last year. In terms of mobile network, by the end of 2010, the 3G network had covered all county-level cities nationwide, and traffic

package tariffs were on the decline. At the same time, the level of user spending on mobile application services is increasing significantly[11] .

2, information consumption continues to grow, with an average annual growth rate of more than 20%, it is expected that by 2015, the consumption scale will exceed 3.5 trillion, and will generate more than 120 million new market size. According to Ariadne, it is expected that by 2017, the mobile Internet market size will be close to 600 billion, reaching 4.5 times growth[12] .

3, the rapid growth of the mobile shopping market, according to the latest statistics of the Ariadne Consulting, 2013 China's mobile shopping market transactions reached 167.64 billion yuan, an increase of 165.4% year-on-year, the growth rate is more than four times the PC side of online shopping.

Sociocultural Factors (Sociocultural Environment)

According to Baidu's "2013Q3 Mobile Internet Development Trend Report", the proportion of Android users in third- and fourth-tier cities and rural areas reached 45%, compared with 35% in the same period last year, which shows that users' awareness of mobile Internet services is increasing and the cycle of users' transformation from awareness to consumption behavior will be further shortened.

2. Users rely more and more on mobile Internet. Mobile Internet access anytime, anywhere has changed every aspect of people's lives. People are gradually getting used to cell phones to understand the news, play games and entertainment, communicate with friends and share their opinions, and more and more people are joining the ranks of mobile shopping[13] .

2.4 Long-term industry outlook

1. Low threshold: 0 base, 0 guarantee money, free move-in.

2.High income: high unit price of platform products, strong customer spending power and substantial product profits.

3. Small risk: the platform promotes the boutique explosion model, no hoarding.

4. No promotion: no need to spend money on promotion, saving a large amount of promotion fees.

O2O is a concept that went from birth to explosion less than two years ago. All types of O2O startups and various investment institutions have emerged with such a rosy image that we should also see if they can. Sharing a lot of resources proves the model. The fact that O2O business is possible, at least for now, doesn't prove that O2O is a business. On the contrary, O2O is just a means to an end, not a vine. Therefore, if O2O has any future prospects or characteristics, You will be better suited to the smart sector and will be more decentralized[14] . In addition, O2O is understood simply as an online interaction model, a physical store. Through online promotions, customer input or brick and mortar stores can virtual network is a tool. The physical store can increase the credibility of the product and also view the physical store, the environment and other relevant information. Online promotions are a real-time marketing channel for online stores and a lifestyle change. As the new life evolves, the biggest bottleneck is the communication and interaction with physical stores and the improvement of online processes. the biggest problem of O2O is now also online, and only the line below the line of communication and interaction is the sign of maturity. However, even so, today, O2O is a model that covers most industries and its future prospects remain bright[15] .

Section 3

Company Description

3.1 Company History

The company is committed to mobile Internet platform, Mobile Internet (Mobile Internet, MI for short) is an emerging industry that uses mobile wireless communication to obtain services and services through intelligent mobile terminals, containing three levels of terminals, software and applications. 2001-2004, the mobile Internet began to sprout, smart phones initially began to grow[16] . 2007 onwards, the In 2007, mobile Internet was developed rapidly, China's mobile market added value to 8.6 billion, mobile users reached more than 40 million, and a large number of Internet service providers entered the center of mobile Internet. 2007 Apple launched iPhone and google launched Android, which provided the application basis for the integration of mobile terminal application layer. 2011 various mobile Internet applications began to popularize and develop, mobile users' user In 2011, various mobile Internet applications began to be popularized, and the user habits of mobile users were gradually developed. By 2022, the mobile Internet will show steady development, and the market size is expected to exceed that of mobile value-added services by 2024.[17] .

In this context, this paper introduces the use of mobile Internet. Companies avoid creating business circles with self e-commerce as a service center so that companies and end consumers can use O2O mobile platforms. Connections can interact directly and help companies to achieve single line or even full integration, but some of these projects are paid for[18] .

3.2 Introduction of tasks and company products

This product uses Chuck Martin's mobile shopping lifecycle theory to help businesses by integrating mainstream social media, e-commerce and mobile terminals through global integration, QR codes and other tools. After six phases of integrated

solution delivery, we open up multiple online and offline channels for consumers and entrepreneurs to pre-purchase, shop, decide and buy. In the pre-purchase stage, we can provide functions to search for relevant information from related products in business units or interest groups, search for information related to promotional products or private sales near the infoshop, evaluate products and scores, product prices, inventory, recommendations of related products, and reservations. Transit users have decided to buy, you can choose to place an order online, or go to a physical store, navigation systems integrate maps and provide management to continue scoring based on the recommended geographic information signature [19] .

Installment purchase store: users can use mobile terminals to conduct price surveys, find products on the shelves, recommend related products, scan QR codes, embed usage vouchers and pay electronically, etc., and wait for staff stores to select products. After purchase, users can share their shopping experience, product usage experience, and interaction with the company [20] .

With the above features, we can help companies to market accurately, introduce online users, increase customer conversion, improve brand awareness and enhance brand influence. It is appropriate to understand the shortcomings of products, improve, innovate and enhance services [21] . It provides consumers with rich, comprehensive and timely information about offers, discounts, participation in corporate events, full interaction with the company, and more physical and comfort.

3.3 Legal status and ownership of the company

1. the company's legal status:

the company has independent legal personality, with its entire property to the company's debt responsibility. Branch companies do not have corporate legal personality, its civil liability by the head office; subsidiaries have corporate legal personality, independent civil liability according to law [22] .

2. The legal basis of the company.

According to Article 3 of the Company Law of the People's Republic of China, the company is an enterprise legal person with independent legal person property

and enjoys legal person property rights. The company is liable for the debts of the company with its entire property. The shareholders of a limited liability company are liable to the company to the extent of their subscribed capital; the shareholders of a joint-stock company are liable to the company to the extent of their subscribed shares [23] .

3. Legal provisions of the company law on the status of branch office litigation.

According to Article 49 of the Civil Procedure Law and Article 40 of the Opinions on Several Issues of the Application of the Civil Procedure Law, respectively, the subject status of a branch office in litigation is regulated. According to the provisions of the two articles, the legal status of the branch is defined as other organizations, which can be a party to civil litigation and be represented by the main person in charge in the litigation. The articles explain the other organization status of a branch, "an organization that is legally established, has certain organizational structure and property, but does not have legal personality." The ability to intervene in a lawsuit is not necessarily as a party to the lawsuit; whether or not to intervene depends on the choice of the parties [24] . After the parties choose the branch as the defendant in the lawsuit, the court will be judged according to the situation of the branch, judged by the criteria of, first, the branch to be legally established, the second is based on a certain organization and property. Without one of these two criteria, the branch cannot participate in the lawsuit as an independent civil subject.[25][26]

Section 4

Marketing Plan

4.1 Market segmentation and market selection

Market Positioning Platform: Integrating mainstream social media and e-commerce, small and medium-sized shoe and apparel companies, offering easy-to-use products and taking advantage of resource integration platforms to provide assistance [27]. In terms of hygiene facilities, the company combines quality products and attractive prices with its own real potential products to replicate the platform and enhance the role of information to create a brand that is popularly acclaimed and improve stickiness. At the same time, consumers can get tangible benefits through coupons and points.[28]

Market competition website: Nowadays, the O2O mobile market is very competitive. On the one hand, Pat, an Internet giant, has invested a lot of money to establish its own environment; on the other hand, traditional companies such as Suning, Haier and Wanda have also given full play to their indirect advantages in the O2O field [29]. At present, mainstream electronic platforms are also increasing their investment in O2O. At present, most of the investment is still focused on local life. (Food and beverage, tourism, entertainment, etc.), retail, etc. This is another strange platform to avoid aggressive competition with Big Brother and make full use of Big Brother's Internet to build O2O. ecosystem (WeChat, Alibaba, etc.) There is an opportunity to rely on the ecosystem to help traditional enterprises communicate and transform and help them build their own competitive O2O media. [30]

Consumer website: Through early market analysis, the target customer group platform is widely accepted by young and old people for Internet and mobile Internet. Outdoor products, cosmetics and personal products, IT, mother and child, cell phone bill recharge and other categories have a high degree of acceptance. Cell phone bill recharge is a virtual product, which is not suitable for O2O. IT and 3C industries are highly concentrated, basically concentrated in the hands of a few large brands, which are also not suitable for the platform. As large brand enterprises

generally have the ability to invest in independent research and development, they generally do not choose platform type products, so the platform is more inclined to work with the industry concentration is not high, and for the industry there are many small and medium-sized enterprises in the footwear industry as the main battlefield [31].

4.2 Buyer behavior

Consumer buying behavior is very complex, and the emergence of buying behavior is influenced by the interaction of internal and external factors. By studying consumers' buying behavior, marketing companies can control the patterns of buying behavior and thus develop effective marketing strategies to achieve marketing goals. Consumer buying dynamics, interaction, diversity, volatility, impulsiveness, transactions and other behaviors. Strictly speaking, customer buying behavior includes a series of steps, i.e., customer buying behavior originates from a systematic decision-making process and is influenced by many internal and external factors. The complexity and variability of customer buying behavior poses additional challenges for salespeople. It is important to understand the decision-making process decisions and the factors that influence purchasing decisions [32]

O2O mobile is a major trend in social development, and companies are bound to participate in a large number of O2O. Therefore, the demand for O2O is still very strong, but the emergence of similar products will inevitably be affected by fierce competition before the low threshold. Buyers are bargaining under some pressure. Given these considerations, this is a platform to build a service industry and enhance basic competitiveness [33].

4.3 Competitor Analysis

The competitive environment of the platform is analyzed according to Michael Porter's (Michael Porter) five forces model. Bargaining power of suppliers, bargaining power of buyers, ability of potential competitors to enter, ability of substitutes to substitute, and ability of competitors in the industry to compete now [34].

(1) Competition in existing industries

2014 can be said to be the first year of O2O, several Internet giants are speeding up the pace of building their respective ecosystem, several giants can be said to be the leaders of the industry, establishing industry rules and actively influencing users and promoting the development of the industry. It can be said to be the construction period of the industry. The operation mode of this platform is not competitive with that of the Internet giants, but helps enterprises how to better utilize the ecosystem and provide convenient services for marketing, sales and after-sales. Platforms similar to this product are more dedicated to the local life category, such as tourism, catering, entertainment and other industries. There are no competitors with very obvious advantages in the niche service area for traditional FMCG enterprises.

(2) Threat of potential entrants

O2O can be said to be the last blue ocean of e-commerce, so there are many companies who want to enter this industry. With the recognition of O2O mode by users and enterprises, enterprises will increase their investment in O2O and may build their own platform similar to the platform. And because of the low threshold, there are few entrants. It is necessary to accumulate competitive advantage in a certain segment [35].

(3) The threat of substitutes

As O2O is a new industry, it has emerged along with social development and technological development. Traditional channels and e-commerce can be used as substitutes in one way or another. Although traditional channels and e-commerce channels are still the mainstream of business, they cannot stop the development of mobile O2O. Mobile O2O has a strong vitality, and the threat of substitutes is low.

4.4 SWOT Analysis

Strength.

Potential partners have proven experience in the FMCG industry and more than a thousand customers; familiar with all areas of the FMCG category. He is familiar with the difficulties faced by FMCG companies and has a background in e-commerce. The

other partner has many years of experience in IT services in the industry; and has experience in large enterprises, from successfully leading similar projects, with experience in large-scale system architecture and integrated PC and mobile application development, with a strong interest in mobile applications [36] .

Weakness (weakness).

1) The platform is not well known

The platform is in the start-up stage and lacks influence in the industry. The good thing is that mobile O2O is an emerging industry, the industry lacks famous big enterprises and successful cases, and the entrants are all in the stage of figuring out and exploring business models. Therefore, the platform needs to take advantage of this stage to actively explore a profit model that suits its own characteristics and plow deep into the local small and medium-sized shoes and clothing field. Build their own core competitiveness [37] .

2) Immaturity of user products

The product is still in the development stage and has not experienced the test of time. The main product of the platform is to integrate mainstream social media and e-commerce websites with the help of mobile terminals, helping enterprises to connect online and offline entities, and the model of online attraction has no successful precedent in China, so it needs to cross the river by feeling the stones. The platform is complete with basic functions such as sending text, passing pictures, forwarding and commenting, but there are no other highlighting functions, resulting in a low production threshold, which will lead to similar competitors copying and imitating [51] . Need to build core competitiveness.

3) Immature operation team

Because the platform is not invested in the early stage, it is more necessary to use the industry influence of the partners for marketing in the early stage. And due to the lack of capital, it is not possible to recruit experienced personnel for operation [38] .

Opportunity.

1) Rapid development of China's local life service e-commerce industry

The macro environment of O2O e-commerce industry in China is analyzed in the previous section. We can see that both in the political environment, economic environment, social environment and technology and other general environment, all bring good development atmosphere for mobile O2O[53] . Since 2013, the O2O market has been growing faster than e-commerce, and has shown stronger development than traditional e-commerce. This is also an important opportunity for O2O e-commerce.[39]

2) The popularity of the Internet to second- and third-tier cities

According to Ariadne, China's Internet is spreading to second- and third-tier cities and even vast rural areas, which enriches the scale of potential online users and will undoubtedly drive the growth of China's O2O market. The current O2O companies are concentrated in the first-tier cities in North, Shanghai and Guangzhou, and are unlikely to cover the whole country in the short term, especially the second and third-tier cities, which provides a good opportunity for platform development. The platform can focus on the second and third tier cities [40] .

Threat.

In 2014, Tencent's equity strategy was often subject to public commentary. Alibaba and Yongtai have partnered to list Tencent in eastern Beijing. pat and PF will acquire the packaging network in eastern Beijing and the German viaduct. All these show that, on the one hand, O2O has become a new hot spot, and on the other hand, it reveals a fierce competitive atmosphere. Facing this threat, a platform looking for capital entry points, avoiding aggressive competition with large platforms, the reuse of large streaming platforms with self-exchanging functions. Avoiding conflicts with large platforms.

4.5 Revenue Drivers and Margins

Traditional revenue from merchandising, such as revenue from web links: $\text{revenue} = \text{sales volume} * \text{unit price}$. The growth of revenue is also driven by nothing more than the growth of sales volume or/and unit price. The focus here is on two points, exponential growth in sales volume and steady growth in unit price.

I. If the company achieves a breakthrough in either of these two areas, then the company is certainly successful. Of course, the most successful is certainly to achieve both. New energy vehicles and industrial chain companies are typical examples of exponential growth in sales. The driving factors behind the exponential growth of sales may be due to new technologies such as Apple, new markets such as the new crown vaccine, or policies such as carbon neutral Tesla carbon credits revenue, or more likely consumer preferences such as Bubble Mart's blind box, etc. It is important to predict technology, market, policy, consumer preference, etc. It is more important to predict which of these factors will lead to exponential revenue growth.

II. The more typical cases of stable growth in unit price are Chanel and Katzai Huang. There is also a distinction between passive price increases and active price increases. Some products will increase their prices steadily according to the rising cost of production, which is more like passive price increase. Passive price increases are more often seen in midstream companies in the industry chain, such as some midstream companies in the new energy automotive industry chain, like Jinli permanent magnet. The non-cost increase factors of active price increases are obviously more attractive. Roughly speaking, if the sales volume remains unchanged, the price increase is basically the rate of increase in operating profit margin, the company's performance is extremely substantial help. A 10 billion revenue 1 billion operating profit of the company, if other costs remain unchanged, a 5% price increase, operating profit from 1 billion to 1.5 billion, operating profit up to 50%.

III. There is also a case where the unit price shows a perverse exponential increase in the case of stable sales volume. This is an extremely special case, usually due to a serious imbalance between supply and demand that occurs in the short term, such as container freight prices, for example, crude oil prices. Unless the imbalance between supply and demand cannot be improved, such exponential growth in unit prices is not sustainable.

(2) Service revenue, such as Wal-Mart's third-party platform service revenue, Poly Property's property service revenue, Byte's advertising revenue, Drip's taxi service

revenue, Apple's subscription revenue, etc. The service revenue model is relatively diverse and complex, but it can be simply divided into transaction-based service revenue, SAAS-type service revenue and one-time service revenue.

I. Revenue from transaction-based services is relatively simple, and there are often related transactions behind the revenue. The model for revenue is total transaction amount * commission rate (GTV*take rate). The drivers of this part of revenue growth are mainly the increase of total transaction amount, such as Meituan and Express, but also the increase of commission rate, such as Shell. The improvement of total transaction volume mainly depends on penetration and market share, while the improvement of commission rate mainly depends on monopoly position. Again, if one can achieve exponential growth in transaction volume or/and steady growth in commission rate, then the company is very impressive. (But not all companies will recognize revenue in this way, there are some companies that will recognize total transactions as revenue, such as Drip. Drip's taxi business is basically the same as Uber's. Passengers pay the total taxi fare to Drip/Uber, and Drip/Uber then pays the bulk of it to the driver, keeping a portion for themselves. (Normally, one should classify the portion one keeps as one's own revenue, which is how Uber recognizes net revenue, but Drip classifies the entire cab fare as its own revenue, which also inflates the size of Drip's revenue many times over.)

The core drivers of revenue growth in the SAAS category are also the growth in the number of customers and the growth in ARPU, and it is also worth noting the exponential growth in the number of customers or/and the steady growth in ARPU. If the customers are mainly retail customers, then the exponential growth of the number of customers is more achievable. If the customers are mainly corporate customers, then the exponential growth of the number of customers is less achievable and will be more dependent on the growth of ARPU, such as cross-services, multi-product penetration, etc.

III. One-time service revenue is relatively unsustainable, but the amount of a single service is generally relatively large. The model for one-time service revenue is basically the number of projects * amount per project. The main criticism of one-time

service revenue is non-recurring, or unsustainable. The growth of such revenue is more uncertain, and the drivers of growth are more dependent on the specific needs of the project demand side, which is relatively passive.

(3) Hypothetical revenue is not accounting revenue by nature, but is taken into account because there are many companies that have no revenue this year and no revenue next year, and may not have revenue until 2025, such as some biopharmaceutical companies. The model for hypothetical revenue can be top-down, market size * market share, or bottom-up, capacity * unit price in future periods. The growth of hypothetical revenue is mainly related to market size assumptions, technological advantages, etc.

4.6 Fixed and variable costs

Fixed cost is the cost that can be kept constant within a certain period and a certain business volume without being affected by changes in business volume.

Variable cost, also known as variable cost, is a cost item that varies with the change of output in the total cost, mainly the value of raw materials, fuel, power and other factors of production; when the output of a certain period increases, the consumption of raw materials, fuel and power will increase proportionally, and the cost incurred will also increase proportionally, so it is called variable cost. Variable cost is equal to total cost minus fixed cost.

Total costs and expenses can be classified into variable costs, fixed costs and semi-variable (or semi-fixed) costs based on the relationship between costs and production. Variable cost formula $\text{Product cost} = \text{direct material cost} + \text{direct labor cost} + \text{variable manufacturing costs}$ The variable cost method treats fixed manufacturing costs as period costs fully charged to current profit and loss. Under the variable cost method, profit is usually calculated using a contribution-based income statement. This statement should generally include items such as operating income, variable costs, marginal contribution, fixed costs, and profit.

Among them, variable costs include variable production costs and variable non-production costs, and fixed costs include fixed production costs and fixed non-

production costs. Variable costs are the costs paid to various variable factors of production, such as the purchase of raw materials and power consumption costs and workers' wages. Such costs vary with production volume and often need to be paid only after the actual production process has started. Fixed costs can usually be distinguished into two categories. One category is constrained fixed costs and the other is discretionary fixed costs.

4.7 Operating leverage and its impact

The factors influencing operating leverage are fixed costs (same variation), variable costs per unit (same variation), quantity of products sold (reverse variation), sales price level (reverse variation)

Operating leverage factor = rate of change in EBITDA/rate of change in sales = $M/(M-F)$

Operating leverage is a phenomenon in which a small change in sales volume causes a large change in EBITDA due to the presence of fixed operating costs. Operating leverage magnifies the impact of changes in market and production factors on profit volatility. The higher the operating leverage factor, the greater the operating risk. Companies can generally reduce operating leverage by increasing operating income, reducing the unit variable cost of products, and reducing the proportion of fixed costs to make the operating leverage coefficient decrease and reduce operating risk.

4.8 Start-up costs

if you have some experience and ability, but not enough capital.

1. You can consider finding a few people to partner with or looking for investors. The capital required in this case is also not much, but there are requirements for your ability.

2. you can consider doing a freelancer, to operate some light assets of the e-commerce platform, that is, overseas warehouses are not yet popular, big sales are

not much monopoly of the market, such as cross-border e-commerce exports of Afro-Asian platform: Linio, wish, etc..

3. you can consider doing a freelancer, operating some light assets sales method, such as a piece of hair.

4. for the cross-border import industry, the lack of funds but overseas contacts can do overseas shopping, there are funds to consider their own choice of good product imports, the requirements of the capital chain is relatively high.

4.9 Overall Marketing Strategy

The basic idea of the whole operation management, the platform adopts the open sharing method, cultivates the sense of identity and participation of employees, and does not set clear KPI as far as possible, so that employees only focus on KPI indicators, but not on the real amount of business goals. We implement a 360-degree evaluation system for performance, focusing on employee mutual evaluation and customer evaluation. Create a culture centered on customer needs[41]. At different stages, the platform focuses on different operation priorities: the initial stage is mainly concerned with the construction of platform products, mainly focusing on smooth processes, stable operation and being able to support the core functions of customers. Gradually improve the platform functions and form its own style. Take some promotion measures to increase the customer base. At the more mature stage of platform operation, the agency operation service will be launched. This stage is aimed at the O2O characteristics of the platform.

By analyzing the macro environment, the industry, competitors and the advantages and disadvantages of the platform, we can know that investing in the platform is a huge opportunity to enter. The platform should make full use of the big platform that creates the environment and be the first to enter. While promoting the big platform and changing users' mobile shopping habits, we should make full use of its advantages and take a position using the big platform environment[42]. The following are specific strategic choices for the platform.

Stage 1: The starting platform is not well-known in the industry, the product platform technology is not mature, the customer accumulation is not rich, and the platform impact is small. At this stage, we mainly focus on a low-cost strategy to invest in projects compatible with high platforms with limited energy and capital to ensure sufficient revenue and gradually maintain the continuous operation of the platform.

Phase II: With the accumulation of technology platforms, services and reputation in the past two years, the platform with a certain regional influence in the industry has a good reputation and has accumulated a certain amount of funds. The second phase focuses on building a core competitive platform and deepening the target market for customers. Focusing on meeting user needs, we are committed to building a service platform of "integration, innovation and speed". With our experience in this area, we can help our customers maintain marketing accuracy, improve product quality, and facilitate and support end-users during the pre-purchase, purchase decision, and post-sales experience and communication phases in the early stages of our data integration platform. Implement a strategy focused on the service experience[43].

O2O is a consumer-facing platform that sits on the other side of the local business line. A strong network effect emerging platform, i.e. more companies will attract more consumers and vice versa. An important function of this platform is to connect all aspects of demand. If the needs of consumers and offline companies can be effectively met, whether it is beneficial for both sides to add value at the same time is the key to expanding the O2O platform. Consumers want to get advice on spending, offer information and consumer convenience on the platform, and to evaluate or share consumer experiences. However, the company wants to use the O2O platform to increase revenue sales, reduce operational costs, build brand and reputation, and understand market trends and consumer preferences. The cutting-edge market analysis also puts the SME shoe and apparel selection platform at the top of the list, with mom-and-pop and cosmetic companies complementing the target market. The large companies in this market share the following characteristics: large

user base, broad consumption, and rich offline experience. In the Internet era, many small and medium-sized brands with declining profitability are facing many operational pressures and want to find a new starting point. This section will focus on footwear and apparel companies. In order to analyze customers and combine the characteristics of Internet users, choose the right platform to cooperate with shoe and apparel companies[44] .

4.10 Pricing Strategy

The O2O platform has consumers on one side and offline local merchants on the other. Both sides of the platform have a strong cross-side network effect, i.e. more merchants will attract more consumers and vice versa. The important function of the platform is to connect the needs of each side. The ability to effectively balance the needs of consumers and offline merchants, and to help both sides add value, is the key to the expansion of O2O platforms. Specifically, consumers want to get consumption advice, discount information, consumption convenience, and evaluate or share consumption experience on the platform. Merchants, on the other hand, want to use O2O platforms to increase sales revenue, reduce operating costs, build brand and reputation, and understand market trends and consumer preferences.[45] . Through the previous market analysis, the platform chose the target market of small and medium-sized enterprises in footwear and apparel, supplemented by mother and baby and make-up enterprises. Large enterprises in this type of market have the following commonalities, a large user base, circular consumption, and the need for offline experience.

There are many small and medium-sized brand enterprises in the industry, and they are facing numerous operating pressures in the shrinking profit space in the Internet era, and they are eager to find new breakthroughs. In this section, we will analyze the customers of footwear enterprises, combine the characteristics of Internet users, and select the footwear enterprises suitable for platform cooperation[46] .

The customers served by the platform are small and medium-sized apparel enterprises, so the price positioning should not be too high, and the initial

consideration will charge 100000 yuan for the operation and maintenance of the enterprises, and later, through the increase of sales brought by the platform for the enterprises, a certain sales commission will be charged with the enterprises, which is expected to be 2%, so as to achieve a win-win situation[47] .

4.11 Sales process and mix of promotional activities

Positioning for different people: The footwear industry is an industry that requires a high degree of positioning accuracy. People often "judge people by their appearance". Clothes directly affect the first impression of others. It can be said that shoes and clothes play an important role in people's lives more than ever before[48] . They can be divided into the following groups of clothing.

(1) 0-4 years old. Children in this age group cannot afford to buy the clothes they wear for their guardians. Parents in this age group are usually between 25 and 30 years old. The acceptance level is high. In addition, as far as clothing and food for the next generation is concerned, people are living at a higher standard of living and most of them are now children at home. The market potential for children, shoes and clothes is huge if one is willing to invest. Small and medium sized shoe and clothing positioning companies are the professional platform for this age group.

(2) 5-16 years old. Children are still buying clothes by their parents or other older people at this stage and most of them are influenced by the color of the clothes through their buying behavior and by putting forward their own ideas. The platform can transmit information to share benefits and guide parents to buy in physical stores.

(3) 17-19 years old. At this stage, the children do not have a mature model mind and are largely without a financial base. Usually arranged by the mother. In addition, this age group of children develop rapidly, the use of clothing is low this is the first half of the year to buy new clothes, the second half of the year may be very small. Applicable to this age group of customers In addition, from services to e-commerce this age group is relatively low acceptance of footwear and clothing companies are not considered key platforms.

(4) 20-25 years old. This age group starts to think about their own clothes and follow their own ideas at the same time, we want to create our own clothing style to attract the attention of others . In this age group of customers, small clothing stores have better websites but also more difficult. This is a good job because the customer consumers in this age group, especially women, start to value their decoration and need to change various ways you want to try different types of clothes. Most women in this age group are studying, or just starting a job, and even shopping and surfing the internet is important in their lives. They have time to take a walk this afternoon and even if you desire designer brands all day long, money in this shy bag is divided into four main parts: living expenses and cosmetics, entertainment and clothing, so this age is more enthusiastic than brand design, that's why market analysis and marketing strategies why people do not do well? Based on these characteristics of this age group, the platform can make full use of information exchange platform, friend circle recommendation to help the company establish brand image[49] . Focus on the target market.

(5) 26-30 years old. At this age, both men and women, people themselves and their careers begin to mature children from one-to-one to women and men. Especially women at this age will become more beautiful and more confident, but also aware of the risks of aging[50] . This age group is basically financially independent, even I than many rich people. People in this age group are more likely to wear clothes than people in the previous age group. But spending has increased. Spending time at work, friends, family or work to fight aging. Shopping is not comfortable for them because they are more confident in knowing themselves. What you need. Don't waste time roaming the streets aimlessly. After years of practice, she knows what different styles and colors are better for you, and friends will enjoy getting to know them because they are becoming more affordable Promotions, low prices and high quality are not the main criteria for deciding whether to buy, but they care about value for money. This time, he said we are gradually becoming loyal to the brand by users, but we do not exclude the possibility of selling goods in small stores. Therefore, we can use this approach to help companies that want to build their brand image. It will do well in

this age group if it is considered a consumer, and it has a direct impact on the choice of consumers. Therefore, the focus of positioning the company in this age group is the partner platform[51] .

(6) 31-40 years old. People in this age group still have daydreams, but are no longer ignorant today. In fact, at this stage they are the most self-reliant. They know themselves. They are more mature, but not stagnant. They are more confident positive and optimistic especially among women in this age group who become more experienced and no longer feel confused. women over 30. Suddenly, they understand what they want and what they want, and they begin to understand that they are living a comfortable life. Of all the age groups, they are the most confused when it comes to dressing because they are no longer blind they don't buy contemporary styles and they don't buy what is too expensive or too convenient in short.

(7) 40-60 years old. Women in this age group are very assertive and mainly deny and reject their way of being with the world therefore it is more difficult for them to serve the community. But if you do well in this market, it is also the most stable. A great platform to make money. This age group is the best in the market to be a brand agent or join a large chain. Because women in this age group at this time have learned to look for brands that suit their mood, they are usually believers in certain brands. Generally, these companies themselves have a wealth of resources to build their own mobile applications. Even for companies in this age group, clothing is not a flat form to follow.

(8) Over 60 years old. people over 60 years old are more satisfied with their families and retirement life, their free time starts to increase, and they no longer care about fashionable clothes, but comfortable clothes.

(9) Special body clothing market. This market is another kind of market outside the above, more specialized in terms of clothing content. For example, there are special body clothing stores for those who are very full-bodied or too thin; there are also some clothing stores for special occasions and special purposes, such as wedding dress stores and maternity clothes, uniform stores, etc. Although the scale of these customers is not large, but because they are not the mainstream of the market, offline

entities do not cover a wide range of scale, the platform O2O can give full play to the advantages of online and offline, to help end consumers to "private customization".

Through the above analysis, the platform mainly serves footwear and apparel companies: children's wear, small and medium-sized footwear and apparel companies in the 20-30 age group, and small and medium-sized enterprises positioning themselves in special body wear[52].

Small and medium-sized shoes and garments small and medium-sized enterprises positioning special clothing platform with the help of mainstream e-commerce platforms and social media, such as WeChat, microblogging, Jingdong, Taobao and other ecological chain, to create an enterprise-centric ecosystem. Through the large platform for the platform to attract traffic, the platform is committed to, through the enterprise offline entities and online e-commerce channels, so that the online and offline integration with each other, the goal to close the loop, so as to improve the overall sales of enterprises. Improve efficiency from the whole chain, rather than a channel. Fully enhance the services of the platform, strive to achieve word-of-mouth marketing and build a reputation in the footwear industry. Adopt a social network marketing model that does not involve intermediaries. In the first phase, we will make steady progress, focus on serving a few high-quality customers, and improve the platform functions and services so that they are in line with the characteristics of the industry and simple to use. When the core functions of the platform are more mature, for the small merchants suitable for the platform can adopt a reduced service fee or free strategy, with the platform traffic, and small merchants to collect a certain percentage of commission. The platform uses online virtual shopping guide or offline shopping guide, as well as the recommendation of old customers' circle of friends, to widely absorb users who are interested in this business and make them register to the platform. The platform uses the enterprise circle and the integrated social platform to carry out various marketing propaganda. Users are attracted to the platform, and then transformed into orders on the platform. The platform supports store purchase and offline sharing; offline

experience and pickup through the platform or platform guide; points exchange; platform purchase and express delivery to your home and other combinations. The platform receives a certain percentage of commission from the formed orders. And after a period of accumulation, the platform has more data deposits, and the platform can provide customized data analysis, accurate marketing and other value-added functions. And the platform can provide training and guidance to the newly joined enterprises, and for the enterprises that do not have operation ability, the platform can provide operation service on behalf of the enterprises and charge service fee. And for the complex business enterprises to provide customized services. In the early stage of the platform is not mature and before the formation of the brand effect to take the project service fee way[53] .

4.12 Distribution and sales

Adopting the product strategy of "focus, integration and ease of use", we are deeply applying mobile products to the agriculture and FMCG industries.

Today, e-commerce hi selling shoes and apparel is more mature. It does not disperse resources, focuses on strengths and creates core competencies for businesses. The product is easy to use and action oriented. Try to simplify it. Don't do unnecessary tasks. Think about what users want and try to achieve it with the help of social media platforms such as Weibo, Jitterbug and Taobao. Eco-chain, the core of the company's ecosystem. Through large platforms, such as data processing platforms and specialized platforms, through the company's online channels and online business entities, and even integrated e-commerce. The goal is to close the loop, thus facilitating sales throughout the business. Improving the efficiency of the entire range, rather than individual channels. Strengthen the service platform and work to achieve a marketing reputation in the footwear industry. Media use social networks and marketing is the medium for specific engagement.

4.13 Product sales strategy

We adopt the product strategy of "concentration, integration and ease of use", and focus on the shoes and apparel industry, which is currently more mature in e-commerce, without scattering resources and concentrating our strengths to build our core competitiveness. The products are mainly easy to use and practical, as concise as possible, without non-essential functions. We think what the users think, and try our best to make them feel comfortable.

1. Price Strategy

The customers served by the platform are small and medium-sized apparel enterprises, so the price positioning should not be too high, and the initial consideration is not to charge 100,000 yuan for operation and maintenance of the enterprises, and later on, through the platform to increase sales for the enterprises, we will charge a certain sales commission with the enterprises, which is expected to be 2%, so as to achieve a win-win situation.

2. Channel strategy

With the help of mainstream e-commerce platforms and social media, such as WeChat, Weibo, Jingdong, Taobao and other ecological chains, the platform creates an enterprise-centered ecosystem with enterprises as its core. Through the large platform for the platform to attract traffic, the platform is committed to, open the enterprise offline entity and online e-commerce channels, so that the online and offline integration, the goal to close the loop, so as to improve the overall sales of enterprises. To improve the efficiency of the whole chain, rather than a channel. Fully enhance the service of the platform, strive to achieve word-of-mouth marketing, and build a reputation in the footwear industry. Adopt the social network marketing model without involving middlemen[54].

3. Promotion strategy

In the first phase, we will focus on serving a few high-quality customers and improve the platform's functions and services to make it conform to the characteristics of the industry and easy to use. When the core functions of the platform are more mature, for the small merchants suitable for the platform can take

a reduced service fee or free strategy, with the platform traffic, and small merchants to collect a certain percentage of the commission.

Section 5

Management Team and Company Structure

5.1 Management Team

Considering the business characteristics of the platform, to ensure that the mobile O2O platform can run smoothly and maximize its advantages, the platform needs to consider establishing the following departments:

1. Product Development Department and Operation and Maintenance Department: The platform belongs to the emerging O2O mobile e-commerce platform, how to ensure that enterprises open up online e-commerce and offline entities. The platform provides different forms of tools in the pre-purchase stage, in-transit stage, purchase decision stage, payment stage and after-sales and experience sharing stage with the help of information integration. Make the real integration of online and offline, users perceive it as one platform, not two different channels online and offline[56] .

2. Data department: The company not only provides mobile application product tools to enterprises, but also helps some small and medium-sized enterprises in social media networks for product introduction, promotion, event promotion, etc.; provides consulting guidance for traditional enterprises to transform to mobile e-commerce. At the same time, with the help of the platform data to help enterprises to carry out data analysis, data mining and other work. To provide data support for enterprises' accurate marketing and product improvement.

3. Marketing: This department is mainly responsible for industry and competitor analysis and understanding the needs of enterprise level users. Marketing and promotion of the platform. Let more enterprises enjoy the convenience brought by mobile O2O;

5.2 Board Members

Marketing Manager: Partner A

IT Department Manager: Partner B

The work experience and performance of the managers are as follows:

Partner A, graduated from Wuhan University majoring in business administration, has been in the FMCG industry since 2003 and has worked in the food and apparel FMCG sector. He has rich experience in the FMCG industry and has a wide range of contacts.

Main job content.

1. The direction of the platform is gated
2. Responsible for the marketing of the platform, the demand for high-quality cooperation customers, and the platform to grow together.
3. Profit model and cooperation model of the platform

Partner B, graduated from South China University of Technology, majoring in business administration, and studied computer science and technology.

Main job content.

1. Product demand acquisition, demand analysis, grasp product technology direction.
2. Responsible for development team management
3. Platform technical architecture options, platform construction, core code writing, third-party platform API research

5.3 Advisory Board

IT department: responsible for the construction and system development and maintenance of platform application layer and front-end mobile application, integration of mainstream social media and mainstream e-commerce platform. It is divided into development department, mobile development department and system maintenance department.

The main functions of the marketing department:

1. Responsible for platform promotion and publicity, develop marketing strategy
2. Promotion plan preparation, customer cooperation negotiation work, follow-up and management of cooperation projects.
3. Tapping the potential demand of the mobile O2O market to provide the source of power for the development of the platform.
4. Establish and maintain healthy cooperative relationships with client parties to ensure the orderly conduct of platform business.

Operation Department: After a period of operation, the platform has accumulated a certain amount of operational experience, and has a certain amount of user accumulation and sales data accumulation, the platform for the small and medium-sized industry without operational resources to provide operation services, and through the analysis of the platform data to help and have accurate marketing.

5.4 Other Professionals

In the initial stage, the main work was focused on IT and marketing, as there were no customers and platform operation data in the early stage, it was not suitable to establish an operation department. Two partners co-funded the project and were in charge of IT and marketing respectively. During the initial construction of the project, the IT department was mainly responsible for the prototype and DEMO production, and at this time, we considered outsourcing or hiring two R&D personnel to take into account the cost. The marketing department has another partner, who is mainly responsible for the initial marketing and promotion of the platform derivatives, providing project support for the smooth operation of the platform.

6-1 Manpower Demand and Manpower Cost Forecast

(Table 6-1 HR needs and cost forecast)

Department	Manager	Staff	Manager Monthly Salary	Staff Monthly Salary
IT	1	2	12000	7000
Marketing Department	1	3	12000	7000
Other Departments	1	3	12000	7000
Cost			36000	21000

5.5 Management concepts

O2O is an emerging field, a product of the continuous development of information technology, integrating traditional offline economy and sub-commerce. It requires continuous innovation and breakthrough traditional thinking. It can be said that the corporate culture of continuous innovation directly determines the vitality and competitiveness of the platform. The Internet is a highly competitive field with rapid technological knowledge updates. In such a field, it is necessary to have a sense of crisis, continuous innovation, fast response ability, and to maintain a high level of passion in the long run. The company strives to create a corporate atmosphere of equality, openness and collaboration. We encourage innovation and provide a relatively free working environment for our employees. Encourage employees to innovate and reward them financially for coming up with innovative ideas and eventually adopting them. Adopt flat management and equal cooperation among employees.

We strive to build an open, progressive, cooperative and innovative corporate values. Focus on user-centered, from user needs, focus on every detail. Quickly respond to market changes.

1) User first: all user-centered, from the user's needs, to create value for customers.

2) Open sharing: create an open and relaxed working environment and encourage employees to share with each other.

3) Simple and trustworthy: to be simple and trust ourselves and our partners.

4) Entrepreneurial spirit: with passion and sense of crisis, encourage innovation, be the owner of the business

5) Strong execution: rapid advancement, results orientation, responsibility and pursuit of excellence.

Employee Quality Training

Happy: love your job, recognize the core values of the platform to be able to deliver positive energy to yourself and your colleagues around you

Sharing: willing to share their work experience.

Cooperation: Create an open environment of win-win cooperation, where employees share the growth of the company; cooperate with each other, actively share, and collaborate with the goal of user needs.

Innovation: not satisfied with the status quo, pay attention to details and innovate in the smallest detail; create innovative thinking, innovate at all times and everywhere.

Section 6

Operations and Production Plan

6.1 Operational Strategy and Plan

The basic idea of the whole operation management, the platform adopts the open sharing method, cultivates the sense of identity and participation of the staff, and does not set clear KPI as far as possible, so that the staff only focus on KPI indicators, but not on the real amount of business objectives. In terms of performance, we implement a 360-degree evaluation system, focusing on mutual evaluation of employees and customer evaluation. Create a customer-centered culture.

The platform focuses on different operational priorities at different stages: the initial stage focuses on the construction of platform products, mainly on smooth processes, stable operation and being able to support the core functions of customers. Gradually improve the platform functions and form its own style. Take some promotion measures to increase the customer base. At the more mature stage of platform operation, the agency operation service will be launched. At this stage, for the platform O2O characteristics, the operation management focuses on the following aspects.

1. Conversion rate.

Conversion rate mainly refers to the rate of online conversion offline, mainly including the conversion rate of registered user orders, payment conversion rate.

2. Buying system

Focus on customer unit price, repeat purchase rate and order amount per capita.

3. Membership system

Membership system: focus on the number and rate of new members, frequency and depth of user visits, reactivation of dormant users, etc.

4. User behavior system

The user behavior system includes: sign-in rate, analysis of consumers' purchasing behavior, users' dwell time on the platform, users' participation in interaction, frequency of information sharing and sharing value, etc.

Section 7

Financial Projections

7.1 Source and Use of Funds Description

One is the proposal and establishment of mobile O2O platform, which mainly includes PC application and mobile application as well as hardware and network support needed for platform operation. Considering that the initial income of the platform is not much and unstable, it is not suitable to invest a lot of money to purchase hardware assets, so the hardware is leased from the cloud platform and purchased on demand. After the price consultation and comparison of domestic mainstream six cloud platforms (Ali cloud, Baidu cloud, Shanda cloud, Baidu cloud, Sina cloud, Dawning cloud), considering the amount of users and hits in the early stage of the project platform, we consider leasing 4core/8G/120G host, leasing bandwidth 10M, host about 3000, bandwidth about 5000, the annual cost is expected to be about 15000. The platform application part is mainly written by the core business team in the early stage, considering the scale of the platform, two more part-time staff can be recruited, and the investment in this part is expected to be 12W. As the platform aims to connect social media, e-commerce, and offline entities for enterprises, it needs to dock with mainstream social media platforms and e-commerce platforms, after this part of the research, mainstream social media and e-commerce platforms, including Taobao, Jingdong, Dangdang, WeChat, Weibo, etc. all offer development. After this part of the research, the mainstream social media and e-commerce platforms, including Taobao, Jingdong, Dangdang, WeChat, microblogging, etc. are providing development API, the capital investment can be ignored, the main cost in technical research and communication costs, this part of the cost can be covered in human resources costs. The second is the office space rental, the initial staff size in about 5 people, office space costs are expected to $4000 * 13 = 7.2W$; the third is the platform's daily operating liquidity, including marketing and promotion, daily operating costs, etc., consider the recruitment of two full-time staff, is expected to be 15W.

7.2 Assumptions table

The table of assumptions for the total project input is as follows:

Table 11-1 Estimated capital investment of the platform (unit: RMB)

Serial number	Fee Name	Annual input	Percentage of total investment
1	Hardware and Network	15000	3.32%
2	Platform product development	120000	31.24%
3	Office space rental	72000	12.51%
4	Liquidity	150000	74.81%

(Table11-1: Budget: Platform investment funds)

Note: 1. Hardware and network, leasing cloud platform cost Host + network (5M) = 15000 yuan;

2. Platform research and development costs: mainly for the core entrepreneurial team + two part-time

3. Office rental expenses = RMB 4,000/month * 13 months = RMB 72,000;

4. Liquidity: marketing and promotion, daily operation and management costs are estimated at \$150,000.

From the above table, the establishment of the platform needs to invest 348,000 yuan in start-up capital, the source of funds from the entrepreneurial team's own funds, jointly funded by two partners. The first year of funding is mainly used for platform product development and marketing; the third year with the development of the company's business and the initial establishment of brand awareness, the platform has a certain user base and operating experience, will be a major upgrade of the platform, is expected to invest in about 150,000, in addition to the platform will take certain promotional means, the platform is expected to be the rapid growth of users, the platform needs to rent the host and bandwidth Accordingly, the annual cost is expected to be around 50,000. After two years of development, according to

the budget, the platform can accumulate a certain amount of cash flow, which can support this upgrade investment, without the need to raise additional funds.

7.3 Pro forma financial statements

Table 11-2 2018-2022 Pro forma financial statements (Unit: RMB)

Serial number	Fee Name	2022	2023	2024	2025	2026
1	Platform construction and operation	120000	50,000	200000	50,000	50,000
2	Office rental expenses	36000	36000	60,000	60,000	60,000
3	Liquidity	200000				

Serial number	Fee Name	Annual input	Percentage of total investment
1	Hardware and Network	15000	3.32%
2	Platform product development	120000	31.24%
3	Office space rental	72000	12.51%
4	Liquidity	150000	74.81%

Note:1. In the third year, according to the change of marketing strategy and user accumulation, the platform needs to be upgraded on a larger scale, and it is expected to invest another 150,000 RMB.

2.The promotion in 2020 is expected to bring a surge in the number of users, which will require increased investment in servers and bandwidth for the platform, and lease expenses are expected to grow to 50,000;

3.For office space, if the number of staff is expected to double in the third year and the rented area increases by more than 100%, the rent will increase by 100% (the unit price of rent remains unchanged);

7.4 Predictive Income Statement

The mobile O2O platform revenue and expense estimates are based on the following assumptions:

1. In the next five years, the macro environment is good, and the policy environment and social environment are developing smoothly.
- 2 Mobile Internet maintains a high momentum of development.
3. The platform can operate normally and will not be terminated in the middle of the process.
4. The growth of labor cost is stable and will not show large fluctuations;
5. The benchmark rate of return is calculated at $i=12\%$.

The financial evaluation principles of mobile O2O platform are as follows:

1. Consistency principle, that is, when estimating the benefits of mobile O2O platform, consider the input and output of the cost and benefit calculation range in the same range to ensure the authenticity of the estimation.
2. the principle of conservatism, reference to industry statistics, not blindly optimistic, and not overly pessimistic;

Platform members are divided into two parts, corporate members and individual users, the platform is completely free for individual users, mainly for corporate customers to collect annual service fees, and later follow up the sales of enterprises to extract 5% of the sales share, the platform may be implemented after the maturity of the operation business, this thesis is not considered for the time being, consider steady and stable, not greedy, to provide high-quality services, the platform within five years to serve no more than 55 corporate users, for The platform will serve

no more than 55 enterprise users in five years, and the target registered users of the platform will be 160,000 in five years:

Table 11-3 Platform revenue budget (Unit: RMB)

Serial number	Indicators	2022	2023	2024	2025	2026
1	Earnings	400000	1,000,000	3500000	4392448	7168000
1.1	Registered Business Customer Growth Rate	0	1	0.7	0.6	0.25
1.2	Registered Business Users	4	10	35	40	60
1.3	Platform Service Fees	400000	1,000,000	3500000	4000000	6000000
1.4	Per capita consumption	20	30	35	42	50
1.5	Register as an individual user	3000	8000	20000	40000	100000
1.6	Order Conversion Rate	0.025	0.03	0.032	0.032	0.032
1.7	Trading commission percentage				0.05	0.05
1.8	Trading commission income	-	-			
1.9	Sales	547500	2628000	8176000	19622400	58400000
1.1	Sales growth rate		380%	211%	140%	197.625
2	Taxes					

2.1	Sales tax (calculated at 4%)	16000	40000	14000	175697.9	2826720
2.2	Urban construction tax (7%)	28000	70,000	245000	307471.4	501760
2.3	Education surcharge (3%)	12000	30,000	105000	131773.4	215040
3	Actual earnings	344000	860000	3010000	3777505	6164480

Notes:

1. In the first year, because the platform is not perfect, there are not many enterprises, the first registered members are mainly imported by enterprise quality customers, the first-year efforts to reach the scale of 4500 registered users, is expected to reach more than 20W in 2022.

2. order conversion rate, mainly depends on the platform registered users really purchase proportion, that is, the number of daily purchases accounted for the proportion of the number of registered platforms; reference industry data, the conversion rate to achieve more than 6% in five years.

3. Per capita consumption, i.e., the amount of the purchase of the platform products per person per day in the purchasing population, is \$35 and \$37 in 2018 and 2019 respectively, and from the third year onwards, as the user base increases and the acceptance level becomes higher, the number of products purchased per person per day is \$42 in the third year and increases by 3% in the fourth and fifth years.

4. In the first five years, we adopted the strategy of focusing on service, not greedy for more, and registered 50 business users to provide detailed and considerate personal service.

5. The platform is a software enterprise and enjoys a certain discount, calculated at 4% of the sales tax;

7.5 Projected Balance Sheet

The estimated balance sheet of the platform is as follows:

Projects	2022	2023	2024	2025	2026	2027
Assets	450000	600000	650000	720000	730000	74000
1.Current assets						
Cash	250,000	250,000	260000	280000	310000	370000
Accounts Receivable	40000	50,000	70,000	85000	80000	95000
Inventory						
Subtotal	290000	300000	330000	365000	400000	465000
2.Fixed assets						
3. Intangible liabilities	100000	100000	300000	200000	800000	850000
Liabilities						
1. Current liabilities						
2. Long-term liabilities						
Total liabilities						
Owner's income	360000	415000	350000	470000	390000	560000
Undistributed earnings		50,000				60,000
Total Owner's Equity	360000	465000	350000	470000	390000	620000
Total liabilities and owner's equity	650000	765000	670000	835000	790000	1850000

Note: 1. The platform is an asset-light company, with hardware resources leased in the early stage and no shareholders' assets.

2.No bank loans and therefore no long-term liabilities.

3. No profit in the first year, full retention in the second year, and 30% in the third to fifth years;

4. Intangible assets mainly refer to the brand value of the platform and its market value.

7.6 Projected Cash Flow

Projects	2022	2023	2024	2025	2026
I. Cash flows from operating activities					
Subtotal cash inflow	500000	620000	500000	398000	540000
Subtotal cash outflow	748100	750,000	380000	310000	370000
Net cash flow from operating activities	-248100	-130000	880000	808000	910000
II. Cash flows from investing activities					
Subtotal cash inflow					
Subtotal cash outflow					
Net cash flows from investing activities					
III. Cash flows from preparatory activities					
Subtotal cash inflow					
Subtotal cash outflow					
Net cash flows from financing activities					
IV. Impact of exchange rate changes on cash					

V. Net increase in cash and cash equivalents					
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Note:1. The operating cash inflow is mainly the annual platform service fee income and the sales commission income after the third year.

2. Operating cash outflow mainly includes platform construction, business taxes paid, operating costs such as office space rental, hardware and network rental, and overhead and labor expenses to ensure platform operation.

3. The platform mainly adopts a cost-focused strategy in the early stage does not involve investment and fund-raising activities and is mainly a one-time investment by shareholders.

4. From the above table, we can see that except for the first year, the platform cash flow is more than sufficient, which provides capital guarantee for the continued development of the platform.

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