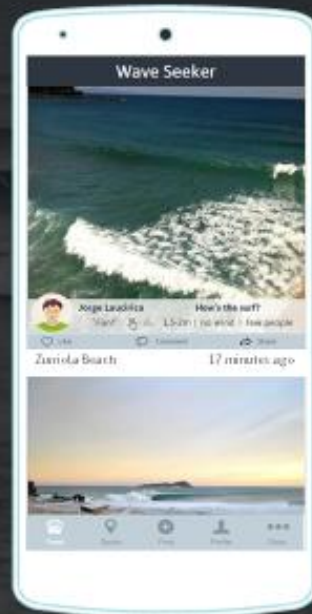Waveland
"Your Instagram app for
checking the surf"

Wave Seeker

INTM 597-SPECIAL PROJECTS
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1. Abstract

This paper is comprised in the entrepreneurship area and maps out the aspects that have to be taken into consideration to raise up the startup Waveland. Waveland is conceived to be the next Instagram for surf checking, an app that will enable surfers to discover in real time which are the surfing conditions in their favorite surf spots.

The content of this report goes through the identification of a problem that hasn't yet been solved by the industry. It is discovered a gap between the service that the already stablished competitors provide and what the users really need. This is explained in the first chapter of the report, the introduction. After that, the report goes about the market and competitors, the competitive advantage of Waveland, the go to market strategy, the profit formula and the organization that will manage the company.

The project objective is to define the strategy that the entrepreneur should follow to start up this business as well as develop the first beta version of the app. The scope of the project is the first two years of business, which comprises launching the app in Basque country, stablish there, and then expand to the rest of Spain and nearer countries: France and UK.

As a result of these last 9 months of work, I have come up with a roadmap to start that process, in which has been proved the feasibility of the project in economical, legal and strategic terms. Additionally, I have developed the first version of the app, available at iOS and Android.

2. Executive Summary

Waveland has born to change the way people think about surf forecasting. People are bored of looking at maps and tables that they hardly never can fully trust. Waveland is the first platform of surf monitoring, which surfers will use minutes before going right away to surf their favorite spots. Indeed, Waveland wants to serve the user with the most updated, accurate and real time surfing conditions in all the places around the world.

And how do we accomplish this objective? Waveland is a digital platform where to share videos and photos of your surfing experiences and also, rate them. The surfer community surfs and shares their experience with other surfers that are about to go surfing and hasn't yet decided where to go, thus, helping them to figure out how exactly the waves are breaking in their nearest spots. By providing this accurate information the surfer avoids having to drive through the coastline and check out by himself the surfing conditions.

This is, actually, the ultimate way of surf monitoring and this project has the aim of describing the business formula that is behind this exceptional digital platform. This business plan studies the feasibility of the idea and successive start-up. Starting for knowing exactly which is the target market and industry leaders and ending with the definition of the resources and personnel that the company will need to successfully outperform its objectives. In the way, it will be defined the strategy and goal of the company, that will lead to the value proposition to the customer and go to market strategy. After that, it will be figured out the profit formula, an imperative and essential element of the business.

Waveland offers an easy platform to find waves in your favorite sports and share them with your community. It is actually aimed at becoming the first option to know about surfing's current conditions for every beach around the globe. To accomplish so, the entire organization should be aligned around one *mission:* to serve customers with the most intuitive, accurate and updated platform of surf monitoring.

Waveland's competitive advantage, and actually first source of revenue, relies on the subscriptions to a premium service where the user can access to videos filmed in 4k and drone view of the surfing's currently conditions. Definitively, the substitution to the surfers' eyes available in your pocket for only 2.69$ a month.

In this project not only it will be formulated the service and features of the business, but also is aimed at designing and developing the first beta version of the app.

3. Introduction

This Project is about creating the roadmap of a new business idea to be executed when the project obtains the necessary resources (funds and a code developer) to pull ahead. This roadmap, or also called business plan, includes the study of the target market, knowing the industry and competitors, determining the profit formula, defining the value proposition and preparing the go to market strategy.

Waveland offers an easy platform to find waves in your favorite sports and share them with your community. It is actually aimed at becoming the first option to know about surfing's current conditions for every beach around the globe. To accomplish so, the entire organization should be aligned around one *mission:* to serve customers with the most intuitive, accurate and updated platform of surf monitoring.

The go to market strategy starts by focusing on the Spain market, and then progressively expand to other geographies of Europe, America and Australia. What it is sold is timely surf reports (photos, videos and reports) of user's favorite surf spots. To do so, two services are offered: free and premium service. The first one includes the reports made by the users of the platform while the second one offers a high quality reports, filmed and powered by Waveland personnel with the most advanced filming techniques: 4K High definition videos using view drone. The drones provide a new way of documenting the surfing conditions as we have never seen before which will be valued by the most demanding users.

The profit formula consists on a combination of Advertising Revenue and the revenue from the subscriptions of the Premium services.

This project might present several concerns and difficulties that will need to be handled:

- How can surfers be encouraged to post their reports of what they are currently watching?
- How clients can be encouraged to get an upgrade version of the application?
- How do we price the premium services so as to be attractive enough for the free version users?
- How can be created and designed a straightforward, intuitive and extremely appealing website and mobile app?
- How do we get into the market?
- How does the company make revenues?

These concerns are aimed to be handled in this project and come up with a proper solution that is feasible, profitable and sustainable. All the aspects of the business have to been regarded. The project has to reveal all the steps that one might follow to make this project a tangible and sustainable company. To accomplish this goal, it is projected below a planning of the well-defined tasks to be timely performed for the next 25 weeks. Split into two semesters,

fall and spring, the work breakdown structure (WBS) defines the set of independent task that constitute the project.

As of fall semester;

- Chapter one serves as a brief, general introduction of the topic, focusing on the central question "What is this project about?" and introducing the issue behind forecasting surfing conditions. Moreover, it will be introduced the strategic plan of the company: its vision, mission and objectives.
- The next task that will be performed is actually chapter four, aimed at discovering the macro environment where the company wants to operate and assess which are its mayor players, and key factor of success.
- After the analysis of the market and the needs of the customer, chapter five is introduced. It will cover the definition of the services and products of Waveland, as well as the Competitive advantage aimed at outperforming current market players. I will also cover the design of the digital platform, a mobile app for the users.
- The next task, chapter six, presents the customer value proposition and Marketing plan, which lays out the company's approach to satisfy customer needs at a price customers will consider a good value.

As of Spring Semester:

- Chapters 9 and 7 describe the profit formula that the company approaches to determining its cost of structure that will allow for acceptable profits, given the pricing tied to its customer value proposition. In addition, it will be assed growth opportunities for the company in the international market.
- And finally, the last task to be performed is chapter 8, that covers the way that the organization is built and how to organize them in order to accomplish the strategically objectives.

Waveland WBS

ACTIVITY	PLAN START	PLAN DURATION	PLAN FINISH	PERCENT COMPLETE
1&3 Introduction Strategic Plan	1	1	2	100%
4.4 Position of Industry Rivals	2	2	4	100%
4.6 Benchmark of key factors	4	2	6	100%
4.5 Profitability opportunities	6	2	8	100%
4.3 Factors that are driving industry change	8	2	10	100%
4.2&4.1 Macroenvironment	10	3	13	100%
6.1 Customer Value proposition	13	3	16	100%
6.2 Operations plan	16	3	19	100%
5.1 Service	19	2	21	100%
5.2 Competitve Advantages	21	3	24	100%
9.1 Revenue Resources	24	3	27	100%
9.2 Projected Cash Flows	27	3	30	100%
9.3 Start-up budget	30	3	33	100%
9.4 Operating budget	33	3	36	100%
9.5 Break-even analysis	36	1	37	100%
9.6 Funding requirements	37	1	38	100%
7. Future growth opportunites	38	4	42	100%
8.1 Staffing the organization	42	2	44	0%
8.2& 8.3 Team management	44	2	46	0%

Figure 1: Work Breakdown of the work to be done before the end of the Spring semester

3

4. Strategic Plan

By developing a Strategic Plan the company could map out where is headed, what is its purpose, their customer target and its financial outcomes. Together, it is constituted for coping with industry conditions, outcompeting rivals, meeting objectives and establishing the vision for the future progress.

4.1. Vision and Mission statements

Waveland has the *vision* of being the first alternative to know about surfing's current conditions for every beach around the globe. To accomplish so, the entire organization should be aligned around one *mission:* to serve customers with the most intuitive, accurate and updated platform of surf monitoring.

4.2. Company Objectives and Goals

Waveland is intended to serve the surfer community with an alternative way to surf forecasting. With this purpose, and in order to reach as much clients as possible, Waveland will launch a mobile application for smartphones.

Waveland's goal is to bring out a viability plan to get Waveland to everybody's surfer's pockets by creating a solid and profitable business plan. Its main goal for the first phase since its launch is to stablish in the Spanish market and thereafter, to start an expansion plan in all the scalable cities of Europe, Australia and America.

4.3. Legal form of ownership

The type of ownership that Waveland will embrace is Private Limited Company (Ltd), common in small to medium-sized business run by a small group of owners. These owners and manager are only available for the business up to the amount they have invested in the company, and are not liable for the debts incurred by the company unless they have signed a personal guarantee (Boundless, 2014)

4.4. Keys to Succeed.

The key of success is to offer more value than the competition at a cheaper or at least same price than them. Moreover, it is also a key point of consideration the advertising and promotion campaign by which Waveland will impact its potential clients.

5. Evaluating the company's external environment

5.1. Industry background

The surfing industry has experienced a shift in the past forty years. Historically considered as a margined or ignored recreational sport, now is driving massive coastal tourism. It has evolved to a multi-billion dollar industry (GlobalWaveConference, 2015). According to the Global Report on Adventure Tourism the number of surfers in the world evolved from 26 million in 2001 to 35 million in 2011. At the present time, that number could reach 36 million worldwide.

Specifically, in Spain, the growth in surfing population has been massive. Fifteen years ago, few surfers in the water were admirably seen as heroes riding their surfboards. Now, instead, one can see crowds of people in the water fighting for catching the best waves. In 2012 the number of surfers in Spain was close to two-hundred thousand surfers, while now is reaching more than 225,500 surfers, according to The Spanish Federation of Surfing. Surfing grows daily, and there are three main indicators to back up this progress: (1) Come into being of clubs and surf schools (2) growth in the number of surfers federated and (3) growth in the female segment.

In 2011 there were no more than 202 surf school registered in Spain, while currently this number reaches 438. Not only they have grown in volume, but also in number of days opened per year. There were a couple or three schools opened all year round while now there are between 20 and 25. Besides, an interesting indicator to evaluate the growth of adepts to the sport is the number of federated surfers. It has growth from the 14,009 surfers in 2010 to the 25,631 in 2014. The boom of the surf is undoubtedly related with the boom in female surfers. In the past, they used to be 30 women per every 70 men, while now surf schools are registering almost 50% of women customers. (Castilla, 2015)

The dramatic success of the worldwide surfing industry during the past years has been driven by several factors. The first one is the role of Surfing Equipment makers, which has made surfing much more comfortable, affordable and approachable then it was. The second one is the previously mentioned fact, the shift of conception towards surfing, becoming now a fashionable trend. The third and most important one is the increased in the accessibility of the sport, whereby surfing forecasts are nowadays much more precise and reliable.

This last trend has been driven by the evolution in surf forecasting technologies. In the entire history of surfing, the humans have come up with a plenty of different ways to forecast surfing conditions. By the first two decades of the twentieth century, old fishermen used to look at fullness of the moon, the wind and even the lay of the seaweed on low-tide rock. Sometime after, in the twenties, in those cities where surfing was very popular, the radio channels started broadcasting daily forecasting surfing reports. They were more accurate than the ones from the fishermen, but they actually lacked enough scientific

criteria. Since then, a tremendous amount of scientific effort has been put to "model" (forecast) the future surfing conditions. Climate modelers, tidal modelers and coastal modelers are all aimed to describe some phenomenon that would correlate with the surfing conditions and therefore, can be used to predict the future.

As a fruit of these new developed technologies, a number of resources are today available to users for predicting surfing conditions. The most common and basic methodologies are buoys, charts and coastal maps. Buoys are basically small stationary weather stations placed in the surface of the ocean. Most buoys transmit swell heights, periods, direction, wind speed, barometric pressure and water temperature. Their drawback is that they are placed at least five miles from the coast, far away from where the waves break down. Charts are measures of predicable breaking conditions in the surfing spots. Peak period, height, wind force and direction are the basic elements that are forecasted. Their drawback is that, as they are just a forecast, they are subjected to the uncertainty of the change in tides and wind. The third resource, map coastal modelers, is basically maps where the height and direction of the swell is represented by a colored scale of height and drawn arrows. They are useful to seize the dimension of the swell but just provide a big picture of possible future surfing conditions. But the questions is, are these resources practical to figure out current surging conditions? The answer is "Not exactly". Although they might reveal the big picture of the surfing current conditions, the laws of chaos of the ocean will always come up with some degree of uncertainty, variance. Surfing conditions vary from hour to hour because of the wind, tide and magnitude of the swell. Therefore, surfers have the resources predict future surfing conditions, but they barely can figure out current and near future surfing conditions.

For this reason, at the end he or she will end up calling a friend (that had already watched the ocean) or going by himself to the beach. He might instead call to a friend and ask him if he had seen the current conditions so he can have a trustworthy report. He might not know as well where spot is breaking better, and might waste plenty of time driving from one place to another. There is no replacement for eyewitness reports and footages to capture the truth.

It is right there where a gap in the current's surf forecasting industry can be found. Surfing society has the need of knowing the most factual and updated report of current's surfing conditions. They not only want to know about future (one to 5 days forward) conditions, they need to know about the current surfing conditions so they can choose the optimum surf break. Waveland is aimed at satisfying this need.

5.2. Relevant factors in the macro environment

A first outlook of the industry where Waveland wants to operate consists in evaluating the competitive conditions in the industry: the external environment. By insightfully diagnosing

the macro environment, Waveland will be able to succeed in crafting a winning strategy that could outperform current rivals by achieving a competitive advantage.

The attention has to be centered in these five components of the company's future macro environment: substitute products, buyers, threat of new entrants and rivalry.

Substitute products. Intermediate. Waveland is vulnerable to competitive pressure of buyers viewing other products as good substitutes. Waveland's major substitutes are the alternative methodologies to check out surfing conditions: (1) Webcams, (2) Buoys, (3) Daily reports (4) Do nothing

▪ *Webcams*. They represent the most comparable substitute. Webcams are widespread around the most touristic surf spots and provide significant reliable information about current surfing conditions. The quality of them depends on the webcam provider: from a simply picture uploaded every 15 seconds to a HD video record. Normally, there is a correlation between time allowed to watch the webcam and cost. Free versions modes are accompanied with limitations such as ads or interruptions, while upgraded versions provide full timely watching at a certain cost. Nowadays, *Surfline* is the greatest webcam provider in the globe, and in states like California for example, provide webcam images to 4 out of 10 beaches.

▪ *Buoys*. Small stationary weather stations placed in the surface of the ocean. Most buoys transmit swell heights, periods, direction, wind speed, barometric pressure and water temperature. Their drawback is that they are placed at least 5 miles from the coast, far away from where the waves break down.

▪ *Daily reports*. There are several websites whose surf forecast services come along with a daily updated report of the beach. This report is made by a forecast expert and provides information about swell size and direction.

An example could be: "Salt Creek surf report: new WNW swells build in further this afternoon while old SW swells fade out. Many spots throughout the county see semi peaky wait zone waves, while standouts produce occasional sets up around chest to shoulder high. Clear, sunny skies and very light SW wind"

▪ *Do nothing*. There is a certain amount of surfers that live close by their home breaks and won't check out any digital resource before actually going surfing.

The presence of readily available substitutes at attractive prices creates competitive pressure to Waveland. Besides, there zero cost in switching to the substitutes contributes to mores intense competitive pressure. Thus, the key point is to make buyers view the substitutes as comparable worse products in terms of quality, usability and precision.

Buyers. Strong. It is another factor that contributes to the rivalry among competitive sellers. From the point of view of the products that already are in the market, there is a great deal of bargaining power of buyers because of three main reasons: (1) Poorly differentiated

products (2) Buyer costs of switching to rivals products is low (3) Difficulty in creating royalty among consumers.

It is difficult to achieve product differentiation in an industry where every player has the same forecast resources: maps, buoys, charts, reports. They do not differ in accuracy and scope of their forecasts. Instead, the pursue differentiating by adding more creation value services such as surfing articles and news, videos, equipment advisory, store and travel guides. Moreover, most players provide the service at a zero cost. Therefore, the players are exposed to rapid and large losses of business.

Threat of new entrants. Strong. Digital businesses have lowered the traditional barriers to entry to businesses. Digital based business models are really attractive because they require far less capital and can bring large economies of scale. Therefore, it is both an advantage and a drawback for Waveland. It will be favorable to enter into the market and also, to get expelled by any possible entrant. Additionally, existing industry members could try to expand their market reach by entering to geographic areas where they do not have presence. It is an environment where the service and products are not subjected to patents, making it easier for new entrants to copy the business idea.

Rivalry. Moderate Direct rivalry of the existing players is the stronger competitive force. Achieving competitive advantage is the way to deal with rivals. Waveland should provide a superior value compared to rival sellers so as to achieve greater market share and profitability. The better positioned players of the industry are *Surfline* -greatest player in the surf forecast industry, *Magicseaweed*, -its direct competitor- and other smaller players such as *Surfr* and *GoFlow*. Waveland is developing a strategic vision of Wave forecasting that any big player in the industry has adopted. Therefore, it will achieve a superior competitive advantage whereby to overcome rivalry.

Assessing how each of the competitive forces gives competitive pressures sets the stage for evaluating the overall profitability of the industry. While buyers have a bargaining position against sellers and the threat of new entrants is strong the attractiveness of the industry is driven by the possibility of be innovative, produce a service that has never seen before, which would catch market share and outperform existing platers of the industry.

5.3. Factors that are driving industry change

This section aims to find out the driving forces of the industry that are the major underlying causes of change in industry and competitive conditions.

▪ **Sharing Economy.** "What is mine is yours, for a fee" (The Economist, 2013). It is a clear definition of what sharing economy consists of. Collaborative consume or sharing economy is an economic system where goods and services are peer-to-peer exchanged in digital platforms. Sharing economy can take three forms: (1) Share of privately owned goods, (2) Redistribution markets and (3) Collaborative markets. (Wikipedia, 2015)

The first one refers to any peer-to-peer rental of private goods or services via digital platforms. The indisputable leader of the segment is Airbnb, a platform where travelers can rent a room or a whole home directly from owners. With more than 800,000 properties registered and present in 192 countries Airbnb contributes to drive the industry change to sharing economy. Other examples can be *DogVacay*; where dog owners can leave their dog with a host who will take care of it, *Taskrabbit*; a mobile marketplace for people to hire people to do jobs and tasks such as deliveries, handyman, and office help, *Liquid*; allows you to rent a bike from a neighbor, and of course *Uber;* a well-known platform for ride sharing.

Redistribution markets basically involve any trade of privately owned goods. Basically, those goods that someone doesn't want can be passed on to someone else, for a fee. The most representative example of such tendency is *Craigslist*, a platform devoted to trade whatever kind of goods, jobs, houses and services.

The third one, Collaborative markets, is about exchanging a less-tangible asset such as knowledge, time or skills. It is based on people with the same habits, interests, lifestyles o needs that share valuable information with the society. The growth of mobile technology provides a platform to enable location-based GPS technology and also provide *real-time sharing* (Owyang, 2015)*. Shareable, Skillshare,* TED are all of them cases of success in the collaborative markets.

The greatest benefits of a sharing economy include save money by recycling items, providing people with access to goods that they can't afford buying them new, and providing specific knowledge.

But what position could Waveland occupy in the sharing economy? Waveland is all about sharing surf reports and photos with people in a collaborative market sharing economy segment. Waveland is aimed to create a huge network of surf reporters around the globe that are posting real-time photos and reports of surfeable conditions for the benefit of both travelers and locals communities. Definitively, the power of sharing economy, the willingness of people to share their experiences will play a key role in the success of the Waveland.

▪ **Emerging new technological capabilities and applications.** The growing use of high speed internet services and the exploding popularity of Internet applications ("apps") for smartphones is one of the major drivers of change in industry. Ten years ago, could only think about looking for a forecast by means of a personal computer. Instead, the computer capabilities have extended to smartphones, thanks in many part to the evolution of cell phone internet speed. The industry is shifting to mobile phones, and an evidence of that is the release of their "app" versions of many wave forecasting websites such as MagicseaWeed and Surfline.

5.4. Position of industry rivals in the market

The success of the application relies on competing differently from rivals: doing what they don't do or doing better, doing it where they haven't already, doing what they can even imagine they can do, doing things in ways that attract customers and set a firm apart from its rivals. The first step to achieve differentiation relies on identifying the resemble companies and benchmark their products and services. To do so it is going to be analyzed the most influential players of the industry: Surfline, MagicSeaweed, GoFlow and Surfr.

SURFLINE

1. **Current Strategy**
- **Position of the competitor in the industry.** Industry leader providing surf forecasts, surf reports and live webcasting.
- **Competitive advantage**: Longest provider of streaming HD coastal cams.
- **Mission:** Tell surfers the best place to go surfing
2. **Capabilities**
- [1] Excellent forecasting resources with a huge number of spots with forecasts available
- Streaming cameras at 150 surf breaks
- Forecasts include: surfing daily reports written by professionals,

- Provides surfing related content such as surf spot information, gear, surf travel guide, surf competition information and results, photography and videography, and its own store.
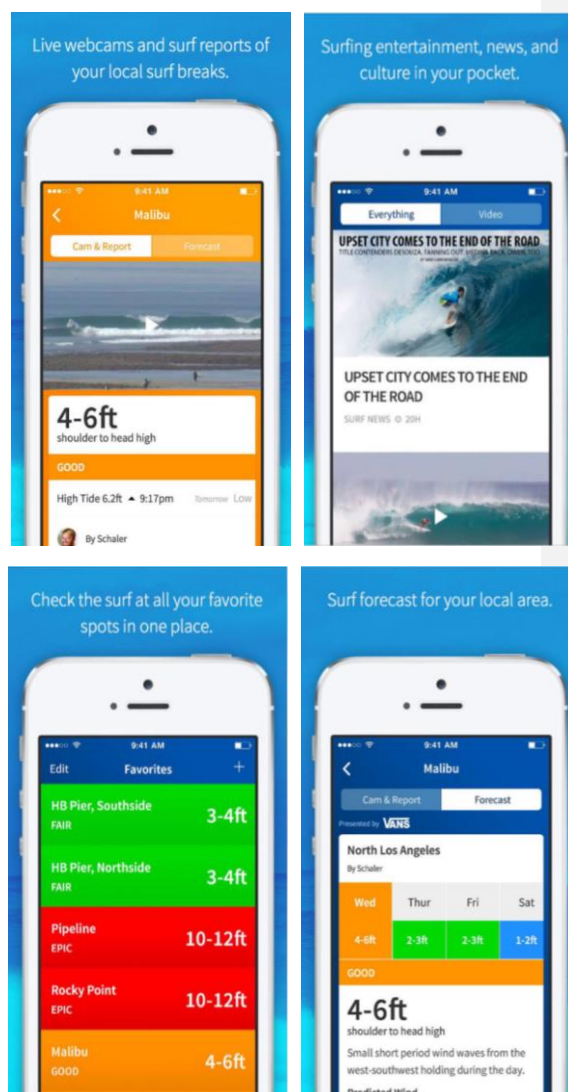- It offers paid premium

Figure 2: Screenshots of the features of Surfline[1]

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[1] Appstore.com/surfline

- subscription services for free-ad webcam.
3. **Threats**
- Due to its strategic position it could easily enter into the business and steal Waveland's market share
4. **Numbers**
- 2M visits per month
- 50 employees
- Worth $2,5M (Worth of web, 2015)

MAGICSEAWEED

1. **Current Strategy**
- **Position of the competitor in the industry.** Industry leader providing surf forecasts
- **Competitive advantage**. Most detailed long range surf forecast
- **Mission:** teach surfers the tools in how to score waves (MSW, 2015)
2. **Capabilities**
- Excellent forecasting resources with global coverage: 3,000 beaches in 180 countries
- Streaming cameras at XX surf breaks
- Forecasts include: 7 day forecast, live buoy and wind data, swell wind period and pressure charts, sunrise and sunset times, tide charts and weather.[2]
- Provides surfing related content such as surf spot information, surf travel guide, surf competition[3] information and results, photography and videography, surf store, nearby
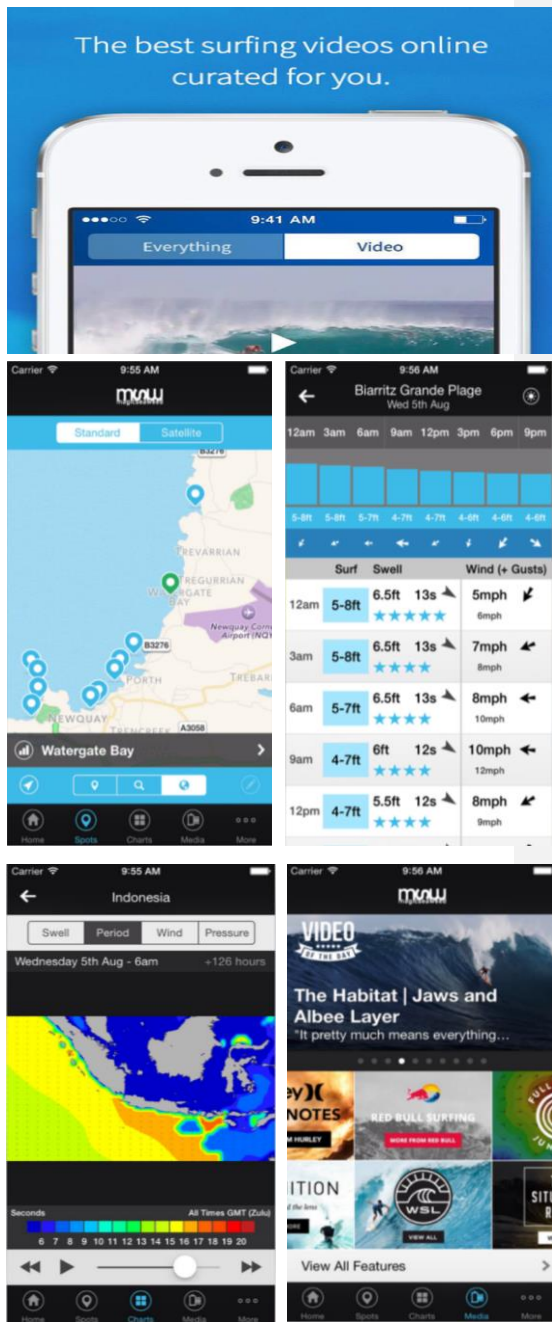
[2] Appstore.com/magicseaweed
[3] www.surft.com

Figure 3: Representation of MSW features[2]

food and accommodation places, and Global storm tracking
- It offers paid premium subscription services offering ad-free webcam services and 15 day forecast range.
3. **Threats**
- Due to its global recognition as a surf forecast providers, It could jump off to Waveland's core business easily
4. **Numbers**
- 1.5M visits per month

SURFR

1. **Current Strategy**
- **Position of the competitor in the industry.** Small player in the surf report industry
- **Competitive advantage**. It focuses on a specific segment: surf travelers
- **Mission:** Discover 9,000 surf spots, reports, restaurants, and lodging around the world
2. **Capabilities**
- Discover surf spots and travel resources near and far of you
- Document the surf sessions adding comments, photos and a rating
- Displays in your profile page your mobile uploads, spot check-ins
- Social network where to add friends and enables making private or public your posts
- Give directions to either surf spots or resources near it.
3. **Threats**
- It constitutes a substitute of Waveland
4. **Weaknesses**
- Lack of a clear and distinct mission
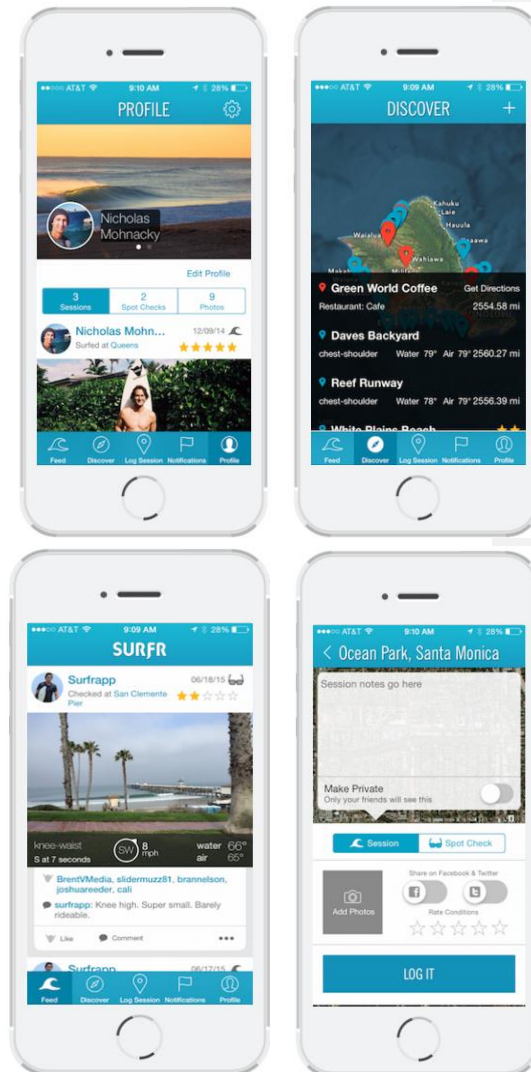- System of wave scoring is not objective enough

Figure 4: Representation of Surfr features[3]

GOFLOW

1. **Current Strategy**
- **Position of the competitor in the industry.** Industry leader in the real time surf report ind[4]ustry
- **Competitive advantage**. Provide real time photos and surf post of current's surfing conditions
- **Mission:** Discover through a global surfing community the best waves of your favorite sports
2. **Capabilities**
- Share a Surf report in under 15 seconds and add a photo
- Full information about a surf spot
   i. 7 day surf forecast
   ii. Recent photos
   iii. Spots nearby
   iv. Current conditions (weather, wind and swell size)
   v. Previous reports
- Stay connected and up to date with your friends' surf sessions
   i. Internal chat
   ii. Recommendation to follow people nearby you or top reporter
   iii. Enables to make private or public your posts
- It encompasses other sports such as ski, windsurf, diving…
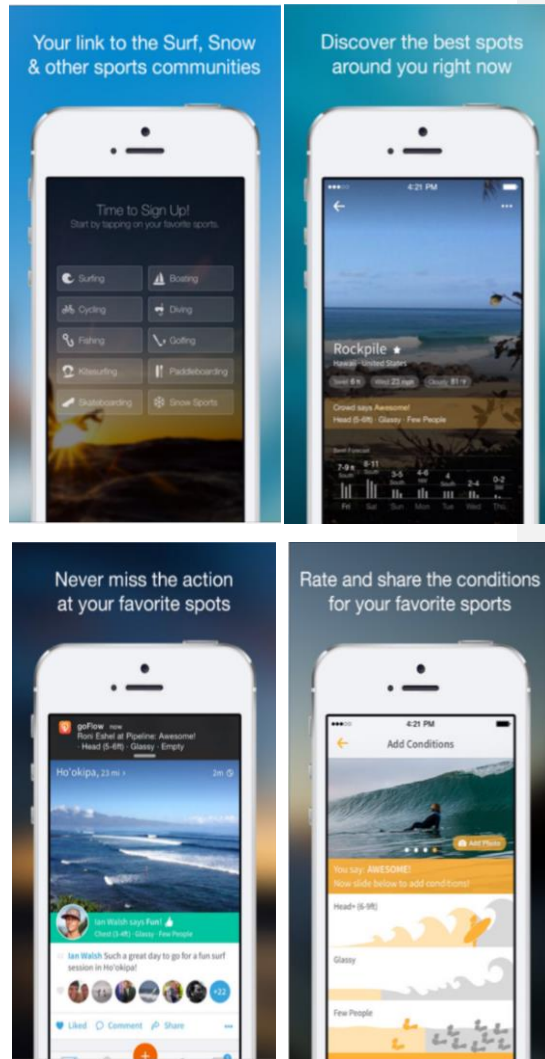- You can flag as inappropriate other's surfers' posts

Figure 5: Representation of GoFlow features[4]

3. **Threats**
- It constitutes a competitor of Waveland

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[4] www.appstore.com/goflow

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4. Weaknesses [5]

- Wrong growth's strategy. It is better to start locally and expand to nearby locations.

5.5. Profitability opportunities in the industry

Six years ago, when the boom of the mobile apps started, free and paid apps unveiled as the leading options for monetizing your app. However, at this time, with the sharp rise in smartphone users, there has been a dramatic increase in the demand of free mobile apps. While it is easy to make money by selling paid apps, mobile developers' struggle finding ways of monetizing free apps.

The most used methods for making money in free apps are (1) in-app advertising and (2) freemium services and in-app purchases

In-app Advertising. It is one of the most popular monetization models despite of the fact it has both advantages and drawbacks. While it bothers the user
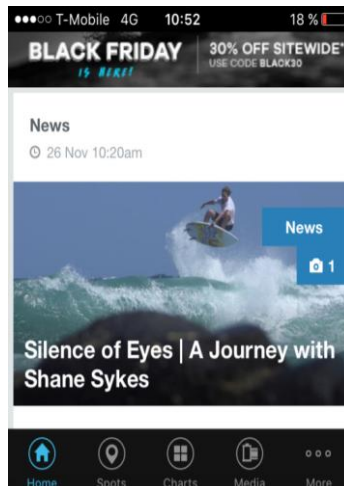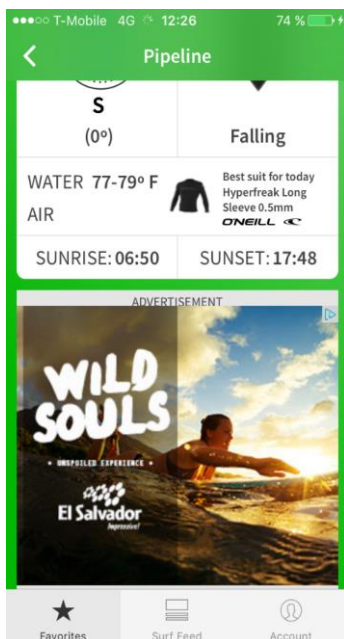
Figure 6: Example of banner ads[5]

and sometimes interrupts the usage, it helps to maximize the return on investment and shrink the payback.

Banner ads are the most preferred form of ads (Viswanathan, 2015). It is basically an ad whose size can be chosen by the developer that is placed in the inferior or superior part of the mobile interface. I*nMobi* and *AdMob* are two widely used mobile ad networks to choose from.

Interstitial ads appear at among contents of the mobile app and are usually placed as full-screen ads. They are more profitable than banners although they bother more the user. The most related the content of the ad to the app, the less annoying it is for the user.

Sponsored Sites. They consist in recommendations of products among the interface of the website. As an

Figure 7: Examples of sponsored site ads and interstitial ads[6]

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example, one wants to look up the current conditions of Pipeline Beach, and the user gets recommendation of which best wetsuit to wear in Pipeline.

Notification ads consist in sending users ads even when they are not using the app. They actually appear in the mobile interfece as notifications. While this is the most lucratice ad form, they are also the most intruisive and sometimes annoy the user.

Surveys is a new method of mobile advertising, currently gaining in popularity (Viswanathan, 2015). Mobile developers demand information and data about potential customers so they can analyze and perform marketing campaigns. The owner of the app gets paid for each survey responded at the expense of bothering the user.

When deciding which is the best advertising strategy it has to be considered two pilars: (1) annoyance produced to the user and (2) profitability of the method. While fulling the app with ads can increase significantly your profitabily it can severely damage the reputation of the app as deteriorates the customer experience o[6]f[7] the user, thereby loosing customers.

Figure 8: Example of survey ads[7]

Freemium models involve offering the basic services for free and charging users for premium contents. Currently, there is a strong majority of apps that monetize through this system-83% of the top thousand apps on each of the iOS app store and Google Play (Ketsier, 2014). Freemium monetization encaurages the user to acquire in-app purchases, such as upgrades, additional functions, buying more time to use the app, paying for ad removal, or any combination of them. Magicseaweed and Surfline have opted for this monetization system: Surfline provide free-ad streaming webcam usage while MagicSeaWeed offers additional functionality -15 day forecast-. Additioanlly, Surfline uses in-app advertising in forms of intersticial ads and sponsored ads. Magicseaweed has opted for banners, intersticial ads.

5.6. Benchmark of key factors for competitive success

Continuous service improvement. Feedback from the users is very important in the early stages of the business in order to keep improving in the next iterations of the application.

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[6]Magicseaweed mobile app for Ios

[7] www.twitter.com/campaigns-to-start-your-year-on-twitter

Scalability. The scalability of the business is one of the key aspects to get funds from investors. It tells you about the potential growth of the business by duplicating the execution of the business in other locations around the globe. A scalable business would maintain or improve margins while sales volume increases.

Engage with the customer to post about their surf sessions. The revolutionary way of surf monitoring is subject to the photos and videos posted by its users. The higher the volume of these posts, the more accurate, factual and updated the service will be. Therefore, Waveland should figure out how to incentivize the user to become active surfing posters.

Driving effect from free to premium services. The premium version of the apps is the only one that provides, in the early stages of the business, revenue to the business. The free version can only be monetized after Waveland gets a significant amount of users. Therefore, it is of huge importance to drive customers from the free version to the subscription based version so as to get noteworthy profit margins. The value proposition of the premium version needs to be priced at a point that user feels the expense is worthy. Otherwise, the user wouldn't be willing to upgrade.

6. Products and Services

6.1. Service

Waveland is delivering accurate information of surf conditions in your nearest or favorite spots. To do so, it is proposed a two-pronged approach to app development: a free version and a subscription paid base version.

There are three basic pillars of the services delivered by Waveland: surf reporting, spot information and Extras. Surf reporting is the core function of the app, and allows the user to discover the best waves around him as well as share surf reports of their sessions. The second pillar of service is Spots information and provides the user with general information of each spot such as weather, water temperature, directions, surfing difficulty, tide information, and recommended swell directions. Lastly, the Extra services aim at enhancing the customer experience of the app, making available a chat to connect

Registered User	Subscribed User
Surf Reporting	**Surf Reporting**
✔ Share Reports	✔ Share Reports
✔ Find Spots	✔ Find Spots
✗ Unlimited Spot search	✔ Unlimited Spot search
✔ Find HD video reports	✔ Find HD video reports
✗ Ad-free HD video reports	✔ Ad-free HD video reports
Spot Information	**Spot Information**
✔ Spots directions	✔ Spots directions
✔ General information	✔ General information
✗ Recommended swell conditions	✔ Recommended swell conditions
✗ Tides information	✔ Tides information
✗ Unlimited spots	✔ Unlimited spots
Extras	**Extras**
✔ Unlimited chat	✔ Unlimited chat
✔ Surfing alerts	✔ Surfing alerts
✗ Unlimited alerts	✔ Unlimited alerts
✗ Surfing gear discounts	✔ Surfing gear discounts
✗ Surfboard discounts	✔ Surfboard discounts
Pricing	**Pricing**
Free!	Only 2,69 € a month

Table 1: Comparison of features in the registered and Subscribed base versions

with the community of surfers, providing surfing equipment discounts and surfing alerts.

The quality and scope of the service provided to the user differs from the free version o to the subscription base version despite the essentials are present in both of them. While both users will be able to share and rate their surfing experiences and find spots, the free version will limit the number of beaches findable, to a 70% of the total of spots registered. Besides

this, both users are able to access to the high definition and drone view videos, although only the superior version will offer them in advertise-free.

In the surfing guide experience, there will be also some differences between the two versions. While both will offer general information and spots directions, only the premium version will give recommendations on the best swells to surf and tides information. Furthermore, the free version will limit the surfing guide to a 70% of the total of spots registered, the same spots limited in the wave search.

The extras services offered to the user also differ from one version to the other one. The free version allows the user to use the chat as well as the surfing alerts, although these are limited to only three surfing alerts. Moreover, only the subscribers will benefit from the surfboard and gear discounts.

Share reports: easily describe the surfing conditions you have surfed and record a photo or video of the moment.

Find spots: discover where the best waves are breaking.

Unlimited spot search: go premium to discover the current surfing conditions in every one of the beaches around you. It is a benefit available only for the subscribers. The user of the free version will only be able to find the majority of the waves near him, but not all of them.

Find HD video reports: Go premium check the surf conditions in the best quality and and accuracy media method: 4K drone view filmed. There are videos made by professionals of Waveland and filmed in 4K and drone view. Four to five shoots a day of the surfing conditions in the beach.

Ad-free HD video reports: Go premium and get rid of the advertising. It is a benefit of the premium version of the app. The users of the free version will see a 10 seconds advertise before actually watching the HD video report.

Spots directions: Never get lost when looking for your best waves

General information: Check out our customized surfing guide and do not miss any detail of the surfing recommendations of every beach.

Recommended surf conditions: Go premium to get the best advice of the optimum wind and swell conditions to surf spot. It answers to the question of which is the best swell to surf: which is the optimum wind direction, tide level, and swell size for each spot?

Tides information: You will always know the infographic of the predicted tides for today

Spots: go premium if you want to have the most extended surfing guide of your area. The premium app will offer spot information of all the surfing spots near to his location, while the free version will only offer the 70%.

Surfing alerts: set a custom surf alert so you know when the conditions ay your favorite sport are exactly what you like

Surfing gear discounts: five, ten and fifteen percent of discounts with our partnered shops in the Basque country!

6.2. Competitive Advantages

A competitive advantage require meeting customer needs either more effectively by providing products or services that customers value more highly or more efficiently, by charging at a lower cost.

As we will see in the market analysis, competitors are delivering value at a really cheap prices. Waveland will align its strategy to deliver the best value of the market at the lowest possible price.

Waveland's competitive advantage relies in more accuracy and updated information, the orientation to social media and the better accessibility and user-friendliness. Additionally, Waveland enables you to check out the surfing conditions of multiple beaches at the same time.

If we want to maintain the competitive advantages we also have to think about gaining sustainable competitive advantage, which means developing expertise and competitive capabilities over the long-term that rivals cannot readily copy, match or best.

6.3. App Design

Let's explore the use-friendly interfaces of the app that will serve the customer with the better experience in surf monitoring. The app revolves around five main sections: wave seeking, spots, post, profile and other functionalities. The user can both seek waves and share their surfing experiences rating these according four criteria: waves' height, amount of people, wind's conditions and tide height. The spots section is designed to provide information about each of the surfable spots he/she might have near him. Section profile is just a summary of the posts of the user sort by date and it also includes a short description of the surfer. The 'other functionalities' section includes a chat, a section to find other users, and the section favorites.

Wave Seeking

This section entails the core service of Waveland: to offer visual information about the current surfing conditions of the waves
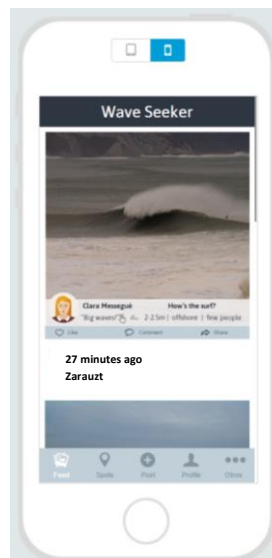
Figure 9: Screenshot of the section Feeds

around you. The user will surf up and down through this section to check out what other surfers are currently saying about how's the surf in the places they've surfed. It contains, therefore, a set of images and videos posted by the users as well as the 4k drone view videos of our professional filmmakers. The information provided by the user in the Post section is summarized in the bottom of the photo so it can be easily and rapidly checked out. The user simply scrolls down and look at the currents surfing conditions and helps him deciding where to go surfing.

Spots

This section has the main purpose of giving out information and direction to the beaches near the user. It gives basic information about how to arrive to the spot-it actually connects
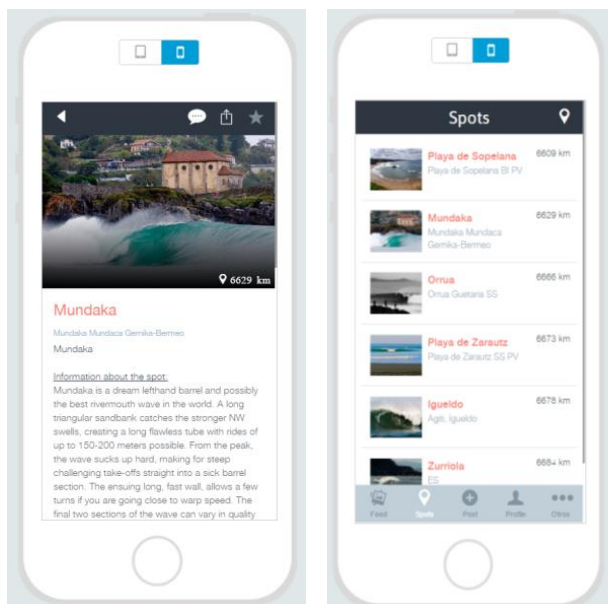
Figure 10: Display of the section Spots

with Google Maps and provides direction from your location. Furthermore, it is provided information of the wave such as type of break, whether the wave is right or left, best season of the year to surf it and recommendations on how expert you must be to ride it.

Post

This section enables the user to share their surf experience to create a truly surfing community. It is a crucial factor the time spending in these operations, since the user

shouldn't feel bothered and bores about this experience. It has to be easy, simple and user friendly.
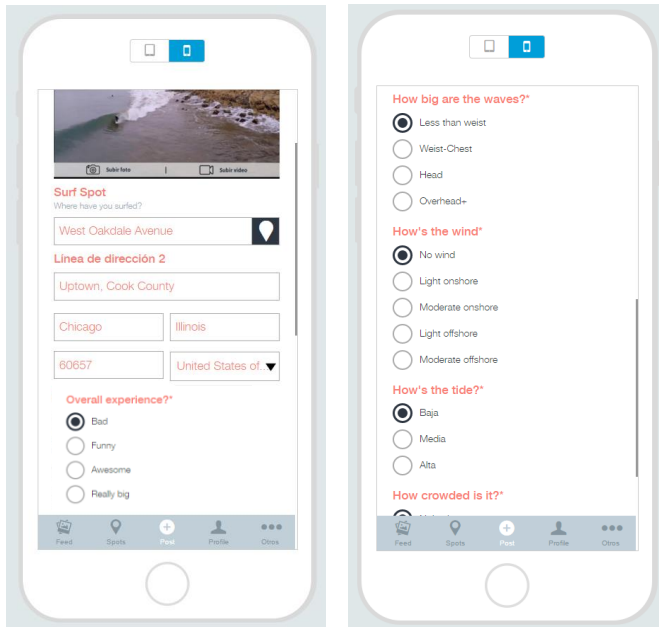
Figure 11: Sreeshots of the section Post

Profile

This section is a biography of all the posts that the user has made. Profile picture, links to
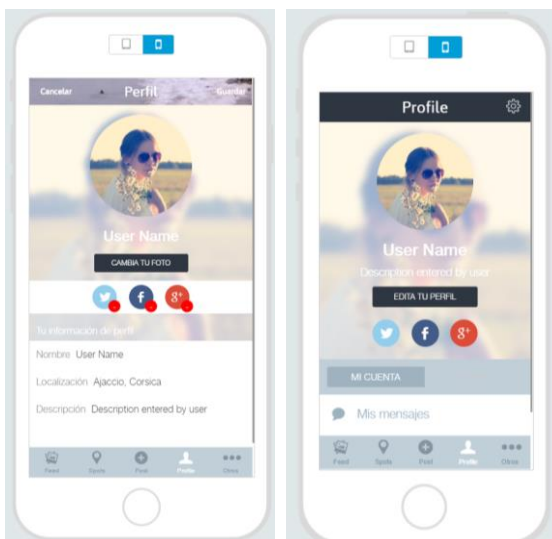
Figure 12: Screenshots of the section Profile

media, recent messages as well as basic information can be provided here. By tapping into the button "edit profile" the user change his profile picture, add his current home break and give a short description about her/himself.

Others

This section is composed by an internal chat, whereby you can talk with all your friends that you have previously made through the section User. Additionally, you can access to the information about the company and the hyperlinks to the pages of Facebook, and twitter. Lastly you have where you can add all your favorite spots.
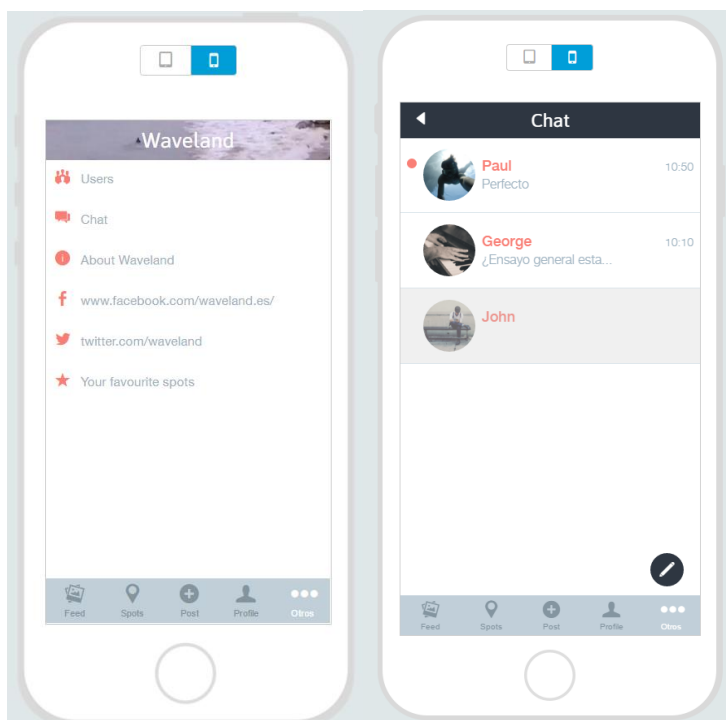
Figure 13: Other's general section and screenshot of Chat section

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7. Crafting Strategy

The competitive advantage will be built by focusing on better serving a niche market need by offering the lowest possible price.

7.1. Customer Value Proposition and Marketing plan

The customer value proposition lays out the company's approach to satisfying customer needs at price customers would consider that it pays off. From a customer point of view, the greater the value delivered, the more attractive is the company's value proposition. Nevertheless, the company will have to make some money, so there will have to be a balance between value delivered and price.

As every company business plan, marketing will be key to the success of this business. The company's operations will center in targeting marketing programs so as to engage with the customer. For this purpose, the very first step consists in profiling the customer, describing it, and study their needs and career goals. After that, a sales and marketing strategy can be developed.

7.1.1. Customer Profile

When trying to segment and classify the population the most important aspect is which features determine the segmentation. For example, on the one hand, one segmentation comes up at clustering together surfers according to their level of surf. On the other hand, another segmentation could come up considering the age of the surfers. Actually, age and level of surfing are the two main factor that determine the likeliness of Waveland to be downloaded and used by its users. We are now in the era of the smartphone, where specific segments of population are born with such technologies and even need it, whereas there are also others, older, that still prefer the standard phones. The age of the surfers is definitively a factor directly correlated with the possession of smartphones and thus, with the possibility of download Waveland. Additionally, the expertise of the users clearly determines the necessity of the users to acquire a product such as Waveland because affect the type of needs they have.

Hence, it has been performed two segmentations, the first aggregating only the variable age, and the second one aggregating the variable expertise. From the first one, it can be differentiated three segments: (1) Expert surfers, (2) skilled surfers and (3) recreational surfers. From the second one, considering the variable age, surfer population can be distinguished between (1) young surfers (5-30 years old), (2) Mid aged surfers (30-50 years old) and (3) Old Advanced age surfers (50-60 years old).

Expert surfers. This is the smallest segment and comprises those who surf regularly and look for the most consistent swells and conditions. Their aim is to find the best surfing conditions in terms of wind, swell size and crowd. They are willing to travel distances for finding the best conditions and travel around the world to surf. They look for high-end quality products

and use advanced technology for surf forecasting (Surfenpaisvasco, 2011). Men is the predominant gender and accounts by the 10% of the total population. (Ministry of Foreign Affairs, 2014). It represents the best potential segment despite the small size. They are the most proactive segment in surf forecasting and posting surf reports. Thus, they are potential ambassadors of Waveland and could help the brand to increase its popularity

Skilled surfers. In this segment are included those surfers in between experts and recreational surfers. They are aware of surf forecasting and most of its capabilities although they don't use it that as frequent as expert surfers.

Recreational surfers. This is the biggest segment and comprises those surfers that seek for relaxation and fun on the beach. They surf occasionally and specially during the summer and look for small and fun waves. They tend to rent the equipment or purchase low-end quality products. In terms of surf forecasting, this segment is not so much aware of the technologies available although they are sociable and share their photos and surf sessions in Facebook or Instagram with their friends. Hence, this segment would use Waveland more as a social network where to share surf experiences.

In terms of segmentation by their generational age, the above segments of surfers can also be subdivided in (1) young surfers, (2) Mid aged surfers and (3) Advanced age surfers.

Young surfers. The largest segment and accounts for almost the 80% of the market. In this segment is included everyone between 5 and 30 years old. Male surfers represent the 70% of the segment while this number is seeing a decrease in favor of the ascent of women participants. They tend to use highly advanced smartphones and are hyperconnected to mobile apps, especially social networks. They represent a potential market due to its high willingness of downloading mobile apps.

Mid aged surfers. Surfers at the age of 30 to 50 years old. They have been surfed for decades and are concerned about surf forecasting. Smartphone ownership is slightly lower than the young segment but they spend more money in telecom and mobile apps. They tend to use more the smartphone for professional purposes. According to Ernst and Young, the 36-45 age group has the higher average total monthly telecom spend. Thus, this segment should be targeted as a potential consumer of in-app upgrades and subscriptions.

Advanced aged surfers. Adults in their 50s and 60s are represented in this segment. A very small segment, nearly using the phone for calls and messaging although is seeking an increase in app usage. It is not a potential user to be targeted.

Surfers segmentation by age and expertise

		Recreational	Skilled	Expert
	Advanced	No target	No target	No target
Age	Medium	No target	Experienced surfer with high spending power and aware of surf forecasting	Expert surfer that Spends lots of money in better technologies and equipment
	Young	Motivated surfer highly Connected to Smartphone and daily user of social networks	Experienced surfer concerned about surf reports and highly connected to Smartphone	Expert surfer willing to pay for the best technologies and Equipment and Highly connected

Surf Expertise

Chart 1: Matrix of potential clients by segments

7.1.3. Market size, sales and share &revenue projections

In the southern region of Europe, the Basque Country is the area of Spain with most tradition and culture of surfing as well as the state with the highest number of surfing fans.

According to the statistics of the *Federación Vasca de Surf* there are a total of 20.000 active surfers in the Basque Country (Algaba, 2014). Moreover, a 25% of the totals are federated surfers. Let's figure two possible scenarios of revenue based on two different levels of market share projections. Let's assume that we get a 0.5% of monthly market share. This means, during the first month Waveland would get a 1% of the total community, 20.000, resulting in 200 subscribers. Next month, another 1% of the remaining population would be caught up, resulting in 198 new subscribers. At the end of the year the total number of subscribers would increase to 2,272.

Revenue Projections	Subscriptions
January	400
February	792
Mars	1.176
April	1.553
May	1.922
June	2.283
July	2.637
August	2.985
September	3.325
October	3.659
November	3.985
December	4.306
Total year	4.306

Table 2: Subscription projections based on the pessimistic scenario

In a more optimistic scenario, predicting a monthly market share of 2%, the number of subscriptions at the end of the year could raise up to 4,306 subscriptions.

The expansion to other potential areas in Spain such us Cantabria, Asturias, Galicia or Canary Islands could help to significantly increase the number of subscriptions. However, the expansion to other regions will depend on the generation of revenue in the Basque Country state. This area is expected to act as a pilot region, where to test the success of the application and correct the possible mistakes before actually expanding to the rest of the country.

The market share expectations for the whole country can be computed based on the total number of surfer fans in the country. A report from the Spanish Federation of Surf stated that the number of surfers' fans in Spain was 225.000, in 2012 (SurfingLatino, 2012). Due to the exponential increase in the last years of number of surfers, the number could be today nearly 250.000. This can be translated into a potential number of subscriptions of 14.494 in the pessimistic case scenario and 28.404 subscriptions in the most favorable scenario.

If we take into consideration the monthly fee of 2.69€, it can be computed the total revenue after one year in the marketplace. Below, it is showed the calculations of projected revenue in the two different scenarios.

Optimistic Scenario (2% monthly market share)

Revenue Projections	Subscriptions	Subscriptions Rev
January	4500	12.105,0 €
February	8.910	23.967,9 €
Mars	13.232	35.593,5 €
April	17.467	46.986,7 €
May	21.618	58.151,9 €
June	25.685	69.093,9 €
July	29.672	79.817,0 €
August	33.578	90.325,7 €
September	37.407	100.624,2 €
October	41.159	110.716,7 €
November	44.835	120.607,3 €
December	48.439	130.300,2 €
Total year		878.290,1 €

Table 3: Revenue projections in the optimistic scenario

Pessimistic Scenario (1% monthly market share)

Revenue Projections	Subscriptions	Subscriptions Rev
January	2250	6.052,5 €
February	4.478	12.044,5 €
Mars	6.683	17.976,5 €
April	8.866	23.849,3 €
May	11.027	29.663,3 €
June	13.167	35.419,1 €
July	15.285	41.117,4 €
August	17.382	46.758,8 €
September	19.459	52.343,7 €
October	21.514	57.872,7 €
November	23.549	63.346,5 €
December	25.563	68.765,6 €
Total year		455.209,9 €

Table 4: Revenue projections in the pessimistic scenario

The column Subscriptions represents the new subscriptions of that month plus the older that we already had from past months. Then, to calculate the revenue in July, we multiply the total of subscriptions in July (that come from both the July incomings plus the ones we already had from the first half year) by monthly fee of 2.69€. The total revenue of the year is the sum of the monthly revenues. Any number between the most pessimistic scenario, 455,209.9€, and the most optimistic, 878,290.1€, can be expected.

Assuming that for each subscriber Waveland gets, there will be other 3 that opt for the free version, it can be computed the forecasted total market share (free+paid version). This results in a 4% of total market share regarding only the pessimistic scenario. Below, it is projected the total market share at the end of the expansion to the entire Spanish

Free Version Users	
January	6.750
February	13.433
Mars	20.048
April	26.598
May	33.082
June	39.501
July	45.856
August	52.147
September	58.376
October	64.542
November	70.647
December	76.690
Total downloads	76.690

Table 5: Expected market share after the expansion throughout Spain

geography.

7.1.4. Pricing

There are mainly two strategies for app monetization: freemium models and premium models. While the first one allows the user to enjoy a basic version of the app for free, in premium strategies you can't avoid the installation fee of the app. From several reports including a recent post made by the digital company Kiip, reveals that free apps are in significantly higher demand than paid apps, where the upfront cost only serves as a major deterrent. This source reports that 90% of the apps in use were sold free. (Lin, 2014)

Waveland's pricing strategy shall be aligned to the customer behavior in order to succeed in this demanding and competitive market.

Freemium apps are the most popular method of monetization on the App Store. It consists in limiting essential features of the app under subscription or in-app purchase (IAP). Waveland's is offering a subscription based fee for their premium service explained in section three.

A key issue here is to determine the right price of the subscription so as the customer feel that Waveland's delivering enough value for the price stablished. Moreover, the premium version has to significantly overweigh the features in the free version, so users would consider the cost of the subscription attractive. It is a key point of consideration given the fact that overpricing the subscription fee may cause clients to stay in the free version, ending in net zero revenue for those customers.

Another point of consideration when stablishing the price of the subscription is how the competitors are actually pricing their services. Waveland strategy of providing a better service at the lowest possible price has to be aligned with the pricing strategy of the company. Therefore, Waveland should not charge more than its competitors. Surfline , for example, is offering ad-free HD cams for 70$ a year (5.83$ a month). Another competitor, Magicseaweed, offers an ad-free webcam streaming besides better forecasting features for 2.89$ a month or 29$ a year (2.41$ a year).

Therefore, when stablishing a cost oriented pricing strategy, the final price should never surpass the threshold of the 2.89$ a month or 2.41$ a year. Since it will be explained cautiously in section 9.3 Start up and operational budget, the annual total cost (fixed and variable) raises up to 48.819,5€ and the expected number of affiliations ranges between 2.272 and 1.168 (optimistic and pessimistic scenarios). Therefore, it can be computed the total cost per subscriber as the quotient between total cost and number of affiliations. This results in an annual average cost per user of 21.48€ and 41,81€ for the optimistic and pessimistic scenarios, respectively. These subscriptions expenses can be extrapolated to monthly fees by dividing by 12, bring about a monthly quota of 1.79€ and 3.48€.

Once the costs have been computed, the final price can be calculated by applying a positive mark-up or margin over the cost. For example, a 50% margin over the cost, would end up in a final price of 2.69€ a month in the optimistic and 5.19€ in the pessimistic scenario.

Given the pricing strategy commented above, the subscription may not surpass other's competitor's fees. Therfore, it is considered a 2.69€ of monthly fee as the right point to price Waveland's premium service.

Additionally, in order to incentivize the users to pay one year upfront, it will be offered the possibility of a yearly quota of 29,99€ (7.5% discount).

7.1.5. Sales and Advertising Strategy

There are a variety of offensive marketing moves that Waveland can perform in order to reach out potential customers. Starting for the Social Media where less of an optional marketing opportunity, Social Media is a priority. Platforms like Facebook, Twitter have become integral parts of brand awareness, content distribution and customer acquisition. Additionally, the providers of surf equipment serve as inspirers of the surfing industry and can really influence the way surfers seek waves.

Connect to target customer with Social Media. Social referrals from satisfied users in the form of reviews in the Social Media Sites or just "Likes" significantly contribute to get to know Waveland and spread the word about the good service that is offered. Waveland will have active presence in Facebook, Instagram and Twitter. Not only the workers of Waveland will contribute to spread the brand, but also the users of the app, thanks to the social sharing buttons that will appear in the "Feeds" section and in the "Post" section.

Connect to local surf equipment providers. Waveland's strategy to differentiation starts in 4k filming and ends in premium member discounts. These discounts would be made by surfing equipment providers of the Basque Country region. This is, from small retailers or stores to e-commerce surf equipment providers. The partnership will come with a contract of in-store advertising, whereby the store is compromised to display advertising of the mobile app.

Engage with local competitions and surf-related events. Surfing competitions in the Basque Country such as San Miguel pro Zarauzt or Billabong Pro Mundaka represent for Waveland one of the best opportunities to be known and get potential downloads. Each event has to be assessed in terms of investment expense and the return that the investment may yield. So for example, a competition where 10,000 attendees are expected to show up, we may impact a 50% of them, and get downloads of 10% and 5% of subscriptions. Therefore, there is a potential gain of 250 subscribers that poses annual potential revenue of 8070€. Given this, fact Waveland would accept to sponsor the contest only if the cost does not surpass that quantity.

Young promises sponsorships. Waveland should also oversee the most promising surfing stars and craft strategic contracts of sponsoring. These athletes are the center of attention of an immense amount of surfers who feel admiration and respect for them. Therefore, they can become ambassadors and influencers of the Waveland brand. Examples successful Spanish surfers are Aritz Aranburu(30), Kepa Acero (35), Cristóbal de Col (22) or Yael Peña (16).

Ads-on in Google. Google offer a solution to highlight your website when the users look for specific search words. The so-called GoogleAdWords will help to bring new visitors to the website, which can be traduced in more app downloads. It offers a range of option to engage with target customers. Additionally, it only charges when the user actually clicks to your advertise and its average cost is ranges between 4 to 10$ per 1,000 clicks.

7.2. Operations Plan

7.2.1. Basque Country

The Basque Country, with an unrivalled coastline of 200km in length is the most important surfing hub in Spain and an European and global center of surfing activity. In 2014, only in Mundaka (Vizcaya) and San Sebastian (Donosti) the surfing activity generated €17M. The high potential of monetization in Basque country has been noticed by the *Basquetour-Agencia Vasca de Turismo*, who started to work for the so called *Surfing Euskadi* aimed at promoting the tourism of surf in the region. Wether you enjoy the excellent gastronomy of the region

There are approximately 31 surf spots in Basque country, ranging from dangerous and and challenging spots to open and easy going surf beaches. Whether you enjoy surfing in wide and sandy urban beaches or the rocky point breaks and majestic cliffs, Basque Country has a lot to discover. Mundaka is globally recognized as the spot with most epic waves, Zurriola has prime real estate in San Sebastian, and Meñakoz has a reputation for big waves with dangerous hazards to match. While Meñakoz is only for advanced surfers in really good shape Zurriola can be surfed by both by experts and beginners. Hondarrabia is on half way between Zurriola and Meñakoz: a perfect fit for intermediate surfers and experts as well.

These three names are prototypes of the three categories of waves that can be found in Basque Country: Beginners surf spots, Intermediate surf spots, and Advanced surf spots. There are seventeen spots for beginners and 14 for advanced and intermediate surfers. Find below a list for all the spots segmented by difficulty:

Beginners:

Arrigunaga	Laida	Jefrys
Bakio	Orio	Karramarro
Barrika	Plentzia	Mutriku
El Muro	Atxabiribil	Ogeia
Ereaga	Zarautz	**Advanced:**
Getaria	Zumaia	Agiti
Karraspio	Zurriola	La Central
La Arena	**Intermediate:**	Meñakoz
La Salvaje	Sorginetxe	Playa Gris
Laga	Azkorri	Punta Galea
	Hondarrabia	Roka Puta

The total of 31 spots are distributed across the 200km of coastline of the Basque Country. This is the location of the surf spots in the map.
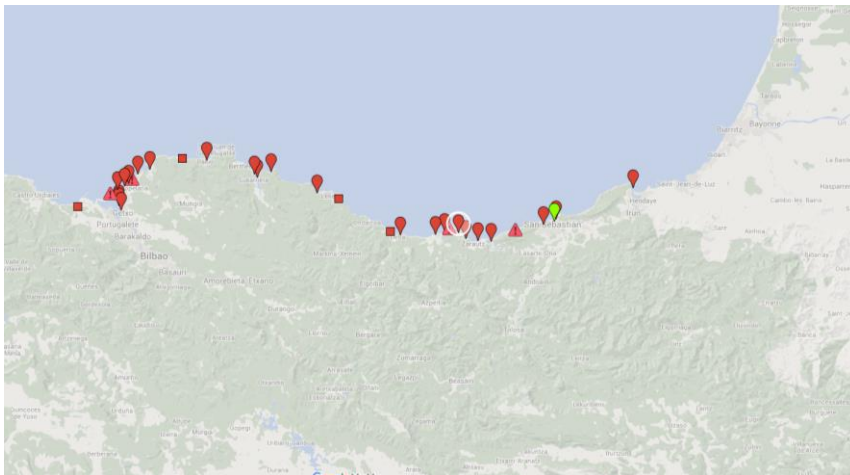
Figure 14: Distribution of the total of 31 spots across the Basque Country

It has been defined three areas to be managed by three different Region Managers. These three areas are agrupations of the spots in the east of the Basque Country, agrupations of spots in the midle of Basque country and an aggrupation of spots at the west of the Basque Country. From left to right: Sopelana Area, Mundaka Area and Zarautz&San Sebastian Area.
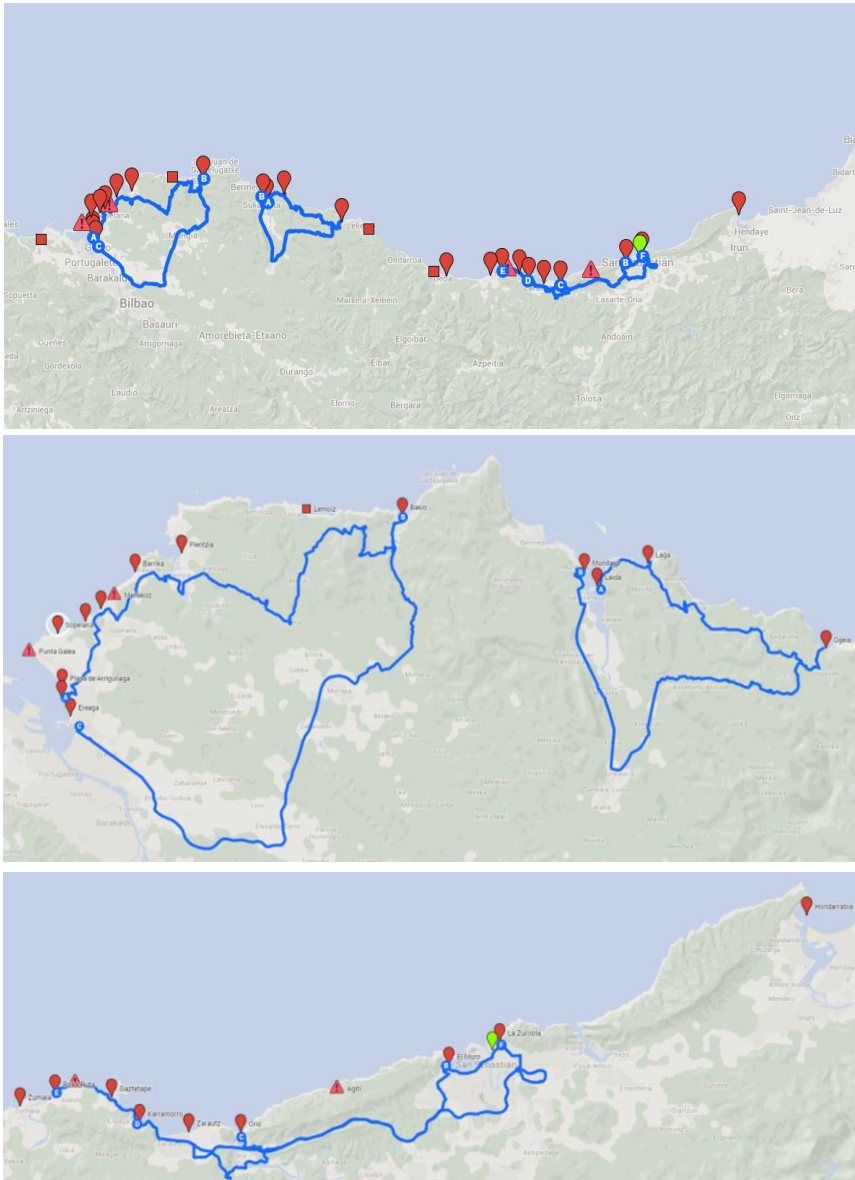
Figure 15: The image in the top represents the three different areas, the one in the middle is a zoom in of the central and east areas while the photo in the bottom shows the area of the west.

The three cycles represent the driven path that each manager will have to follow every day

to accomplish its duties as HD filmer. The manager of the East area will spend a total of 1h 31 minutes driving from beach to beach plus an extra hour of filming. Therefore, it can be predicted a total of 2 h and 31 minutes to finish the loop. At the end of the day, he will have managed to perform three or four laps. The manager of the central area will drive for 1h 18 minutes and spend 45 minutes filming. At the end of the day he will manage to film at least four times each beach. It takes 1h 30 minutes for the manager of the west area to drive around all its supervised beaches. So at the end, he will have been able to get 3 videos of each beach.

The total operational costs of this logistics strategy is an initial investment of three camera equipment, valued each one in 1200€, plus a monthly expense of three salaries of 1200€ each.

This expense is by far, the largest operational cost and will need to be deeply studies to assess whether or not it is feasible to cut it down. The technology of HD drone cameras might evolve, increasing the radio of control and allowing the filmmaker to record videos from its home. This, indeed, may affect in the number of resources needed. It also makes feasible to spot the waves more frequently, increasing the accuracy and liveliness of the surfing video reports.

7.3. Legal Environment

The responsible use of remote control aircrafts such as drones is a critical issue that must be properly addressed. All the permits and regulations of these vehicles must be taken into account. Although this sector is still in its emergent phase, there is already a clear and solid regulatory framework in terms of the responsibilities and permits that the pilots of these kinds of aircrafts must require.

7.3.1. Permits and regulations

The "Agencia Estatal de Seguridad Aerea" (AESA), is the Spanish organism that ensure the right operation of all the aerial activities. In regards to the operation of drones under 50 pounds, there is a specific regulatory framework. Unlike the aircrafts of more than 50 pounds in weight, the pilots will not need to be subscribed in the "Registro de Matrícula de Aeronaves" and neither a certificate of low-weight aircraft pilot. The only document that the operators will need to apply for is a declaration of responsibility document, where they state that the aircrafts fulfills all the security requirements.

All the drones, without exception, will need to have an identification plate attached to its body, in which it should be readable the identification of the aircraft, the name of the company that runs it and its contact details. Additionally, the operator should always have at its disposition an operations manual and a study aeronautical of operations, which includes information such as maximum wind speed to fly or maximum distance remotely

controllable. Lastly, and most important, all the operator of whichever kind and weight of aircraft should show proof of a permit of airworthiness.

Moreover, the operators will need to notify their operations no later than 5 days before the flight. They will also have to be within a visual distance of the aircraft, and not nearer to 50 meters to it. The aircraft can't exceed 120m high of flight.

7.3.2. Licensing and bonding requirements

The license to operate drones consists of a two weeks full time course, comprised by sixty hours of theorical training, four hours of flight preparation and a medical certificate. It is important to outline that each permits enables the operator to pilot just one specific model of drone, the same one that is utilized in the training. For this reason, if you pass the permit operating DJI Phantome 2, the pilot is not allowed to operate another model of drone.

The contents of the course are close to the plane license, so it includes a lot of aeronautical basis concepts. The price of the license raises up to 1200€, broken down in the theorical training, the practice exam and its training and the medical certificate.

Waveland's strategy of outsourcing the filmmakers implies hiring freelance drone pilots that already have their licenses. Thus, the company avoids the expense of training and sponsoring the licenses of its workers. There are almost half a dozen of companies that have drone pilots registered ready to provide their services to other companies. The most representative companies is *DroneSpain*, with a network of more than 250 freelance film makers.

8. Future Growth Opportunities

The business has never been more dynamic these days and in order to succeed we need to be able to make changes to business according to market demands. This section identified areas which the business could expand.

8.1. Business scalable to other regions

Indeed, the process of expansion is in its core strategy of Waveland. In the short term period (first two years), Waveland should stablish in the Spanish market and after that, look for other locations where the business is scalable. This list includes regions such as Hawaii, United States, Australia, South Africa, south of France, New Zeland and Mexico. All this countries have a common denominator: surfing is really popular and the penetrability rate of smartphones is greater than 70%.

The first country where Waveland should consider to land is France, for its strategic location to Spain. In this country, the number of surfers is estimated at approximately 150,000 according to the Essec Business School (Bourgeon, 2012). The expansion to France will be the last step before landing to the biggest markets of Australia and United States, where Waveland might find more entry barriers. Its country expansion will need to be analyzed taking into account the already stablished competitors and defining the targeted strategies for reaching out the defined sales levels.

Once Waveland has been able to overcome industry rivals in US and Australia, he could pursue its last phase of expansion to no core markets.

8.2. Remote control of Drones

The filming operations of Waveland will, in the first phase since its launch, rely on freelance drone pilots that will drive beach by beach and record the best frame of the wave. This is an expensive and inefficient operation compared with the possibilities that the remote control of drones offer. Nowadays, the most popular drone, the DJI Phantom 3, has a maximum range of 2km and have an allows an average of 23 minutes flight. This limited life battery and remote controllability does not allow the pilot to operate it from home, but has to displace beach by beach to have the recordings done. This operation could be optimized if the quadcopter technology enhances its maximum range and battery life. By working from home the freelance filmmaker would incur in far less travel expenses and would also make the filming round faster. Therefore, the surf monitoring would become more accurate and real time. There are several examples that reveal that the technology that will enable longer flights is already available. Of a particular note is the Swiss group AtalkitSolar, who are building a hand-launched drone to make the Atlantic crossing. They have already reached the point of a drone which can be launched, fly for 27 hours and land again with batteries

full charged. Another evidence is the improvements in battery technology made by *Solar Impulse LIVE,* a manned aircraft that can fly for days without landing.

There is also a limitation in regards with the regulations of the remote controllability of drones. Currently, as it has been said in section 6.3 Legal Environment, one of the regulations in the field is to operate at a visual distance of the drone. Thus, the organization will not only face technological challenges but also legal issues.

9. Building an organization capable strategy execution

Waveland can't hope to perform the activities required for successful strategy execution without attracting and retaining talented managers and employees with suitable skills and intellectual capital.

9.1. Staffing the organization

The most important consideration is to fill key managerial slots with smart people who are clear thinkers, good at figuring out what needs to be done, skilled in managing people, and accomplished in delivering good results.

There are different roles to fill up inside the company. On the one hand, there is the staff that is involved in the process of filming the surf spots. First, the filmmaker role, which will be the person in charge of the spots filming. There will be a number of filmmakers covering
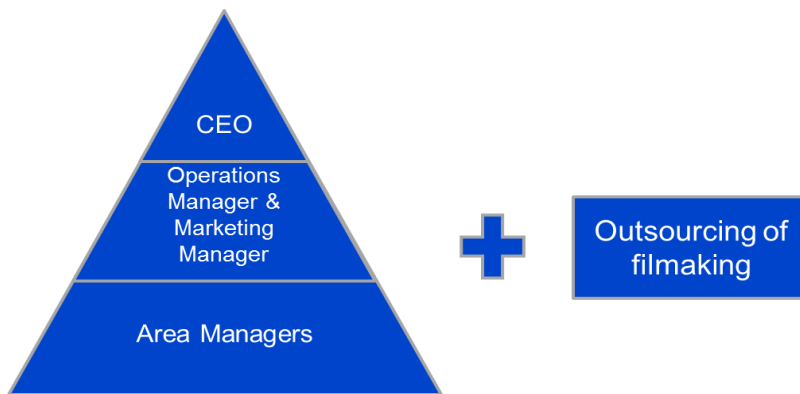

Chart 2: Staffing structure

each region or state of the country. In Spain, for example, there will be 3 filmmakers in the Basque Country, two in Asturias, Cantabria and 3 in Galicia. Each state will have one Area Manager, which will oversee the job of all the filmmakers and ensure the quality and punctuality of the videos. The performance of this selected value chain activity will be outsourced to outside vendors. Aside from the fact than an outsider bay be able to perform certain value chain activities better or cheaper than a company can perform internally, it has a positive contribution on strategy execution. As in the case of Apple, the whole

manufacturing and logistics is outsourced, and thus their resources can be concentrated in the industrial design of the product. Waveland, similarly, will outsource the production of the videos so as to cut down on overhead costs and concentrate resources in the expansion of the brand.

In addition to the filmmaking team, there will be one software manager, and the management team, composed by one operations manager, one Sales and Marketing manager and the director or owner. These last employees will be in charge of implementing the challenging strategic initiatives of the expansion as well as the establishment in the Spanish market. Without a capable, results-oriented management team, the implementation process is likely to be hampered by missed deadlines, misdirected or wasteful efforts, and managerial ineptness.

9.2. Core Values, ethics and incentives to employees

The foundation of Waveland's corporate culture resides in its dedication to certain core values and the bar it sets for ethical behavior. They have been developed to mold the culture and communicate what kinds of actions and behavior are expected of all company personnel. In order to transform core values and ethical standards into cultural norms, the management executives must give special attention to them in recruiting and hiring, screening out applicants who don't exhibit compatible character traits. Additionally, managers should frequently reiterate the importance and role of company values and ethical principles at company events and in internal communications to employees.

It is essential that company personnel be enthusiastically committed to executing strategy successfully and achieving performance targets. Enlisting such organization commitment typically requires the use of motivational techniques and rewards. These techniques, not only they spur the efforts of individuals to achieve their goals, but they also help to coordinate the activities of the organization.

10. Profit Formula

The profit formula describes the companies approach to determining a cost structure that will allow for acceptable profits, given the pricing tied to its customer value proposition.

10.1. Revenue Resources

The revenue resources are the subscription fees paid either annually or monthly by the users of the premium version of the app, and the revenue from the advertising prompted in the 4K drone view videos in the free version. Therefore, it is going to be computed both monthly subscription and advertising revenues in the since the start of the expansion to the rest of the Spanish geographies.

Nextly, it can be shown the predictable revenues by month based on the assumptions of section 6.1.2 Market Size, Sales and Share expectations.

Revenue Projections	Subscriptions	Subscriptions Rev	Revenue Projections	Subscriptions	Subscriptions Rev
January	4500	12.105,0 €	January	2250	6.052,5 €
February	8.910	23.967,9 €	February	4.478	12.044,5 €
Mars	13.232	35.593,5 €	Mars	6.683	17.976,5 €
April	17.467	46.986,7 €	April	8.866	23.849,3 €
May	21.618	58.151,9 €	May	11.027	29.663,3 €
June	25.685	69.093,9 €	June	13.167	35.419,1 €
July	29.672	79.817,0 €	July	15.285	41.117,4 €
August	33.578	90.325,7 €	August	17.382	46.758,8 €
September	37.407	100.624,2 €	September	19.459	52.343,7 €
October	41.159	110.716,7 €	October	21.514	57.872,7 €
November	44.835	120.607,3 €	November	23.549	63.346,5 €
December	48.439	130.300,2 €	December	25.563	68.765,6 €
Total year		878.290,1 €	Total year		455.209,9 €

Table 6: Subscription revenue since the Spanish expansion

This projected revenue is based on the forecasted market share gained in Spain. These calculations can also be run out in line with the strategic plan of expansion to the nearer countries: Portugal, France and UK. Similarly, the projections are based on a total potential surfing population and projecting a 1% of monthly for the pessimistic scenario and 2% for the optimistic. Thus, the potential revenue in Spain at the end of the second year of exercise is 455k€ and 878k€ in the pessimistic and optimistic scenario, respectively.
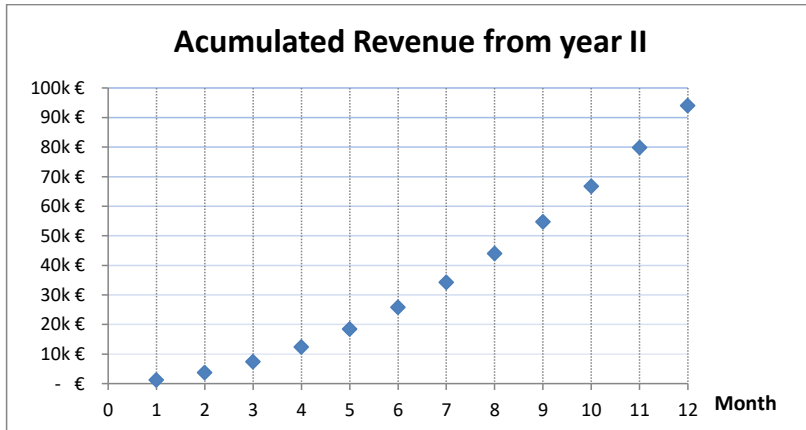
Acumulated Revenue from year II

Chart 3: Expected revenue in the optimistic scenario during the second year of exercise

The forecasted revenues increase considerably when considering the potential revenue of advertising. Advertising comes incrusted in the 4k records of the surf spots. The ad will have a surfing related content and will length from 10 seconds. These types of ads are paid at range of 5$ and 8$ per 1,000 views.

Assuming that the average surfer would go surfing two times a week and would therefore check its three nearest beach before surfing viewing a total of 6 times per week. This leads to a 24 views per month per every registered user in the free version. Substracting the total downloads to the number of users subscribed to the premium version, it can be computed the number of users of the free version. Nextly, to traduce the users to euros, we only might consider the revenue per ad – 6.5€ every 1000 views- and the number of users per month. As an example, if the number of free version users in January is 7,409, January's revenues from advertising will be 7,409 users ·24 views/user · 6.5€/1000 views =1,155.8€.

	Free Version Users	Monthly revenue
January	6.750	1.053,0 €
February	13.433	2.095,5 €
Mars	20.048	3.127,5 €
April	26.598	4.149,2 €
May	33.082	5.160,7 €
June	39.501	6.162,1 €
July	45.856	7.153,5 €
August	52.147	8.135,0 €
September	58.376	9.106,6 €
October	64.542	10.068,6 €
November	70.647	11.020,9 €
December	76.690	11.963,7 €
Total downloads	76.690	79.196,4 €

Table 7: summary of monthly advertising revenue expectations

Adding the revenue from subscriptions, we come up with a total revenue of 507,872.2€ in the worst case scenario and 924,065.2€. Chart 3 displays the monthly sum of both sources of revenue throughout the year.

10.2. Start-up and operating budgets

The total Star-up budget is an aggregation of four sources of costs: Start-up, operational and fixed costs. Additionally, there are four sources of costs: (1) IOS app design & development, (2) Android app design & development, (3) Web design and (4) Filming equipment purchasing.

Start-up Budget		
Filming		
Equipment: 3x Phanton dror	€	4.050,0
WEB		
Web Development	€	300,0
Web integration to mobile ir	€	200,0
App for Android		
Android app Development	€	3.000,0
App for iOS		
Development	€	6.250,0
Goodbarber Services	€	50,0
Total	€	13.800,0

Fixed Annual Costs		
Filming		
Equipment Amortization	€	1.012,5
WEB		
Web Hosting (1 year)	€	120,0
Domain Name (1 year)	€	13,0
App for Android		
Android Market Fee	€	25,0
App for iOS		
Apple Store Fee	€	99,0
Total	€	1.269,5

Operational Costs		
Filming		
3x Film maker freelance (12 months)	€	36.000,0
WEB		
Adwords Campaign: minimum 50 clicks/day (6 months)	€	1.800,0
Advertising in content-related websites such as MSW	€	500,0
Total	€	38.300,0

Table 8: Representation of the total cost of the first year of exercise according to three categories: start-up costs, fixed costs and operational (variable) costs

The cost of filming is composed by the purchase (start-up expense) of the equipment and the salary of the three filmmakers needed to deploy the operational daily tasks (operational expense). Due to the fact that the filming equipment is amortized in four years, the expense of there is an additional fixed expense of 1012.5€.

The web budget is composed by the cost of the host (Fixed cost), the cost of the domain name (fixed cost), the development and design of the web itself (start-up cost) and, lastly, the marketing campaign to promote the web (operational expense).

Lastly, the third and fourth costs are the development of the apps in IOS and Android (start-up cost) as well as the related annual fees charged by the digital platforms (fixed costs).

10.3. Cash flows

This section will discuss the company f   40   ıds based on the costs associated with the start-up of the business.

To figure the projected Cash Flows of the first year of exercise, it has to be considered the revenue, the annual operational expenses and the annual fixed costs. There are two sources of revenue, although advertising is not profitable in this initial phase of expansion. Therefore, all the incomes come from subscriptions and is calculated as the average revenue of the optimistic and pessimistic revenue scenarios.

On the cost sides, it has to be considered the annual fixed cost and the annual operational costs. In the first year of Waveland release, the operational expenses raise up to 38,300 and the fixed costs are equal to 1,269.5€.

Consequently, the cash flows can be calculated subtracting the costs to the revenues. Resulting in a total cash flow of 17,182.5€ for the first year.

Projected Cash-flows	
Revenue	
Advertising	€ -
Subscriptions	€ 56.752,0
Operational Expenses	-€ 38.300,0
Fixed Costs	-€ 1.269,5
Cash Flow	€ 17.182,5

Table 9: Projected Cash flows for the first year of exercise

10.4. Break-Even Analysis

The breakeven point can be easily calculated as the quocient between total costs (start up, operational and fixe) divided by the price of subscriptions. This is 48.819,5€ divided by 2,69€/person·month, which equals to 18,148 persons·month, or 1,515 people.

Additionally, it can be calculated the internal rate of return by displaying the expected total costs and revenues in the following twelve months. At the end of July, the revenues overcome the total expenses.
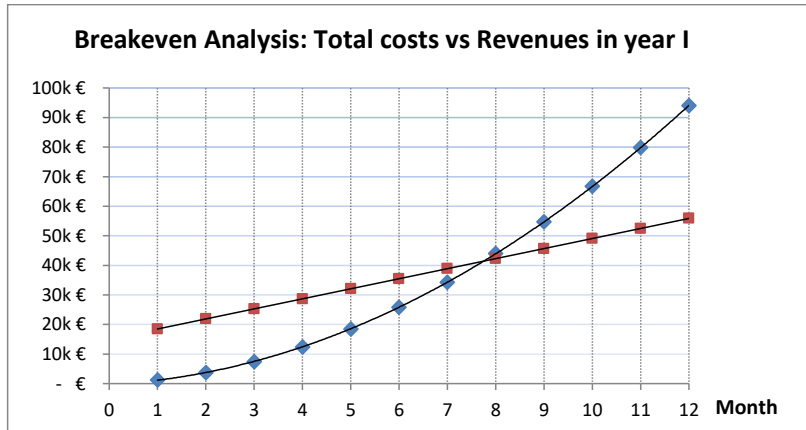
Breakeven Analysis: Total costs vs Revenues in year I

Chart 4: Breakeven point

10.5. Funding Requirements

Funding for the start-up and first year operations will be provided by the principals of the corporation and the funds of private start up accelerators.

Spanish Incubators: Grupo Intercom, Wayra, Yuzz, Lanzadera, Dad, Conector, Imapct Accelerator, Evoluziona, Partizipa, Cloud Incubator, Impact Hub Madrid, Zarpamos and Topseedslap.

European incubators: Seedcamp, Startupbootcamp, Springboard, Openfund, NDCR Launchpad, Propeller Venture Accelerator Fund.

11. Conclusions and next steps

After carefully analyzing the business plan of the idea, one may recognize the potential success that the mobile app may encounter.

This document clearly signals how a problem in the surfing industry hasn't been yet correctly addressed and proposes a solution materialized in a mobile app. The market and existing solutions proves to be insufficient to provide value to the surfer community. Waveland's solution goes straight to the issue and proposes a user-friendly application available to everybody's pockets that will help you decide which is the best spot to go surfing. Our solution focusses on the power of sharing economy, where the monitoring of surfing conditions relies on everyone's contributions.

This document also shows the issues that has to be addressed to succeed in the startup and future escalation of the business. Most important matters are a) how to incentivize users to become regular publishers, b) how to drive customers from the free version to the premium one and c)

User may feel encouraged to make regularly publication through awards for making a certain amount of posts in a certain period of time. These awards can take the form of surfboards, surfing equipment, discounts, or a couple of months of free use of the premium version. The correct balance of the value delivered by each of the versions, premium and free, shows that it will create sufficient driving effect.

The business has been proved to be profitability, with potential revenue of % and breakeven of 8 months. It has also proved the scalability of the business, which opens up the opportunity to expand to a global market.

The next months Waveland should focus on seeking for associates and potential investors. There are several startup incubators and accelerators in Spain which Waveland needs to apply for, being Grupo Intercom, Wayra, Yuzz, Lanzadera and Dad the most relevant ones.

These incubators will provide both the advices of expert entrepreneurs and the sufficient funds to start the business.

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