

FINAL YEAR PROJECT



Business Plan

A Social Business Framework

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Abstract

The development of this Final Year Project will be centred in the Business Plan specific modality. The purpose of the project is to design a social-maximizing business plan which will be self-sustainable over time. This business plan will be developed from scratch on my idea of a social business called TrueAid. TrueAid will be an intermediary digital sponsorship platform that communicates donors with NGOs, ensuring full transparency in the traceability of donations and real-time information on donations' impact. This platform will initially be conceived for connecting the Spanish donor's market with people in need from different NGOs performing in underdeveloped countries. TrueAid donations will be focused on two of the most impactful areas in social wellbeing: health and education.

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1. Introduction

It is important to consider the Nobel Peace Prize Laureate Muhammad Yunus' concept of Social Business as a relevant approach for my business plan development. For Muhammad Yunus, a social business is ¹“a non-loss, non-dividend company devoted to solving a social problem and owned by investors who reinvest all profits in expanding and improving the business”. In this way, I will focus my business plan design in conceiving a start-up which will not aim to purely maximize its profits, but to maximize its positive impact over a society in need.

Moreover, the following business plan will be structured following Alexander Osterwalder's Business Model Canvas combined with Eric Ries' Lean Startup Methodology. ²Alexander Osterwalder's Business Model Canvas consists of nine main sections that optimize the design and ideation of a business model: “key partners, key activities, key resources, value proposition, customer relationships, channels, customer segments, cost structure and revenue streams”. Similarly related to the ideation phase, ³Eric Ries' Lean Startup Methodology proposes a continuous validation system for the hypothesis of a business idea through the creation of a Minimum Viable Product (MVP). This MVP is an initial testing product/service that should incur the lowest costs as possible and provide as much information as it can on the consumers response to it. For the development of my Final Year Project, I will make some initial validations on the market pain, customer needs and key partners' fit through questionnaires, face-to-face interviews and phone calls. For the closing part of my Final Year Project an MVP will be tested in order to make conclusions about its product/market fit.

TrueAid's overall social impact measurement will base the development of the project on the ⁴UN Sustainable Development Goals which were implemented in 2015 by all UN member states with the aim of joining forces to improve by 2030 worldwide poverty and environmental conditions. Consequently, TrueAid's social business will be focused on assisting 4 of these Sustainable Development Goals:

- “UNSD Goal 1: End poverty in all its forms everywhere”
- “UNSD Goal 3: Ensure healthy lives and promote well-being for all at all ages”
- “UNSD Goal 4: Quality Education”

¹ Yunus, M., & Weber, K. (2011). *Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs* (2nd ed., p. 22). Public Affairs.

² Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation*. (1st ed., 22-41). Wiley.

³ Ries, E. (2011). *The lean startup* (2nd ed.). New York: Crown Business.

⁴ Sustainable Development Goals: Sustainable Development Knowledge Platform. (2019). Retrieved 16 October 2019, from <https://sustainabledevelopment.un.org/?menu=1300>

- “UNSD Goal 10: Reduce inequality within and among countries”

These 4 Sustainable Development Goals will be directly assisted through TrueAid’s donations targeted ways (find an extended explanation in TrueAid’s Development section).

2. Findings – Market Pain

In the following section I will make an approach to the market pain that TrueAid aims to solve by synthesizing my findings on the Global donation habits, with a further emphasis on Spanish donation trends. I will corroborate these findings through a survey which I personally undertook. In addition, findings in the main countries in need will be exposed in order to select where TrueAid will be deploying its positive impact.

2.1 Global Scope

The first relevant study from my research is the ⁵Charity Aid Foundation’s World Giving Index (2018), which has a sample size of over 150.000 people worldwide and a confidence level of 95%. From the three main ways of providing aid that it takes into study: “helping a stranger, donating money or donating time”, in the surveyed developed countries the majority preferred to donate money (42%) and in developing countries helping a stranger took the leading position (54%). From these findings, as TrueAid will be targeting the aid supply from developed countries, we can start to funnel the nature of its donations as charitable donations.

Moreover, the World Giving index also reflects that men and women donate almost in the same proportion, men donations being just 0.2% higher than women. In this way, TrueAid’s social business will be targeting both the female and male genders. This implies the need of a neutral brand image, platform design and initial marketing campaigns.

In relation to the world ranking of countries population’s participation in donating money, Myanmar holds the first position with 88% of participation, followed by Indonesia with a 78%. The following countries are Australia (71%), United Kingdom (68%), New Zealand (68%), Netherlands (66%), Norway (65%), Iceland (65%), Ireland (64%) and Malta (64%).

However, if we consider the world ranking by number of people donating money, this time India takes the leading position with 191M people. It is followed by the United States (158M), China (156M), Indonesia (144M), Germany (39M), United Kingdom (37M), Nigeria (36M), Pakistan (34M), Myanmar (33M) and Iran (32M).

⁵ Charities Aid Foundation. (2018). CAF WORLD GIVING INDEX 2018 - "A global view of giving trends". (pp. 18-20). Retrieved from https://www.cafonline.org/docs/default-source/about-us-publications/caf_wgi2018_report_webnopw_2379a_261018.pdf

These findings are crucial for a future strategic expansion phase, where two of the countries with the higher number of donors (Germany and UK) and five of the countries with the higher population's participation in donating money (Netherlands, Norway, Ireland, Malta and UK) are geographically close to TrueAid's launch country.

Another study which is worth highlighting is the ⁶2018 Global Trends in Giving Report by the Non-Profit Tech for good, which has a sample size of 6.057 donors from 119 countries. This study showed that 31% of worldwide donors donate to NGOs located outside their country of residence. In Europe (of which 23% are Spanish respondents) this figure increases to a 44%, worth considering as TrueAid's donations will be destined to foreign developing countries.

In addition, 54% of worldwide donors are likely to donate through online services using their credit or debit cards. In Europe this proportion decreases to 46%, but it is still the most preferred payment method. The credit/debit card option is almost equally likely by the three generation groups taken into study (Millennials, Generation X and Baby Boomers). This shows the clear necessity of incorporating credit/debit card payment method in TrueAid platform.

Furthermore, another important finding that is aligned with TrueAid's aim of providing real time information on donation's impact is that 58% of the surveyed European donors were more committed to donate to an NGO which gave them information about the impact of their donations.

2.2 Spanish Charity donations' situation

In this section I will describe my findings on the Spanish Charity market which is TrueAid's target launch country.

According to the ⁷2018 CAF World Giving Index, Spain holds the 45th position in the world ranking of countries participation in donating money, holding 35% of participation and being 53% lower than the leader, Myanmar.

Another survey that holds relevant findings for TrueAid's development is the 2018 Spaniards Collaboration to NGOs survey conducted by the ⁸Asociación Española de Fundraising (AEFr). The survey has a sample size of n= 1088 and confidence level of 95.5%. This study shows that 55% of respondents donated money at least one time in their lives. However, only 20% of the

⁶ Non Profit Tech for good. (2018). 2018 Global Trends in Giving Report (pp. 6-16). Retrieved from <https://funraise.org/techreport-past-reports>

⁷ Charities Aid Foundation. (2018). CAF WORLD GIVING INDEX 2018 - "A global view of giving trends". (pp. 18-20). Retrieved from https://www.cafonline.org/docs/default-source/about-us-publications/caf_wgi2018_report_webnopw_2379a_261018.pdf

⁸ Asociación Española de Fundraising (AEFr) & Kantar Millwardbrown. (2018). "La colaboración de los españoles con las entidades no lucrativas" (pp. 5-19). Retrieved from https://www.aefundraising.org/wp-content/uploads/2017/09/Resumen-Ejecutivo-Perfil_Donante_2018_DEF.pdf

surveyed Spaniards had donated money in the last 12 months. This clearly shows the urgent need of boosting Spanish real impact donations.

In terms of the Spanish donation market's demographics, the AEFr's survey showed almost no gender difference among the donors, being 52% women and 48% men. Moreover, 67% of donors were married or in a relationship and 36% were from the upper-middle class. Lastly, 49% of the donors held a university degree and the average age was 49 years.

Proceeding with the Spanish Donation market's psychographics, out of the 1088 respondents, childhood was a worrying issue for 49%, the elderly for 41%, ill people for 38%, disabled people for 33% and disaster victims for 33%. These findings are key in order to corroborate that the areas which TrueAid will be tackling (health and education) will be aligned with the donor's aiding interests.

Moreover, 36% of donors revealed that their donations are triggered by empathy and 32% by the need of ethics and justice. These factors should be specially considered when designing marketing campaigns to attract and retain donors. Furthermore, in relation to the most decisive aspects when choosing an NGO, 28% are moved by the affinity with the issue that the NGO is tackling, 11% are influenced by its image and 10% by trust. Consequently, TrueAid will find a disruptive way of gaining donor's trust as will be explained in the development section.

In addition, 19% of donors claimed that they donated through online services and websites. This finding must be considered at the time of computing TrueAid's target market.

Lastly, out of the 1088 respondents, 6% considered the work of NGOs as not important, 17% as medium important and 79% as highly important. This makes us wonder then, why only 20% of respondents had donated money in the last 12 months? According to AEFr's survey, out of the non-potential donors, 44% don't donate because of mistrust in NGOs and lack of transparency and a 34% because they don't have enough money. This lack of transparency in terms of knowing where the donated money ends up is the main market pain that TrueAid has been conceived to solve. However, before further development of the project, I decided to validate this hypothesis through the development of a survey which is explained in the following section.

2.3 Pain analysis

Before designing the survey, I conducted ten face-to-face interviews with both frequent donors and non-donors to take some initial insights about the nature of the problem into study. The

design of the questions of the face-to-face interviews followed ⁹Y-Combinators Partner, Eric Migicovsky's framework of how to talk to users. In this way, the questions asked in the interview where not aiming to address the hypothesis directly, were designed to unveil any kind of problem that donor's saw in the donation process. These questions were (non-donor questions in brackets):

1. What do you dislike most about the donation process?
2. Could you please tell me about the last time you encountered this problem? (Could you please tell me more about this problem?)
3. Why was it hard? (Why is it hard?)
4. Have you already tried to solve this problem? (How would you solve this problem?)

The findings of the face-to-face interviews confirmed my hypothesis of people feeling a market pain in terms of knowing where the donated money ended up. However, there were also other market pains that arose: one of them was the lack of trust in small and medium size NGOs without a consistent brand reputation. Some of the respondents try to solve this issue by searching for online opinions about the NGO or partnerships that they may have. However, they still felt partial mistrust of them. Secondly, another important issue highlighted by interviewees or respondents was to have real, detailed information about the cause in which the donation will be invested. The main solutions that donors tried for this issue were limited to internet research on the issue that the NGOs were tackling. Lastly, people also considered the lack of tracking information about the impact of its donations as a crucial issue which affected their level of donation satisfaction. Some respondents claimed to have emailed and called the NGOs for information on the impact caused without ending up satisfied with the response.

As a 10-people validation was not enough to confirm my hypothesis, I decided to conduct a more detailed online survey through Google Forms. For the appropriate design of this survey I took a mentorship with Demium Startups' marketing mentor Zineb Layachi, which holds more than 10 years' experience in the sector.

The survey consisted of 11 quick-answered questions (please find them in the appendix), which had some common initial demographic questions and a further specific section for donors and non-donors respectively. Through this survey I also sought to corroborate some of the donation

⁹ Migicovsky, E. (2019). How to Talk to Users [Video]. Mountain View, California, United States of America: Startup School by Y Combinator.

market findings explained in the previous section 2.2. The survey was answered by 125 respondents with the following findings:

- Of the 99 Spanish resident respondents, 86% claimed they don't donate to charity frequently. This figure is close to the 80% which was found by the AEFr's. However, as the AEFr's has a larger sample size we would use their figure for further market sizing calculations.
- Moreover, 57% of the Spanish resident donor sample size donated between 5 and 25€ on their last donation and 21% between 25 and 50€. Because of this reason it will be important for TrueAid to incorporate crowdfunding options to its larger budget donations.
- In terms of donation frequency, 64% of the Spanish resident donors make monthly donations, 14% weekly and another 14% every half year. This finding is key in terms of estimating the monthly volume of donations that TrueAid could capture from current donors.
- Furthermore, 50% of the Spain-resident donors donate through the web, 21% through nearby donation centres and 14% through church donations. As we can see, in the Spanish donation market there is a huge interest in online donation platforms.
- Out of the 99 residents in Spain sample, donation transparency in terms of knowing where the money ends up is important for 97.8% of the donors and 82,57% of the non-donors. This finding validates our hypothesis on donations traceability's importance.
- What is more, 78% of the Spanish resident donors consider it important to have real, detailed information of the cause prior to donating and 95% consider it crucial to have tracking information after the donation. This finding validates the new market pain found in the face-to-face interviews.
- Lastly, 55% of the non-donors consider it important in their decision of not donating the fact that there are many fake NGOs that scam us. Despite not being as high as the other findings, TrueAid will also focus on this as it is still influential over most potential new donors.

2.4 Third world necessities situation

According to the ¹⁰World Bank Group's Ending Learning poverty report, "260 million children have no access to school". However, this situation is even worse than it seems, as societies have

¹⁰ The World Bank Group. (2019). Ending Learning Poverty: What will it take? (pp. 2-25). Retrieved from <https://openknowledge.worldbank.org/bitstream/handle/10986/32553/142659.pdf?sequence=6&isAllowed=y>

been incorrectly addressing this issue during the last decades. Their new findings revealed that “53% of all children in low- and middle-income countries suffer from learning poverty”. Increasing the number of children that go to school doesn’t imply a direct empowerment of developing societies as children are being schooled but they are not even learning how to read. Following their findings, if we don’t change the education quality, “in 2030 about 43% of children will still be learning-poor”.

By only putting our efforts in supplying food and water donations, we are only creating a short-term patch for the problem, making developing societies eternally dependent on our aids. As a response to this learning problematic, TrueAid has decided to put the focus of its donations on providing developing countries the appropriate resources to create their own sustained economic growth through the improvement of their human capital.

In order to properly provide aid for this human capital improvement, TrueAid will follow the ¹¹World Bank’s Human Capital Program which has ranked 157 countries according to their Human Capital Index (HCI). This index measures the “human capital of the next generation, defined as the amount of human capital that a child born today can expect to achieve in view of the risks of poor health and poor education currently prevailing in the country where that child lives.” The HCI score goes from 0-1 according to the measurement of 5 factors: “Child survival (under-5 mortality rate), school enrolment (quantity of education by the age of 18), quality of learning (international student achievement tests), healthy growth (the rate of stunting of children under the age of 5) and adult survival (proportion of 15-year-olds who will survive until age 60)”.

TrueAid will start focusing on the five least performing countries in the Human Capital Index, with a future expansion to its subsequent countries once the platform reaches the appropriate traction. The least 5 countries in the HCI are: Chad (0.29), South Sudan (0.30), Niger (0.32), Mali (0.32) and Liberia (0.32). A score of 0.3 in the human capital index implies that the country into study could be three times more productive if its learning and health levels were optimal. For example, according to the World Bank’s HCP, ¹²“In Vietnam, workers able to perform non-routine analytical work earn nearly 25 percent more than those who cannot”.

Moreover, health plays an important role in boosting the auto-maintenance and growth of an underdeveloped society. According to a study conducted in South America by Bleakley Hoyt (MIT

¹¹ The World Bank Group. (2019). The Human Capital Project (pp. 5-16). Retrieved from <https://openknowledge.worldbank.org/bitstream/handle/10986/30498/33252.pdf?sequence=5&isAllowed=y>

¹² The World Bank Group. (2019) World Development Report 2019: The Changing Nature of Work.

Ph.D.), ¹³“a child infected with hookworm was an estimated 20 percentage points less likely to be enrolled in school than a non-infected child and 13 percentage points less likely to be literate.” Additionally, “hookworm eradication would imply a long-term income gain of 17 percent”.

True Aid will be deploying help to improve this human capital crisis through driving its users' monetary donations towards five main health and learning aids: Elements of reduced mobility (wheelchairs, prosthesis, crutches and walkers), medication boxes, glasses, surgeries and treatments and university and vocational training scholarships (giving preference to teacher professionalization in order to directly raise the teaching quality).

3. TrueAid Development

In the section that follows I will describe in depth the solution for the market pains through the development of TrueAid's Business Model Canvas, following Alexander Osterwalder's framework.

3.1 TrueAid Proposal

TrueAid is an intermediary digital sponsorship platform that connects donors with NGOs, ensuring full transparency in the traceability of donations, real time information on donation impact and validation of safe and trustworthy NGOs.

Before going further into details, it is worth identifying TrueAid's vision, mission and values.

TrueAid's vision consists of boosting the amount of charitable donations that make a real impact over societies in need. Our mission is to guarantee full transparency of trustworthy charitable donations by providing donors traceability and real impact information. In what concerns our values, we put our focus on Muhammad Yunus' concept of Social Business having the following values:

- Social maximization and not profit maximization are the ultimate goals of TrueAid. However, TrueAid must generate profits to ensure that it is financially self-sustainable for the creation of a long-lasting impact.
- Our employees will be paid the market wage but will have superior labour conditions.
- Every activity that TrueAid conducts or outsources must be gender balanced and environmentally sustainable.

¹³ Bleakley, H. (2002): "Disease and Development: Evidence from Hookworm Eradication in the American South," mimeo, MIT

- No dividends will be distributed further from the amount that investors have invested.

And:

- The main aiding focus must be on a direct improvement of the Human Capital.
- The aid will be given in the least performing countries in terms of Human Capital Index.
- UN Sustainable Development Goals number 1, 3,4 and 10 should be addressed in the measures taken for the Human Capital improvement.

TrueAid's core business concept relies on modifying the common donation process in which monetary donations are administered by NGOs, where they decide which actual donations' percentage goes to the cause, which goes to cover overhead expenses, direct labour, direct materials, etc. In contrast, TrueAid will offer an intermediary service where donors will be the ones choosing what, to whom, where and when to donate. What is more, TrueAid's service will be fully transparent, allowing donors to trace their donations and have real time information about their impact.

As we have seen in the Findings' section, 46% of European donors are likely to donate through online services. In this way, the platform will be accessible through the web where donors will create their own/family account. The platform will show the people in need from the different NGOs from Chad, South Sudan, Niger, Mali and Liberia, which had agreed with our services' conditions and had been approved by our consultants. These people in need will be listed in order of aid urgency, providing real information on their name, life story, health condition and the aid that they need. Following our core commitment with the Human Capital improvement, these needed aids will be elements of reduced mobility (wheelchairs, prosthesis, crutches and walkers), medication boxes, glasses, surgeries and treatments or university and vocational training scholarships.

Once the type of aid has been selected and paid, TrueAid will create a Smart Contract. ¹⁴Smart Contracts are digitalized traceable contracts which use Blockchain to ensure trusted transactions. This Smart Contract will specify the type of aid that is being sent, who is the aided person, the NGO that will receive it and the deadline that the NGO has for making the purchase of that aid. Following Smart Contracts functioning, if the receiving NGO doesn't make the purchase within the deadline set by the donor, the money is automatically sent back to its origin. Furthermore, once the Smart Contract is accepted by the donor, it will be automatically saved in Blockchain, making it completely unchangeable (not even by TrueAid). The integration of

¹⁴ Investopedia. Smart Contracts: What You Need to Know. (2019). Retrieved 30 October 2019, from <https://www.investopedia.com/terms/s/smart-contracts.asp>

Smart contracts' Blockchain with our platform will allow the donor to track in real time the situation of their aid.

Once the NGO makes the purchase, donors will be automatically notified and digitally sent the purchase invoice to our platform. Moreover, this TrueAid donation purchase invoice will allow donors to deduct part of its value from their personal income tax contributions.

Finally, the donor will have the opportunity to track and see the real impact that its donation has had through arranging video calls with the aided person. TrueAid's platform will be more than a donation intermediary, we will encourage the creation of friendly relationships between donors and aided people by providing them a communication platform where they could send pictures, messages, photos and videos to each other.

3.2 Value proposition

To consider TrueAid's value proposition (VP) it is worth clarifying that TrueAid's main VP is directed to donors. However, as TrueAid also generates value for its supplier and NGOs in a different way, it will be appropriate to identify three sections of VPs.

- Donors' VP

As it has been considered in the development of the project, one of TrueAid's VPs relies on guaranteeing full transparency in the traceability of the donations.

Secondly, TrueAid also generates value to the donor as it provides a way of having real-time impact information of the donation through video calls and other communication channels.

Moreover, by donating through our platform, donors only have access to trustworthy NGOs staying safe from online scams.

As secondary VPs, we provide authenticity of our own service through blockchain, which is a cryptographic database that cannot be manipulated.

Lastly, we provide donors the possibility of deducting part of their donations from their Personal Income Tax contributions. According to the Spanish Tax Agency, donors can deduct 75% of their donations up to 150€, and 30% of the exceeding quantity. In the case of having donated the same or a higher quantity to the same organization during the last three periods, the above 150€ deduction is 35%. However, this deduction has a limit of 10% of the IRPF's net basis. From TrueAid's perspective, in order to achieve this VP, we should meet the requirements of the Law

¹⁵“49/2002 Régimen fiscal de las entidades sin fines lucrativos y de los incentivos fiscales al mecenazgo”.

- Smart Contract Supplier's VP

Before identifying the supplier's VP we have to consider that TrueAid will negotiate with them the usage of the Smart Contract system at cost price. This negotiation will be based on the perspective that we are a social business aiming to create a higher impact as possible. In this sense, if they provide us this cost price, we would communicate their altruistic partnership with us within all our communication channels and they will even have a special recognition page inside our website. Consequently, they will enjoy a huge reputation strengthening as conscious suppliers. Moreover, as they provide this Smart Contract services to any kinds of business or individual, every TrueAid donor will be aware of their brand name and reputation, broadening their marketing reach to new possible business clients.

- NGO's VP

The value that TrueAid will create for NGOs is enormous as it will reinforce their image and ensure people's trust on them. This implies a consequent increase in the number of donations that they receive and a subsequent improvement of the conditions of the people they are trying to aid. What is more, as TrueAid will be the one attracting new customers and ensuring the retention of them as donors in the platform, implying huge reductions in NGO's marketing costs. Moreover, the trust and reputation gains driven by our platform will also decrease their brand image spending. Finally, TrueAid will incentivize the creation of friendly relationships between the donor and the person in need, bringing all kind of benefits to NGOs, as volunteer visits, repeat donations, referrals, etc.

3.3 Target Segments

The following section describes TrueAid's targeted segments and market. It is worth clarifying that as TrueAid's main revenue will be generated from NGO fees, we will consider them a target segment. Additionally, TrueAid users will also be considered as target segments as we will have to attract them for the functioning of the whole business activity.

- User's Target Segments

Starting with the behavioural aspects of our target segments it is worth recalling the findings from the AEFr explained in the Spanish Donation Habits section, where only 20% of respondents

¹⁵ BOE. (2019). Retrieved 25 November 2019, from <https://www.boe.es/buscar/pdf/2002/BOE-A-2002-25039-consolidado.pdf>

donated money in the last 12 months. Following this figure, we consider it optimal to create two main target segments: frequent donor and non-frequent donors. The main reason to create this segmentation relies on the fact that TrueAid is not only looking to attract donations of frequent donors but also to make those who don't donate start doing so. In order to achieve this, we will have to create two different marketing messages to reach each target segment. Please note that out of the 80% non-frequent donor target, TrueAid will discard the 6% of them who according to the AEFr don't consider NGO work as important.

Continuing with the demographic aspects reflected in AEFr's study, there is only a 2% gender difference between donors. Consequently, it makes no sense to address two separate gender segments as they have almost the same donation behaviour. Moreover, we would limit the age range of our target segments to people within 25 and 65 years old. The main reason for the lower threshold relies in the lack of consistent earnings under 25 years, where according to the Instituto Nacional de Estadística (INE), ¹⁶“2018 average wage under 25 was of 1.091€”. The upper bound is set due to limitations in familiarity with online services usage, where according to the ¹⁷INE, only a 50% of the population above 65 years has used the Internet in the last 3 months.

Moreover, due to the type of donations it offers, TrueAid would provide most of its donation accessibility to the middle- and high-income donor segments. Nevertheless, there would be crowdfunding options for costlier aids such as scholarships. In both target segments (donors and non-donors), we will consider both income groups.

Moving to the geographic segmentation, we will limit our initial target segments to Spain considering all its Autonomous Communities. As TrueAid offers online services, there is no need to be initially focused on a specific city or region. However, once the service gains traction, new marketing target segments should be created in those regions with lower user attraction.

Lastly, considering the psychographic segmentation, similar to the income level, in our two target segments we would focus on middle- and high-class groups.

To sum up, TrueAid will have two target user segments: Spanish resident donors and non-donors. Both segments will be people between 25 and 65 years old, and from middle- and high-income levels.

¹⁶INE. Salarios medios por tipo de jornada, grupo de edad y decil..(13928). (2019). Retrieved 31 October 2019, from <https://www.ine.es/jaxiT3/Tabla.htm?t=13928&L=0>

¹⁷INE. (2019). Encuesta sobre Equipamiento y Uso de Tecnologías de Información. Retrieved 30 October 2019, from https://www.ine.es/prensa/tich_2019.pdf

- NGO target segments

For defining the NGO target segments I have conducted a completely different approach based on interviewing NGOs through phone calls. For validating it I called 6 NGOs from 3 different size groups by number of active donors. The small size NGOs were “Acción Por Un Mundo Mejor” and “AFAC más cerca de lo que crees”. These NGOs used their donations to strengthen the impact of their projects’ design and performance and were not interested in spending on any further service that provided them more donations or brand image. However, middle-sized NGOs, as “ADESCI” and “Fundación el Compromiso”, showed a strong interest in using a fully transparent service. Fundación el Compromiso considered TrueAid’s service of not offering aid to causes but offering direct aid to people as a great advantage for diversifying aids.

Finally, Big NGOs as “1 kilo de Ayuda and Acción contra el hambre”, had their own strong donation channels through their websites and social media. Moreover, in relation to the transparency issue, 1 Kilo de Ayuda hold the Lealtad Certification and was not interested in any further service to ensure transparency.

Due to the above-mentioned reasons TrueAid will be focusing on mid-sized NGOs offering aid in child sponsorship, surgeries and treatments or education.

3.4 Channels

In the following section I will describe the main channels that TrueAid will use to transmit its VP and reach its donors and NGOs. In order to describe these channels, we will distinguish between direct and indirect channels.

TrueAid’s direct channels are the ones that will be created and administered by the social business itself. These channels will be:

- **Website:** TrueAid’s platform will be initially developed through a website accessible in computers and mobile phones which will provide donors and NGOs in a clear and intuitive way our value proposition, registration procedure and the running of our donation service. Another crucial aspect in which our website should make special emphasis is content generation. We should provide weekly information on the issues that TrueAid is tackling and its relevance, the impact that TrueAid is generating, and other areas of related interest for our donors.

Moreover, TrueAid will make an exceptional emphasis on asking its donors and NGOs for feedback in order to constantly improve the quality of its services.

The website will have a page for NGOs who want to contract our services, providing information on the fees, conditions of our services and procedure for incorporating them.

- **Email:** another crucial channel would be email, where it would be optimal to use an automated email marketing platform as Mailchimp. Through this program TrueAid will establish specific programmed emails to be sent during the different phases of the customer journey (information on special offers, referral code discounts, surveys, etc). It also implies a channel for after-sales services through which donors or NGOs could solve any problem they have had.

- **Instagram, Facebook and YouTube:** these social media accounts should clearly state our value proposition, values, mission and vision. Similarly, to the website, they are a key channel in terms of content generation and will require several weekly posts (less frequent posts in YouTube's case).

- **Google/Facebook Ads:** As TrueAid is a digital platform this channel will be the most important in order to create awareness and attract new donors to our website. In order to ensure a large conversion, there must be a direct connection between the content shown in our ads and the style of the VP delivery of our website.

It is important to highlight that as we will be addressing frequent donors and non-frequent donors, our ads campaigns should be specially tailored for each of these target segments.

- **SEO:** it is a free channel to optimize TrueAid's positioning when people make organic internet searches of our offering or similar services. SEO is key in order to make the different search engines understand what your website is offering.

- **Phone calls:** phone calls will be used to provide information to NGOs in urgent cases.

- **Meetings:** personal face-to-face communication will be needed with some NGOs.

Analysing TrueAid's indirect channels, it is important to consider the following ones:

- **Newspaper articles:** As TrueAid's mission, vision and values are quite disruptive, traditional donation industry newspapers might be interested in interviewing us and publishing articles about our VP, mission, vision and values. This is a free and massive communication channel to boost brand awareness and new donors/NGOs.

- **Referrals:** Once the donor sends a TrueAid, we will provide them a digital donation recognition badge which they could share in their social media in order to boost awareness and attract new donors. Moreover, if we put our focus on improving the quality of our services, this will bring a consequent positive boost in the word of mouth, increasing the number of new users.

- **NGOs promotion:** NGOs will be willing to promote that they are using our services as it will imply an improvement in their brand reputation and trust of donors.

- **Smart Contract Partner promotion:** similarly to the NGOs, our Smart Contract Partner will enjoy a betterment in their brand image by communicating in their website and media that they are partners of fully transparent donation platform.

3.5 Market size

Proceeding by analysing TrueAid's Spanish market size, we will compute the values of the market in the three following subcategories:

Starting with the computation of the Total Addressable Market (TAM), following 2019 INE's Spanish total population figure of 46.934.632 people and applying AEFr's findings of the Spanish proportion of frequent (20%) and non-frequent (80%) donors (explained in the Spanish donation habits section) we can identify a TAM of 9.386.926 frequent donors and 37.547.706 non-frequent donors. It is worth mentioning that the TAM only considers an initial segmentation of the total market, being useful in cases of business model pivoting.

Continuing with the Serviceable Available Market (SAM) computation, I applied TrueAid's target users age range limitation (25-65 years) to the above mentioned INE's database obtaining a total number of Spanish residents between 25 and 65 years old of 26.004.145 people. Then, as TrueAid's target segments will be the middle- and high-income residents, following ¹⁸Caixabank Research which uses OCDE's middle- and high-class population percentages (59,3% and 9% respectively) I obtained a total amount of 17.760.831 Spanish 25-65 years old residents from middle- and high-income. After that, following AEFr's proportion of frequent and non-frequent donors, we obtain a total figure of 3.552.166 frequent donor's and 14.208.665 non-frequent donors. Here it is worth considering that not all non-frequent donors would be willing to donate even though they were offered a complete transparent platform and real-time impact information of their donations. To discard this group, I subtracted from the computed non-frequent donors' figure AEFr's finding on the proportion of people who consider NGO work as not important (6%) and half of the medium importance proportion (17%/2). In this way, the non-frequent donors within TrueAid's target user will be 12.148.409 people.

However, as the SAM shows the maximum donors and non-donors that TrueAid could currently reach with its business model, we should also consider the proportion of online donors within

¹⁸CaixaBank Research. ¿Quién es la clase media? (2019). Retrieved 30 October 2019, from <https://www.caixabankresearch.com/quien-es-la-clase-media>

these groups. Following AEFr's findings, this proportion is 19%, obtaining a frequent donor SAM of 674.912 Spanish residents. For the computation of non-frequent donors who might be willing to make real impact online donations, we used as a proxy database the INE's findings in percentage of people between 24 and 65 who have made online purchases in the last 3 months (51,6%) obtaining a non-frequent donor SAM of 6.268.579 people. Consequently, TrueAid's overall SAM will be 6.943.491 people. Now, assuming that all our SAM will donate at my survey's average amount of 35€ per quarter (105€/year), TrueAid's annual SAM would be of 729.066.555€.

Finally, TrueAid's Serviceable Obtainable Market will be the estimation of the donors and non-donors that TrueAid could reach and convert into users in the short and medium run. In order to make this value as objective as possible I will conduct a bottom-up SOM computation for TrueAid's first year of activity.

To construct this value, we will estimate the number of donors that we could attract in a year through our explained channels.

- Facebook ads: TrueAid's target will be to obtain 1.000 leads through Facebook and Instagram ads. This value is estimated following the results on the validation of TrueAid's landing page (further information in section 4) where in 3 days out of 182 clicks on TrueAid's Instagram/Facebook ads we obtained 4 leads with a Lead Conversion Rate of 2,20%. Moreover, as the resulted Cost Per Lead was of 7,25€, in the worst-case scenario of not improving the ad design and communication message, those targeted 1.000 leads will cost 7.250€.

- Referrals: in order to estimate the amount of people that will be attracted by recommendations we estimated that a 10% of the above 1.000 leads would make at least one successful referral obtaining 100 additional leads.

- Newspaper articles: TrueAid aims to appear in at least five newspaper/magazine articles during its first year of activity. Considering as reference the Spanish newspaper ¹⁹"El Periódico" that has 386.000 daily readers, we could easily obtain 100 leads per article, totalling 500 leads.

- Content Generation: TrueAid targets to make at least 1 weekly post on Instagram/Facebook. As these posts are normally shared and commented on, we estimate to obtain 3 leads per week, totalling 144 leads in a year.

¹⁹ Prnoticias. (2019). EGM: Los principales diarios españoles pierden más de 280.000 lectores en un año. Retrieved 2 November 2019, from <https://prnoticias.com/prensa/egm-prensa/20174417-egm-prensa>

- SEO: In relation to organic searches, we estimate to obtain 2 leads from weekly searches, totalling 96 leads per year.

- NGOs and partners promotions: TrueAid considers that it could reach 10 monthly leads through their promotion, implying 120 annual leads.

Following the above-mentioned estimations, TrueAid could reach a total of 1.960 leads in one year. Considering that 80% of these leads will end up using TrueAid's services, we obtain a total of 1.568 donors which at the average annual donation amount of 105€ will imply a SOM of 164.640€.

3.6 Key Resources

In the section that follows I will describe the different resources that are crucial in the development and accessibility of TrueAid's value proposition.

Starting with TrueAid's intellectual resources, it is key to consider its platform software design a crucial component in the value offering to its users. This platform should allow users to make donations, consequently needing a credit card payment integration. Moreover, it should also integrate video calls and chats, allowing donors and aided people to share messages, pictures, videos and chat with each other in real time. Moreover, another crucial aspect of the platform should be the connectivity between the suppliers and the donors so that donors could receive the purchase invoice of their donations in their platform. The platform should also allow its users to crowdfund the most expensive aids as scholarships or surgeries. Furthermore, the platform should also integrate the Smart Contract technology provided by the Blockchain suppliers.

Another valuable intellectual resource would be the customer databases gathered from the platform. This information could be used for improvements within the platform and generation of new sources of competitive advantages through machine learning.

The last key resource in TrueAid's development is its key supplier partners which will be explained in section 3.7.

In relation to its physical assets, as TrueAid is an intermediary digital platform it will only be necessary to have an office, which in order to minimise its initial costs, during its early stage it could be a coworking space.

Lastly, TrueAid's human resources will follow a lean startup structure during its initial phase. This structure will include some key professionals in the digital marketing (CMO), programming (CTO) and business (CEO) fields. The CTO will be in charge of developing and maintaining

TrueAid's platform while the CMO will develop strong online campaigns to attract, convert and retain new users. TrueAid's CEO will be in charge of coordinating the overall operations of the company, giving a special importance to partnership acquisition and relationship management.

TrueAid will require an outsourced consultant to analyse the activities of NGOs and suppliers in order to ensure that their values are aligned with the ones that TrueAid holds. Another key human resource will be a Smart Contract advisor which could orientate TrueAid's CTO in the appropriate integration of this system into TrueAid's platform.

3.7 Key Partners

Analysing TrueAid's Key Partners, we can identify the Smart Contract supplier as our main partner. Our target Smart Contract Supplier is ²⁰Blocknap, which was created by the first blockchain specialized lab in Spain, NWC10Lab. Blocknap offers an intuitive and fast way to create Smart Contracts both for individuals and businesses. They store the contracts in the blockchain red Test Ethereum and send both contracts parties a PDF document with a link to easily access and trace the blockchain red were the Smart Contract is stored.

In this way, we will make a partnership with them for the use of their Smart Contract resource. This resource can be integrated in TrueAid's platform through an API so that the donor will have everything together in the same platform.

As it was mentioned in the VP section, taking advantage of Blocknap's recent launch and need of brand awareness, TrueAid will negotiate with them to obtain their services at a cost price (1% per donation + 150€ per NGO registry) in exchange of a huge gain in brand image as conscious and altruistic TrueAid partners, free sponsorship in our events, websites and communications and access to a wide amount of potential new clients, as our users could use their services for other purposes besides donations.

Another important partner would be the Payment Gateway Platforms that TrueAid will need for providing its users credit card donations accessibility through the platform. The most cost-effective target platforms will be ²¹Stripe which charges 1,4 % + 0,25 € for European cards and 2,9 % + 0,25 € for foreign cards.

²⁰ TechWeek. Nace Blocknap, la solución blockchain que permite generar contratos inteligentes entre empresas y particulares - Software y Servicios TI (2019). Retrieved 1 November 2019, from <http://www.techweek.es/software-servicios-ti/noticias/1019133004701/nace-blocknap-solucion-blockchain-smart-contracts-inteligentes-empresas-particulares.1.html>

²¹ Stripe: Tarifas &. (2019). Retrieved 2 November 2019, from <https://stripe.com/es/pricing>

3.8 Customer Relationships

In what concerns to TrueAid's customer relationships we will be providing different customer relationships to our donors and NGOs. Donors will expect to have a quick donation process through our platform. Consequently, it will be necessary to automate our services by asking donors personal information to register on our platform (full name, age, email and payment information) and programming a guided assistance throughout all their donation process. Moreover, with their email marketing consent, we will conduct automated email campaigns for mass user communications. Nevertheless, it will be optimal to provide them personal email assistance for uncommon problems in the donation process or in the after-donation service.

In addition, TrueAid will have special consideration on the protection of the personal information of its donors, NGOs and partners. Following the ²²"EU Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data" every time TrueAid will obtain personal data from donors, it will be clearly explained what will this data be used for, how it will be used and for how long it will be kept in TrueAid's database.

Customer NGOs and Smart Contract partners will enjoy a tailored relationship management from the beginning. This special treatment makes cost-effective sense as they will be manageable in number and will produce strong positive outcomes for TrueAid. Thus, we will provide them with completely personal assistance via email from the beginning, with the option of phone calls and video calls for urgent issues they could face.

Lastly, once the NGOs have decided to contract our services, they will have an automated assistance within our platform to explain to them how to add all the relevant information of the people in need who will be receiving the aids.

3.9 Competition

In the following section TrueAid's main competitors will be analysed according to the level in which they provide donation traceability and real time impact information.

- ²³**Comgo**: is the Main TrueAid's competitor as it provides its users a secure and reliable platform to make traceable donations using Smart Contracts through Blockchain. This platform is present

²² Official Journal of the European Union. REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL. (2016). Retrieved 1 November 2019, from <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0679>

²³ Gonzalez, D. (2019). ComGo, plataforma para proyectos solidarios en la blockchain de IBM, suma ocho ONGs con presencia en España - Observatorio Blockchain. Retrieved 2 November 2019, from <https://observatorioblockchain.com/comgo-plataforma-para-proyectos-solidarios-en-la-blockchain-de-ibm-suma-ocho-ongs-con-presencia-en-espana/>

in the Spanish market where it currently is undertaking a pilot project with 8 NGOs (Farmacéuticos Sin Fronteras, Cáritas, Fundación Exit, Orden de Malta, Homeless Entrepreneur, KUBUKA y It-willbe.org and Fundación Recover). As other strong points of Congo, it is worth considering their value proposition of reducing auditing costs, by giving informational access to all the stakeholders on campaign funds, where were they spent and its impact. Moreover, they state that they provide their users impact information. However, they don't specify how they corroborate the validity of these information or how frequent they communicate this to its donors.

-²⁴Alice: Alice is a social impact platform launched in 2017 in the UK market. Its main strengths rely on its use of Smart Contracts through Ethereum Blockchain to give their donors full transparency of their normal currency donations. Moreover, Alice has proved the functioning of this blockchain system in London's donation market helping the homelessness charity St Mungo's raise £13,000. In terms of impact measurement, it addresses this issue by external third parties that validate that the objectives were correctly met. Furthermore, they are developing a tradable impact investment system which will allow charities to raise liquidity for their projects.

Alice's main weaknesses rely on its impact measurement limitation of having to employ an independent third party to corroborate that the goals have been achieved. This implies increased costs in the donation process and a huge limitation at the time of expanding to other countries. In we consider that Alice expands its aid to 20 NGOs located in 10 different cities it would require at least 10 independent parties to check the goals achievements. In this sense TrueAid's proposal of real time goal achievement verification through videocalls makes more sense from both an economic and logistic perspective.

-²⁵Giveth: Giveth is an open source donation Platform that was started in October 2016 and will soon release their beta version. As one of its strengths, Giveth also uses Smart Contracts through Ethereum Blockchain to ensure traceability of its donations and allow donors to block their donations if certain objectives are not achieved. However, their concept relies on connecting people who have a desire to change the world by donations with people who have the actual time to make it happen. In order to achieve this, they have designed a complex system of interconnection what they call DACs (Decentralised Altruistic Communities) that organize campaigns and set specific milestones within these campaigns. Moreover, similarly to Alice's

²⁴ Alice. A Social Impact Platform that Leverages Blockchain to Evaluate the Transparency, Accountability, and Effectiveness of Charitable Projects - BadCredit.org. (2019). Retrieved 1 November 2019, from <https://www.badcredit.org/news/alice-evaluates-the-credentials-of-charitable-projects/>

²⁵ Giveth. (2019). Intro to the Giveth DApp - Giveth Wiki. Retrieved 1 November 2019, from <https://wiki.giveth.io/dapp/>

platform, Giveth provides tracking information of the donation impact through the corroboration by two types of profiles: campaign reviewers and milestones reviewers.

As main weaknesses I firstly consider that they have designed a way to complex system for achieving a simple connection between donors and volunteers that might be confusing for attracting new donors. Moreover, as it was mentioned regarding the Alice platform, the need of having two external profiles to review the accomplishment of a milestone and campaign will incur huge costs in the donation process and will limit its geographical expansion.

-²⁶**Pinkcoin:** is a donation platform which uses its own cryptocurrency for donations ensuring traceability through the Blockchain nature of its coins. Moreover, donors can gain money by holding this currency for a specific time.

Pinkcoin main weakness relies on the fact that donors are forced to use cryptocurrencies to make traceable donations. A wide majority of our society is still not familiarized with the use of this encrypted currency. Moreover, Pinkcoin fails to provide information about the impact that its donation has had.

There are several other platforms will provide the same cryptocurrency solution as Bithope, GivetTrack, Bitgive, Binance Charity and AidCoin. However, as we mentioned before, they fail to accomplish TrueAid's goal of providing real impact information and traceable donations with normal currencies.

3.10 Key Activities

The fact that TrueAid is an intermediary donation platform makes it crucial to coordinate the different activities which will make the whole donation process work efficiently. In this way, TrueAid will have the following key activities:

Platform continuous development and maintenance. This process will be managed by TrueAid's full stack CTO, who will be developing both the front and back end parts of the platform. Moreover, UX design will be needed to make the platform visually catchy for the donors.

- Partnering with the Smart Contract suppliers and credit card payment processors. The person in charge will be the CEO.

²⁶ PinkCoin – PinkCoin's official website. (2019). Retrieved 1 November 2019, from <https://pinkcoin.com/>

- Attracting and retaining donors and NGOs. Process jointly made by the team, as it will need strong marketing campaigns (CMO), integration of this campaigns in TrueAid's platform (CTO) and NGO negotiation and relationship management (CEO). However, the most important role will be the one carried by the CMO who will have to design strategies to make people aware of our value proposition, and once they have donated, incentivize them to make as many repeated donations as possible.
- NGO and donor problem solving. As we mention in the customer relationship section there will be part of this activity which will be automatized and other personally conducted by the team (according to the nature of the problem) by email or phone calls.
- Brand image consolidation. Similarly, to the user attraction campaigns, the CMO will have to design campaigns to boost the overall brand image and reputation of TrueAid. In this activity it will be key to highlight that our Smart Contracts through Ethereum blockchain services are unchangeable even by us.
- Lastly, TrueAid's overall activities should be designed and coordinated within a major key activity, the strategic business management of the social business. This activity will be conducted by the CEO and will be crucial to ensure TrueAid's long term sustainable growth.

3.11 Revenue Streams

After analysing several types of revenue streams present in the donation market, TrueAid found optimal to hold two main revenue streams: brokerage fees and advertising. TrueAid's brokerage fees will imply a commission for every donation made of 5% plus a fixed annual fee of 250€ per NGO. As TrueAid will target medium sized NGOs during its initial stage, the fixed annual fees will be the same for every NGO. However, in a more advanced phase TrueAid could apply a customer segment-dependent pricing by charging higher registration fees to larger sized NGOs.

Furthermore, the advertising revenue stream will consist of charging ads fees to companies that have similar target segments than us. Here it will be important to only offer this service to non-substitutable companies which will offer different products/services. For example, these companies could be bio and ecologic products or non-substitutable social impact businesses. The advertising pricing will follow the ²⁷average pricing charged in online platforms of 3€ every 1.000 impressions. For its revenue computation it is worth considering that a user is normally shown 3 ads per session and TrueAid estimates an average of 15 weekly sessions per donor.

²⁷ Ticon. Rentabilizar una App. (2019). Retrieved 2 November 2019, from <https://www.ticon.es/blog/4/la-verdad-sobre-rentabilizar-una-app>

Once I identified TrueAid revenue streams, it was necessary to construct a five-year projection of TrueAid's revenue and market share growth. Consequently, taking as reference ²⁸INE's estimation of Spain's population growth I computed the annual Total Addressable Market (see procedure in Market Size section). Moreover, taking as reference the 2019 Serviceable Obtainable Market computed in the Market Size section, I estimated its conservative growth rate from a viable lead acquisition perspective. Finally, having the 5 years' SOM projections I applied the revenue formulas explained above, obtaining TrueAid's total revenue projections. (Please see Revenue and Projections tables in Appendix).

3.12 Cost Structure

TrueAid's cost and expense structure will be considered in the following subsections:

1. Preliminary expenses (consolidation expense): This includes²⁹ SL consolidation (3.000€ as Social Capital), notary fee (350€), registry expenses (450€), Legalization of the Members and Entry Books (50€), intellectual property registration (150€) and agency fees (100€). TrueAid's approximated preliminary expenses will be 4.100€.

2. Cost of Sales: for every annual SOM projection the following costs will be applied:

- Third Party or Transaction fees: this will include the Smart Contract and Payment Gateway commission and fees. Our Smart Contract supplier will capture 1% of total donations plus a fixed annual fee of 100€ per NGO. Furthermore, the payment getaway platforms will take 1,4% of total donations + 0,25€ per donation.

- Hosting, cloud and database costs: these costs depend on the number of the platform's users³⁰ and will range from 60€ per month for a platform with around 1000 users to 2000€ per month for a platform with up to 100.000 users. Additionally, we will follow TrueAid's projected user growth and apply the equivalent cost (please find COS table in annex).

3. Operating expenses: These expenses will also be dependent to TrueAid's growth projection except for the coworking office rent (4.500€ per year) and salaries which will be constant. The reasoning of maintaining a constant level of salaries is explained by TrueAid's aim of following Muhammad Yunus Social Business framework (please see introduction), where TrueAid cofounders will be obtaining a salary of 1500€ per month plus a 30% of the TrueAid's ownership.

²⁸ INE. (2019). Proyecciones de Población. Retrieved 3 November 2019, from https://www.ine.es/prensa/pp_2018_2068.pdf

²⁹ ¿Cuánto cuesta constituir una start-up?. (2019). Retrieved 3 November 2019, from <https://www.eleconomista.es/emprendedores-pymes/noticias/6796509/06/15/Cuanto-cuesta-constituir-una-startup.html>

³⁰ DeepTalks. How much would the servers cost for my app or platform? (2019). Retrieved 3 November 2019, from <https://www.deeptalks.tv/how-much-would-the-servers-cost-for-my-app-or-platform/>

Moreover, 2019 annual operating expenses will follow a small scale startup level, being the following: consultant fees (2.000€), accounting and legal fees (2.000€), insurance (1.200€), office supplies (100€), telecommunications (500€), advertising and promotions (7.275€), utilities (0) because the coworking fee covers them, and finally any other expenses (100€). (please find P&L in the annex).

In order to analyse TrueAid's net earnings projections we considered TrueAid's P&L Statement projections. These findings reflected TrueAid's breakeven point at the fourth year of operations obtaining net earnings of 41.675€ followed by 130.934€ in the fifth year. In order to make this breakeven point reachable, we have analysed TrueAid's Cash Flow Statement finding that the social business would need 30.000€ initial funds by its cofounders (10.000€ each on average) and a FFF round of 40.000€ (which will imply a FFF reach of 13.333€ per cofounder) with no interest. Considering TrueAid's high impact mission, vision and values, this FFF round will be easily reachable and will bring some initial volunteers for making pilot testing of the platform.

Moreover, on the second year of activity TrueAid will need a Pre-Seed round of 150.000€ for 20% of its equity. This round would allow to ensure cash at the end of each year of at least 50.000€ in the lower year (please find Cash Flow Statement in the Annex).

Following Muhammad Yunus' social business concept where dividends cannot be distributed among investors, TrueAid will seek special social impact investors as Ship2B Impact Investments. These investors not only seeking ROIs from selling their equity, but also to create a positive impact on societies.

4. Landing Page Validation

Following Eric Ries' Lean Startup Methodology it was optimal to conduct a final validation of TrueAid's business plan. In order to make this validation I bought a web domain for TrueAid (www.mytrueaid.com) and designed a WIX landing page (please find in the annex) with the following structure: Opening page, Pain identification, Value Proposition (service offerings), How it works and Call to action (by asking for registration).

Moreover, I designed a TrueAid 15-seconds video advertisement addressing non-frequent donors (using DaVinci editor) and a photo advertisement addressing frequent donors (please find screenshots of both ads in Annex).

Furthermore, I created a Facebook page and Instagram account for TrueAid and integrated them with Facebook Pixel, Google Analytics and Hotjar HeatMap. Lastly I launched a 3-day campaign in both platforms with a total budget of 30€ (5€ per day for each ad).

The campaign results showed a considerable interest on TrueAid's value proposition, obtaining 182 overall clicks in the ads with a Cost Per Click of 0,16€ which is far below the ³¹“across industry average of 1,68€”. Moreover, out of the 182, clicks 4 web visitors left their emails in TrueAid's registration, obtaining an Average Lead Conversion Rate (LCR) of 2,20%. This average is slightly below the ³²global average LCR of 2.4%. Moreover, the resulted Cost Per Lead was 7,25€.

If we consider the ads individually, the non-frequent donor targeted video obtained 141 of the overall 182 clicks and had 926 video plays. In the frequent donor photo ad, it had a lower engagement of 41 clicks out of the total 182.

Following Google Analytics findings, the average session duration was one minute, 20 seconds with a bounce rate of 75%. This may require generating more content within the website in order to increase the session time.

Regarding the heatmap, it was useful to see the visitors' engagement with the website in order to apply certain changes to its design. For example, some visitors after going through the whole website returned to the upper opening page where it was optimal to add another Call to action button (register button).

1. Conclusion

TrueAid's business plan seeks to prove that a social business could follow a positive impact business activity while being self-sustainable over time. In order to achieve so, it is important to define from the beginning the purpose that the social business wants to address and to ensure its consistency and integration by all the stakeholders who will be part of this social improvement process.

TrueAid's team will be a family of professionals seeking for a reward beyond monetary terms, willing to invest their time and effort in the improvement of the Human Capital Index of the most underdeveloped societies.

If we analyse the TrueAid's P&L and Cash Flow projections with profit maximizing eyes, the project may not generate huge monetary returns. However, if we stop and look at them from a social maximizing perspective, we could find out its real relevance. Following TrueAid's business plans projections during its first five years of activity 15.645.708€ will be securely destined to human capital improvement aids.

³¹ Main, K. (2019). Facebook Advertising Cost by Industry 2019. Retrieved 4 November 2019, from <https://fitsmallbusiness.com/how-much-does-facebook-advertising-cost/>

³² Lead Conversion Rate | Metric HQ. (2019). Retrieved 2 November 2019, from <https://www.klipfolio.com/metrics/marketing/lead-conversion-rate>

6. Annexes

6.1 Financial Analysis

Table 1. TrueAid's Projections

Projections						
	2019	2020	2021	2022	2023	2024
Population	46.934.632	47.078.257	47.289.555	47.492.714	47.686.892	47.965.839
Users	0,00	1.568,00	7.840,00	23.520,00	47.040,00	78.400,00
ONGs		6	30	90	180	300
SAM €	729.066.555,00 €	731.326.661,32 €	734.617.631,30 €	737.776.487,11 €	740.801.370,71 €	745.134.727,56 €
SOM €	0,00 €	164.640,00 €	823.200,00 €	2.469.600,00 €	4.939.200,00 €	8.232.000,00 €
Market share	0	0,02%	0,11%	0,33%	0,67%	1,10%
Growth	-	-	500%	300,00%	200%	167%

Table 2. Revenue Projections

Revenue						
	2019	2020	2021	2022	2023	2024
Revenue Commission	0,00 €	8.232,00 €	41.160,00 €	123.480,00 €	246.960,00 €	411.600,00 €
Revenue Register ONGs	0,00 €	1.500,00 €	7.500,00 €	22.500,00 €	45.000,00 €	75.000,00 €
Revenue Ads	0,00 €	5.080,32 €	25.401,60 €	76.204,80 €	152.409,60 €	254.016,00 €
Total Revenue	0,00 €	14.812,32 €	74.061,60 €	222.184,80 €	444.369,60 €	740.616,00 €

Table 3. Cost of Sales

COS					
	2020	2021	2022	2023	2024
Smart Contract Variable	1.646,40 €	8.232,00 €	24.696,00 €	49.392,00 €	82.320,00 €
Smart Contract Fix	600,00 €	3.000,00 €	9.000,00 €	18.000,00 €	30.000,00 €
PAYment Gateway Variable	2.304,96 €	11.524,80 €	34.574,40 €	69.148,80 €	115.248,00 €
Payment Gateway Fix	1.176,00 €	5.880,00 €	17.640,00 €	35.280,00 €	58.800,00 €
Total Third-party or transaction fees	5.727,36 €	28.636,80 €	85.910,40 €	171.820,80 €	286.368,00 €
Hosting, cloud, database costs	720	6000	12000	20400	24000
Customer Support³³	0	0	0	0	0
Total COS	6.447,36 €	34.636,80 €	97.910,40 €	192.220,80 €	310.368,00 €

³³ No direct customer support costs as this activity will be conducted by TrueAid's three cofounders.

Table 4. Profit and Loss Statement

Profit and Loss Statement						
	0	2020	2021	2022	2023	2024
Revenue Commission	0,00 €	8.232,00 €	41.160,00 €	123.480,00 €	246.960,00 €	411.600,00 €
Revenue Register ONGs	0,00 €	1.500,00 €	7.500,00 €	22.500,00 €	45.000,00 €	75000
Revenue Ads	0,00 €	5.080,32 €	25.401,60 €	76.204,80 €	152.409,60 €	254.016,00 €
Total Revenue	0,00 €	14.812,32 €	74.061,60 €	222.184,80 €	444.369,60 €	740.616,00 €
Cost of Sales	0,00 €	6.447,36 €	34.636,80 €	97.910,40 €	192.220,80 €	310.368,00 €
Gross Profit	0,00 €	8.364,96 €	39.424,80 €	124.274,40 €	252.148,80 €	430.248,00 €
Gross Margin		56,47%	53,23%	55,93%	56,74%	58,09%
Operating Expenses						
Advertising & Promotion		7.275,52 €	29.102,08 €	101.857,28 €	109.132,80 €	145.510,40 €
Consultant Fees		2.000,00 €	5.000,00 €	7.000,00 €	15.000,00 €	18.000,00 €
Accounting & Legal Fees		1.400,00 €	1.600,00 €	2.000,00 €	2.400,00 €	3.000,00 €
Insurance		1.200,00 €	1.450,00 €	1.700,00 €	2.100,00 €	2.800,00 €
Office Supplies		100,00 €	100,00 €	100,00 €	100,00 €	100,00 €
Office rent (Coworking)		4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €
Salaries ³⁴		54.000,00 €	54.000,00 €	54.000,00 €	54.000,00 €	54.000,00 €
Telecommunication		500,00 €	500,00 €	500,00 €	500,00 €	500,00 €
Preliminary Expenses	4.100,00 €					
Utilities (Coworking) ³⁵		0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
All other costs		100,00 €	140,00 €	200,00 €	300,00 €	400,00 €
Total Op. Expenses	4.100,00 €	71.075,52 €	96.392,08 €	171.857,28 €	188.032,80 €	228.810,40 €
Earnings Before Interest & Taxes	-4.100,00 €	-62.710,56 €	-56.967,28 €	-47.582,88 €	64.116,00 €	201.437,60 €
Interest Expense	-	-	-	-	-	-
Earnings Before Taxes	-4.100,00 €	-62.090,56 €	-51.367,28 €	-36.382,88 €	83.216,00 €	223.437,60 €
Corporate Tax (35%)		0,00 €	0,00 €	0,00 €	22.440,60 €	70.503,16 €
Net Earnings	0,00 €	-63.090,56 €	-52.367,28 €	-47.582,88 €	41.675,40 €	130.934,44 €

³⁴ 1500€ monthly salaries plus 33% of the company's ownership.

³⁵ Utility cost covered by coworking.

Cash Flow							
		2019	2020	2021	2022	2023	2024
	Cash at Beginning of Year*	30.000	65.900	152.809	100.442	52.859	94.535
Operations							
Cash receipts from							
	Customers	0	14.812,32 €	74.061,60 €	222.184,80 €	444.369,60 €	740.616,00 €
	Other Operations	0	0	0	0	0	0
Cash paid for							
	COS	0	6.447,36 €	34.636,80 €	97.910,40 €	192.220,80 €	310.368,00 €
	General operating and administrative expenses	4.100	17.075,52 €	42.392,08 €	117.857,28 €	134.032,80 €	174.810,40 €
	Wage expenses	0	54000	54000	54000	54000	54000
	Income taxes	0	0	0	0	22440,6	70503,16
Net Cash Flow from Operations		-4.100	-63.090,56 €	-52.367,28 €	-47.582,88 €	41.675,40 €	130.934,44 €
Investing Activities							
Cash receipts from							
	Sale of property and equipment	-	-	-	-	-	-
	Collection of principal on loans	-	-	-	-	-	-
	Sale of investment securities	-	-	-	-	-	-
Cash paid for							
	Purchase of property and equipment	-	-	-	-	-	-
	Making loans to other entities	-	-	-	-	-	-
	Purchase of investment securities	-	-	-	-	-	-
Net Cash Flow from Investing Activities							
Financing Activities							
Cash receipts from							
	Equity Issuance		150.000	-	-	-	-
	Borrowing FFF	40.000	-	-	-	-	-
Cash paid for							
	Repurchase of Equity	0	-	-	-	-	-
	Repayment of loans	0	-	-	-	-	40.000
	Dividends	0	-	-	-	-	-
Net Cash Flow from Financing Activities		40.000	150.000	0	0	0	-40.000
Net Increase in Cash		35.900	86.909,44 €	-52.367,28 €	-47.582,88 €	41.675,40 €	90.934,44 €
	Cash at End of Year	65.900	152.809	100.442	52.859	94.535	185.469

Table 5. Cash Flow Statement

6.2 Advertising Campaigns and website

Illustration 1. TrueAid's Video Ad



Illustration 2. TrueAid Picture Ad



Illustration 3: TrueAid's Website - Opening



Illustration 4: TrueAid's Website - Pain Identification



Illustration 5: TrueAid's Website - Value Proposition (service offerings)

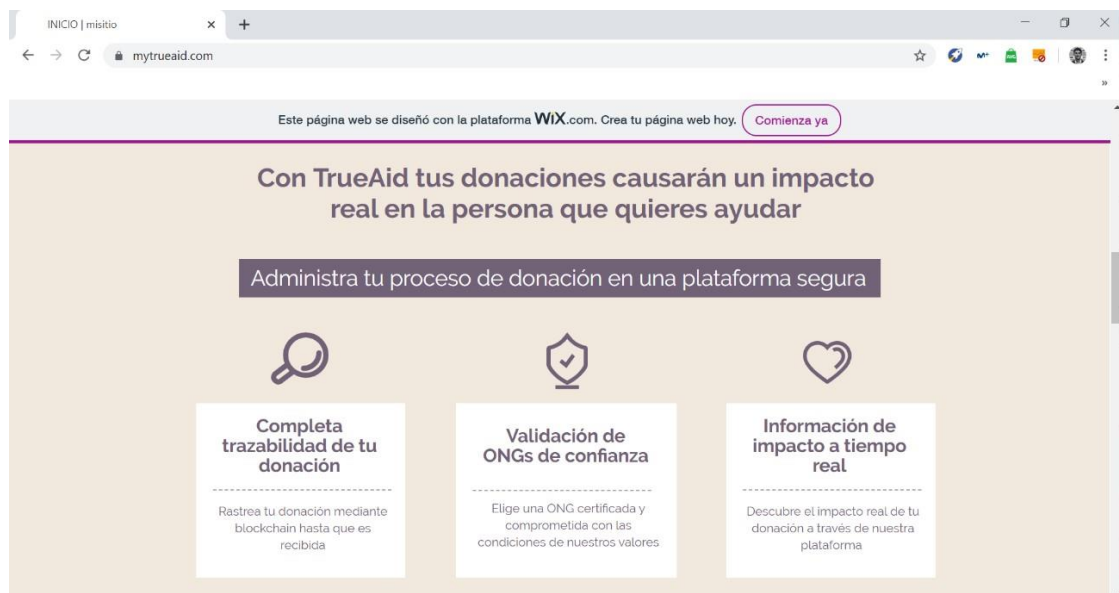


Illustration 6: TrueAid's Website - How it works



Illustration 7: TrueAid's Website - Call to Action

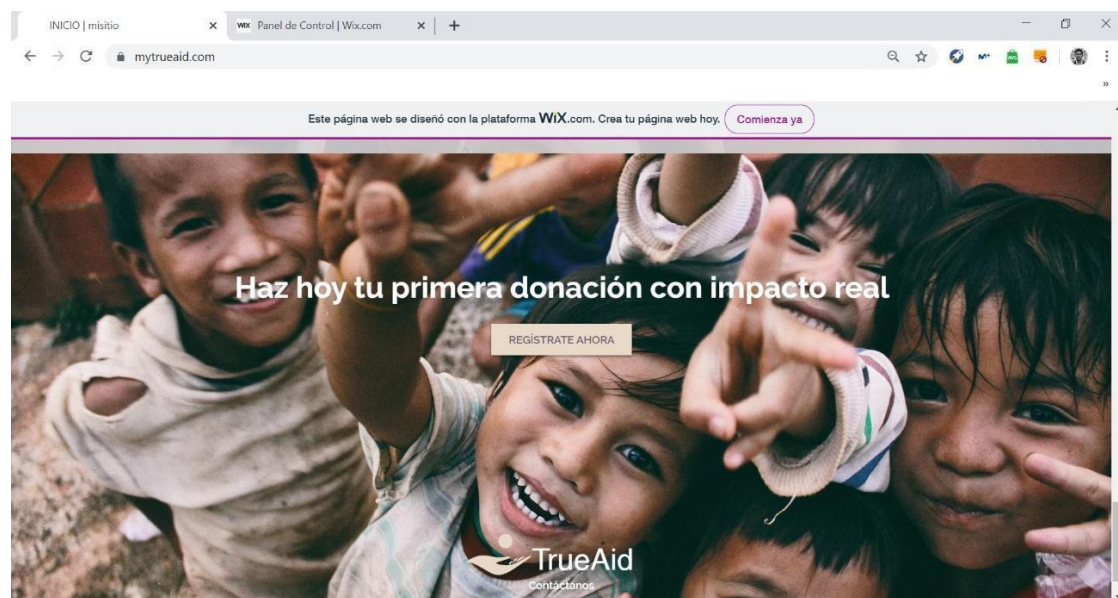


Illustration 8: Campaign results - Facebook Pixel

<input type="checkbox"/>	Campaign Name	Delivery	Budget	Results	Reach	Impressions	Cost per Result	Amount Spent	Ends	Frequency	Unique Link Clicks
<input type="checkbox"/>	Tráfico TrueAid Video	Inactive	€5.00 Daily	141 Link Clicks	3,997	4,790	€0.10 Per Link Click	€13.76	Nov 30, 2019	1.20	134
<input type="checkbox"/>	Validación Inicial Landing Tráfico	Inactive	€5.00 Daily	41 Link Clicks	5,116	6,501	€0.37 Per Link Click	€15.08	Nov 30, 2019	1.27	41
> Results from 2 campaigns				182 Link Clicks	9,052 People	11,291 Total	€0.16 Per Link Click	€28.84 Total Spent		1.25 Per Person	175 Total

Illustration 9: Campaign results - Google Analytics

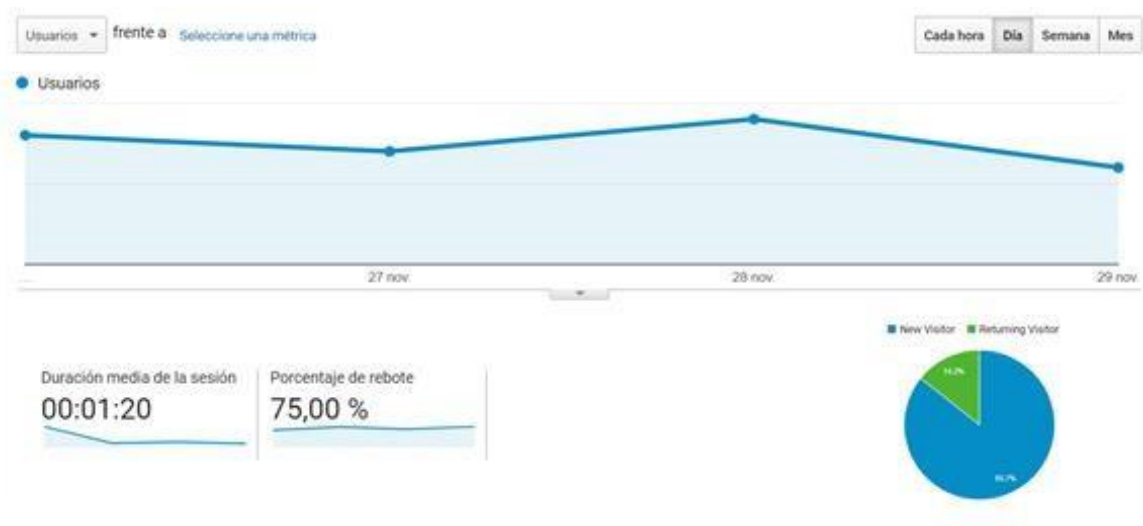
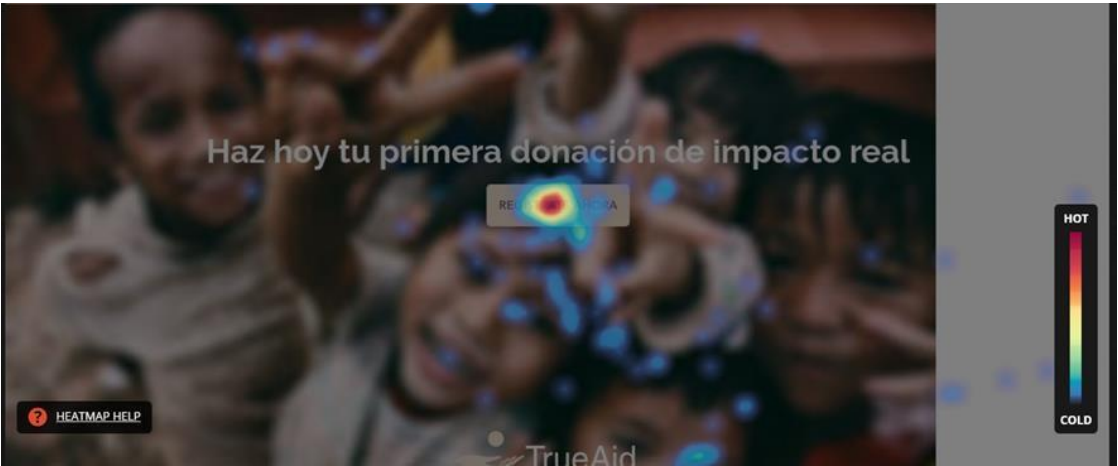


Illustration 10: Campaign results – Hotjar Heatmap



6.3 Survey

Survey's link:

<https://docs.google.com/forms/d/1BNIMx9VxS5xIEyL99OuUSoRHQpq6zXD3rYbdVNVD4Qk/edit>

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