# Business 2410 Theme Study

Background

In this Theme Study, you will create a prototype for an iPhone App, and create a website prototype of your app to help market your iPhone App, and finally create a spreadsheet to capture the financial analysis that would be involved in creating an app.

The corporate world tends to be conservative in choosing information systems solutions. In fact corporations usually like to standardize to preserve the brand image and to ensure reliability and ease of maintenance. Therefore, it makes sense for us to agree on a common look and feel for each page as well as a common platform for development. Our common platform is *Google Sites* and your individual sites will all follow the common design as shown here:
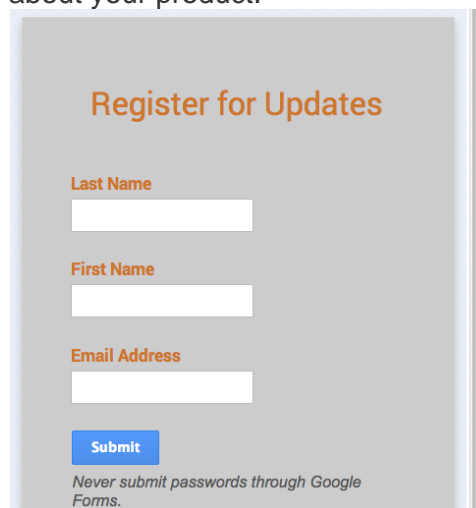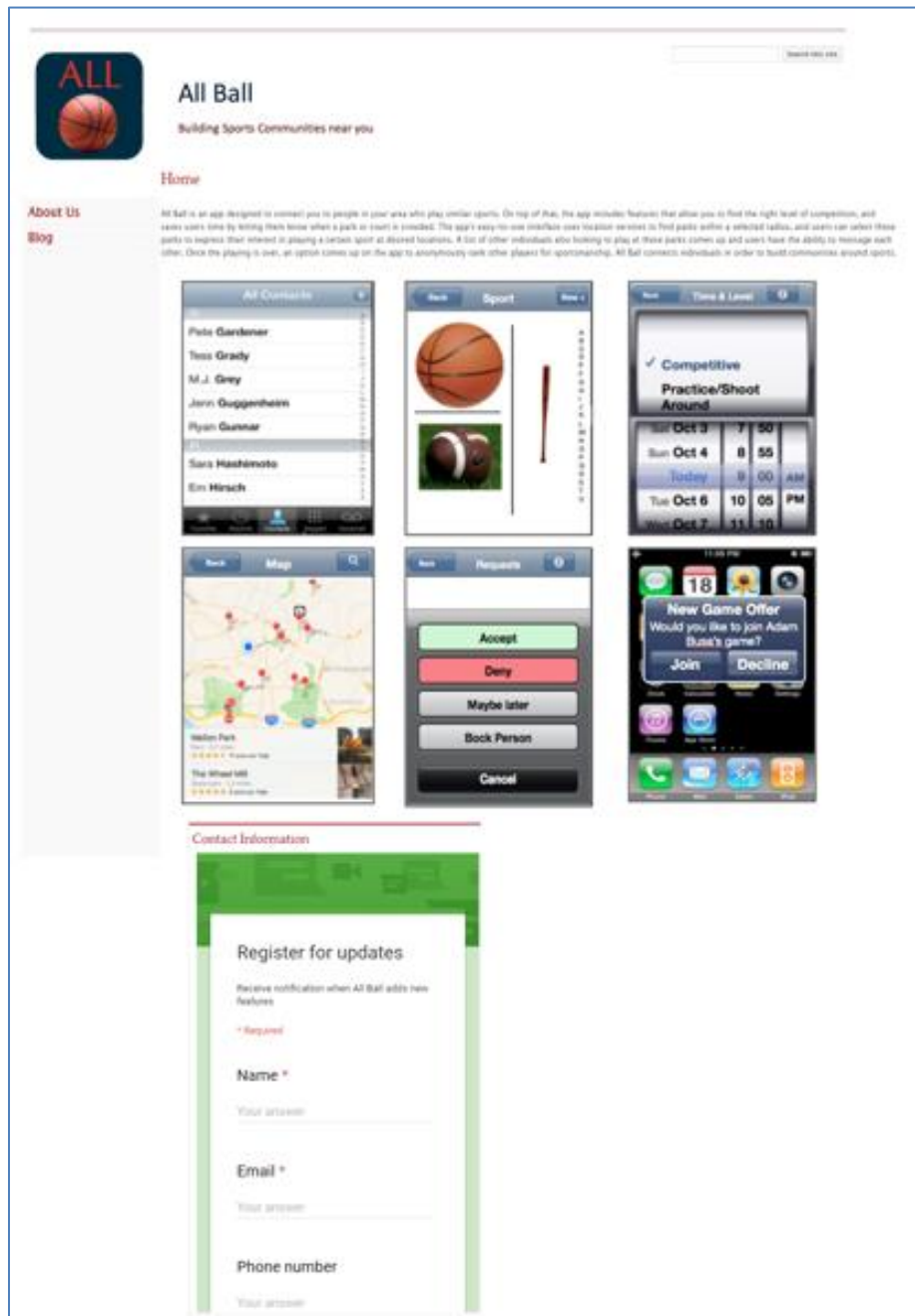
Instructions

These instructions will provide you with the specific requirements that will be used to grade your project once it is completed. In this assignment you create a working website prototype to help market your app. You will also work on a financial analysis to help summarize and predict the cost of developing an app as well as the potential for sales.

1. Website Prototype

   Setup

   Sign on to your Google account. Select Sites from the More menu.
   Then click on the Create button and choose the blank template and choose a theme that is suitable for your app.

   - Homepage
       o Text describing your app and its features and benefits
       o Show at least six screenshots of your app with a link to purchase the app. For ease of viewing without scrolling horizontally, the screenshots should be in a two row table.
       o Provide a form where people can register for email updates about your product.

   - About Us
       o Describe your business soft skills.
       o Include your name, picture, and email address.

   - Blog
       o Include at least two entries in the blog. For example, you might describe how you came up with the idea or who the target market is for your product or discuss future plans.

2. <u>iPhone App Design</u>

- To complete the graphic design elements for your iPhone App, use https://www.lucidchart.com/pages/usecase/education to design your user interface for your app. Make sure that if you start with a free account, that you upgrade to an **Educational account for free**.
- You will have to come up with an idea for an iPhone app that does not currently exist or if it does exist, your app will be better than what already exists.
- Lucidchart is a comprehensive design tool, so explore some of the templates that are available for creating mobile apps.

3. <u>Financial Analysis</u>

<u>Setup</u>

Below you will find a summary of the costs involved in creating an iPhone app. Note that we are not including the value of your time to conceive, document, and test the app. Like many entrepreneurs you will be working for free.

Various Fixed Costs	Amount	
Limited Liability Corporation (LLC) license from a service such as LegalZoom.com	$199	
Outsourcing development from a portal such as Elance	$3,500	
Maintenance and updates from developer after year 1	$1,000/year	
Apple Developer license	$99/year	
Ad on app review sites such as AppVee.com	$2,400/year	
TOTAL FIRST YEAR	$6,098	

Variable Costs and Contribution Margin
The concept of variable costs is essential to predicting profitability. Put quite simply, you do not make any money unless you sell a lot of apps. Therefore, we will spend some effort trying to understand variable costs both conceptually and in a spreadsheet. Of course we will also include fixed costs to make the financial model more realistic, these fixed costs will be incurred regardless of the number of units that are sold.

Fixed and Variable Costs

Year 1
- You must pay the developer $3,500 to develop your app. This includes maintenance and bug fixes for the first year.
- You think you will sell 700 units of app in Year 1 at $2/unit.
- Apple collects 30% of each sale as commission.
- How much will you earn in Year 1?

Year 2
- You must pay the developer $1,000 to maintain your app.
- You predict that sales will double in Year 2 (still at $2/unit).
- How much will you earn in Year 2?

Year 3 – Year 5
- You must pay the developer $1,000 to maintain your app.
- You predict that Yearly sales will double over Year 2 sales (still at $2/unit).
- How much will you earn in Year 3 to 5?

This spreadsheet file is posted on Moodle for you to use.

	A	B	C	D	E	F
1		**Iphone App Financials**				
2	**Student Name:**					
3	**Assumptions**					
4	Units Year 1	700				
5	Yearly Increase	100%				
6	Price Per Unit	$2.00				
7	Apple Commission	30%				
8	Contribution Margin per Unit					
9						
10	**Fixed Costs**					
11	Developer Cost - Initial	$3,500	year 1 only			
12	Incorporation Cost - Initial	$199	year 1 only			
13	Developer Cost - Maintenance	$1,000	yearly after year 1			
14	Apple Developer License	$99	yearly			
15	Advertising	$2,400	yearly			
16						
17		Year	Units	Contribution Margin	Fixed Costs	Profit	
18		1					
19		2					
20		3					
21		4					
22		5					
23					Profit/Loss		
24							
25	**Link to your Google Site**					
26							

Theme Study Deliverables

1. You will be submitting into Moodle your MS Excel spreadsheet with the financial analysis completed and a link to your Google site.